



# Department for International Trade

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4 November 2021

Dear Angus,

I am writing to update you and the House of Commons International Trade Committee on the recent G20 Trade Ministers' meeting, on the achievements of the inaugural G7 Trade Track, and on the UK's approach to the World Trade Organization's (WTO) upcoming 12<sup>th</sup> Ministerial Conference (MC12).

## **G20**

I participated in the meeting of G20 Trade Ministers in Sorento (Italy) on 12 October. Ministers endorsed a Ministerial Statement in which we committed to working together to achieve a sustainable and inclusive economic recovery and to a successful MC12. We also highlighted the need to implement the commitment to reform the WTO, reach a meaningful WTO agreement on fisheries subsidies, and support fair competition. As this was my first in-person international meeting as Secretary of State for International Trade, I used this opportunity to hold a number of bilateral meetings with my G20 counterparts, including India, Singapore, Indonesia, EU and Canada. These were positive and progressed both bilateral and multilateral agendas.

## **G7**

On 21-22 October, I chaired an in-person meeting of G7 Trade Ministers in London, the final meeting of the G7 Trade Track of our G7 Presidency. The focus of discussions was on forced labour, market distorting practices, WTO reform, carbon leakage, and digital trade. We also discussed our priorities for MC12. Unity among G7 Trade Ministers enabled us to make progress on these complex issues resulting in agreement on a joint communiqué, a statement on forced labour, and an extensive set of digital trade principles which I am annexing to this letter.

Lord Sedwill, Chair of the G7 Economic Resilience Panel, joined us to give his main reflections on the Economic Resilience Panel Report, with a focus on global supply chains, and the OECD Secretary-General, Mathias Cormann, participated in discussions on Market Distorting Practices and also Digital Trade. Preceding the main meeting, I hosted a Women in Trade business reception, co-hosted with the Confederation of British Industry, as the B7

chair. I underlined the importance of ensuring that the policies of businesses and governments support women's economic empowerment.

I am very pleased with the outcome of the October Trade Ministerial and the strong sense of shared values and responsibility that has driven progress on the themes of free and fair trade and modernising trade throughout the year. Strengthened G7 unity on the Track's priority policy areas has been extremely valuable, including G7 Trade Ministers agreeing on shared objectives ahead of MC12. This work will provide some additional momentum to help us deliver successful outcomes at the Ministerial.

All G7 Trade Ministers have expressed a desire for the continuation of these discussions under the German G7 Presidency in 2022.

## **MC12**

Looking ahead to MC12, from 30 November – 3 December in Geneva, which I will attend as the head of the UK's delegation, we would like to see a successful conference that restores confidence in the multilateral trading system. The last WTO Ministerial Conference was held in 2017, with the twelfth iteration delayed due to the Covid-19 pandemic. MC12 will therefore be the first WTO Ministerial Conference where the UK represents itself as an independent trading nation. This makes it an opportunity to demonstrate Global Britain in action and our commitment to free trade, open markets, and the multilateral trading system. This will complement the UK's strong global presence on the multilateral stage, building on the achievements of our G7 presidency.

The UK's priorities for MC12 are covered by three main objectives: reforming the WTO to promote free and fair Trade; improving the functioning of the WTO by concluding negotiations; and modernising global trade rules. The UK particularly wants to see a conclusion to the long-standing multilateral negotiations on Fisheries Subsidies, a substantive outcome on trade and health and trade and the environment, a conclusion to the Domestic Regulation in Services Joint initiative (JI) and a clear political statement on reforming the WTO. This ambition chimes well with other Member priorities, with outcomes on fisheries and health being seen as particularly important. Securing an outcome on health is essential to demonstrate the important role that the WTO plays in the global recovery from the COVID-19 pandemic and in building resilience against future pandemics.

Some WTO members are highlighting MC12 as a stepping point towards MC13, with a focus on launching certain programmes and initiatives at the conference that will seek to deliver reforms to the WTO rulebook at MC13. However, the UK believes that if Members collectively prioritise and focus efforts we will be able to achieve tangible outcomes at MC12. The UK believes that the conclusion of the Fisheries Subsidies negotiation is key for demonstrating the WTO's ability to negotiate new rules, but significant disagreements between major players remain. The UK is working with all WTO members to resolve outstanding issues so that a meaningful agreement can be reached. On agriculture and WTO reform, Members are instead pushing for political messaging on the imperative of updating the rulebook.

As set out in the G7 Trade Ministers' communique, the UK is determined to achieve a multifaceted outcome on trade and health at MC12 in response to the Covid-19 pandemic. We will also look to further initiatives such as trade and environmental sustainability and trade and gender.

