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

2017 Taormina G7 Final Compliance Report
27 May 2017 to 25 May 2018

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“We have meanwhile set up a process and there are also independent institutions monitoring which objectives of our G7 meetings we actually achieve. When it comes to these goals we have a compliance rate of about 80%, according to the University of Toronto. Germany, with its 87%, comes off pretty well. That means that next year too, under the Japanese G7 presidency, we are going to check where we stand in comparison to what we have discussed with each other now. So a lot of what we have resolved to do here together is something that we are going to have to work very hard at over the next few months. But I think that it has become apparent that we, as the G7, want to assume responsibility far beyond the prosperity in our own countries. That’s why today’s outreach meetings, that is the meetings with our guests, were also of great importance.”

Chancellor Angela Merkel, Schloss Elmau, 8 June 2015

G7 summits are a moment for people to judge whether aspirational intent is met by concrete commitments. The G7 Research Group provides a report card on the implementation of G7 and G20 commitments. It is a good moment for the public to interact with leaders and say, you took a leadership position on these issues – a year later, or three years later, what have you accomplished?

Achim Steiner, Administrator, United Nations Development Programme, in G7 Canada: The 2018 Charlevoix Summit
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5. Trade: Protectionism and Trade Practices

“We reiterate our commitment to keep our markets open and to fight protectionism, while standing firm against all unfair trade practices.”

G7 Taormina Leaders’ Communiqué

Assessment

<table>
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<th>Member</th>
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<th>Partial Compliance</th>
<th>Full Compliance</th>
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<tbody>
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<td></td>
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Background

The modern world trading system was institutionally established with the Bretton Woods system after the Second World War. This was done through the creation of the International Trade Organization (ITO), a specialized agency to handle trade within the United Nations. The General Agreement on Tariffs and Trade (GATT) was a multilateral trade agreement, that was concluded in 1948, which directed its signatories to reduce both tariffs and non-tariff trade barriers. GATT was the main framework on which international trade was based before the creation of the World Trade Organization (WTO).

On 1 January 1995, the WTO was formed in Geneva, Switzerland as a successor to the revised GATT. The WTO is a unified multilateral trade framework which calls to eliminate tariffs and other trade barriers in trade agreements and in the general conduct of international trade, to settle disputes between parties of a trade agreement, and to monitor trade policies of their members. The WTO’s goal of reducing trade barriers for goods, services, and intellectual property is currently the centre of the liberal international trading system which aims to fight protectionist trade measures and to keep markets open.

G7/8 members have a long history of making commitments to promote free trade and the fight protectionism. All commitments made by G7/8 members in past summits regarding anti-protectionist trade are listed in the Appendix. The G7/8’s commitments in the 1980s and the early

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575 The General Agreement on Tariffs and Trade (GATT 1947), World Trade Organization (Geneva) Access Date: 17 April 2018.
576 What is the WTO? - Who we are, World Trade Organization (Geneva) Access Date: 20 April 2018.
https://www.wto.org/english/thewto_e/whatis_e/who_we_are_e.htm.
577 Overview, World Trade Organization (Geneva) Access Date: 17 April 2018.
578 Overview, World Trade Organization (Geneva) Access Date: 17 April 2018.
579 What is the WTO? - Who we are, World Trade Organization (Geneva) Access Date: 20 April 2018.
https://www.wto.org/english/thewto_e/whatis_e/who_we_are_e.htm.
1990s focused broadly on “further opening … markets” and the reduction of trade barriers. From the 1996 Lyon Summit onwards, the members’ commitments also included investment as part of trade and economic growth as an objective of the post-1995 world trading system. There was a particular focus on reinforcing the multilateral trading framework of the World Trade Organization (WTO), which was created in 1995.581

The commitments made in the early and mid 2000s focused on development, economic growth, and market access. Specifically at the 2001 Genoa Summit, G8 leaders fully endorsed “measures already taken to improve market access for the least developed countries (LDCs).”582 Commitments during this period continued to emphasize the importance of the multilateral trade system in creating world growth.583

In the summits following the 2007-2008 financial crisis, the focus of their commitments on trade narrowed to reinforcing the established trading system and for barrier-free trade. In the three summits preceding the 2017 G7 Summit in Taormina, G7/8 leaders committed to keeping their markets open and “to fight all forms of protectionism.”584 In both the 2015 Schloss Elmau Summit and the 2016 Ise-Shima Summit, leaders committed explicitly to liberalize their economies to improve competitiveness.585 The commitment made at the 2017 Taormina Summit is the first that mentioned “unfair trade practices.”586

