



G7 TRADE MINISTERIAL MEETING

Villa San Giovanni - Reggio Calabria
16-17 July 2024

Ministerial Statement

Preamble

We, the G7 Trade Ministers, met on 16-17 July 2024 in Reggio Calabria and Villa San Giovanni to discuss how to reform and strengthen the multilateral trading system, with the World Trade Organization (WTO) at its core, and enhance our cooperation on common challenges, building upon the outcomes of the G7 Apulia Summit.

To meet these challenges, we commit to devoting our efforts to maintain a free and fair rules-based and market-oriented multilateral trading system and enhance economic resilience and economic security. We underline the importance of fostering international trade as an engine for growth, welfare and development. We will increase our commitment to keep our economies open and competitive and to promote free and fair trade and investment, and we will engage partners globally, including in regions like the Indo-Pacific, Latin America and Africa.

The lasting global threats, particularly Russia's illegal war of aggression against Ukraine, including its continuous attempts to disrupt maritime trade in the Black Sea, and the persistent Houthi attacks on commercial vessels transiting the Red Sea and Gulf of Aden, have highlighted the critical need to address vulnerabilities in global supply chains, sea lanes, ports and trade flows.

We reaffirm that freedom of navigation is essential in allowing trade to fully express its potential globally to the benefit of all. Maritime security and navigational rights and freedoms are critical to ensuring free movement of commodities, including essential ones, to destinations and populations all over the world.

We are grateful for the insights of Ministers and representatives of invited countries (Australia, Brazil, Chile, India, Kenya, New Zealand, South Korea, Türkiye and Vietnam) as well as for the contribution of the Director-General of the WTO and the Secretary-General of the Organisation for Economic Cooperation and Development (OECD) who participated, together with the B7, in the Opening Session of our meeting, dedicated to the resilience of supply chains.

Strengthening a free and fair rules-based and market-oriented multilateral trading system through WTO reform

We remain united in our commitment to a rules-based market-oriented, free and fair, open, equitable, sustainable and inclusive and transparent multilateral trading system, with the WTO at its core. We strive to ensure that the WTO continues to fulfil its mandate to

promote trade as a means to strengthen economic growth and foster sustainable development.

During our meeting we took stock of the work done at the Thirteenth WTO Ministerial Conference (MC13). While regretting that the progress in Abu Dhabi was less ambitious than we had hoped and worked for, we welcome the outcomes related to e-commerce, new disciplines on Services Domestic Regulation, dispute settlement reform, accessions of two LDCs to the WTO and certain development issues, as well as the advancement of work on trade and environment.

Echoing G7 Leaders, we welcome, in particular, the decision to maintain the moratorium on customs duties on electronic transmissions until MC14 and we reiterate our support for a permanent prohibition. We are committed to working towards a timely conclusion of the negotiations of the Joint Statement Initiative on E-Commerce. In addition to the entry into force of the Phase 1 Agreement on Fisheries Subsidies, we also call for continued negotiations to reach a more comprehensive agreement on fisheries subsidies in line with Sustainable Goal Target 14.6 including through disciplines on certain forms of fisheries subsidies that contribute to overcapacity and overfishing.

We underscore the need to continue our efforts to reform the WTO's monitoring, deliberative, negotiating and dispute settlement functions. We remain committed to conducting discussions with a view to having a fully and well-functioning dispute settlement system accessible to all members by the end of 2024. To achieve this objective, in line with the WTO Ministerial Decision of 2 March 2024, we renew our commitment to accelerating those discussions in an inclusive and transparent manner, building on the progress already made, and to working on unresolved issues, including issues regarding appeal/review and accessibility. We call on relevant Members to refrain from claiming Special and Differential Treatment in the WTO, commensurate with their economic weight and role in the global trading system. We support plurilateral Joint Statement Initiatives as a means to advance issues of interest to members, foster new ideas and approaches, and build momentum towards multilateral agreement. We encourage the integration of their outcomes into the legal framework of the WTO.

We reiterate the need for forward-looking work in the WTO on contemporary key trade issues, including on areas such as the nexus between trade and industrial policy, and trade and inclusivity and for the intensification of ongoing work on trade and environment.

We recognize the importance of the development dimension of trade, and we will continue to engage with least developed countries, and other developing countries as appropriate, in Africa and elsewhere, to better support their integration into global trade.

As we confirmed in the G7 Trade Ministers' Statement in Osaka-Sakai last year, we reaffirm the importance of SPS measures being science-based and applied in line with international obligations.

Ensuring a Level Playing Field

We continue our work to ensure the sustainability, transparency, stability and predictability of the rules-based multilateral trading system. We will continue to coordinate on promoting transparency in international trade to facilitate a more level playing field.