Following the US's decision to join the Domestic Regulation in Services Joint Initiative earlier this year, it is expected that the negotiation will conclude at MC12. Delivering new rules on services domestic regulation will make it easier for British businesses to supply services in

participating countries and support global economic growth – the OECD estimates that the agreement will result in a 6 – 7% reduction in the costs of global services trade. Small and medium-sized enterprises (SMEs) will benefit most from the new rules. I remain optimistic that WTO members will agree to a time-limited extension of the moratoria on customs duties being applied to e-commerce transactions, as well as the renewal of the moratorium for the application of non-violation and situation complaints (NVSCs) to the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

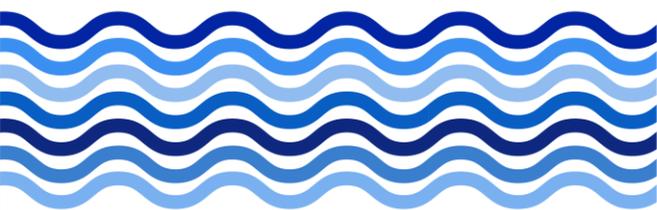
MC12 will be an opportunity to restore confidence in the multilateral trading system and to demonstrate the central importance of free and fair trade at the WTO. We are working closely with all WTO Members to ensure that meaningful outcomes will be reached at MC12 in the areas of most importance to the UK.

I will write to you following MC12 with an update on outcomes and progress on the negotiation files.

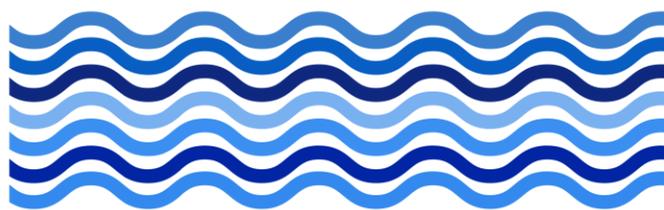
Best wishes,

A handwritten signature in black ink, reading "Anne-Marie Trevelyan". The signature is written in a cursive style with a horizontal line underneath the name.

**THE RT HON ANNE-MARIE TREVELYAN**  
Secretary of State for International Trade  
& President of the Board of Trade



United Kingdom 2021



## **G7 TRADE MINISTERS' STATEMENT ON FORCED LABOUR (ANNEX A)**

We, the G7 Trade Ministers, share and are guided by the concern expressed by our Leaders in Carbis Bay in 2021 regarding the use of all forms of forced labour in global supply chains, including state-sponsored forced labour of vulnerable groups and minorities, including in the agricultural, solar and garment sectors. We affirm that there is no place for forced labour in the rules-based multilateral trading system.

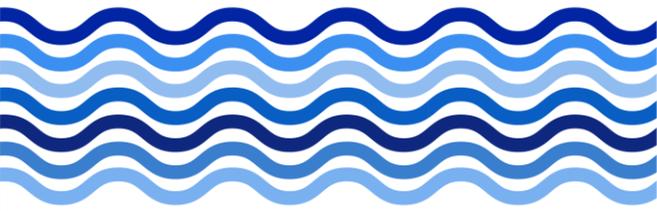
We acknowledge that on any given day there are about 25 million people subject to forced labour worldwide, and call on all countries, multilateral institutions and businesses to work together, including with survivors of forced labour, to eradicate forced labour from global supply chains.

We have taken seriously the task handed down to us by the G7 Leaders to identify areas for strengthened cooperation and collective efforts towards eradicating the use of all forms of forced labour from global supply chains. We recognise trade policy can be one of the important tools in a comprehensive approach to prevent, identify and eliminate forced labour in global supply chains. We further recognise that forced labour is a global problem and effective action should be based on international labour standards, the UN Guiding Principles on Business and Human Rights (UNGP), and international standards on responsible business conduct, including collective efforts in multilateral institutions such as the United Nations (UN), especially the International Labour Organization (ILO), and Organisation for Economic Co-Operation and Development (OECD). We, therefore, appreciate the years of international cooperation that governments, workers organisations, and employers have undertaken in their own countries and multilateral institutions to comprehensively prevent forced labour and to provide victims of forced labour with protection and access to appropriate and effective remedies.

We recall the 2021 G7 May Trade Communiqué and the 2019 Report on ending child labour, forced labour and human trafficking in global supply chains by the ILO, OECD, International Organization for Migration (IOM) and UN International Children's Emergency Fund (UNICEF). We further recall the commitments made by G7 Leaders in Elmau, 2015, to foster sustainable supply chains and by the G7 Social Ministers in Paris, 2019, to promote decent work, responsible business conduct and human rights due diligence in global supply chains and by G20 Labour and Employment Ministers in Mendoza, in 2018, to eradicate child labour, forced labour, human trafficking and modern slavery.

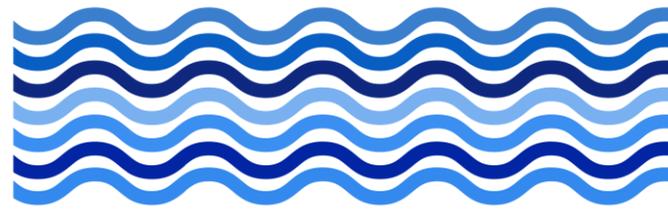
We call on all countries, multilateral institutions and businesses to commit to uphold human rights and international labour standards, and respect relevant principles on responsible business conduct throughout global supply chains to prevent forced labour, protect victims of forced labour and provide remedy to victims of forced labour. This includes adherence to international labour standards set out in the ILO Declaration on Fundamental Principles and Rights at Work and its Follow Up, utilising the ILO Guidelines Concerning the Measurement of Forced Labour, which sets out the Indicators of Forced Labour and implementing the UNGP.

