

G7 Trade Ministers' Statement Osaka-Sakai, 29 October 2023

We, the Trade Ministers of the Group of Seven (G7), met in Osaka-Sakai on October 28 and 29 to reaffirm and further strengthen our cooperation in addressing common challenges, building on the outcomes of our previous Meeting on April 4 and the G7 Hiroshima Summit. The challenges we addressed in April continue, including Russia's war of aggression against Ukraine, prolonged non-market policies and practices, and longer-term structural shifts. We will redouble our efforts to tackle them by maintaining a free and fair trading system based on the rule of law, and enhancing economic resilience and economic security, bearing in mind the underlying need for fair competition in international trade relationships.

We continue to condemn in the strongest possible terms Russia's brutal, unprovoked, unjustifiable and illegal war of aggression against Ukraine. We recall the G7 Leaders' commitment to addressing Ukraine's recovery needs at the Hiroshima Summit and reaffirmed our strong commitment to support Ukraine's recovery through trade. We also deplore and condemn Russia's destruction of Ukrainian grain export infrastructure and the decision to unilaterally terminate its participation in the Black Sea Grain Initiative (BSGI), and support the right of Ukraine to continue to export its agricultural products through the most optimal routes.

We reaffirmed our strong determination to deliver concrete, ambitious outcomes at the upcoming 13th World Trade Organization (WTO) Ministerial Conference (MC13). Through our conversations with partners beyond the G7, we underlined the role that trade can play in simultaneously contributing to inclusive global economic growth and promoting resilient supply chains through the expansion of mutually beneficial economic opportunities to international partners. We will continue to enhance engagement with partners beyond the G7 in international fora, including the WTO.

We are grateful for the participation and insights of the ministers of Australia, Chile, India, Indonesia and Kenya, as well as the Director-General of the WTO, the Secretary-General of the Organization for Economic Cooperation and Development (OECD) and the President of the Economic Research Institute for East Asia and ASEAN (ERIA).

Reforming the WTO and Supporting a Successful 13th WTO Ministerial Conference

We reaffirmed our commitment to promoting WTO reform that serves the interests of all members and to maintaining and strengthening a rules-based, inclusive, free and fair

multilateral trading system, with the WTO at its core. With four months left until MC13, we discussed how to work together towards a successful outcome, both within the G7 and with partners beyond the G7.

Building on the G7 Hiroshima Leaders' Communiqué of May, we will work towards substantial WTO reform, including conducting discussions with the view to having a fully and well-functioning dispute settlement (DS) system accessible to all members by 2024. We commit to further deepening discussions ahead of MC13. In this regard, we appreciate the ongoing process in Geneva and instruct our representatives in Geneva to continue to engage constructively, and invite other WTO members to do likewise.

We also commit to work with other WTO members to strengthen the deliberative function of the WTO to address the challenges that international trade faces today. In this regard, we support work on key issues including by achieving consensus by ministers at MC13 to create a dedicated space for discussions on the interface between trade and state intervention in industrial sectors.

In addition, we welcome the ongoing advancement of discussions to improve the operation and transparency of the WTO's committees and bodies.

Further, recognizing the crucial role of plurilateral initiatives to revitalize the rule-making function of the WTO, we welcome progress under the Joint Statement Initiatives (JSIs), including on E-Commerce and the conclusion of the text-based negotiations of the Agreement on Investment Facilitation for Development. We also underscore the importance of early completion of the certification procedure of the disciplines on Services Domestic Regulations. We strongly support incorporating the outcomes of JSIs into the legal framework of the WTO.

We look forward to the prospect of the Agreement on Fisheries Subsidies entering into force by MC13. To this end, we commit to reaching out to other WTO members to encourage acceptance of the Agreement, as necessary, and to accelerate progress toward the conclusion of negotiations on additional provisions to achieve a more comprehensive agreement on fisheries subsidies in line with Sustainable Development Goal target 14.6, including through disciplines on certain forms of fisheries subsidies that contribute to overcapacity and overfishing. We also note the contributions to be made by G7 members to the WTO Fisheries Funding Mechanism (Total: 5.7 million CHF) to facilitate implementation of the Agreement by developing countries and Least Developed Countries (LDCs).

