



The
G7 Research Group
at the Munk School of Global Affairs at Trinity College in the University of Toronto
presents the

2014 Brussels G7 Summit Final Compliance Report

6 June 2014 to 30 May 2015

Prepared by
Enko Koceku, Sarah Burton, David Cosolo and Michael Humeniuk
with Caroline Bracht
G7 Research Group, University of Toronto

6 June 2015 (pages 1-7 corrected on 7 June 2015;
commitments renumbered 15 July 2015)

www.g7.utoronto.ca
g8@utoronto.ca
@g8rg

Contents

Preface.....	3
Executive Summary	4
Table A: Overall Compliance Scores	6
Table B: Compliance by Member	7
Table C: Compliance by Commitment	7
1. Financial Regulation: Tax Evasion [11]	8
2. Trade: Protectionism [12]	16
3. Trade: Environmental Goods [21]	29
4. Energy: Energy Security [28]	36
5. Climate Change: Low-Carbon Economies [45]	46
6. Climate Change: Climate Finance [49]	60
7. Development: African Infrastructure [64]	67
8. Deauville Partnership [70]	78
9. Stolen Assets Recovery [80]	99
10. Crime and Corruption [81]	109
11. Health: Muskoka Initiative on Maternal, Newborn and Child Health [88]	119
12. Health: Sexual and Reproductive Health and Reproductive Rights [89]	127
13. Health: Infectious Diseases and Global Action Plan [103]	152
14. Regional Security: Ukraine [109]	160
15. Development: Syrian Refugees [114]	172
16. Peace and Security: Libya [117]	185

2. Trade: Protectionism [12]

“We reaffirm our commitment to keep our markets open and to fight all forms of protectionism including through standstill and rollback”

G7 Leaders’ Declaration on the Global Economy

Assessment

Country	Lack of Compliance	Work in Progress	Full Compliance
Canada			+1
France	- 1		
Germany		0	
Italy		0	
Japan			+1
United Kingdom			+1
United States		0	
European Union			+1
Average Score	+0.38		

Background

Protectionism can be observed as any government policy, whereby market forces are regulated such that international trade is restricted for the purposes of thwarting foreign competitors and supporting domestic business.

As economics and politics are increasingly influenced by globalization, free trade agreements are seen as the optimal model for long-term financial success and superior to insular protectionist policies.

In the past two years, free trade agreements have included the negotiations of: “Canada-EU; Japan-EU; Canada-Japan; EU-US; the Trans-Pacific Partnership; and the Trade in Services Agreement.”⁴⁰ Additionally, in line with the World Trade Organization (WTO), G7 members have pledged to execute measures that reduce or eliminate tariff or non-tariff barriers as they pertain to environmental goods and services.⁴¹

Historically, the G7/8 and G20 have promulgated commitments so that, ultimately, market-openness is maintained and increased.

Recognizing the risks of exacerbating economic decline through protectionism, leaders at the 2008 Washington G20 Summit pledged to “refrain from raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing WTO inconsistent measure to stimulate trade.”⁴² For the 2012 G7, the Camp David Declaration stipulated the commitment for all members to reduce trade barriers and counter protectionist measures within the framework of the energy sector.⁴³

⁴⁰ The Brussels G7 Declaration, Europa, 5 June 2014, Date of Access: 23 March 2015. http://europa.eu/rapid/press-release_MEMO-14-402_en.htm

⁴¹ Eliminating trade barriers on environmental goods and services, WTO, Date of Access: 23 March 23, 2015. https://www.wto.org/english/tratop_e/envir_e/envir_neg_serv_e.htm

⁴² Declaration: Summit on Financial Markets and the World Economy, G20 Summit (Washington) 15 November 2008. Date of Access: 1 November 2009. <http://www.g20.utoronto.ca/2008/2008declaration1115.html>

⁴³ Camp David Summit Documents: Official Declaration, 19 May 2012. Date of Access: 29 November 2012. <http://www.g8.utoronto.ca/summit/2012campdavid/g8-declaration.html>

At the 2013 Lough Erne G8 Summit, leaders restated their support for the WTO's objective of reducing trade barriers, resisting protectionist policies, establishing global trade standards, and enforcing a level playing field for global trade.⁴⁴

Most pertinent to this commitment, leaders at the Los Cabos G20 Summit declared reaffirmation to their standstill commitment and “pledge[d] to rollback any new protectionist measure that may have arisen, including new export restrictions and WTO inconsistent measures to stimulate exports.”⁴⁵

Commitment Features

G7 members have reaffirmed their commitment to fight against protectionism. To this end, G7 governments must enforce measures, which actively counter protectionist barriers.

With particular focus of the Brussels Declaration, G7 members will use the instruments of standstill and rollback.⁴⁶

Standstill measures are actions taken that oppose the enactment of new barriers to trade that constitute as protectionist measures. These measures includes the prevention of government-imposed restrictions, which affect fair trade — through export and import regulations — so that fair competition between states is diminished. Barriers, which are categorized as protectionist, are those that limit the global flow of goods, investments, and services.

The instrument of rollback simply entails the reversal and repeal of status quo protectionist measures.

For full compliance, G7 member state must both: (1) remove protectionist policies through rollback; (2) refrain from adopting insular policies that would additionally stifle free trade through standstill.

Scoring Guidelines

- 1	Member introduces protectionist trade policies
0	Member removes already existing protectionist trade policies OR does not adopt any new protectionist trade policies
+1	Member removes already existing protectionist trade policies AND does not adopt any new protectionist policies

Lead Analyst: Kaleem Hava

Canada: +1

Canada has fully complied with its commitment to keep their markets open and to fight all forms of protectionism.