We recognise the important role of governments to eradicate forced labour, protect victims of forced labour, and improve global supply chain transparency and the



# G7

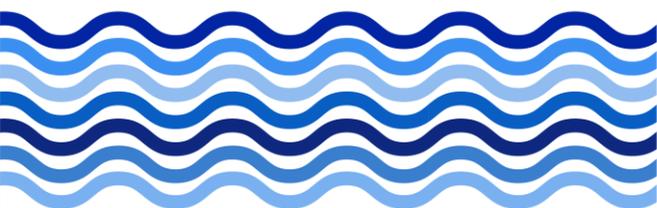
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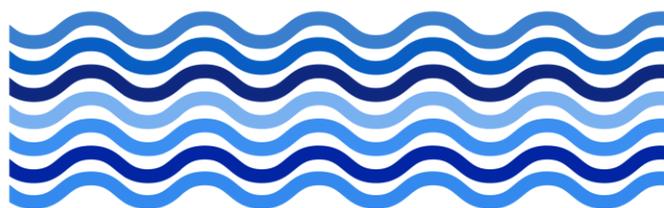
implementation of the principles of business and human rights, as recognised by the UNGP. Governments can help achieve these goals through sharing risk-management tools, encouraging the collection of data and evidence, upholding international labour standards in their own business operations and procurement policies, and including respect for international labour standards in their assessments of publicly funded projects. We further recognise the need to uphold international labour standards in all areas of the economy, including within the digital economy and through the use of emerging technologies to improve the traceability of global supply chains, ensuring developing countries are not left behind.

We commit to further enhancing clarity and predictability for businesses. We further commit to promote guidance on human rights due diligence, including but not limited to responsible recruitment practices, in line with the OECD Guidelines for Multinational Enterprises and Due Diligence Guidance on Responsible Business Conduct, including at sector levels; the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy and ILO general principles for fair recruitment; the IOM's ethical recruitment standards; and the UNGP. We highlight the role of our National Contact Points for the OECD Guidelines for Multinational Enterprises in this regard. We commit to promote, within the relevant multilateral institutions such as the UN, ILO and OECD, common definitions and guidance to collect and share data and evidence on forced labour, and facilitate business compliance with international labour standards and international standards on responsible business conduct throughout global supply chains.

We will continue working together including through our own available domestic means and multilateral institutions to protect individuals from forced labour, to ensure that global supply chains are free from the use of forced labour and those who perpetrate forced labour are held accountable. We recognise the importance of continuing technical exchanges on how trade policy can contribute to the eradication of forced labour from global supply chains, engaging in dialogue with relevant stakeholders, including in developing countries, to further refine our best practices, and identifying modalities for sharing data and evidence. We commit to working closely with multilateral institutions such as the UN, ILO and OECD to promote effective implementation of the fundamental ILO Conventions, in particular the Forced Labour Convention (No. 29), including its 2014 Protocol, and the Abolition of Forced Labour Convention (No. 105). We will work closely with the G7 Employment Task Force and the G7 Foreign and Development Ministers to promote human dignity, strengthen the implementation of international labour standards and responsible business conduct, and make individuals less vulnerable to forced labour and other labour rights violations.



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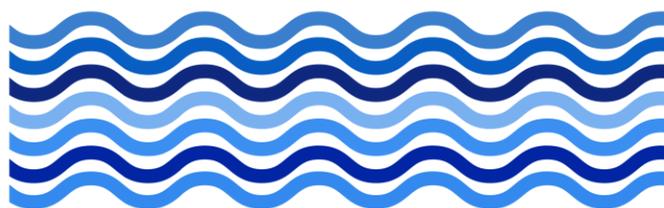
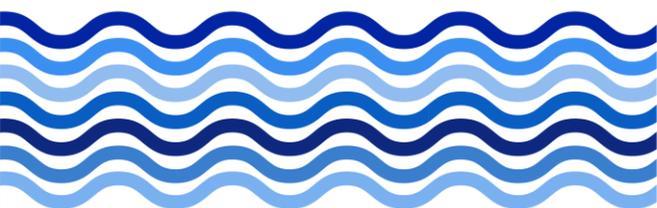
## **G7 TRADE MINISTERS' DIGITAL TRADE PRINCIPLES (ANNEX B)**

### **Open digital markets**

- We, the G7 Trade Ministers, are united in our support for open digital markets and in our opposition to digital protectionism and digital authoritarianism. Digital and telecommunications markets should be competitive, transparent, fair, and accessible to international trade and investment.
- Digital trade – and international trade more generally – must be at the service of our people. It should be used to support jobs, raise living standards, and respond to the needs of workers, innovators, and consumers.
- Digital trade should support entrepreneurialism and empower a full range of businesses to participate in the global economy, notably women entrepreneurs and micro, small, and medium-sized enterprises (MSMEs).
- As the bedrock of a thriving and innovative digital economy, the internet must be open, free, and secure.
- Electronic transmissions – including the transmitted content – should be free of customs duties, in accordance with the WTO Moratorium on Customs Duties on Electronic Transmissions. We support a permanent prohibition of such duties.