The 2017 G7 Summit in Taormina also marked the first G7 summit US President Donald Trump attended. President Trump expressed his desire to impose unilateral tariffs on Mexico and China, and renegotiate the terms of North American Free Trade Agreement prior to the summit.587 President Trump remarked Germany’s trade surplus with the United States as evidence that Germany is “very bad”588 on trade.589

In this commitment, G7 leaders also recognized that trade has not “worked to the benefit of everyone”590 and were committed to creating policies such that firms and citizens can “make the most of opportunities offered by the global economy.”591

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Commitment Features

The G7 has committed to increasing its efforts to keep markets open and to fight protectionism, while standing firm against all unfair trade practices. There are thus three distinct components to this commitment defined as follows.

“Keeping markets open” refers to any government action that endorses an environment where companies and individuals can trade freely without limits, where prices fluctuate according to the quantity of goods and the number of people buying them.592

“Fighting protectionism” refers to any government action that reduces tariffs and taxes on imports into their country or a policy that encourages other countries to reduce their tariffs and taxes on imports to allow for unimpeded trade.593

“Standing firm against unfair trade practices,” while broad, can materialize as the punishment or pursuit of firms or individuals who have subscribed to deceptive, devious, fraudulent or unethical strategies to acquire business. Examples of these strategies include but are not limited to: misrepresentation, scams, and false advertising.594

Following through with these three sectors of the commitment in tandem promises to help economic growth and development world round, involving ever more varied and diverse actors strengthening the global economy.

For a G7 country to achieve complete compliance to the commitment to keep markets open, fight protectionism and stand firm against all unfair trade practices it must have made clear efforts to keep markets open, fight protectionism and in restricting unfair trade practices simultaneously. If a member’s efforts have ignored any of the above three elements it can only receive the score of partial compliance. To deserve a “lack of compliance” grading a member must have failed to put effort into any of the three elements of this commitment. A breakdown of this scoring metric can be found below in the scoring guidelines section.

Scoring Guidelines

<table>
<thead>
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<th>Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>−1</td>
<td>The G7 member has not taken action in any of the three components: 1) keeping markets open; 2) fighting protectionism; 3) standing firm against all unfair trade practices</td>
</tr>
<tr>
<td>0</td>
<td>The G7 member has taken action in one or two of the three components: 1) keeping markets open; 2) fighting protectionism; 3) standing firm against all unfair trade practices</td>
</tr>
<tr>
<td>+1</td>
<td>The G7 member has taken action in all three components: 1) keeping markets open; 2) fighting protectionism; 3) standing firm against all unfair trade practices</td>
</tr>
</tbody>
</table>

Canada: +1

Canada has fully complied with its commitment to keep its markets open and to fight protectionism, while standing firm against all unfair trade practices.

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On 21 September 2017, Canada enforced the Canada–European Union Comprehensive Economic and Trade Agreement (CETA). Under CETA, 98% of EU tariffs lines (9,000) will be duty-free for Canadians and Canadian business owners.

On 24 September 2017, Minister of International Trade François-Phillipe Champagne spoke at the Annual General Meeting of the Canadian Chamber of Commerce and reaffirmed Prime Minister Justin Trudeau’s commitment to create well paying jobs by opening up new markets. Champagne discussed the importance of free trade and free trade agreements.

On 24 October 2017, Minister of Foreign Affairs Chrystia Freeland spoke in the House of Commons on the subject of supply management and fighting against protectionist administrations. The Minister’s statements were in reference to negotiations on the North American Free Trade Agreement with the United States.

On 5 November 2017, Minister of Foreign Affairs Chrystia Freeland and Minister of International Trade François-Phillipe Champagne traveled to Vietnam to attend the 2017 Asia-Pacific Economic Cooperation (APEC) Leaders Week in Da Nang, Vietnam.

On 10 November 2017, at the APEC Leaders Week in Da Nang, the Government of Canada reaffirmed its commitment to free trade. Minister Champagne announced that Canada welcomes progress made on the Asia-Pacific Economic Cooperation Trade Ministerial Meeting on a framework for the new Comprehensive and Progressive Trans-Pacific Partnership (CPTPP).

