

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

## **2019 G7 Biarritz Summit Final Compliance Report**

27 August 2019 — 1 November 2020

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14 December 2020

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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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## 14. Trade: World Trade Organization Reform

“[Therefore, the G7 wishes to overhaul the WTO [World Trade Organization] to improve effectiveness of eliminating] unfair trade practices.”

*G7 Biarritz Leaders' Declaration*

### Assessment

	No Compliance	Partial Compliance	Full Compliance
Canada		0	
France		0	
Germany		0	
Italy	-1		
Japan			+1
United Kingdom			+1
United States		0	
European Union			+1
Average		+0.25 (63%)	

### Background

In October 1947, the first international trade regulation agreement was signed, known as the General Agreement on Tariffs and Trade (GATT).<sup>2649</sup> The agreement came into effect on January 1948 and regulated international trade until January 1995, when it was replaced by an institution with wider breadth: the World Trade Organization (WTO).<sup>2650</sup> While GATT focused on reciprocal reductions in tariffs on manufactured goods, the WTO also included measures relating to non-tariff trade barriers, such as subsidy policies and regulatory standards.<sup>2651</sup> At the Uruguay Round in 1994, the WTO introduced new measures and policies intended to mitigate unfair trade practices and allow countries to fight against unfair trade practices within WTO framework through a dispute settlement process.<sup>2652</sup> These policies included the Anti-Dumping Agreement, Subsidies and Countervailing Measures, Safeguards, Trade Policy Review Mechanism, Dispute Settlement Understanding, and several industry-specific measures to ensure fair practices across all industries around the world.<sup>2653</sup>

Discussions regarding unfair trade practices first appeared in the 1982 G7 summit in Versailles, where leaders pledged to “rule out the use of [their] exchange rates to gain unfair competitive advantages.”<sup>2654</sup> After the Versailles Summit, “unfair trade practices” were not mentioned again at G7 summits until the 2009 L’Aquila Summit, where the term “level playing field” was first applied in an economic context.<sup>2655</sup> However, since the L’Aquila Summit, the terms “level playing field” or “unfair

<sup>2649</sup> The GATT years: from Havana to Marrakesh, World Trade Organization (Geneva). Access Date: 7 September 2018. [https://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/fact4\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact4_e.htm).

<sup>2650</sup> The GATT years: from Havana to Marrakesh, World Trade Organization (Geneva). Access Date: 7 September 2018. [https://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/fact4\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact4_e.htm).

<sup>2651</sup> The Uruguay Round, World Trade Organization (Geneva). Access Date: 7 September 2018. [https://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/fact5\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact5_e.htm).

<sup>2652</sup> WTO Legal Texts, World Trade Organization (Geneva). Access Date: 10 November 2018. [https://www.wto.org/english/docs\\_e/legal\\_e/legal\\_e.htm#a#antidump](https://www.wto.org/english/docs_e/legal_e/legal_e.htm#a#antidump).

<sup>2653</sup> WTO Legal Texts, World Trade Organization (Geneva). Access Date: 10 November 2018. [https://www.wto.org/english/docs\\_e/legal\\_e/legal\\_e.htm#a#antidump](https://www.wto.org/english/docs_e/legal_e/legal_e.htm#a#antidump).

<sup>2654</sup> Declaration of the Seven Heads of State and Government and Representatives of the European Communities, G7 Research Group (Toronto). Access Date: 12 October 2019. <http://www.g7.utoronto.ca/summit/1982versailles/communique.html>.