On 5 August 2014 Canadian and EU partners signed the Comprehensive Economic and Trade Agreement (CETA).⁴⁷ Through this, Canadian industry will deal directly with EU markets. CETA is

⁴⁴ G8 Lough Erne Leaders Communiqué, G8 Information Centre (Toronto) 18 June 2013. Date of access: 2 December 2013. <http://www.g8.utoronto.ca/summit/2013lougherne/lough-erne-communique.html>

⁴⁵ 2012 Los Cabos G20 Summit Final Compliance Report. 4 September 2012. Date of access: 19 April 2015. <http://www.g20.utoronto.ca/compliance/2012loscabos-final/>

⁴⁶ The Brussels G7 Declaration, Europa, 5 June 2014, Date of Access: 23 March 2015. http://europa.eu/rapid/press-release_MEMO-14-402_en.htm

⁴⁷ Government of Newfoundland and Labrador's Position on the Canada-European Union Comprehensive Economic and Trade Agreement, Government of Newfoundland and Labrador (St. John's) 15 January 2014. Date of Access: 27 April 2015. http://www.ibrd.gov.nl.ca/pdf/CETA_Jan15.pdf

expected to increase bilateral trade in Canada by 20 per cent, increasing GDP by CAD12 billion in maritime fisheries.⁴⁸

As a part of the CETA, the Canadian province of Newfoundland and Labrador plans to remove minimum processing requirements (MPRs) on fishery exports. Former Premier Kathy Dunderdale confirmed this commitment in exchange for tariff free seafood imports in EU markets, by 2022.⁴⁹

On 25 July 2014, the Ontario minister of energy responded to complaints by the EU that Canada was not upholding their international free trade commitments through Canada's Green Energy Act.⁵⁰ Via rollback measures, the Ontario Power Authority (OPA) was then ordered by the Ontario minister of energy to remove the domestic content requirements in FIT and microFIT contracts signed by the OPA.⁵¹ This policy became effectively immediately upon the directive of the minister.⁵²

On 22 September 2014, Prime Minister Stephen Harper and President Park Geun-hye affirmed the Canada-Korea Free Trade Agreement (CKFTA), Canada's first free trade agreement (FTA) in the Asia-Pacific region.⁵³ The CKFTA will eliminate tariffs between both countries and reduce non-tariff measures which hinder free trade. Korea will remove tariffs on 100 per cent of non-agricultural goods and 97 per cent of agricultural goods in exchange for the removal of tariffs on 99.9 per cent of Korean exports to Canada.⁵⁴ Ultimately, the CKFTA is expected to increase Canadian GDP by CAD1.7 billion.⁵⁵

Through the rollback of previous protectionist policies and by not adopting further protectionist measures in international trade, the Canadian government has actively enforced anti-protectionist policies and fully maintained their commitment to the G7 summit. Thus, Canada is given a score of +1.

Analyst: Conor Finan

France: -1

Despite some clear signs of commitment to liberalization and European economic integration, France has actively introduced a protectionist policy, leading to an overall non-compliance with this commitment.

⁴⁸ Newfoundland's Departure From Protectionism a Positive Development, Atlantic Institute for Market Studies (Halifax) 11 March 2014. Date of Access: 27 April 2015.

http://www.aims.ca/en/home/library/details.aspx/3660?dp=aXM9NQ__

⁴⁹ Newfoundland's Departure From Protectionism a Positive Development, Atlantic Institute for Market Studies (Halifax) 11 March 2014. Date of Access: 27 April 2015.

http://www.aims.ca/en/home/library/details.aspx/3660?dp=aXM9NQ__

⁵⁰ 11th Report on Potentially Trade-Restrictive Measures, European Commission Directorate-General For Trade (Brussels) 30 June 2014. Date of Access: 27 April 2015.

http://trade.ec.europa.eu/doclib/docs/2014/november/tradoc_152872.pdf

⁵¹ 11th Report on Potentially Trade-Restrictive Measures, European Commission Directorate-General For Trade (Brussels) 30 June 2014. Date of Access: 27 April 2015.

http://trade.ec.europa.eu/doclib/docs/2014/november/tradoc_152872.pdf

⁵² 11th Report on Potentially Trade-Restrictive Measures, European Commission Directorate-General For Trade (Brussels) 30 June 2014. Date of Access: 27 April 2015.

http://trade.ec.europa.eu/doclib/docs/2014/november/tradoc_152872.pdf

⁵³ The Canada-Korea Free Trade Agreement, Office of the Prime Minister of Canada (Ottawa) 22 September 2014. Date of Access: 27 April 2015. <http://pm.gc.ca/eng/news/2014/09/22/canada-korea-free-trade-agreement>

⁵⁴ The Canada-Korea Free Trade Agreement, Office of the Prime Minister of Canada (Ottawa) 22 September 2014. Date of Access: 27 April 2015. <http://pm.gc.ca/eng/news/2014/09/22/canada-korea-free-trade-agreement>

⁵⁵ The Canada-Korea Free Trade Agreement, Office of the Prime Minister of Canada (Ottawa) 22 September 2014. Date of Access: 27 April 2015. <http://pm.gc.ca/eng/news/2014/09/22/canada-korea-free-trade-agreement>

In May 2014 the French government issued a decree that gives it the power to head off any foreign takeovers that are seen as hostile in strategic sectors.⁵⁶ Attempting to assuage concerns about protectionism, the French Ministry of Finance stated that “the new measures will be applied selectively and proportionately, taking into account each situation.”⁵⁷ This move extended an original 2005 decree, which covered security and defence, to include energy, transportation, and water in response to foreign investment negotiations between Alstom and General Electric. Alstom, a French company, is heavily involved in electricity and rail markets.⁵⁸