### **Data free flow with trust**

- To harness the opportunities of the digital economy and support the trade of goods and services, data should be able to flow freely across borders with trust, including the trust of individuals and businesses.
- We are concerned about situations where data localisation requirements are being used for protectionist and discriminatory purposes, as well as to undermine open societies and democratic values, including freedom of expression.
- We should address unjustified obstacles to cross-border data flows, while continuing to address privacy, data protection, the protection of intellectual property rights, and security.
- Personal data must be protected by high enforceable standards, including when it is transferred across borders. We recognise the importance of enhancing cooperation on data governance and data protection and identifying opportunities to overcome differences. We will cooperate to explore commonalities in our regulatory approaches and promote interoperability between G7 members.



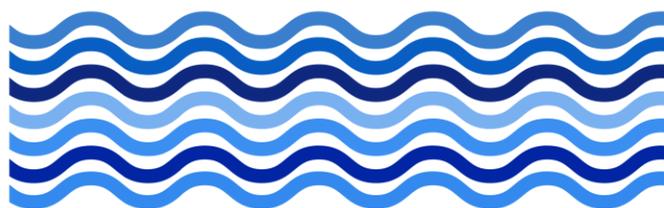
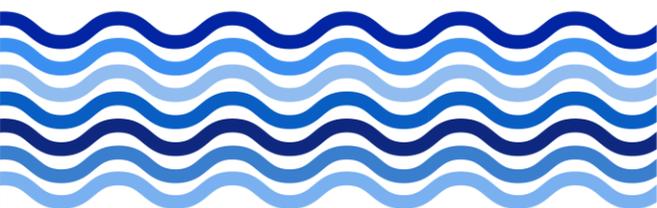
- Non-personal data should benefit from protection, including all applicable protection as intellectual property, such as the protection of trade secrets.
- Achieving consensus on common principles for trusted government access to personal data held by the private sector will help to provide transparency and legal certainty. It will support the transfer of data between jurisdictions by commercial entities and result in positive economic and social impacts. We support the OECD's work on developing these principles, recognising the importance of legitimate access to protect citizens and safeguard national security.
- Open government data can play an important role in digital trade. Where appropriate, public sector datasets should be published in anonymised, open, interoperable, and accessible forms.

## **Safeguards for workers, consumers, and businesses**

- Labour protections must be in place for workers who are directly engaged in or support digital trade, providing decent conditions of work.
- Effective measures must be in place to ensure a high level of consumer protection when purchasing goods and services online.
- Businesses must have a secure digital trading environment, with the highest standards of cybersecurity and resilience against illicit or malign activity.
- To ensure that consumers and businesses can benefit from digital innovation, governments should maintain effective and balanced intellectual property frameworks, with protections for trade secrets.
- Businesses should not be required or coerced to transfer technology or provide access to source code or encryption keys as a condition of market access. At the same time, governments must retain sufficient flexibility to pursue legitimate regulatory goals, including health and safety.

## **Digital trading systems**

- To cut red tape and enable more businesses to trade, governments and industry should drive forward the digitisation of trade-related



documents. This includes through means of addressing legal, technical, and commercial barriers to the digitisation of paper processes.

- Where governments use digital systems for processing imports, exports, and goods in transit, these should facilitate the flow of goods along the entirety of the supply chain.
- Single trade windows should be developed to streamline stakeholder interactions with border agencies. Governments should strive to develop these around common standards, with interoperability as a key goal, and in line with the best practice recommendations of the World Customs Organization.

## **Fair and inclusive global governance**

- Common rules for digital trade should be agreed and upheld at the World Trade Organization. These rules should benefit workers, consumers, and businesses in developing economies, as well as those in developed economies, while safeguarding each country's right to regulate for legitimate public policy objectives.
- To drive growth in an inclusive way, efforts should be intensified to tackle the digital divides between and within countries, taking account of the specific needs of low-income countries, notably the least developed countries.
- The rules governing digital trade should be future-proofed and responsive to innovation and emerging technologies, so that workers, consumers, and businesses can harness their full potential. To assist this process, governments should review evidence and analysis, including from the OECD, where it can help to address rapid developments in digital trade.
- International standards for information and communication technologies should be developed in a way that complies with the six principles of the WTO Technical Barriers to Trade Committee, namely transparency, openness, impartiality and consensus, effectiveness and relevance, coherence, and the development dimension. Such standards must continue to play an important role in supporting an open, free, and fair environment in the digital age.