<sup>2655</sup> Responsible leadership for a sustainable future, G7 Research Group (Toronto). Access Date: 12 October 2019. <http://www.g7.utoronto.ca/summit/2009laquila/2009-declaration.pdf>.

trade practices” have been mentioned in every communiqué, except for the 2010 Muskoka Summit. At the 2017 Taormina Summit leaders pledged to “[stand] firm against all unfair trade practices.”<sup>2656</sup> The Taormina Summit also marked a shift in the G7’s prioritization of eliminating unfair trade practices, with the communiqué listing out for the first time in detail the types of practices that the G7 considers to be unfair, including protectionism, dumping, barriers to trade, forced technology transfers, subsidies, and other practices that would “distort markets.”<sup>2657</sup> At the Biarritz Summit, inequality was a primary focus across all topics discussed. G7 members called for “open and fair world trade” and for “the stability of the global economy.”<sup>2658</sup> The validity and effectiveness of certain WTO rulings has been called into question recently, particularly with regards to the recent U.S.-China trade war.<sup>2659</sup> As such, the topic of trade at Biarritz was focused on revitalizing the WTO to improve effectiveness on multiple fronts, including intellectual property protection, dispute resolution, and unfair trade practices.<sup>2660</sup>

### **Commitment Features**

G7 members wish to overhaul the WTO in efforts to combat unfair trade practices. Examples of unfair trade practices included in the 2017 Taormina communiqué include “dumping, discriminatory non-tariff barriers, forced technology transfers, subsidies, and other support by governments and related institutions that distort markets.”<sup>2661</sup> Not included in the 2017 Taormina communiqué, but also considered as unfair trade practices are tariffs, quotas, and countervailing duties not permitted by the WTO.

By committing to “overhaul,” G7 members are expressing a desire to change the structure and/or rules of the WTO. One example of an overhaul could be to change the consensus principle on which governance of the WTO relies. With a membership of 160 countries with varying stages of economic, social, and political development, it is difficult to get all 160 countries to agree on issues. An alternative could be a majoritarian or representative decision-making process. Another could be to allow plurilateral agreements involving subset of members within the WTO structure.<sup>2662</sup> A second example of an overhaul could be to change the bodies and rules involved in the dispute resolution process.

The G7 members have specified in their commitment that the overhaul should “improve the effectiveness” of eliminating unfair trade practices. For evaluating this commitment, to “improve the effectiveness” will be understood in two primary ways. The first is to expand the set of unfair trade practices that are regulated under the WTO. An example could be to introduce new WTO rules on the trade of agricultural products. The second is to increase the speed and success rates with which unfair trade practices are sanctioned by the WTO and subsequently removed by the country imposing them. This could involve changing the rules of the dispute settlement mechanism so that cases are conducted

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<sup>2656</sup> G7 Taormina Leaders’ Communiqué, G7 Research Group (Toronto). Access Date: 12 October 2019. <http://www.g7.utoronto.ca/summit/2017taormina/communique.html>.

<sup>2657</sup> G7 Taormina Leaders’; Communiqué, G7 Research Group (Toronto). Access Date: 12 October 2019. <http://www.g7.utoronto.ca/summit/2017taormina/communique.html>.

<sup>2658</sup> G7 Leaders’ Declaration, G7 Research Group (Toronto). Access Date: 10 November 2019. <http://www.g7.utoronto.ca/summit/2019biarritz/declaration-of-leaders.html>.

<sup>2659</sup> G7 Leaders’ Declaration, G7 Research Group (Toronto). Access Date: 10 November 2019. <http://www.g7.utoronto.ca/summit/2019biarritz/declaration-of-leaders.html>.

<sup>2660</sup> G7 Leaders’ Declaration, G7 Research Group (Toronto). Access Date: 10 November 2019. <http://www.g7.utoronto.ca/summit/2019biarritz/declaration-of-leaders.html>.

<sup>2661</sup> G7 Taormina Leaders’ Communiqué, G7 Research Group (Toronto). Access Date: 12 October 2019. <http://www.g7.utoronto.ca/summit/2017taormina/communique.html>.