June 2014 saw France recover from a downward trend in foreign direct investment, returning to the top ten in rankings of the most attractive countries for FDI.⁵⁹ Fleur Pellerin, Minister of State for Foreign Trade, the Promotion of Tourism and French Nationals Abroad, commented that France “has moved up the Foreign Direct Investment Confidence Index two years in a row to be back among the leaders, a sign of international investors’ renewed confidence in the economic reforms begun by the government.”⁶⁰

On 2 December 2014, France announced its support for the European Union’s investment plan. The plan will focus on transportation, renewable energy, and the technology sector, and aims to create a long-term competitive edge in the world economy.⁶¹ Emmanuel Macron, the French minister of the economy, stated that the plan will “progressively bring our economies and our societies closer together and then return to our real European ambitions.” Macron also mentioned a plan to put forward a bill to the French cabinet which would complement the plan with domestic financial pledges.⁶²

On 17 February 2015, Prime Minister Manuel Valls announced that he would put an economic reform bill through parliament by decree.⁶³ The bill, which focuses on liberalizing domestic economic practices, would allow shops to stay open on more Sundays, allow for more competition in

⁵⁶ Brussels Worried About French Protectionism in Alstom Talks, Euractiv (Brussels) 19 May 2014. Date of Access: 27 April 2015. <http://www.euractiv.com/sections/innovation-enterprise/brussels-worried-about-french-protectionism-alstom-talks-302209>

⁵⁷ Brussels Worried About French Protectionism in Alstom Talks, Euractiv (Brussels) 19 May 2014. Date of Access: 27 April 2015. <http://www.euractiv.com/sections/innovation-enterprise/brussels-worried-about-french-protectionism-alstom-talks-302209>

⁵⁸ Brussels Worried About French Protectionism in Alstom Talks, Euractiv (Brussels) 19 May 2014. Date of Access: 27 April 2015. <http://www.euractiv.com/sections/innovation-enterprise/brussels-worried-about-french-protectionism-alstom-talks-302209>

⁵⁹ France Back Among the Top 10 Most Attractive Countries for FDI, France Diplomatie (Paris) 8 June 2014. Date of Access: 29 April 2015. <http://www.diplomatie.gouv.fr/en/french-foreign-policy-1/economic-diplomacy/facts-about-france/one-figure-one-fact/article/france-back-among-the-top-10-most>

⁶⁰ France Back Among the Top 10 Most Attractive Countries for FDI, France Diplomatie (Paris) 8 June 2014. Date of Access: 29 April 2015. <http://www.diplomatie.gouv.fr/en/french-foreign-policy-1/economic-diplomacy/facts-about-france/one-figure-one-fact/article/france-back-among-the-top-10-most>

⁶¹ Germany, France Agree on Push for EU Investment Program, Bloomberg Business (New York) 2 December 2014. Date of Access: 28 April 2015. <http://www.bloomberg.com/news/articles/2014-12-02/french-envoys-press-germany-for-spending-to-aid-europe>

⁶² Germany, France Agree on Push for EU Investment Program, Bloomberg Business (New York) 2 December 2014. Date of Access: 28 April 2015. <http://www.bloomberg.com/news/articles/2014-12-02/french-envoys-press-germany-for-spending-to-aid-europe>

⁶³ French PM Skips Parliament Vote to Push Through Reforms, Reuters (Paris) 17 February 2015. Date of Access: 29 April 2015. <http://www.reuters.com/article/2015/02/17/us-france-economy-idUSKBN0LL00320150217>

the legal profession, and reduce red-tape barriers in job dismissal procedures.⁶⁴ The move is largely in response to concerns voiced by the EU regarding France's inflexible domestic economy.⁶⁵

In April 2015, France announced plans to increase financial transparency and stability in order to reduce the possibility for abuse of the tax system.⁶⁶ This move, which takes into consideration the implications of foreign direct investment, works to improve relationships between tax and business authorities in order to avoid double deduction of loan interest, the false relocation of labour, and abuse of preferential tax systems.⁶⁷

Once again, despite its attempts at integrating more robustly with the European Union and liberalizing certain sectors of the domestic economy, the French Ministry of Finance has nevertheless adopted a significant protectionist policy through their extension of the 2005 decree allowing the government to prevent foreign investment. Thus, France receives a score of – 1 on this commitment.

Analyst: Leila Martin

Germany: 0

Germany has partially complied with its commitment to reduce protectionism and promote free trade. Although Germany has engaged in dialogue with other nations and suggested the possibility of future free trade agreements, no concrete agreements were reached in 2014.

On diplomatic visits to other nations, German Chancellor Angela Merkel frequently alluded to future bilateral free trade agreements, but did not confirm anything more concrete. During a 27 March 2014 visit to Canada, Chancellor Merkel stressed her support for the EU-Canada free trade agreement, but did not organize any follow-up bilateral action.⁶⁸ On an 11 November 2014 visit to Pakistan, Chancellor Merkel focused on private-sector investment in the nation, but also emphasized the importance of concluding an EU-Pakistan free trade agreement in the future.⁶⁹ On 14 November 2014, during a visit to New Zealand Chancellor Merkel stated that “[Germany] should work towards establishing a free trade agreement with New Zealand.”⁷⁰ During a similar diplomatic visit to Australia, on 17 November 2014 Chancellor Merkel again referred to the importance of developing bilateral free trade relations with Australia in the future.⁷¹ Although Angela Merkel frequently refers

⁶⁴ French PM Skips Parliament Vote to Push Through Reforms, Reuters (Paris) 17 February 2015. Date of Access: 29 April 2015. <http://www.reuters.com/article/2015/02/17/us-france-economy-idUSKBN0LL00320150217>