We welcome the ongoing discussions on the Work Programme on E-Commerce in Geneva and remain committed to active engagement in this work. In particular, we reaffirm the importance of making permanent the Moratorium on Customs Duties on

Electronic Transmission.

We continue to promote agricultural reforms consistent with the WTO Agreement on Agriculture. There is a need to intensify efforts to reform agricultural policy as appropriate, and to move towards policies to promote more sustainable practices in agricultural and food systems, to avoid future crises and build resilience, including adaptation to and mitigation of climate change. We commit to enhancing short, medium and long-term food security, including by strengthening disciplines and transparency in export restrictions on agricultural products and inputs to allow agri-food trade to flow, and by improving the agricultural productivity and sustainability of each G7 and non-G7 member as well as assisting developing countries and LDCs.

Ensuring a Level Playing Field

We reaffirm our shared concerns regarding a wide and evolving range of non-market policies and practices, notably when they are an integral part of comprehensive strategies to pursue global market dominance and unfairly target market share so as to create strategic dependencies and systemic vulnerabilities. These include pervasive, opaque and trade-distortive industrial subsidies, market distortive practices of state-owned enterprises (SOEs), and all forms of forced technology transfer. We recognize that addressing non-market policies and practices can also be an integral aspect in enhancing economic resilience and thereby economic security. Such policies and practices distort fair global competition, trade and investment, and have a particularly negative impact on industrial development in emerging and developing economies. Thus, we renew our commitment to ensure a global level-playing field and fair competition by discouraging protectionism and market distorting practices and by addressing systemic challenges presented by these unfair trade practices through effective use of existing means, as well as developing appropriate new tools and stronger international rules and norms, and we will continue to cooperate on these issues.

On industrial subsidies, we reviewed and recognized gaps between the current WTO rules and recent developments, as well as the challenges of addressing related issues of non-market policies and practices, including the fundamental lack of transparency of measures taken by some countries, while recognizing that subsidies in some circumstances can be a tool to achieve legitimate public policy objectives. Based on this gap analysis, we share the need for further discussion on suitable means to more effectively address, including under the WTO Agreement on Subsidies and Countervailing Measures, the opaque and trade-distortive subsidies provided by SOEs, including investment funds controlled in substance by the State. We recognize the fundamental importance of transparency as a

basis for effective multilateral subsidy rules, meaningful policy deliberations, and fair competition, and underscore the importance of all WTO members' continuous efforts to ensure transparency both at the WTO through subsidies notification and domestically by making information on subsidy programs publicly available. We are prepared to explore ways to improve compliance with transparency obligations by all WTO members.

On SOEs, we recognize that such entities can play a useful role in the provision of public services, particularly in developing countries and LDCs. At the same time, we are increasingly concerned by some countries' pervasive use of SOEs to channel State support and to produce key industrial goods in an unfair manner. This distorts global trade and creates dominance in global markets that undermines the industrialization goals of all countries, particularly those of developing countries and LDCs. We identified major commonalities in SOEs disciplines across various bilateral/plurilateral trade and investment agreements, such as definition, commercial considerations, and transparency. Building upon such commonalities and our shared concerns on problematic practices including utilization of SOEs as a channel to provide market-distortive subsidies or a tool to require local production, we commend the on-going work of revising OECD Guidelines on Corporate Governance of State-Owned Enterprises to better address the impact that SOEs have on the level playing field.