## **G20 TRADE AND INVESTMENT**

### **MINISTERIAL MEETING – OCTOBER 12, 2021**

#### **G20 MINISTERIAL STATEMENT ON TRADE AND INVESTMENT**

- 1 We, the Trade and Investment Ministers of the G20, met on October 12 in Sorrento, Italy, under the G20 Italian Presidency to place trade and investment at the service of the People, the Planet and the global Prosperity and to strengthen the rules-based, non-discriminatory, open, fair, inclusive, equitable, sustainable and transparent multilateral trading system with the WTO at its core.
- 2 We reaffirm our active engagement to lay a solid foundation for a resilient, strong, sustainable and inclusive economic recovery and to mitigate the impact of the COVID-19 pandemic on international trade and investment by promoting a global and coordinated response. Despite the disruptions caused by the COVID-19 outbreak to the world economy, the multilateral trading system has been a source of stability and played an important role in helping to mitigate the impact of COVID-19 on people. While recognizing the importance of further strengthening global supply chains, making them more resilient, secure and sustainable and increasing production to meet demand, diversifying sources, we acknowledge the positive results that the multilateral trading system has achieved since the onset of the pandemic. We welcome that the WTO members rolled back more than half of COVID-19 trade restrictive measures and encourage them to continue to do so.
- 3 We reiterate our commitment to realize a free, fair, inclusive, non-discriminatory, transparent, predictable and stable trade and investment environment. We consider these times of challenge to present a major chance for a more sustainable, more equitable and more inclusive growth.

#### **REFORM OF THE WTO**

- 4 Recalling the Riyadh Initiative on the future of the WTO, we remain committed to working actively and constructively with all WTO Members to undertake the necessary reform of the WTO and we highlight the need to implement this commitment in practice through an inclusive and transparent approach including tackling the development issues.
- 5 While reaffirming the foundational principles of the WTO, we envision reforms to improve all its functions. We remain committed to strengthening its rulemaking arm by facilitating trade negotiations and fostering the update of the global trade



rulebook, and underscore the importance of the ongoing negotiations in the WTO. We recall that a well-functioning dispute settlement system of the WTO should contribute to providing security and predictability to the multilateral trading system. We will work together at the WTO and with the wider WTO membership to advance the proper functioning of the WTO negotiating function and dispute settlement system, which require addressing longstanding issues. We highlight that the correct implementation and monitoring of commitments are essential to maintaining the integrity of an effective multilateral rules-based system and therefore support and encourage enhanced transparency and dialogue among WTO members in a balanced and inclusive manner.

- 6 We commit to a successful and productive WTO 12<sup>th</sup> Ministerial Conference as an important opportunity to advance WTO reform to revitalise the organisation. We commit to active engagement in this work to provide the political momentum necessary for progress.

## TRADE AND HEALTH

- 7 The pandemic has highlighted the importance of working toward enhancing timely, equitable and global access to safe, affordable and effective COVID-19 vaccines, therapeutics, diagnostics and personal protective equipment. We continue to implement the G20 Actions to Support World Trade and Investment in Response to COVID-19, in the spirit of international solidarity.
- 8 We recall the Rome Declaration made at the Global Health Summit in May. Our Leaders committed to promote the multilateral trading system noting the central role of the WTO and the importance of open, resilient, diversified, secure, efficient and reliable global supply chains across the whole value chain related to health emergencies, including the raw materials to produce vaccines, and for the manufacturing of and access to medicines, diagnostic tools, medical equipment, non-pharmaceutical goods, and raw materials to address public health emergencies.
- 9 We reiterate the importance that any emergency trade measures designed to tackle COVID-19, if deemed necessary, are targeted, proportionate, transparent, temporary, reflect our interest in protecting the most vulnerable, do not create unnecessary barriers to trade or disruptions to global supply chains, and are consistent with WTO rules. We will ensure that trade and investment actively contribute to strengthening and improving the resilience of these supply chains.
- 10 We will work actively and constructively with all WTO members in the lead up to the 12<sup>th</sup> Ministerial Conference and beyond to enhance the capacity of the multilateral trading system to increase our pandemic and disaster preparedness and resilience



by adopting a multifaceted response. Trade-related aspects of intellectual property rights, contributions to international efforts to expand production and delivery of vaccines, therapeutics and essential medical goods, diversifying manufacturing locations and fostering equitable distribution, trade facilitation measures, export restrictions, encouraging regulatory compatibility, are among the areas where our constructive engagement in the WTO, notably in the TRIPS Council, the Council for Trade in Goods, the Council for Trade in Services, and other relevant bodies and processes, can enhance global public health efforts.