⁶⁵ French PM Skips Parliament Vote to Push Through Reforms, Reuters (Paris) 17 February 2015. Date of Access: 29 April 2015. <http://www.reuters.com/article/2015/02/17/us-france-economy-idUSKBN0LL00320150217>

⁶⁶ Administration Fiscale et Entreprises : des Mesures pour plus de Transparence, Ministère de l'économie, des finances et de l'industrie (Paris) 1 April 2015. Date of Access: 27 April 2015. <http://www.economie.gouv.fr/ameliorer-relations-administration-fiscale-et-entreprises>

⁶⁷ Administration Fiscale et Entreprises : des Mesures pour plus de Transparence, Ministère de l'économie, des finances et de l'industrie (Paris) 1 April 2015. Date of Access: 27 April 2015. <http://www.economie.gouv.fr/ameliorer-relations-administration-fiscale-et-entreprises>

⁶⁸ Free trade for more growth, Government of Germany (Berlin) 27 March 2014. Date of Access: 26 April 2015. <http://www.bundesregierung.de/Content/EN/Artikel/2014/03/2014-03-27-harper-merkel.html?nn=709674>

⁶⁹ Stepping up economic cooperation, Government of Germany (Berlin) 11 November 2014. Date of Access: 26 April 2015. http://www.bundesregierung.de/Content/EN/Artikel/2014/11_en/2014-11-11-deutschland-pakistan_en.html?nn=709674

⁷⁰ Strengthening relations with New Zealand, Government of Germany (Berlin) 14 November 2014. Date of Access: 26 April 2015. http://www.bundesregierung.de/Content/EN/Reiseberichte/2014/2014-11-12-merkel-neuseeland-australien_en.html?nn=709674

⁷¹ The Federal Chancellor's Travels: We share the same values, Government of Germany (Berlin) 17 November 2014. Date of Access: 26 April 2015. http://www.bundesregierung.de/Content/EN/Reiseberichte/2014/2014-11-16-merkel-sydney_en.html?nn=709674

to the importance of free trade, no tangible actions have been taken by Germany to act on the rhetoric.

Germany also expressed its willingness to support free trade at a number of summits and conferences. During an address at the European Family Business Summit, hosted in part by Germany, Angela Merkel emphasized a need for haste in concluding the Free Trade Agreements with both Canada and the United States.⁷² At a ministerial meeting of the G20 in Sydney, Australia on 18– 19 July 2014, Germany supported the commitment to resist protectionism through standstill and rollback.⁷³ In an 18 December 2014 statement, Chancellor Merkel reiterated the importance of concluding the Transatlantic Trade and Investment Partnership again directly prior to a European Council meeting.⁷⁴

Despite frequently referring to the importance of free trade for the German economy, a full compliance score cannot be given because Germany has not taken any concrete action in 2014 to actually implement anti-protectionist policies. Thus, Germany has been awarded a score of 0 for partially complying with the commitment.

Analyst: Duja Muhanna

Italy: 0

Italy has partially complied with its commitment to decreasing protectionism. Overall in 2014, Italy focused on implementing changes domestically to improve its economic growth and increase foreign trade but has fallen short of significantly limiting its pre-existing protectionist guarantees.

While most Italian trade centers around countries within the free trade European customs union, the Jobs Act proposed by Prime Minister Matteo Renzi aims to make structural changes to a rigid Italian job market.⁷⁵ As one of the major reforms implemented, the Jobs Act made it easier to dismiss workers and create a single-tiered job market bulwarked by regional free trade that aimed at decreasing Italy's high youth unemployment rates.⁷⁶ According to the Italian government, the Jobs Act will pull the Italian economy out of recession, increase the employment rate, and attract international investment.⁷⁷

On January 25, 2015 Italy's cabinet approved new banking and investment measures outlined in the Legislative Decree No. 3. The legislation provides small and medium-sized businesses access to loans from the Italian Insurance Agency for Foreign Commerce but requires them to establish part of their business in Italy.⁷⁸ While this limitation has hues of protectionism, the legislation eliminates an

⁷² Family business: Investing in Germany, Government of Germany (Berlin) 25 November 2014. Date of Access: 26 April 2015. http://www.bundesregierung.de/Content/EN/Artikel/2014/11_en/2014-11-25-eu-familienunternehmer_en.html?nn=709674

⁷³ G20 Leaders' Communiqué, G20 Information Centre (Toronto) 16 November 2014. Date of Access: 26 April 2015. <http://www.g20.utoronto.ca/2014/2014-1116-communication.html>

⁷⁴ We must defend Europe's values, Government of Germany (Berlin) 18 December 2014. Date of Access: 26 April 2015. http://www.bundesregierung.de/Content/EN/Artikel/2014/12_en/2014-12-18-regierungserklaerung.html?nn=709674

⁷⁵ Italy Economic Outlook, Focus Economics (Barcelona) 31 March 2015. Date of Access: 3 May 2015. <http://www.focus-economics.com/countries/italy>

⁷⁶ Italy's PM Matteo Renzi in fight against job barriers, BBC News (London) 12 December 2014. Date of Access: 3 May 2015. <http://www.bbc.com/news/world-europe-30429357>

⁷⁷ Italian prime minister shakes up jobs market, Deutsche Welle (Berlin) 4 December 2014. Date of Access: 3 May 2015. <http://www.dw.de/italian-prime-minister-shakes-up-jobs-market/a-18109453>

⁷⁸ Italy: Measures to Foster Banking System and Promote Investment, Library of Congress (Washington) 10 February 2015. Date of Access: 3 May 2015. http://www.loc.gov/lawweb/servlet/lloc_news?disp1_l205404298_text

existing requirement that non-resident foreign institutional investors be registered taxpayers in order to benefit the tax exemptions of their investment income.⁷⁹

There were numerous visits made by Italian government representatives to Latin America⁸⁰, China⁸¹, and Canada in order to strengthen bilateral economic relations. Additionally, Italian companies continue to do business abroad, for example Italy's MaireTecnimont secured a 1.7 billion euro contract to produce oil near Abu Dhabi.⁸² Italy is also hosting a Universal Exhibition in Milan that will promote international cooperation with a specific focus on food security.⁸³

While Italian government has made serious efforts to open up the Italian economy to foreign trade through bilateral visits as well as hosting their Milan 2015 expo, the introduction of Legislative Decree No. 3 and the maintenance of certain governmental protectionist policies inhibits full compliance with this commitment. Thus, Italy receives a 0 for partial compliance.