<sup>2662</sup> The End of Bretton Woods and the Future of the International Trading System, Edward Elgar (Cheltenham). Access Date: 7 December 2019. <https://elgar.blog/2015/01/22/the-end-of-bretton-woods-and-the-future-of-the-international-trading-system-by-michael-trebilcock/>.

on a faster timeline. Regardless of whether it is the first or second method, the goal is to “eliminate” unfair trade practices, which means “to put an end to.” However, when “eliminate” is understood together with “improve the effectiveness,” the measures adopted by a G7 member do not need to completely put an end to unfair trade practices, but must work towards that goal.

The extent to which a G7 member fulfills this commitment will be measured by a depth analysis. A G7 member “fully wishing” to overhaul the WTO’s effectiveness of eliminating unfair trade practice will have publicly put forward proposals and engaged in multilateral negotiations in pursuit of this goal. A G7 member “partially wishing” to overhaul the WTO to improve effectiveness with regard to eliminating unfair trade practice will have publicly put forward proposals, but not have engaged in multilateral negotiations in pursuit of this goal. Successful negotiation of a multilateral agreement that changes WTO rules is not necessary for demonstrating “fully wishing” or “partially wishing,” as success depends on multiple countries reaching an agreement, including non-G7 members who have not made such a commitment.

In order for the G7 member to achieve full compliance score, it must have publicly put forward proposals and engaged in multilateral negotiations to change the rules and/or structure of the WTO to more effectively eliminate unfair trade practices. To earn a score of partial compliance, the G7 member must have publicly put forward proposals to change the rules and/or structure of the WTO to more effectively eliminate unfair trade practices, but not have engaged in multilateral negotiations. Non-compliance, or a score of -1, refers to G7 members who have not taken any action to more effectively eliminate unfair trade practices through the WTO.

### Scoring Guidelines

-1	The G7 member has NEITHER publicly put forward proposals NOR engaged in multilateral negotiations to change the rules and/or structure of the World Trade Organization to more effectively eliminate unfair trade practices.
0	The G7 member has publicly put forward proposals OR has engaged in multilateral negotiations to change the rules and/or structure of the World Trade Organization to more effectively eliminate unfair trade practices.
+1	The G7 member has publicly put forward proposals AND has engaged in multilateral negotiations to change the rules and/or structure of the World Trade Organization to more effectively eliminate unfair trade practices.

*Compliance Director: Ian Stansbury  
Lead Analyst: Jessica Rapson*

### Canada: 0

Canada has partially complied with its commitment to overhaul the World Trade Organization (WTO) to improve effectiveness of eliminating unfair trade practices.

On 10 December 2019, International Trade Minister Mary Ng said that Canada would work with all member states of the WTO in order to address and resolve the breakdown of the organization’s dispute resolution system.<sup>2663</sup> Minister Ng also reiterated Canada’s commitment to WTO reform through the Ottawa Group and the Canada-European Union interim bilateral agreement, and that Canada is open to interim agreements until the situation is fully resolved.

<sup>2663</sup> Canada will work to resolve WTO impasse, says trade minister, Radio Canada International (Ottawa). 10 December 2019. Access Date: 3 January 2020. <https://www.rcinet.ca/en/2019/12/10/canada-will-work-to-resolve-wto-impasse-says-trade-minister/>

On 27 March 2020, International Trade Minister Mary Ng stated that the Government of Canada is taking strong action to strengthen the rules-based trading system with the WTO.<sup>2664</sup> Mary Ng announced that following statements by ministers at Davos, Switzerland, Canada and 15 other members of the WTO have put in place the Multi-party Interim Arrangement (MPIA) for allowing appeals of panel reports in trade disputes.<sup>2665</sup> The arrangement will allow WTO members to solve trade disputes amongst themselves and will be in place until the WTO Appellate Body is fully operational.<sup>2666</sup>

Canada has engaged in multilateral negotiations to address issues within the WTO, however, has not publicly put forward any proposals on WTO reform.

Thus, Canada has received a score of 0.

*Analysts: Adarsh Addepalli and Ian Stansbury*

### **France: 0**

France has partially complied with its commitment to overhaul the World Trade Organization (WTO) to improve effectiveness of eliminating unfair trade practices.