We echo the G7 Leaders' commitments to stepping up our efforts towards a global level playing field and keep our economies open and competitive and reaffirm our attachment to transparency, to coordination, and to the respect of WTO rules in our respective policies. In this regard, we reiterate our commitment to work together to ensure a global level playing field and fair competition.

We will continue to tackle non-market policies and practices, as well as harmful non-market excess capacity and other market distortions resulting from them. To that end, we remain committed to effectively using our trade tools, and, as appropriate, develop new

tools, to identify, challenge, and counter these practices, and to promote stronger international rules and norms, together with partners.

We recognize that subsidies in some circumstances can be a tool to achieve legitimate public policy objectives. At the same time we will continue to work together to tackle pervasive, opaque, and harmful industrial subsidies and, market distortive practices of State-Owned Enterprises (SOEs). We underscore the need for all WTO members to ensure transparency both at the WTO through subsidies notification and domestically by making information on subsidies programs publicly available. We confirm our commitment to engaging inclusively in discussions on trade and industrial policy issues at the WTO, such as on trade-distortive industrial subsidies, including in the SCM Committee.

We stress the relevance of the revised OECD Guidelines on Corporate Governance of SOEs as a leading tool to advance fair competition, transparency, and accountability of SOEs while raising awareness about trade distortions and encourage the mitigation of such distortions. We encourage adherence of non-OECD members to those Guidelines.

We reiterate our concerns regarding all forms of forced technology transfer including when they are used to target specific sectors for market dominance, and will continue collaborating on the possible development of principles on this issue and to deepen trade and investment relations with countries that seek to ensure that technology transfers are voluntary and on mutually agreed terms.

We are following up on the G7 Leaders' commitments to address, via strengthened coordination, harmful market distortions and global non-market excess capacity in key sectors resulting from non-market policies and practices. Through our work on non-market policies and practices, we will contribute, as appropriate, to forthcoming G7 efforts, as guided by our Leaders, to pursue joint monitoring of these practices and the resulting excess-capacity and other spillover effects and global distortions as well as to exchange information and consult on respective responses, to best position the G7 to cooperate on responding effectively.

We recognize that unjustified data localization measures have a negative impact on cross border data flows. We remain committed to tackling unjustified data localization measures that lack transparency and are arbitrarily imposed, which should be distinguished from measures implemented to achieve legitimate regulatory goals.

Encouraging environmental and social sustainability in trade

We believe trade and environmental policies should be mutually supportive and contribute to sustainable development and to addressing the triple planetary crisis of climate change, biodiversity loss and pollution, whilst promoting a free and fair multilateral rules-based trading system.

Trade and the WTO have a vital role to play in addressing the global environmental crises. Therefore, we support WTO deliberations on trade and environment including plurilateral initiatives, such as those promoting and facilitating trade in goods, services and technologies that help meet our climate and other environmental goals, or fighting plastic pollution. We encourage WTO Members to join the Trade and Environmental Sustainability Structured Discussions (TESSD) to actively contribute to the development and implementation of climate-friendly trade policies in line with the objectives of the Paris Agreement. At the same time, we reaffirm that measures to combat climate change and environmental degradation should be in line with our international commitments. We will provide transparency and predictability and we will pay attention to the needs of businesses including MSMEs facing capacity constraints, in the design and implementation of such measures. In this regard, we will cooperate, to the extent possible, to ensure international consistency of methodologies for measuring embedded emissions.

We will continue to explore ways to address trade barriers in environmental goods and services. We underscore that trade in sustainably-produced environmental goods and

services can contribute to the transition to a net-zero carbon economy by enhancing access to renewables and low-carbon technologies, improving resource and energy efficiency, and promoting more environmentally sustainable alternatives.

We recognize the importance of providing adequate support to least developed countries and developing countries in need in order to help their national transition towards net-zero, circular, climate-resilient, pollution-free, and nature-positive development, including by expanding new opportunities in value chains arising from that transition.

We acknowledge that our trade policies, as well as public and private investments will play a major role in achieving common goals of addressing the climate crisis and accelerating the global clean energy transition. In this context, we will strive to cooperate openly and transparently reflecting our Leader's commitment not to act at each other's expense.

We recall the G7 Trade Ministers' Statements in October 2023 and September 2022 as well as the G7 Trade Ministers' Statement on Forced Labor in October 2021, and reiterate our concern of the use of all forms of forced labor and child labor in global supply chains. We agree on the importance of upholding human rights and of international labor standards in global supply chains. We recommit to taking measures to strengthen our cooperation and collective efforts towards eradicating the use of all forms of forced labor and child labor in global supply chains, including through measures that promote corporate due diligence, and will work to further enhance predictability and certainty for businesses.