Analyst: Emma De Leeuw

Japan: +1

Japan has fully complied with commitments to fight protectionism by repealing some current tariffs, strengthening foreign partnerships, and increasing investment.

Japan's Revitalization Strategy, released in June 2014, outlined commitments to increasing foreign direct investment and improving National Strategic Special Zones; the plan aims to double FDI from JPY17 billion in 2012 to JPY35 billion.⁸⁴ The government proposed reaching this goal by making the labor dispute resolution system more predictable and transparent and facilitating cross-ministerial collaboration to attract investment.⁸⁵

At the Asia-Europe Business Forum in October 2014, Prime Minister Abe indicated that his administration looked favourably upon reforming agricultural policy and increasing efficiency through agribusiness in order to compete on a global market.⁸⁶ He also stated that Japan will "put an end to the regional monopolies in electricity that have been in place for 60 years and create a free and

⁷⁹ Italy: Measures to Foster Banking System and Promote Investment, Library of Congress (Washington) 10 February 2015. Date of Access: 3 May 2015. http://www.loc.gov/lawweb/servlet/lloc_news?disp1_l205404298_text

⁸⁰ Mogherini in Chili and Colombia- Strengthening ties between Italy and Latin America, Ministry of Foreign Affairs (Rome) 8 August 2014. Date of Access: 3 May 2015. http://www.esteri.it/mae/en/sala_stampa/archivionotizie/comunicati/2014/08/20140808_mogherinicilecolombiaraffo_rzarelegami.html

⁸¹ Italy-China: Della Vedova meets Chinese Deputy Foreign Minister, Wang Chao, Ministry of Foreign Affairs (Rome) 5 September 2014. Date of Access: 3 May 2015.

http://www.esteri.it/mae/en/sala_stampa/archivionotizie/comunicati/2014/09/20140905_delledwang.html

⁸² Another major success for "System Italy" in the competitive market of the United Arab Emirates, Ministry of Foreign Affairs (Rome) 12 December 2014. Date of Access: 3 May 2015.

http://www.esteri.it/mae/en/sala_stampa/archivionotizie/comunicati/2014/12/20141212_sistemaitaliaemiratarabiunti.html

⁸³ Learn More About Expo Milano 2015, Expo Milano 2015 (Milan). Date of Access: 3 May 2015.

<http://www.expo2015.org/en/learn-more>

⁸⁴ Japan Revitalization Strategy, Prime Minister of Japan and His Cabinet (Tokyo) 24 June 2014. Date of Access: 28 April 2015. <http://www.kantei.go.jp/jp/singi/keizaisaisei/pdf/honbunEN.pdf>

⁸⁵ Japan Revitalization Strategy, Prime Minister of Japan and His Cabinet (Tokyo) 24 June 2014. Date of Access: 28 April 2015. <http://www.kantei.go.jp/jp/singi/keizaisaisei/pdf/honbunEN.pdf>

⁸⁶ Asia-Europe Business Forum - Remarks by the Prime Minister Abe at the Closing Session, Prime Minister of Japan and His Cabinet (Tokyo) 16 October 2014. Date of Access: 1 May 2015.

http://japan.kantei.go.jp/96_abe/statement/201410/ase.html

dynamic energy market where innovation blooms” and noted that Japan has decreased its corporate tax rate.⁸⁷

Japan and Canada reached round seven of their economic partnership negotiations the week of 17-21 November 2014. The free trade agreement has been discussed since 2012, and has the potential to bring CAD4 billion in gains to both parties.⁸⁸

The Japan-Australia Economic Partnership Agreement entered into force on 15 January 2015 after fifteen rounds of negotiations. JAEPA further strengthens “the special strategic partnership” by reducing investment restrictions and increasing trade between the two countries.⁸⁹

On 2 February 2015, the Japanese government proposed a decrease in the tariff they place upon US pork imports through the Asia-Pacific free trade initiative; they proposed decreasing the current tariff (JPY482 per kilogram of pork) to JPY50 over the next ten years.⁹⁰ This move is paired with a safeguard measure that will drastically increase the tariff on any pork imports that exceed the quota. Japan has indicated that it wants to retain its tariffs on rice, wheat, beef, dairy, and sugar, despite the Trans-Pacific Partnership’s goal of free trade.⁹¹

Japan enjoyed a trade surplus in March 2015 for the first time since 2012, signaling increased external demand and some domestic recovery. The surplus of JPY229 billion was mostly due to exports of cars, electronic parts, and machinery.⁹²

On 3 April 2015 Abe’s Cabinet approved a bill to create agricultural reform by removing the privileges of a large agricultural lobby.⁹³ The politically powerful Central Union of Agricultural Cooperatives, known as JA-Zenchu, has dominated Japan’s agricultural sector for 60 years. The new bill hopes to increase competition by returning autonomy to local co-ops, which would be governed by regional farmers. The government is planning further initiatives to double the amount of farmland that corporations are allowed to hold.⁹⁴

⁸⁷ Asia-Europe Business Forum - Remarks by the Prime Minister Abe at the Closing Session, Prime Minister of Japan and His Cabinet (Tokyo) 16 October 2014. Date of Access: 1 May 2015. http://japan.kantei.go.jp/96_abe/statement/201410/asem.html