On 19 September 2019, Finance Minister Bruno Le Maire met with German Finance Minister Olaf Scholz and German Economics Affairs Minister at the 50th Franco-German Economic and Financial Council in Paris.<sup>2667</sup> Both countries aim to preserve the multilateral rules-based trading system with the WTO at its centre and leading its reform, focusing on issues of dispute settlement, industrial subsidies, and forced transfer of technologies.<sup>2668</sup>

On 10 October 2019, France and Canada co-host a session on trade and climate change as part of the WTO Public Forum with International Chamber of Commerce.<sup>2669</sup> The French delegation, along with the Canadian delegation and the ICC, advocate that new international trade rules can foster and amplify research and innovation efforts in the private sector, and promote the reduction of tariff and non-tariff barriers.<sup>2670</sup>

On 16 October 2019, President Emmanuel Macron and German Chancellor Angela Merkel met for a Franco-German Council of Ministers meeting in Toulouse and reaffirmed the two countries'

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<sup>2664</sup> Statement on Multi-party Interim Arrangement for appealing trade disputes through the WTO, Government of Canada (Ottawa). 27 March 2020. Access Date: 25 April 2020. <https://www.canada.ca/en/global-affairs/news/2020/03/statement-on-multi-party-interim-arrangement-for-appealing-trade-disputes-through-wto.html>.

<sup>2665</sup> Statement on Multi-party Interim Arrangement for appealing trade disputes through the WTO, Government of Canada (Ottawa). 27 March 2020. Access Date: 25 April 2020. <https://www.canada.ca/en/global-affairs/news/2020/03/statement-on-multi-party-interim-arrangement-for-appealing-trade-disputes-through-wto.html>.

<sup>2666</sup> Statement on Multi-party Interim Arrangement for appealing trade disputes through the WTO, Government of Canada (Ottawa). 27 March 2020. Access Date: 25 April 2020. <https://www.canada.ca/en/global-affairs/news/2020/03/statement-on-multi-party-interim-arrangement-for-appealing-trade-disputes-through-wto.html>.

<sup>2667</sup> 50th Franco-German Economic and Financial Council, Federal Ministry of Finance (Berlin) 19 September 2019. Access Date: 13 April 2020. <https://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/Europe/Articles/2019-09-19-D-F-ECOFIN.html>.

<sup>2668</sup> 50th Franco-German Economic and Financial Council, The Portal for the Economy, Finance, Action and Public Accounts (Paris) 19 September 2019. Access Date: 13 April 2020. [https://www.economie.gouv.fr/recherche-resultat?search\\_api\\_views\\_fulltext=wto+&sort\\_by=search\\_api\\_relevance&afficher\\_extraits=oui&gid=](https://www.economie.gouv.fr/recherche-resultat?search_api_views_fulltext=wto+&sort_by=search_api_relevance&afficher_extraits=oui&gid=).

<sup>2669</sup> ICC Launches consultations series to discuss nexus between trade and climate, International Chamber of Commerce (Paris, Geneva, New York) 3 October 2019. Access Date: 24 November 2019. <https://iccwbo.org/media-wall/news-speeches/icc-launches-consultation-series-to-discuss-the-nexus-between-trade-and-climate/>.

<sup>2670</sup> Public Forum 2019, World Trade Organization (Geneva) 10 October 2019. Access Date: 8 Dec 2019.

willingness to protect and strengthen the multilateral trading system based on a reformed WTO.<sup>2671</sup> The two countries are looking to preserve the multilateralism objectives and procedures of this WTO reform.<sup>2672</sup>

On 6 November 2019, President Macron met with Chinese Premier Li Keqiang to discuss economic cooperation between France and China. The two leaders also agreed to improve bilateral coordination with regards to policy stance on WTO reform, in an effort to “better safeguard free trade and multilateralism.”<sup>2673</sup>