We recognize the importance of voluntary technology transfer on mutually agreed terms, in particular to LDCs, to help build a viable technological base and foster innovation, and the necessity of transparent and predictable intellectual property and investment frameworks. We will further deepen our trade and investment relations with countries that seek to ensure that technology transfers are conducted on voluntary and mutually agreed terms. In contrast, we express our renewed concerns on forced technology transfers, which are fundamentally unfair and inconsistent with an international trading system based on market principles. We are aware that such measures take various forms, both explicit and informal and opaque, including compulsory joint venture requirements, ostensibly voluntary industry guidelines or standards, regulations that require disclosure of source code and other confidential business information, as well as local production and local content requirements that include direct or indirect requirements to transfer technology in exchange for market access. To address forced technology transfers, as well as state-sponsored or directed theft of intellectual property, such as trade secrets, and technologies, we will further deepen our collaboration with countries that share our concern in this area, through efforts such as enhancing information-sharing on problematic rules, regulations and practices, as well as effectively utilizing existing tools and international rules and norms and developing new rules, tools, or norms where needed.

Supply Chain Resilience

Following our Leaders' announcement of the *principles on resilient and reliable supply chains* comprised of transparency, diversification, security, sustainability, and trustworthiness and reliability, we are further united in taking the necessary actions to build and strengthen resilient supply-chain networks among trusted partners both within and beyond the G7, and will keep encouraging all countries to adopt these principles.

In this context, we welcome the first discussion on supply chain resilience in a G7 Trade Ministerial meeting involving partners from both the private sector and governments beyond the G7. Taking this opportunity, we affirmed with such partners the importance of the *principles* as well as further efforts to embody them together through a wide range of engagement. We reaffirm that *resilient and reliable supply chains* can play a major role in achieving inclusive growth, including in emerging and developing economies. We deplore actions to weaponize economic dependencies and commit to build on free, fair, and mutually beneficial economic and trade relationships, and accelerate such collaboration with the wider international community. In addition, we reiterate the need to strengthen engagement with the private sector, the key players in the supply chain. We note that a transparent, predictable and sustainable business environment without the prevalence of non-market policies and practices or the threat of coercive economic measures is essential for a fair and productive global economy. We also acknowledge the need for further efforts to build *resilient and reliable supply chains* for critical goods such as critical minerals, semiconductors, and batteries. We note with concern the recent export control measures on critical minerals. We support the G7 Climate, Energy and Environment Ministers' commitment to implement the Five-Point Plan for Critical Minerals Security in this regard, and look forward to further coordination to address trade restrictions and market distorting practices.

We also welcome the progress made among the G7 members in strengthening channels of communication to address supply disruptions and in sharing insights and best practices, including from respective scenario-based stress testing, as outlined in the G7 Leaders' Statement on Economic Resilience and Economic Security. We acknowledge the importance of cross-agency engagement from each government and will further step up our such collaborative efforts.

Acknowledging that supply chain resilience cannot be achieved in isolation, we will further step up our collaboration based on the *principles*, building on the progress made towards future actions during this Presidency and renew our determination to reinforce our cooperation in enhancing *resilient and reliable supply chains* and address the

vulnerabilities in economies around the world, particularly LDCs and developing countries in need.

Economic Coercion

We reiterate our shared concerns regarding coercive economic measures and threats thereof, which interfere with the legitimate sovereign choices of another government, and are disturbed by the growing recurrence of such measures. We welcome the ongoing work by our trade officials that contributes to the Coordination Platform on Economic Coercion. Pursuant to the commitment made by our Leaders at the Hiroshima Summit, we commit to continue supporting the work of the Platform and making further progress on this issue. We will continue our joint efforts, including at the WTO, to address economic coercion, ensure rapid information sharing, and collectively explore responses, as appropriate and in line with our respective legal systems and in conformity with international law. This includes further examining our tools and levers, analyzing supply chains, and seeking to cooperate in deterring and countering economic coercion, as well as exploring ways to mitigate its harm, with a view to supporting each other and partners beyond the G7.

We are firmly committed to upholding the free, fair, open and transparent economy driven by market principles. We will therefore enhance our collective efforts in communication to boost business preparedness against economic coercion. We will also endeavor to raise the awareness of businesses of the G7 and beyond, concerning the possibility of contributing inadvertently to enabling trade-related coercive measures through trade with and investment in countries willfully violating common international trade rules and norms, so that they can factor in this information when making business decisions.