## SERVICES AND INVESTMENTS

- 11 We believe services have a major role to play as a channel of recovery, growth and economic diversification. We recognise the importance of sound, predictable and transparent domestic regulatory frameworks, as well as fulfilment of the GATS objectives, to develop the service sector, facilitate trade in services and reduce its costs.
- 12 While noting the persistence of digital divides and the challenges linked to the deployment of infrastructures in developing and least developed countries, we appreciate the positive impact that digitalisation had on global trade during the pandemic. We believe digital trade should be strengthened to sustain economic activity, promote development and open new opportunities to all our citizens and businesses for inclusive growth. We recall the Declaration of G20 Digital Ministers in August and G20 Riyadh Leaders' Declaration.
- 13 We recognise the importance of reinvigorating investment flows, notably towards developing countries. We reaffirm the value of improving open, non-discriminatory, transparent and predictable conditions that foster sustainable investment. We recognise that a conducive business climate and supportive trade and investment policies can mobilise investment for economic transformation needed to address the challenges of a rapidly changing global environment.
- 14 G20 participants in the Joint Statement Initiatives on E-Commerce, Investment Facilitation for Development and Services Domestic Regulation encourage and support the active participation of all WTO members in the initiatives and look forward to meaningful progress in the lead up to the 12<sup>th</sup> WTO Ministerial conference. Concerns have been expressed on rule-making by some G20 members that are not part of the JSIs.



## **GOVERNMENT SUPPORT AND LEVEL PLAYING FIELD**

- 15 We will continue to work to ensure a level playing field to foster an enabling business environment and to support the integrity and sustainability of the rules-based multilateral trading system, as affirmed in Riyadh and in Tsukuba. We underscore the importance of fair competition, as we recognized in the context of the Riyadh Initiative on the Future of the WTO. Reducing trade tensions, tackling distortions in trade and investment, addressing supply chain disruptions and fostering mutually beneficial trade relations will be critical as economies respond to and recover from the COVID-19 pandemic. We reaffirm that structural problems in some sectors, such as excess capacities, can cause a negative impact.
- 16 Many G20 members affirm the need to strengthen international rules on industrial subsidies and welcome ongoing international efforts to improve trade rules affecting agriculture. Many of us highlighted agricultural subsidies and agricultural market access.
- 17 We recognise the importance of transparency of government support and WTO members meeting their transparency obligations. We reaffirm our commitment to fulfil those obligations and call on other WTO members to also do so.

## **TRADE AND ENVIRONMENTAL SUSTAINABILITY**

- 18 We maintain the importance of the contribution of the multilateral trading system to promote the UN 2030 Agenda and its Sustainable Development Goals in its three economic, social and environmental dimensions. We reaffirm support to the UNFCCC and the Paris Agreement. We believe trade and environmental policies should be mutually supportive and contribute to optimal use of the world's resources in accordance with the objectives of sustainable development. We reaffirm that measures to combat climate change should be WTO consistent.
- 19 We support the ongoing WTO fisheries subsidies negotiations to reach a meaningful agreement by the 12<sup>th</sup> WTO Ministerial Conference with comprehensive and effective disciplines on harmful fisheries subsidies, in line with SDG 14.6, which would respond to the imperative of sustainability of our oceans, seas and marine resources.
- 20 We recognise the contribution of the WTO to the protection and preservation of the environment through its objectives of ensuring sustainable development, avoiding trade protectionism and unnecessary barriers to trade as well as safeguarding the multilateral trading system. We support the role of the WTO Trade and Environment Committee as the standing forum dedicated to dialogue between governments on the relationship between trade measures and environmental measures.



21 We affirm the importance of providing appropriate support to developing and least developed countries in order to help their national transition towards resource-efficient, sustainable, climate and environment-friendly development, enhance their resilience and better enable them to seize sustainable trade opportunities through Aid for Trade.

22 G20 participants in the Trade and Environmental Sustainability Structured Discussions and in Informal Dialogue on Plastic Pollution and Environmentally Sustainable Plastic Trade encourage and support the active participation of all WTO members in these processes.

## MSMEs

23 We recognize the critical role that MSMEs play in our economies. Their role is important to meet sustainable development goals, notably the goals related to women empowerment, decent work and economic growth, industry, innovation and infrastructure, poverty eradication and reduced inequalities.

24 We recognize that global markets are an important source of growth for MSMEs as they stand to gain from the increased access to growing markets facilitated by our trade and investment agreements. Since MSMEs have fewer resources to engage in international trade, access to information in a user-friendly format is crucial. We highlight the importance of raising awareness and promoting the use of platforms facilitating MSMEs' access to information.

25 We recognize the different challenges faced by MSMEs in different countries, and notably in developing and least developed countries. We highlight the importance of strengthening MSMEs' capacity and strategic resources to become more competitive and more integrated into the global economy.

26 Recalling the "G20 Policy Guidelines on boosting MSMEs' international competitiveness", we note the Italian G20 Presidency's non-binding MSMEs Policy Toolkit.

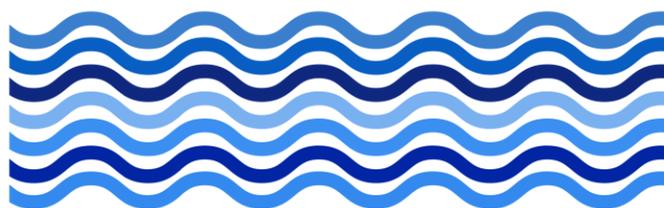
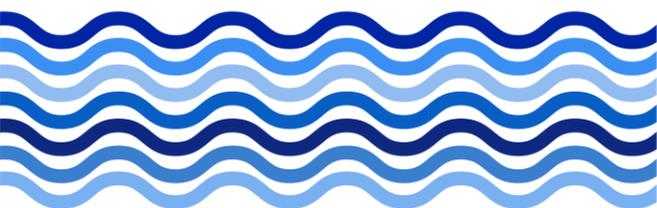
## WAY FORWARD

27 With a view to ensuring that international trade and investment can effectively contribute to global economic recovery at the service of the People, the Planet and the global Prosperity, we jointly recommend our Leaders to consider these important topics at the Rome Summit.