On 11 November 2019, Secretary of State to the Minister of Europe and Foreign Affairs Jean-Baptiste LeMoyne attending a meeting of EU trade ministers, where he reiterated the need for “ambitious reform” of the WTO and said that France supported the European Commission’s efforts towards WTO reform.<sup>2674</sup>

On 12 November 2019, Minister Le Maire spoke at the Paris Peace Forum panel on “The Future of Trade Rules,” expressing that no WTO reform can be carried out without reshaping economic and capitalistic development models which have brought about serious inequalities and environmental damages.<sup>2675</sup> Further, that new political and economic principles need to be redefined before rebuilding a multilateral trading system.<sup>2676</sup>

On 7 January 2020, Minister Le Maire met with EU Trade Commissioner Phil Hogan to discuss reforms to the WTO, among other financial topics.<sup>2677</sup> Finance Minister Bruno Le Maire said that “WTO reform is one of France’s top priorities,” and that “France is ready to support all efforts allowing a jump-start of WTO reform negotiations and the solving of the problems affecting its dispute settlement body.”<sup>2678</sup>

France has taken steps to overhaul the WTO to improve effectiveness in eliminating unfair trade practices as they have engaged in multilateral negotiations but has not put forward any substantial proposals.

Thus, France has received a score of 0.

*Analysts: Tirtha Shah and Ian Stansbury*

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<sup>2671</sup> France-Germany: What ambition for Europe? Institut Montaigne (France). Access Date: 19 December 2019. <https://www.institutmontaigne.org/en/blog/france-germany-what-ambition-europe>.

<sup>2672</sup> France-Germany: What ambition for Europe? Institut Montaigne (France). Access Date: 19 December 2019. <https://www.institutmontaigne.org/en/blog/france-germany-what-ambition-europe>.

<sup>2673</sup> Li Keqiang Meets with President Emmanuel Macron of France, Ministry of Foreign Affairs of the People’s Republic of China (Beijing) 6 November 2019. Access Date: 3 January 2020. [https://www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1714263.shtml](https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1714263.shtml).

<sup>2674</sup> EU - Jean-Baptiste Lemoyne attending Foreign Affairs Council in trade format (Brussels, 21 November 2019), France Diplomatie (Paris) 21 November 2019. Access Date: 3 January 2020. <https://www.diplomatie.gouv.fr/en/french-foreign-policy/european-union/news/article/eu-jean-baptiste-lemoyne-attending-foreign-affairs-council-in-trade-format>.

<sup>2675</sup> The Future of Trade, Paris Peace Forum (Paris) 12 November 2019. Access Date: 13 April 2020. <https://parispeaceforum.org/publication/the-future-of-trade-rules/>.

<sup>2676</sup> The Future of Trade, Paris Peace Forum (Paris) 12 November 2019. Access Date: 13 April 2020. <https://parispeaceforum.org/publication/the-future-of-trade-rules/>.

<sup>2677</sup> France, US set two-week target for resolving digital tax spat, Reuters (Paris) 7 January 2020. Access Date: 9 January 2020. <https://www.reuters.com/article/us-france-usa-tax/france-us-set-two-week-target-for-resolving-digital-tax-spat-idUSKBN1Z60SM>.

<sup>2678</sup> France, US set two-week target for resolving digital tax spat, Reuters (Paris) 7 January 2020. Access Date: 9 January 2020. <https://www.reuters.com/article/us-france-usa-tax/france-us-set-two-week-target-for-resolving-digital-tax-spat-idUSKBN1Z60SM>.

### **Germany: 0**

Germany has partially complied with its commitment to overhaul the World Trade Organization (WTO) to improve effectiveness of eliminating unfair trade practices.