On 17 November 2017, Minister of International Trade François-Phillipe Champagne, Minister of Innovation, Science and Economic Development Naveed Bains, and the Minister of Transport Marc Garneau concluded a historic trade mission to India. The trade mission was aimed at diversifying trade markets, by encouraging trade between the two countries. The trade mission included participants included 120 representatives from more than 85 Canadian companies, where more than 300 meetings were facilitated to encourage Canada-India commercial relations.

On 14 December 2017, Minister of International Trade François-Phillipe Champagne attended the Eleventh World Trade Organisation Ministerial Conference in Buenos Aires, Argentina.

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led the Canadian delegation and both endorsed and signed a joint statements and declarations that support and promote Canada’s progressive trade agenda.  

On 10 January 2018, Canada filed a complaint with the World Trade Organization (WTO) regarding the United States “anti-dumping or countervailing duty investigations, reviews or other proceedings.” The complaint was a response to “unfair and unwarranted” tariffs on softwood lumber and related products. Also, the complaint encompassed 200 similar cases with other trading partners of the United States.

On 8 March 2018, Minister Champagne signed the CPTPP in Santiago, Chile. It comprises of 11 members on both sides of the Pacific Ocean, notably with the exclusion of the United States, and 13% of global gross domestic product. Minister Champagne emphasized the benefits of having “unparalleled access” to new and dynamic markets around the world.

On 20 March 2018, the Canadian government started the first round of negotiations for a potential comprehensive free trade agreement between Canada and Mercosur countries. The free trade agreement with the Mercosur countries (Argentina, Brazil, Paraguay and Uruguay) is part of Canada’s commitment to have trade policies that “contribute meaningfully to overall economic, social and environmental priorities,” according to the Canadian government.

Canada has clearly demonstrated its commitment to keep markets open and fight protectionism while standing firm against all unfair trade practices.

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Thus, Canada receives a score of +1.

**France: 0**

France has partially complied with its commitment to keep its markets open and to fight protectionism, while standing firm against all unfair trade practices.

On 27 July 2017, French Minister of the Economy and Finance Bruno Le Maire announced that France would “temporarily” nationalize STX France’s Saint-Nazaire shipyard.612 STX France was previously co-owned by the government of France and its majority shareholder, the Korean conglomerate STX. When STX collapsed in 2016, its shares were put up for sale and two Italian investors — including state-owned shipbuilding company Fincantieri — reached an agreement in May 2017 to buy a two-thirds share of the company. Italian Minister of Economy Carlo Padoan and Italian Industry Minister Carlo Calenda criticized France’s decision to take a protectionist stance in order to prolong the negotiated deal on STX.613

On 27 September 2017, the office of French President Emmanuel Macron announced a new deal in the STX shipyard case, in which Fincantieri would purchase a 50% stake in STX France.614 The French government has maintained its involvement in the deal, arguing that the shipyard is a strategic military asset. France has agreed to “lend” Fincantieri a 1% stake for 12 years, allowing the Italian company majority control over the shipyard, but reserving the right to revoke this 1% stake at any time.615

On 15 January 2018, Minister Le Maire delivered a New Year’s greeting where he outlined the state of the French economy and France’s economic goals for 2018, which included “protecting its strategic businesses including digital data storage and artificial intelligence.”616 Le Maire stressed that France needed to respond to globalization, stating that he saw no contradiction in attempting to make France an open economy while working to prevent the country from being “pillaged”617 by foreign interests.618

On 16 February 2018, French Prime Minister Édouard Philippe presented an extension of the 2014 Montebourg decree, which sets conditions limiting foreign investment in key French “strategic

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sectors.”

Under the Montebourg decree, the definition of “strategic sectors” was expanded from the 2005 definition of national defense-related companies to the water, health, energy, transportation, and telecommunications sectors; the new PACTE law will add artificial intelligence, space technology, data storage, and semiconductors to the list. The PACTE law, which will be introduced in April, will also make it easier for the government to create “golden shares” in French companies, which will allow the state to have greater control over decisions to transfer intellectual property abroad.

On 14 March 2018, Minister Le Maire announced that France would be taking Google and Apple to court over unfair trade practices involving contractual terms with developers and tech entrepreneurs. France is seeking EUR2 million from each firm as a sanction against “abusive commercial practices” that exploit French start-ups and app developers.