⁸⁸ Canada-Japan Economic Partnership Agreement, Foreign Affairs, Trade, and Development Canada (Ottawa) 12 February 2012. Date of Access: 27 April 2015. <http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/japan-japon/background-contexte.aspx?lang=eng>

⁸⁹ Joint Statement on the Entry Into Force of the Agreement Between Japan and Australia for an Economic Partnership, Ministry of Foreign Affairs of Japan (Tokyo) 15 January 2015. Date of Access: 26 April 2015. http://www.mofa.go.jp/page3e_000283.html

⁹⁰ Japan Proposes Tariff Cuts on U.S. Pork Imports; TPP Meeting Planned, The Japan Times (Tokyo) 2 February 2015. Date of Access: 26 April 2015. <http://www.japantimes.co.jp/news/2015/02/02/business/japan-proposes-tariff-cuts-u-s-pork-imports-tpp-meeting-planned/#.VUSYmK1Vikp>

⁹¹ Japan Proposes Tariff Cuts on U.S. Pork Imports; TPP Meeting Planned, The Japan Times (Tokyo) 2 February 2015. Date of Access: 26 April 2015. <http://www.japantimes.co.jp/news/2015/02/02/business/japan-proposes-tariff-cuts-u-s-pork-imports-tpp-meeting-planned/#.VUSYmK1Vikp>

⁹² Japan’s Trade Balance Swings to First Surplus Since 2012, Bloomberg Business (New York) 21 April 2015. Date of Access: 27 April 2015. <http://www.bloomberg.com/news/articles/2015-04-21/japan-s-trade-balance-swings-to-first-surplus-since-2012>

⁹³ Cabinet Approves JA-Zenchu Reform Bill, The Japan Times (Tokyo) 3 April 2015. Date of Access: 27 April 2015. <http://www.japantimes.co.jp/news/2015/04/03/national/politics-diplomacy/cabinet-approves-ja-zenchu-reform-bill/#.VURDLa1Vikq>

⁹⁴ Cabinet Approves JA-Zenchu Reform Bill, The Japan Times (Tokyo) 3 April 2015. Date of Access: 27 April 2015. <http://www.japantimes.co.jp/news/2015/04/03/national/politics-diplomacy/cabinet-approves-ja-zenchu-reform-bill/#.VURDLa1Vikq>

From 26-29 April 2015, Abe visited the United States, stopping in Boston and Washington, DC. He gave a speech on April 29 to a joint meeting of the US Congress entitled "Towards an Alliance of Hope," which included support to following through with the Trans-Pacific Partnership and liberalizing Japan's agricultural policy.⁹⁵

In May 2015, advisors from the Obama administration indicated that Japan and the US are very close to reaching an agreement through the Trans-Pacific Partnership regarding free trade. Ministers from the 12 countries in the partnership will be meeting from May 26-29 to discuss the next steps in achieving free trade.⁹⁶

Despite some reluctance in further repealing tariffs, Japan has been awarded a score of +1 for its progress involving negotiations with regional partners, its move towards repealing pork tariffs, and its lack of new protectionist regulations.

Analyst: Leila Martin

United Kingdom: +1

The United Kingdom has fully complied with its commitments to keep its markets open and to fight all forms of protectionism.

On 9 October 2014, negotiating directives were released for the Transatlantic Trade and Investment Partnership (TTIP); the UK actively participates in this EU-US agreement focused on freer international trade.⁹⁷ This FTA would remove USD1 billion in international trade duties that UK businesses pay each year. This would also increase access for UK business to over 300 million American consumers.⁹⁸ Further, it would reduce duplication costs for companies in regards to the similar safety procedures legislated by both countries. This is possible by demanding adherence to a single standardized set of instructions.⁹⁹

The UK has maintained their commitments to international trade agreements geared at benefiting poorer countries. These include: Economic Partnership Agreements (EPAs), Generalised System of Preferences (GSP), Generalised System of Preferences Plus (GSP+), and Everything but Arms (EBA).¹⁰⁰ EPAs focus on providing tariff and quota free access to UK markets to ACP countries. GSP favours trade with, and reduces the import and export taxes on goods from, 176 developing countries and territories. For the 176 developing countries, GSP+ improves upon GSP grants for nations willing to adopt 27 particular conventions on human and labour rights, and environmental

⁹⁵ "Toward an Alliance of Hope" - Address to a Joint Meeting of the U.S. Congress by Prime Minister Shinzo Abe, Prime Minister of Japan and His Cabinet (Tokyo) 29 April 2015. Date of Access: 30 April 2015.

http://japan.kantei.go.jp/97_abe/statement/201504/uscongress.html

⁹⁶ TPP Ministers Expected to Meet This Month in Philippines, The Japan Times (Tokyo) 1 May 2015. Date of Access: 1 May 2015. <http://www.japantimes.co.jp/news/2015/05/01/business/economy-business/tpp-ministers-expected-meet-month-philippines/#.VUQ5fK1Vikp>

⁹⁷ Transatlantic Trade and Investment Partnership (TTIP), UK Government (London) 2 December 2014. Date of Access: 27 April 2015. <https://www.gov.uk/government/policies/reducing-barriers-to-international-free-trade--3/supporting-pages/transatlantic-trade-and-investment-partnership-ttip>

⁹⁸ Transatlantic Trade and Investment Partnership (TTIP), UK Government (London) 2 December 2014. Date of Access: 27 April 2015. <https://www.gov.uk/government/policies/reducing-barriers-to-international-free-trade--3/supporting-pages/transatlantic-trade-and-investment-partnership-ttip>

⁹⁹ Transatlantic Trade and Investment Partnership (TTIP), UK Government (London) 2 December 2014. Date of Access: 27 April 2015. <https://www.gov.uk/government/policies/reducing-barriers-to-international-free-trade--3/supporting-pages/transatlantic-trade-and-investment-partnership-ttip>

¹⁰⁰ International Trade Agreements, UK Government (London) 2 December 2014. Date of Access: 27 April 2015.