28 We thank international organisations for their contributions in our discussions and welcome further analysis to support the G20's work on trade and investment going forward.



29 We extend our gratitude to the Italian G20 Presidency for its determined efforts and leadership, we will submit this Statement to the G20 Leaders' 2021 Summit and will continue our cooperation towards Indonesia's G20 Presidency in 2022 and thereafter.



## **G7 TRADE MINISTERS' COMMUNIQUÉ**

We, the G7 Trade Ministers, met in London on 22 October to build on the initiatives we agreed in our communiqué of 28 May and advance our discussions on reforming the multilateral trading system to address 21<sup>st</sup> century trade issues and advance free and fair trade. We stand united in our commitment to build back better from the pandemic and provide our citizens with the intended benefits of free, fair, and sustainable trade, including raised living standards, full employment, sustainable development, and a protected and preserved environment. We are grateful for the insights of the Secretary-General of the Organisation for Economic Cooperation and Development (OECD) who participated in the meeting.

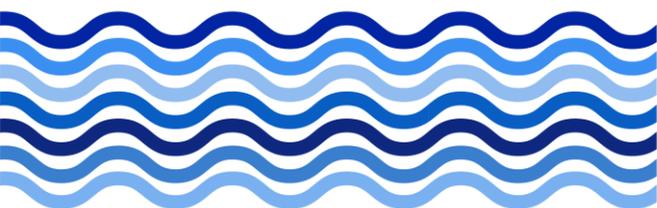
We welcome the presentation by the Chair of the Economic Resilience Panel, Lord Sedwill, and note the panel's suggestions on strengthening the resilience of global supply chains. We commit to closely monitoring issues impacting global supply chains and to continue working together to address these shared challenges.

### 12<sup>th</sup> WTO Ministerial Conference

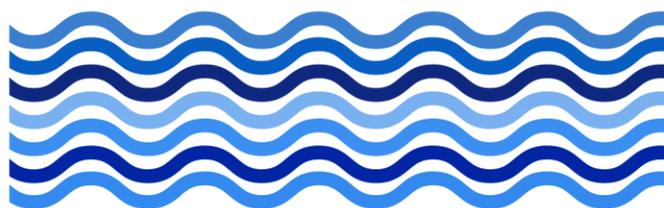
We discussed our priorities for the 12<sup>th</sup> WTO Ministerial Conference (MC12) building on our Leaders' commitments reached in Carbis Bay in June. Our shared objective is to deliver a successful Ministerial Conference that positions Members to foster a rules-based multilateral trading system, with the WTO at its centre, that is more resilient, sustainable, inclusive, and responsive to the needs of global citizens. We are determined to achieve a multifaceted outcome on trade and health as the response by the WTO to the Covid-19 pandemic, including how the international IP framework can best support the pandemic response. We will work with all WTO Members to resolve outstanding issues so that a meaningful agreement on effective disciplines on harmful fisheries subsidies can be attained, showing that the WTO can contribute to sustainability through its rule-making. We will work to deliver a realistic outcome on agriculture and agree to support a strong outcome in the Joint Initiative on Services Domestic Regulation. We support a permanent prohibition of customs duties on electronic transmissions. We look forward to further work on initiatives such as trade and environmental sustainability, and trade and gender. MC12 should highlight the WTO's ability to contribute to resolving 21<sup>st</sup> century challenges, including climate change and the loss of biodiversity. We commit to a successful and productive WTO 12<sup>th</sup> Ministerial Conference as an important opportunity to advance WTO reform to revitalise the organisation.

### WTO reform

We are committed to advancing work towards WTO reform in a way that is inclusive and action-orientated, to build a more viable and durable multilateral trading system. A key objective of WTO reform will be to strengthen the organization's three core functions, in an effort to build a free and fair rules-based multilateral trading system that benefits all its members and helps secure shared prosperity for all. This includes advancing the effectiveness of the WTO's monitoring, negotiating and dispute settlement system functions, which requires resolving long-standing issues. We also highlight that the correct implementation and monitoring of commitments are



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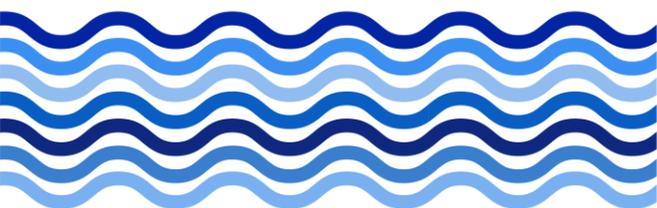
essential to maintaining the integrity of an effective multilateral rules-based system and therefore support and encourage enhanced transparency and dialogue among WTO members in a balanced and inclusive manner. We remain committed to active engagement in this work to provide the political momentum necessary for progress, recalling the points highlighted by G7 Leaders' Carbis Bay communiqué and the Sorrento Declaration of G20 Trade and Investment Ministers.