On 20 April 2018, Minister Le Maire said at an International Monetary Fund meeting in Washington DC that France would not be drawn into a “vain and pointless” trade war with China, and would push for a permanent exemption against US steel tariffs.

On 27 April 2018, Minister Le Maire said at a meeting of EU finance ministers in Sofia that France would support the United States’ desire for reforms in the World Trade Organization if the US agreed to permanently waive its steel tariffs.

On 2 May 2018, President Macron met with Australian Prime Minister Malcolm Turnbull in Sydney and affirmed France’s support for an Australia-EU free trade deal, committing to start negotiations

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within a few weeks and framing the announcement as a rejection of rising protectionism in the US and China.630

Although France has been taking a strong stance against unfair trade practices, France has demonstrated a lack of commitment in both keeping markets open and fighting protectionism.

Thus, France receives a score of 0.

**Analyst: Bruce Cinnamon**

**Germany: +1**

Germany has fully complied with its commitments to keep its markets open and to fight protectionism, while standing firm against all unfair trade practices.

On 8 June 2017, the federal government of Germany adopted measures from a paper entitled “Economic Development in Africa: Challenges and Options.”631 German Minister of Economic Affairs and Energy Brigitte Zypries said the measures reflected Germany’s commitment to “creating an economic partnership of equals between Germany and Africa.”632 The measures consist of improved conditions for issuing Hermes guarantees for African countries, greater opportunities for African clients to access financing and the establishment of start-up funds.633 The measures also lay out plans for strengthening energy partnerships and dialogue.634

On 20 June 2017, Germany donated EUR 1 million to help developing and least-developed countries to strengthen their trade negotiating skills.635 The contribution went to the financing of training workshops for officials. Speaking on the donation, Germany’s Alternate Ambassador to the World Trade Organization (WTO) Walter Werner stated that Germany cooperates with developing and least-developing countries so that they may be better integrated into the international trade system and reap the gains of global trade.636

On 22 June 2017, Minister Zypries met with EU Trade Commissioner Cecilia Malmström to discuss trade policy. Minister Zypries noted that “The European Union must firmly stand together … in

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favour of open markets and free and fair trade.”

Minister Zypries also declared Germany’s support for Commissioner Malström’s efforts to conclude free trade agreements with Japan, Mexico, and Mercosur.

On 6 July 2017, Germany donated EUR 150,000 to help developing countries comply with international food safety, animal and plant health standards. Director of the WTO’s Administration and General Services Division Nthisana Philips stated that Germany’s donation and the resulting improvements to health standards and would allow developing countries’ exports to gain better access to global markets.

On 18 September 2017, Minister Zypries announced the implementation of many of the measures adopted on 8 June 2017. Among the measures implemented were the expansion export initiatives in energy and health, provision of staff to help companies train workers and advising and supporting companies as they invest in Africa.

On 10 November 2017, German State Secretary Matthias Machnig talked about the need for Europe to strengthen the WTO. Secretary Machnig argued that Europe needed “the WTO and its work to promote open markets and fair and equitable global trade.” Secretary Machnig went on to say that countries that choose isolate themselves are “mistaken.” Afterwards, Secretary Machnig noted that Germany was supportive of the efforts the EU took to conclude several free trade agreements like

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the Comprehensive Economic and Trade Agreement, a free trade deal between Canada and the EU.646

On 30 November 2017, The Global Forum on Steel Excess Capacity, headed by Minister Zypries, agreed on recommendations for action on reducing steel capacity.647 Minister Zypries commented on the recommendation stating that “overcapacities in the steel sector are a global phenomenon that require a global answer.”648 Minister Zypries further emphasized that the world needs “open markets and fair trade that is based on a level playing field across all industries.”649

On 2 March 2018, the German Government released a statement responding to the United States tariff on imported steel and aluminium.650 Government Spokesperson Steffen Seibert noted Germany’s rejection of the planned tariffs saying that the problem of overcapacity can not be solved by isolationism and protectionism.651 Government Spokesperson Steffen Seibert added that Germany will “work for free trade and open markets.”652

Germany has fully complied with its commitments to keep markets open and to fight protectionism while standing firm against all unfair trade practices by creating economic and trade partnerships with developing countries, supporting efforts to conclude free trade agreements with numerous states, and rejecting the US tariffs on imported steel and aluminum,

Thus, Germany receives a score of +1.