On 16 October 2019, Chancellor Angela Merkel and French President Emmanuel Macron met for a Franco-German Council of Ministers meeting in Toulouse and reaffirmed the two countries' willingness to protect and strengthen the multilateral trading system based on a reformed WTO.<sup>2679</sup> The two countries are looking to preserve the multilateralism objectives and procedures of this WTO reform.<sup>2680</sup>

On 1 November 2019, Germany and India released a joint statement during Chancellor Merkel's visit to India, reiterating both countries' strong support for a rules-based trading system, restoration of the WTO dispute settlement system and reformation of the WTO without undermining the organization fundamental principles.<sup>2681</sup>

Germany has engaged in multilateral negotiations to eliminate unfair trade practices. However, it has not put forward any public proposals to change the rules or structure of the WTO.

Thus, Germany has received a score of 0.

*Analyst: Wing Ka Tsang*

### **Italy: -1**

Italy has not complied with its commitment to overhaul the World Trade Organization (WTO) to improve effectiveness of eliminating unfair trade practices.

Currently, Italy has stated support for the removal of fisheries subsidies as well as the initiatives to refine the rules of digital commerce.<sup>2682</sup> Additionally, Italy supports the two-level dispute resolution system and Appellate Body.<sup>2683</sup> However, Italy has not put forward proposals nor have engaged in multilateral negotiations on WTO reform. No actions were found for this report after searching publicly available online sources published by the government, relevant ministries and international organizations.<sup>2684</sup>

Thus, Italy has received a score of -1.

*Analyst: Ayaka Behro*

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<sup>2679</sup> France-Germany: What ambition for Europe? Institut Montaigne (France). Access Date: 19 December 2019. <https://www.institutmontaigne.org/en/blog/france-germany-what-ambition-europe>.

<sup>2680</sup> France-Germany: What ambition for Europe? Institut Montaigne (France). Access Date: 19 December 2019. <https://www.institutmontaigne.org/en/blog/france-germany-what-ambition-europe>.

<sup>2681</sup> Joint statement during the visit of Chancellor of Germany to India, Ministry of External Affairs (India). Access Date: 19 December 2019. [https://www.mea.gov.in/bilateral-documents.htm?dtl/31991/Joint\\_Statement\\_during\\_the\\_visit\\_of\\_Chancellor\\_of\\_Germany\\_to\\_India..](https://www.mea.gov.in/bilateral-documents.htm?dtl/31991/Joint_Statement_during_the_visit_of_Chancellor_of_Germany_to_India..)

<sup>2682</sup> World Trade Organization (Geneva). Access Date: 25 April 2020. [https://italiarappginevra.esteri.it/rappginevra/en/italia\\_e\\_onu/omc/diritti-umani.html](https://italiarappginevra.esteri.it/rappginevra/en/italia_e_onu/omc/diritti-umani.html).

<sup>2683</sup> World Trade Organization (Geneva). Access Date: 25 April 2020. [https://italiarappginevra.esteri.it/rappginevra/en/italia\\_e\\_onu/omc/diritti-umani.html](https://italiarappginevra.esteri.it/rappginevra/en/italia_e_onu/omc/diritti-umani.html).

<sup>2684</sup> This non-compliance was determined after research through the following websites: [www.bbc.com](http://www.bbc.com), [www.nytimes.com](http://www.nytimes.com), [www.governo.it](http://www.governo.it), [www.esteri.it/mae/en](http://www.esteri.it/mae/en), <https://www.repubblica.it/>, <https://www.corriere.it/>, <https://www.wto.org/>, <https://www.oecd.org/italy/>, <https://www.mise.gov.it/> and [www.ansa.it](http://www.ansa.it).

### **Japan: +1**

Japan has fully complied with its commitment to overhaul the World Trade Organization (WTO) to improve effectiveness of eliminating unfair trade practices.