Enhancing economic resilience and economic security

Following up on the commitments taken by our Leaders in Hiroshima and in Apulia, we remain determined to promote economic resilience and economic security, in partnership and cooperation within and beyond the G7. In particular, we are enhancing economic resilience including through building resilient and reliable supply chains, enhancing our toolkits to deter and respond to harmful practices, including economic coercion, and safeguarding critical and emerging technology that could be used to threaten international peace and security.

Recognizing that economic resilience requires de-risking through diversification and reduction of critical dependencies, including those resulting from non-market excess capacity, in line with the "*principles on resilient and reliable supply chains*", we are actively engaging with partners and the private sector to make coordinated efforts to strengthen the supply chains resilience and sustainability of strategic goods in terms of both supply and demand and preserve economic dynamism and openness. We will contribute, as appropriate, to collective work on identification of critical goods, strategic sectors, and supply chains, for future coordination within the G7 on relevant criteria that take into account not only economic factors, but also factors linked to the principles above.

We acknowledge that non-market policies and practices not only undermine the free and fair rules-based international economic order, but may also exacerbate strategic dependencies and vulnerabilities, and hinder emerging and developing countries' sustainable development. Therefore we reiterate the importance of implementing the Leaders' commitment to address, via strengthened cooperation, harmful market distortions and non-market excess capacity in key sectors resulting from non-market policies and practices. Our contributions to the forthcoming G7 efforts to jointly monitor non-market policies and practices as well as to exchange information and consult on respective responses, as guided by G7 Leaders, will bolster this cooperative effort. We will support diplomatic efforts with those contributing to overcapacity to address the issue at its source, while intensifying engagement with developing countries and emerging markets on our shared concerns on these practices.

We will continue to increase our capacity to monitor and exchange information on the use of export controls on critical minerals as a potential threat to our economic security and we are determined to work to prevent risks of supply chain disruptions. We are working to advance high international environmental, social, and governance (ESG) standards for

critical minerals extraction, refining and processing, and investments. In this regard, we will support local value creation in critical minerals supply chains in line with WTO rules. In this spirit, we will accelerate coordinated initiatives on critical minerals and relevant supply chains, including the Minerals Security Partnership (MSP) and its Forum.

Echoing G7 Leaders, we call on all countries to refrain from using economic coercion and condemn any attempt to weaponize economic dependencies. We are working together with partners to ensure that such attempts or corresponding threats will fail, and stand ready to take actions, where necessary, against economic coercion. To this end, we are monitoring areas of concern and key threats and we will address potential, emerging, and ongoing cases, including through the G7 Coordination Platform on Economic Coercion, and cooperating with partners beyond the G7.

We are increasing our collective assessment, preparedness, deterrence, and response to economic coercion, including threats of coercive measures, by developing new tools, as appropriate, in line with our respective legal systems and international law. We will also support, again as appropriate, targeted states, economies, and entities and will conduct outreach activities to raise awareness and to increase collaboration, including to support their efforts to reduce dependencies. When necessary and appropriate, we will seek collective engagement in pertinent multilateral fora, such as the OECD and the WTO.

Recognizing that evolving technologies present both opportunities and risks and that rapid advances are changing the nature of dual-use technology, we will promote efforts to ensure that potential gaps in our dual-use technology protection ecosystem cannot be exploited. We will ensure that our tools are sufficiently flexible to keep pace with the rapid development of new technologies while avoiding undue restrictions on international trade and investment.

We will continue to assess the risks posed by exports of rapidly advancing dual-use technologies, including quantum technologies, and will promote efforts, where necessary and according to our respective legal frameworks, to implement export controls to address risks to international security. We will also work, as appropriate, with our partners to further develop the understanding of how export controls can be implemented quickly and in an assured manner to protect national and international security.

We will continue to work to ensure the effectiveness of our respective foreign investment screening, recognizing that some foreign investments may present risks to international peace and security as well as national security, including by providing access to sensitive technologies, data, and expertise.

We continue to work to make our economic security toolkit fit to address the risks that our most sensitive technology could be used to threaten international peace and security. We believe that appropriate measures designed to address risks from outbound investments could be important to complement existing tools of targeted controls on exports and inbound investments. We will continue to engage with and provide clarity to the private sector regarding these common and urgent goals.

Recognizing the impact of AI on international trade, including trade facilitation and enforcement we stress our commitment to pursuing an appropriate balance between realizing the benefits of AI on trade and mitigating its risks, consistently with a human-centered digital transformation.

Closing remarks

We, the G7 Trade Ministers, reaffirm our commitment to continuing our close cooperation and collaboration regarding challenges facing international trade, and look forward to further discussions under the Canadian Presidency in 2025.