Analyst: Reuben Aboye

Italy: +1

Italy has fully complied with its commitment to keep its markets open and to fight protectionism, while standing firm against all unfair trade practices.

On 30 May 2017, Italian President of the Chamber of Deputies Laura Boldrini and President of the Senate at the Chamber of Deputies Pietro met with the Canadian Prime Minister Justin Trudeau in the Sala della Regina. The Italian parliamentarians supported Canada–European Union Comprehensive Economic and Trade Agreement and described it as a mean to create jobs and

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economic growth. The parliamentarians and Trudeau expressed their concerns on the increasing rate of the isolationism and protectionism.653

On 22 August 2017, Italy expressed its concerns to the European Commission to block foreign acquisitions of European companies. Previously the European Commission has considered screening investments by state-owned Chinese firms and blocking Chinese investments, Italy has supported these two ideas. The Italian Industry Minister, Carlo Calenda, described this move as a an opportunity to monitor operations that are incompatible with European rules. Italy along with France and Germany suggested that all corporate investments outside the bloc should be front to the notice of the commission.654

On 13 October 2017, the Italian Cabinet passed a decree that forces investors that constitute minority stakes of at least 10% in Italian-listed companies to disclose what their intentions are on final ownership. This decree aims to avoid and prevent hostile takeovers by foreign companies on Italian companies. This signals that foreign companies have taken advantage of Italians open approach to foreign investments. Italian Industry Minister Carlo Calenda stated that investors should respect Italy’s openness to foreign investments. The decrees also goes on to restrict takeovers by non-EU companies to high-technology sectors.655

On 30 October 2017, Italian Prime Minister Paolo Gentiloni met with the Indian Prime Minister Narendra Modi. The Italian Prime Minister also stated that both the countries, Italy and India, oppose the increasing rate of protectionism. He also stated that relationship between developed and developing economies should be strengthened by policies that support social inclusion and growth.656

On 21 November 2017, a four-day convention was organized by the ICE Agency to attract foreign investments in Italy, in Singapore. The idea of the event was to create a platform where Italian companies can interact with potential investors, local universities, agencies and ploy technologists dedicated to supporting technological innovation.657

On 19 January 2018, Prime Minister Gentiloni along with leaders from Brazil, India and Canada stood against the anti-free trade rhetoric coming from the US. While Donald Trump was against the multilateral trade, Italian Prime Minister Paolo Gentiloni stressed the need to “mix” free trade and fair trade.658

Italy has kept its markets open and has taken a firm stance against unfair trade practices and protectionism. Significant turmoil was generated by Italy’s general elections that resulted in a hung


parliament. Therefore, further material on Italy’s commitment towards free and fair trade was unavailable.

Thus, Italy receives a score of +1.

Analyst: Krishna Moda

Japan: +1

Japan has fully complied with its commitment to keep its markets open and to fight protectionism, while standing firm against all unfair trade practices by advancing free-trade agreements such as the Japanese-European Economic Partnership Agreement (JEEPA) and Agreement on the Trans-Pacific Partnership (TPP) while affirming its opposition to protectionism and unfair trade practice in multiple settings.

On 5 July 2017 the European Union trade commissioner, and the Japanese foreign minister declared a consensus on a long discussed Japan-EU Economic Partnership Agreement. The EU is expected to scrap a 10% tariff on passenger cars made in Japan, over a period of seven years. The Japanese have agreed to reduce tariffs on the import of European foods in return.

On 14 September 2017 Prime Minister Shinzo Abe and Indian Prime Minister Narendra Modi participated in a dialogue in Gandhinagar as part of the India-Japan Annual Summit. A joint statement released after the event declared that the two committed to combating protectionism and unfair trade practices while achieving consensus on the importance of rules-based multilateral trading.

On 19 September 2017 Prime Minister Shinzo Abe hosted a meeting with fifteen world-renowned business leaders to have a dialogue about private sector investment in Japan. Abe discussed the value of free trade and committed to realizing the TPP.

On 11 November 2017, after pressure from the Japanese and Australian governments, 11 countries achieved consensus via-à-vis a number of essential components of the TPP. The agreement seeks to eliminate barriers to trade and tariffs on products in industry and agriculture.

On 13 January 2018, the Japanese government announced a trade agreement with the Baltic states to improve political and economic ties. In particular, Japan seeks to improve economic ties in the arena of transportation technology and products.