<https://www.gov.uk/government/policies/reducing-barriers-to-international-free-trade--3/supporting-pages/international-trade-agreements>

regulations. EBA is designed specifically for the world's poorest countries and grants tariff and quota free trade with UK markets.¹⁰¹

On 1 June 2014, a Framework Agreement entered into force between the EU and South Korea as a result of the EU-South Korea FTA signed in 2010. The UK, as a part of the EU, has actively maintained their FTA with Korea. This FTA removes tariffs on industrial and agricultural imports and exports, with all tariffs being lifted on all goods, excluding select agricultural products, by 1 July 2016. Further, it focuses on eliminating non-tariff barriers to trade, particularly in regards to the automotive, pharmaceutical, medical-device and electronics sectors. This FTA also attempts to improve transparency between regulations and sustainable development, while improving access between markets.¹⁰²

The UK has successfully rolled back previous protectionist policies through the implementation of anti-protectionist initiatives. They have also maintained previous FTAs. By not adopting further protectionist policies, the UK has earned a score of +1.

Analyst: Conor Finan

United States: 0

The United States has partially complied with the commitment on protectionism. While there is significant interest in decreasing protectionism within the United States as evidenced by efforts towards new free trade agreements, the persistence of some protectionist policies inhibits a full compliance ranking.

The United States has successfully pursued a variety of free trade arrangements with China this year.¹⁰³ For example, the Agriculture Market Access in China was signed in December 2014 in an effort to promote an increase in American agriculture and food products.¹⁰⁴ This is contrasted, however, with American unwillingness to become a member of the Chinese-led Asian Infrastructure Investment Bank (AIIB) despite its increases in membership across Europe and Asia.¹⁰⁵ This, coupled with the introduction of the Trade Priorities and Accountability Act in an effort combat Chinese policies that increase the prices of rare earths, tungsten, and molybdenum, hints at an unwillingness towards fulsome free trade between the two nations.¹⁰⁶

¹⁰¹ International Trade Agreements, UK Government (London) 2 December 2014. Date of Access: 27 April 2015. <https://www.gov.uk/government/policies/reducing-barriers-to-international-free-trade--3/supporting-pages/international-trade-agreements>

¹⁰² Countries and Regions South Korea, European Commission (Brussels) 22 April 2015. Date of Access: 27 April 2015. <http://ec.europa.eu/trade/policy/countries-and-regions/countries/south-korea/>

¹⁰³ U.S. Trade Representative Announces New Obama Administration Accomplishments in Reducing Barriers to American Exports, Office of the United States Trade Representative (Washington) April 2015. Date of Access: 6 May 2015. <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2015/april/us-trade-representative-announces-new>

¹⁰⁴ U.S. Trade Representative Announces New Obama Administration Accomplishments in Reducing Barriers to American Exports, Office of the United States Trade Representative (Washington) April 2015. Date of Access: 6 May 2015. <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2015/april/us-trade-representative-announces-new>

¹⁰⁵ Close allies defy U.S. to join China-back World Bank rival: reports, The Globe and Mail (Toronto) 17 March 2015. Date of Access: 6 May 2015. <http://www.theglobeandmail.com/report-on-business/major-us-allies-to-join-china-backed-world-bank-rival-reports/article23491965/>

¹⁰⁶ Statement by U.S. Trade Representative Michael Froman on Chinese Policies Related to U.S. WTO Victory on Rare Earth Elements, Office of the United States Trade Representative (Washington) May 2015. Date of Access: 6 May 2015. <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2015/may/statement-us-trade-representative>

In addition, the United States is still undergoing negotiations for the Trans-Pacific Partnership (TPP), a free trade agreement between itself 12 Asian countries. Although President Barack Obama is a supporter of the agreement, there is considerable domestic opposition — mainly from within the Democratic party.¹⁰⁷ In addition to opposition in the United States, there have been various disagreements between the Americans and the Japanese stemming from the TPP.¹⁰⁸ President Barack Obama has requested to fast-track the TPP but has again faced significant domestic opposition stemming from concerns about Chinese currency manipulation.¹⁰⁹ The resultant political impasse contributes to the partial compliance ranking.

In addition to the Trans-Pacific Partnership, the United States is currently negotiating the Transatlantic Trade and Investment Partnership (TTIP) that would reduce tariffs between the US and European Union.¹¹⁰ The United States hopes to gain access to the European food markets while the Europeans want access to American financial services — both the parties are hesitant, however, to be too ambitious and hurt their own industries.¹¹¹ Following the leak of a proposed draft in 2014, the negotiations have stalled and little is expected to be finalized before 2016.¹¹²

The United States has pursued an ambitious free trade agenda with a significant focus towards decreasing foreign countries' protectionist measures that undermine American exports. Despite this willingness to pursue free trade, it has been quite difficult to fully ratify these efforts into concrete action due to the divided political opinion within the United States and the emergent competitive wrangling between the US and China. Therefore, the United States receives a 0 for partial compliance with the protectionism commitment.

Analyst: Rebaan Khan

European Union: +1

The European Union has fully complied with efforts to combat protectionism and open its markets. The EU retained its position as a leader in FDI and pursued several free trade agreements.