Digital Trade

We reaffirm the importance of facilitating Data Free Flow with Trust (DFFT), which is a key factor in supporting the rapid development of digital trade. We reiterate our commitment to the G7 Digital Trade Principles, our support for open digital markets and our opposition to digital protectionism. We also recognize that the development of digital technologies, including Artificial Intelligence (AI), can contribute to further accelerating global digital trade.

We affirm the need to establish a set of high-standard rules to govern global digital trade, in order to facilitate DFFT and harness the opportunities of digital trade for workers, consumers, and businesses in both developing and developed countries. We recognize the significance of the WTO JSI on E-Commerce negotiations in international rule-making. We are committed to working towards substantial conclusion by the end of 2023. The

outcome should be high standard, inclusive, and commercially meaningful.

We recognize that unjustified data localization measures have a negative impact on cross-border data flows, by increasing data management costs for businesses, particularly Micro, Small and Medium-Sized Enterprises (MSMEs) and heightening cybersecurity risks. 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. As the number of countries adopting data localization measures is on the rise worldwide, we welcome the OECD's work on data localization measures and emphasize the importance of continuing discussion on this matter.

We welcome the OECD Declaration on Government Access to Personal Data Held by Private Sector Entities as an important tool to increase trust in, and facilitate, cross-border data flows. We are committed to supporting measures that increase trust of users and businesses that participate in digital trade. Separately, we acknowledge that unjustified government access to non-personal data, including confidential information, undermines the credibility of, and presents substantial obstacles to, cross-border data flows.

We reiterate the contribution of digital trading systems to making trade cheaper, faster, and more secure and in enabling more businesses, especially MSMEs, to trade. We encourage governments and industry to continue to build awareness of and confidence in digital trade documents.

Trade and Environment / Climate Change

As Trade Ministers, we reaffirm that trade and environment policies should be mutually supportive, consistent with the WTO and multilateral environmental agreements. We recognize that trade and trade policies are important tools to tackle the triple global crises of climate change, biodiversity loss and pollution, and can be drivers of sustainable growth. We are committed to facilitating trade of and promoting a circular economy approach to goods, services and technologies that help meet our climate and other environmental goals. We welcome work at the WTO, including in the Committee on Trade and Environment (CTE) as well as the Trade and Environmental Sustainability Structured Discussions (TESSD), in seeking to identify opportunities and approaches to support such facilitation and promotion efforts, including identification of non-tariff barriers and regulatory approaches. We will deepen engagement with those beyond the G7, including developing countries and LDCs, on these matters.

We will pursue policies that drive decarbonization and emissions reduction in line with our common goal of net-zero emissions by 2050 at the latest, and also help to address the

risk of carbon leakage, by spurring markets to account for embedded emissions in traded goods. The risk of carbon leakage may increase with more divergent climate policy ambition and thus we will continue to work collaboratively, including with relevant international organizations, to address this risk. We recognize the importance of ensuring that instruments pursuing climate objectives with an impact on trade, including, while not limited to, those aiming to address carbon leakage, are, among other things, transparent and WTO consistent. We acknowledge that such instruments should adequately take into account the diverse range of climate mitigation policy approaches each country deploys and contribute to global emissions reduction. We will also seek to give due regard to the situation of international partners, especially the most vulnerable developing countries and LDCs. We will provide transparency and predictability, and 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 to measure embedded emissions.

Business and Human Rights

Recalling the UN Guiding Principles on Business and Human Rights (UNGPs), the ILO (International Labour Organization) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, we reaffirm the importance of promoting the respect for human rights and international labor standards in business activities and global supply chains. We reaffirm the G7 Trade Ministers' Statement in September 2022 and the G7 Trade Ministers' Statement on Forced Labor in October 2021, and recommit to taking measures to eradicate all forms of forced labor and child labor in global supply chains and recognize the relevance of measures that support corporate due diligence to this effect.