On 14 January 2018, Prime Minister Abe and Prime Minister Borisov of Bulgaria agreed to seek an early implementation of the JEEPA.\textsuperscript{666}

On 10 March 2018, Japanese Trade Commissioner Hiroshige Seko met with EU Trade Commissioner Cecilia Malmström and US Trade Representative Robert Lighthizer in Brussels to advance trilateral efforts at tariff reduction. Commissioner Seko and Commissioner Malmström both emphasized that they believe the EU and Japan should be exempt from American steel and aluminum tariffs put in place.\textsuperscript{667} The meeting also resulted in the three parties agreeing to fight against “distorted market practices, including stronger rules on subsidies and more sharing of information about market abuse.”\textsuperscript{668}

On 11 March 2018, eleven countries signed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which will reduce import tariffs in over 40% of countries worldwide. Japan was one of the leaders of the agreement along with Canada and Australia; the three countries assumed leadership after the United States’ withdrawal from the previous TPP in January 2017. The agreement guarantees the ability of investors to launch investor-state dispute settlements in the event that branches of the pact are violated.\textsuperscript{669}

On 1 April 2018, Japan restored its tariff on imported US beef from 50% to 38.5%. The tariff was raised between 1 August 2017 and 30 April 2018 as an emergency safeguard mechanism to protect the domestic beef industry.\textsuperscript{670}

Japan’s efforts to advance the JEEPA, to initiate a number of multilateral free-trade agreements, to lead the CPTPP, and to participate in multilateral efforts to reduce tariffs are evidence of its commitment to keep its markets open and combat protectionism with its explicit opposition unfair trade practices.

Thus, Japan receives a score of +1.

\textit{Analyst: Armin Safavi-Naini}

**United Kingdom: +1**

The United Kingdom has fully complied with its commitment to keep its markets open and to fight protectionism while standing firm against all unfair trade practices.

On 22 September 2017, UK Prime Minister Theresa May urged the European Union to retain current trade terms for two years after the UK officially leaves the EU.\textsuperscript{671} She stated that there was “no need to impose tariffs where there are none now.”\textsuperscript{672} Rather than adopting an existing trade

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{668} EU, Japan start push for exemptions from Trump tariffs, Reuters (London) 10 March 2018. Access Date: 15 May 2018. https://af.reuters.com/article/worldNews/idAFKCN1GM0QM.
\end{itemize}
\end{footnotesize}
model, Prime Minister May called for a new economic partnership that would be both “comprehensive and ambitious”\(^{673}\) and ensures the prosperity of both sides through free trade and fair competition.\(^{674}\)

On 10 October 2017, UK Business Secretary Greg Clark condemned the increased tariff the US government imposed on the manufacturer Bombardier in the UK. Secretary Clark described the US government’s decision as “totally unjustified,”\(^{675}\) and stated that the UK government is committed to pushing for the removal of the tariff.\(^{676}\)

On 7 November 2017, the UK government published a trade bill that details its post-Brexit trade policy. It includes provisions for the UK to implement existing EU trade agreements, establishment of an independent trade remedies body to defend UK firms against unfair trade practices, and continued access to foreign government contracts for UK businesses.\(^{677}\) International Trade Secretary Liam Fox stated that the UK wanted to negotiate "more liberal"\(^{678}\) trade agreements to provide “even better market access”\(^{679}\) to what the UK previously had as part of the EU.\(^{680}\)

On 24 November 2017, Prime Minister May attended the Eastern Partnership Summit to advance progress on the negotiation regarding open trade with the EU. May repeated her wish for the UK and the EU to “step forward together,”\(^{681}\) and has prepared a financial offer of GBP40 billion to the EU to open up free trade talks.\(^{682}\)

On 12 December 2017, Secretary Fox spoke at the World Trade Organization (WTO) Ministerial Conference, calling for countries to “update and strengthen”\(^{683}\) the international trading system.\(^{684}\)

He highlighted UK’s “unwavering”\textsuperscript{685} commitment to free trade, and stated that the UK will continue to fill its commitment and possibly take a larger role at the WTO as it leaves the EU. He emphasized trade as an important tool for development, and called for countries to do more in domestic policies and non-tariff measures to promote free and fair trade practices.\textsuperscript{686}