In July 2014 the European Union finalized Economic Partnership Agreements (EPAs) with several countries. Economic Partnership Agreements are designed to immediately and fully open up European Markets to trade with developing countries to help kick-start economic growth. In July, such agreements were signed with West African States, Fiji, the South African Development

¹⁰⁷ Obama shifts his pitch for the Trans Pacific Partnership, The Washington Post (Washington) 26 April 2015. Date of Access: 5 May 2015. http://www.washingtonpost.com/politics/obama-shifts-his-pitch-for-the-trans-pacific-partnership/2015/04/26/6e420632-ea8c-11e4-aae1-d642717d8afa_story.html

¹⁰⁸ In speech to Congress, Japan's Abe outlines more assertive role for nation, The Washington Post (Washington) 29 April 2015. Date of Access: 5 May 2015. <http://www.washingtonpost.com/blogs/post-politics/wp/2015/04/29/in-speech-to-congress-japans-abe-outlines-more-assertive-role-for-nation/>

¹⁰⁹ In speech to Congress, Japan's Abe outlines more assertive role for nation, The Washington Post (Washington) 29 April 2015. Date of Access: 5 May 2015. <http://www.washingtonpost.com/blogs/post-politics/wp/2015/04/29/in-speech-to-congress-japans-abe-outlines-more-assertive-role-for-nation/>

¹¹⁰ US-EU trade deal- the Guardian briefing, The Guardian (London) 5 February 2015. Date of Access: 6 May 2015. <http://www.theguardian.com/business/2015/feb/05/us-eu-trade-deal-the-guardian-briefing>

¹¹¹ A million sign petition against EU-US trade talks, The Guardian (London) 4 December 2014. Date of Access: 6 May 2015. <http://www.bbc.com/news/business-30316819>

¹¹² TTIP: The EU-US trade deal explained, BBC News (London), 18 December 2014. Date of Access: 6 May 2015. <http://www.bbc.com/news/uk-politics-30493297>

Community and Cameroon.^{113,114,115} On October 16th 2014 an additional EPA was signed with the East African Community.

On August 5th 2014, the EU and Canada signed the Comprehensive Economic and Trade Agreement (CETA). The agreement will eliminate custom's duties on industrial goods traveling between Canada and Europe over a period of seven years. Significant liberalization will also occur in services and most food and agricultural products. However, some specific agricultural sectors will retain quotas or exemptions.

Since the G7 commitment was made, significant work has also been made in negotiating the Transatlantic Trade and Investment Partnership (TTIP) with the United States as well as a free trade agreement with Japan.¹¹⁶ As a result of CETA and the potential TTIP, the EU has also committed to upgrading its existing free trade agreement with Mexico.¹¹⁷ The decade old Custom Union between Turkey and the EU will also be modernized.¹¹⁸

On January 27th 2015 and February 5th 2015, the EU opened its market to environmental goods and goods from the Least Developed Countries (LDCs) respectively.^{119,120} Both agreements give goods from these two sources preferential access to the European Market.¹²¹

Obama claimed in February 2015 that European scrutiny of major American tech companies constituted protectionism.¹²² The EU vehemently denied the charge, claiming that its competition probes into companies like Google are consistent with anti trust and competition laws.¹²³

¹¹³ The EU and Fiji implement the Pacific interim Economic Partnership Agreement. (Brussels) 18 July 2014. Date of Access: 25 May 2015. <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1130&title=The-EU-and-Fiji-implement-the-Pacific-interim-Economic-Partnership-Agreement>

¹¹⁴ Southern African region and the EU complete negotiations for an Economic Partnership Agreement. (Brussels) 22 July 2014. Date of Access: 25 May 2015. <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1135&title=Southern-African-region-and-the-EU-complete-negotiations-for-an-Economic-Partnership-Agreement>

¹¹⁵ The EU and Cameroon implement an economic partnership agreement. (Brussels) 28 July 2014. Date of Access: 25 May 2015. <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1138&title=The-EU-and-Cameroon-implement-an-economic-partnership-agreement>

¹¹⁶ EU-Japan FTA talks advance further. (Brussels) 24 October 2014. Date of Access: 25 May 2015. <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1168&title=EU-Japan-FTA-talks-advance-further>

¹¹⁷ Commissioner will upgrade EU-Mexico Free Trade Agreement. (Brussels) 11 May 2015. Date of Access: 25 May 2015. <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1305&title=Commissioner-will-upgrade-EU-Mexico-Free-Trade-Agreement>

¹¹⁸ EU and Turkey announce modernisation of Custom Union. (Brussels) 12 May 2015. Date of Access: 25 May 2015. <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1307&title=EU-and-Turkey-announce-modernisation-of-Custom-Union>

¹¹⁹ EU offers Least Developed Countries preferential market access for services. (Geneva) 5 February 2015. Date of Access: 25 May 2015. <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1256&title=EU-offers-Least-Developed-Countries-preferential-market-access-for-services>

¹²⁰ <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1219&title=Commissioner-Malmstr%C3%B6m-TTIP-is-more-than-just-a-trade-negotiation-%E2%80%93-Speech>

¹²¹ <http://ec.europa.eu/trade/policy/eu-position-in-world-trade/>

¹²² Obama attacks Europe over technology protectionism. 16 February 2015. Date of Access: 25 May 2015. <http://www.ft.com/intl/cms/s/0/41d968d6-b5d2-11e4-b58d-00144feab7de.html#axzz3beBk4nUp>

¹²³ EU position in world trade. 2 October 2014. Date of Access: 25 May 2015. <http://ec.europa.eu/trade/policy/eu-position-in-world-trade/>

Over the reporting period, the EU also remained the top recipient and source of foreign direct Investment worldwide. As a result of EU commitment to free trade and anti-protectionist measures, the EU has fully maintained their commitment to the G7 summit. Thus, the EU is given a score of +1.

Analyst: Christian Medeiros