We further reiterate our commitment to strengthening outreach and engagement on business and human rights beyond the G7. In this respect, we welcome the recent dialogue between the G7 members and Asian countries, mainly from Southeast Asia, co-organized by Japan and the ILO. The dialogue has provided an opportunity to recognize diverse approaches to implement the relevant international standards on business and human rights and has demonstrated the importance of harnessing synergies between inclusive growth and respect for human rights. We intend to strengthen our cooperation to advance the business and human rights agenda, and further enhance predictability and certainty for businesses and other stakeholders.

Strengthening Engagement with Emerging and Developing Economies and Trade and Development

Recognizing the benefits that trade brings and the role that trade has played in reducing poverty, we affirm that trade can be a powerful driver of sustainable economic development and poverty reduction. We acknowledge discussions of proposals on trade for development in the WTO.

We affirm our willingness to contribute to the inclusive and sustainable economic development and poverty reduction of developing countries and LDCs, through trade. To this end, we express our willingness to further support fair and free global trade, strengthen our efforts in trade facilitation, strengthening and increasing access to trade-related infrastructure and capacity building for developing countries through concrete discussions based on needs and facts, in cooperation with relevant international organizations. We also support a more significant role for low and middle-income countries in supply chains in a way that also promotes their diversification and local value creation and benefits local workers and communities everywhere.

In order to enhance inclusivity in the Multilateral Trading System, it is essential to develop infrastructure and capacity that enable developing countries, notably LDCs, to participate in the Multilateral Trading System. In this regard, we recognize the importance of projects and initiatives that G7 members have implemented, for example, (i) Aid for Trade initiatives, (ii) capacity building through the World Customs Organization (WCO), International Trade Centre (ITC) and other international organizations, (iii) training of customs officials to expedite customs procedures for the acceptance of emergency relief supplies in the event of a disaster, (iv) improving infrastructure vital to engage in trade, such as transportation and energy networks, (v) ensuring appropriate SPS procedures through STDF (Standards and Trade Development Facility), (vi) improving financial literacy and digital literacy and thereby securing business opportunities, and (vii) providing skills training. Furthermore, we recognize the importance of strengthening and promoting partnerships to ensure that underrepresented groups can benefit from the Multilateral Trading System. For example, the WTO Informal Working Groups on MSMEs and Trade and Gender are advancing representation in international trade and enhancing inclusivity in the Multilateral Trading System. We reaffirm that we will continue to advance these projects and initiatives.

We also seek to raise awareness about the challenges of moving humanitarian goods across international borders during natural disasters and other emergencies and the positive role that trade facilitation measures play in promoting swift, safe, and effective delivery of humanitarian cargo. We call on WTO members to promote best practices for

facilitating the movement of humanitarian goods.

With an estimated 345 million people experiencing acute food insecurity, the world is also facing the largest food and nutrition crisis in modern history, which threatens the very basis of development. While there are many underlying factors, the crisis has been compounded by Russia's war of aggression against Ukraine, which has severely disrupted agricultural and food production and trade.

We support the right of Ukraine to continue to export its agricultural products through the most optimal routes. We reiterate the importance of rules-based, open, fair, predictable, transparent and non-discriminatory international trade in food and agricultural products to stabilize markets by reducing the risk of scarcity and mitigating price volatility. We recall the 2022 WTO Ministerial Decision on World Food Programme (WFP) Food Purchases Exemption from Export Prohibitions or Restrictions as well as the WTO Ministerial Declaration on the Emergency Response to Food Insecurity and will seek more concrete actions at MC13 to address measures that impact global food security.

Closing Remarks

We reiterate and affirm the importance of import restrictions on food products being science-based and only applied in accordance with WTO and other international rules. In this context, the G7 members strongly call for the immediate repeal of any such measures that unnecessarily restrict trade, including the newly introduced import restrictions on Japanese food products.

We commit to continue our close cooperation and collaboration regarding challenges facing international trade, and look forward to further discussions under the Italian Presidency in 2024, building on the progress made this year and by previous presidencies. We thank Osaka-Sakai for hosting this meeting and wish success for the Expo 2025 Osaka, Kansai, Japan.