### Free and Fair Trade

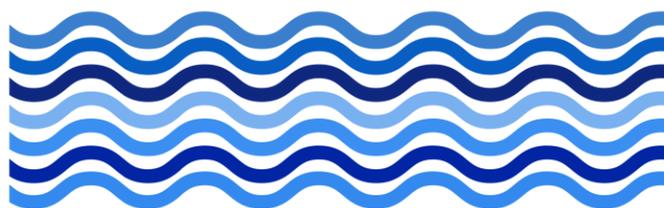
Our discussions today strengthened our resolve to tackle unfair trade practices that threaten the livelihoods of our citizens, harm our businesses, erode trust in, and undermine the functioning of the global trading system. We stand shoulder to shoulder in our commitment to act against these threats and prevent those seeking unfair advantages from benefiting.

Reconfirming our commitments in our May communiqué, we deepened discussions on market-distorting practices and the need to defend the integrity and sustainability of the rules-based multilateral trading system. We noted the continued opaqueness of these practices and the chronically low levels of compliance of some WTO members with regards to providing complete and timely notifications to meet their subsidy notification obligations. An important step in reinforcing the fundamental principles of transparency would be the adoption of the transparency and notification proposal in the General Council. We all endorse this proposal and will encourage the wider WTO membership to support it. We welcome the G20 commitments earlier this month to continue to work to ensure a level playing field, underscoring the importance of fair competition and of tackling distortions in trade and investment. We committed to continue our work together with likeminded partners to identify other ways to address the lack of transparency in government support by some jurisdictions. We reaffirmed the importance of the Global Forum on Steel Excess Capacity (GFSEC) as a forum that can help address the issue of global steel excess capacity in a multilateral framework. We will continue to support and work with the OECD to build on their excellent work undertaken to date, including a continued focus on the analysis of the incidence and magnitude of market-distorting practices and the impacts these may have on issues such as creating and maintaining overcapacity. We will step up our efforts in countering these practices, through appropriate tools and levers, and to develop stronger international rules on practices such as market-distorting industrial subsidies and trade-distorting actions by state enterprises.

We share and are guided by the concern expressed by our Leaders in Carbis Bay regarding the use of all forms of forced labour in global supply chains, including state-sponsored forced labour of vulnerable groups and minorities, including in the agricultural, solar and garment sectors. We affirm that there is no place for forced labour in the rules-based multilateral trading system. We endorsed recommendations to identify, prevent and eliminate forced labour in global supply chains reflected in the statement annexed to this communiqué.



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To further our response to these challenges, we will continue to discuss these important issues and commit to working collaboratively and with the assistance of relevant international organisations to tackle them.

### Modernising Trade

We recognise the urgent need to update the rules for global trade to ensure they continue to have a positive impact on the daily lives of our citizens. We oppose digital protectionism and authoritarianism and today, we have adopted the G7 Digital Trade Principles that will guide the G7's approach to digital trade, annexed to this communiqué. We have committed to open digital markets; data free flow with trust; safeguards for workers, consumers, and businesses; digital trading systems; and fair and inclusive global governance. Efforts should be intensified to tackle the digital divide and to build the capacities of developing countries. Furthermore, we are committed to advancing the E-Commerce Joint Statement Initiative towards a high standard and commercially meaningful outcome that works for all. We aim to achieve substantial progress by the 12<sup>th</sup> WTO Ministerial Conference.

As we implement the Paris Agreement and transition to net-zero emissions, we recognise the negative effect that carbon leakage may have on the climate. We commit to work collaboratively, including with relevant international organisations, to address the risk of carbon leakage, while enhancing international climate ambition. We also recognise the need for dialogue on the domestic solutions that are already being considered. We recognise the importance of ensuring that any approach is, among other things, transparent and WTO consistent. We agree on the importance of any trade solution to carbon leakage being built on a robust evidence base with scientifically sound data. We commit to continuing open, inclusive, and constructive discussions on trade and the environment, including carbon leakage, through fora such as the Trade and Environmental Sustainability Structured Discussions (TESSD), in recognition of trade's important role in tackling climate change.

We reconfirm our commitment to an end to new direct government support for unabated international thermal coal power generation by the end of 2021, including through export finance, investment, and financial and trade promotion support.

We welcome discussions at the G7 Trade and Environment Officials' Meeting on 30 September regarding supporting sustainable supply chains that decouple agricultural production from deforestation and forest degradation.

### Closing remarks

We are committed to continuing our collective work in all relevant fora to champion free and fair trade and to the modernisation of international trade rules. We look forward to continuing discussions under the trade track of the German Presidency in 2022.