On 9 January 2018, the Trade Bill has passed its second reading in the House of Commons.\textsuperscript{687} Secretary Fox emphasized that maintaining the flow of free trade in both directions as UK leaves the EU is the priority of the Department for International Trade, and that the bill will “provide maximum certainty and continuity for business and consumers.”\textsuperscript{688}

On 16 April 2018, Prime Minister May spoke at the Commonwealth Business Forum on opportunities to boost free trade and economic growth by the UK government. May highlighted the UK's support for “free and inclusive” trade, new opportunities in UK-Commonwealth partnerships as the UK leaves the EU, and the benefits of free trade among Commonwealth countries.\textsuperscript{689} May further emphasized the huge potentials of shared standards to stimulate trade, supported new programs to boost women's participation in business, and announced the UK's funding for an all-new Commonwealth Standards Network to establish a common standard for goods and services to help increase trade.\textsuperscript{690}

The UK has taken actions to keep markets open, fight protectionism, and stand firm against unfair trade practices.

Thus, the UK receives a score of +1.

\textit{Analyst: Bonnie Li}

**United States: 0**

The United States has partially complied with its commitment to keep its markets open and to fight protectionism while standing firm against all unfair trade practices.


On 26 June 2017, the Secretary of Commerce Wilbur Ross imposed additional tariffs on Canadian exports of softwood lumber, bringing duties on these goods to between 17.41% to 30.88%. The US Department of Commerce asserts this “affirmative preliminary antidumping duty determination” was in response to its findings that imported Canadian softwood lumber products were sold between 4.59% and 7.72% less than their “fair value based on factual evidence provided by the interested parties.”

On 12 July 2017, the US trade representative, Ambassador Robert Lighthizer wrote a letter to South Korean Minister of Trade Joo Hyung-Hwan expressing the Trump administration’s desire to reduce the “significant trade imbalance” of the United States with Korea by convening a special session of the Joint Committee under the U.S.-Korea Free Trade Agreement (KORUS). U.S. actions to achieve a “more balanced trade relationship” aims to close its 20-year-long trade deficit with Korea.

On 14 August 2017, President Donald Trump issued a memorandum asking Ambassador Robert Lighthizer to investigate “China’s laws, policies, practices, or actions that may be unreasonable or discriminatory and that may be harming American intellectual property rights, innovation, or technology development.”

On 17 November 2017, Ambassador Lighthizer released updated negotiating objectives for the fourth round of negotiations of the North American Free Trade Agreement (NAFTA) which called to eliminate the third-party dispute settlement mechanism outlined in Chapter 19 of the agreement and the preservation of domestic preferential purchasing programs. The dispute settlement

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mechanism in NAFTA is subject to the General Agreement on Tariffs and Trade, overseen by the World Trade Organization.700

On 29 January 2018, Ambassador Lighthizer declared that the NAFTA chapter on anti-corruption was completed after the sixth round of NAFTA renegotiations.701 Ambassador Lighthizer declared this round as a “watershed moment.”702 At the same time, an agreement was made on efforts to clamp down on unfair trade practices, in particular bribery and graft.703

On 8 March 2018, President Trump signed proclamations that imposed 25% and 10% tariffs on steel and aluminum imports respectively. Secretary of Commerce Wilbur Ross issued a statement claiming that “the President’s decision regarding the steel and aluminum Section 232 reports are the result of a long and well-thought-out process led by the Commerce Department.”704 Canada and Mexico were exempt from the tariffs due to the ongoing NAFTA negotiations.705

On 28 March 2018, Press Secretary Sarah Huckabee Sanders announced that the United States and Korea had reached an agreement, in principle, on a revised version of KORUS, stating that “this is a big deal for the American automotive industry. It’s a big deal for our parts manufacturers. It’s a big deal for our pharmaceutical companies. And ultimately, it’s a big deal and a major win for American workers and American businesses.”706 While details on the revised agreement have yet to be released by the Office of the United States Trade Representative, the deal is expected to address the US’s trade deficit with Korea, and exempt Korea from President Trump’s steel tariffs.707

On 27 April 2018, the eighth round of NAFTA negotiations concluded, with many unresolved questions looming as to whether or not an agreement will be achieved in the near future. Issues such as dairy, dispute-resolution mechanisms, and a proposed five-year sunset clause, and intellectual property are all areas that remain unsolved.708

The United States has not demonstrated its commitment to keep its markets open and to fight protectionism. However, the United States still demonstrates its commitment to stand firm against all unfair trade practices.

Thus, the United States receives a score of 0.

Analysts: Nicholas Di Marco with Steven Camit

European Union: +1

The European Union has fully complied with its commitment to keep its markets open and to fight protectionism while standing firm against all unfair trade practices.

On 1 June 2017, Germany and China agreed to advance the negotiations on a China-EU investment agreement as means to “enrich the two countries’ cooperation and ties.” German Chancellor Angela Merkel and visiting Chinese Premier Li Keqiang announced the developments during a joint press conference in Berlin. The investment deal includes the broadening and equality of both Chinese and EU markets to improve mutual trade and investment scales of both parties. Merkel stated that the signing of such a treaty acts as a good point at which negotiations on an EU-China free trade agreement can begin.

On 8 June 2017, Germany and Argentina expressed plans for a free trade agreement between the EU and Mercosur when German Chancellor Angela Merkel visited the country. The efforts were also in part a pledge to “fight protectionism.”

On 22-23 June 2017, the European Council held a summit during which leaders restated their agreement to free trade and investment. The European Council took a stance against unfair trade practice by agreeing on trade defence instruments in order to protect against such unfair practices. Furthermore, the Council strongly advised the progression of all ongoing negotiations for “ambitious and balanced free trade agreements,” including those with Mercosur and Mexico.

On 6 July 2017, the EU agreed on an outline for a free trade deal with Japan that would “stand against a protectionist tide threatening the global economy.” The deal is designed to lessen and remove trade barriers such as tariffs between states. As such, the EU will remove the 10% duty on Japanese car imports reciprocated by like Japanese efforts.

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On 21 September 2017, the Comprehensive Economic Trade Agreement (CETA) came into force. CETA is a free trade agreement between the EU and Canada that aims to open markets and fight protectionism.\(^715\)

On 6 October 2017, the EU-India Summit was held in New Delhi during which leaders continued talks of diplomatic relations and expressed their “shared commitment”\(^716\) in fortifying economic relations between the EU and India. As such, both sides expressed efforts to relaunch negotiations concerning a “comprehensive and mutually beneficial Free Trade Agreement.”\(^717\)

On 31 January 2018, the European Commission endorsed “horizontal provisions for cross-border data flows and personal data protection”\(^718\) in EU trade agreements.\(^719\) The provisions follow from the EU’s protection of personal data as a fundamental right, and extend to trade negotiations so that they are not subject to such negotiations. The draft paper would allow the EU to fight protectionism in third countries while also protecting their current legislation on the protection of personal data.\(^720\)

On 1 March 2018, European Commission President Jean-Claude Juncker announced that he would “bring forward in the next few days a proposal for World Trade Organization-compatible countermeasures against the U.S.”\(^721\) Following the U.S.’s proposed tariff hike on steel and aluminum, Europe’s Trade Commissioner Cecilia Malmström stated that the EU would raise a dispute at the WTO “at the earliest opportunity”\(^722\) and that the Commission will furthermore propose “WTO-compatible safeguard action to preserve the stability of the EU market”\(^723\) if it deems necessary.\(^724\)

On 14 March 2018, German Chancellor Merkel stated that protectionism is not a viable mechanism to international trade while also announcing the EU’s aim to be excluded from the US’s planned steel

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and aluminum tariffs. In the event of such tariffs being imposed, EU officials have expressed their assurance of going to the WTO to facilitate fair trade.

On 18 April 2018, the European Commission concluded negotiations for the Economic Partnership Agreement with Japan and the trade and investment agreements with Singapore. The agreement with Japan is the largest bilateral trade negotiation ever entered by the EU, and will remove many of the customs duties on EU companies exporting to Japan. The agreement will remove many existing regulatory barriers including double testing and overlapping bureaucracy. Furthermore, the agreement with Singapore purports to build a foundation for future region-to-region trade and investment between the EU and the Association of Southeast Asian Nations. The trade agreements also include comprehensive reports on trade and sustainable development.

On 21 April 2018, the EU and Mexico reached a free trade deal which was seen as an accomplishment against the increased protectionism posed from the US. The European Commission stated that the deal will eliminate tariffs for many goods, including Mexican farm products and European dairy produce.

The EU has taken significant steps toward fighting protectionism by keeping its markets open and taking a firm stance against unfair trade practices.

Thus, the EU receives a score of +1.

Analyst: Hivda Ates