On December 11, 2019, Japan's Ministry of Foreign Affairs released a press release stating the country's position to reform the WTO Appellate Body.<sup>2685</sup> Japan has contributed to stimulating negotiations at the WTO by presenting a concrete proposal by April 2020.<sup>2686</sup> With the country co-chairing negotiations on the trade aspects of electronic commerce at the WTO to progress international regulation of the digital economy.<sup>2687</sup>

On January 14, 2020, in a joint statement by the European Union, United States and Japan, the countries announced their continued cooperation on WTO reform to include increased compliance with existing WTO notification obligations.<sup>2688</sup> The three countries agreed that the current list of prohibited subsidies under WTO guidelines is insufficient in undertaking market distorting subsidization in certain jurisdiction.<sup>2689</sup> Additionally, the three countries concluded that new types of unconditionally prohibited subsidies must be added to the WTO Agreement on Subsidies and Countervailing Measures.<sup>2690</sup>

Japan has put forward several proposals and has engaged in multilateral negotiations on WTO reform.

Thus, Japan has received a score of +1.

*Analysts: Ayaka Behro and Ian Stansbury*

### **United Kingdom: +1**

The United Kingdom has fully complied with its commitment to overhaul the World Trade Organization (WTO) to improve effectiveness of eliminating unfair trade practices.

On 9 October 2019, International Trade Secretary Liz Truss reiterated the UK's commitment to reforming the WTO at her first WTO address at the International Chamber of Commerce Global dialogue on Trade Reform. In her speech, she put forward the factors the UK would like to see reformed, namely, the dispute settlement system and the Appellate Body.<sup>2691</sup> More specifically, Truss said that the UK wants to resolve the Appellate Body Crisis and change the time limits for Appellate

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<sup>2685</sup> Paralysis of the WTO's Appellate Body and WTO Reform (Statement by Foreign Minister MOTEGI Toshimitsu). December 11, 2019. Access Date: 25 April 2020. [https://www.mofa.go.jp/press/release/press1e\\_000140.html](https://www.mofa.go.jp/press/release/press1e_000140.html)

<sup>2686</sup> Paralysis of the WTO's Appellate Body and WTO Reform (Statement by Foreign Minister MOTEGI Toshimitsu). December 11, 2019. Access Date: 25 April 2020. [https://www.mofa.go.jp/press/release/press1e\\_000140.html](https://www.mofa.go.jp/press/release/press1e_000140.html)

<sup>2687</sup> Paralysis of the WTO's Appellate Body and WTO Reform (Statement by Foreign Minister MOTEGI Toshimitsu). December 11, 2019. Access Date: 25 April 2020. [https://www.mofa.go.jp/press/release/press1e\\_000140.html](https://www.mofa.go.jp/press/release/press1e_000140.html)

<sup>2688</sup> Joint Statement of the Trilateral Meeting of the Trade Ministers of Japan, the United States and the European Union. January 14, 2020. Access Date: 25 April 2020. <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2020/january/joint-statement-trilateral-meeting-trade-ministers-japan-united-states-and-european-union>

<sup>2689</sup> Joint Statement of the Trilateral Meeting of the Trade Ministers of Japan, the United States and the European Union. January 14, 2020. Access Date: 25 April 2020. <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2020/january/joint-statement-trilateral-meeting-trade-ministers-japan-united-states-and-european-union>

<sup>2690</sup> Joint Statement of the Trilateral Meeting of the Trade Ministers of Japan, the United States and the European Union. January 14, 2020. Access Date: 25 April 2020. <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2020/january/joint-statement-trilateral-meeting-trade-ministers-japan-united-states-and-european-union>

<sup>2691</sup> International Trade Secretary WTO address (London). 9 October 2019. Access Date: 27 November 2019. <https://www.gov.uk/government/speeches/international-trade-secretary-wto-address>

Body adjudication on appeals to avoid further future unauthorised overrunning of cases.<sup>2692</sup> She also indicated that there is “an urgent need to strengthen the rules on industrial subsidies, state-owned enterprises and forced technology transfer.”<sup>2693</sup>

On October 9 2019, Secretary Truss reaffirmed that the UK will take concrete steps to change the rules and/or structure of the WTO to effectively eliminate unfair trade practices after Britain’s exit from the European Union (Brexit) is formalized.<sup>2694</sup> Currently, the European Commission speaks for all EU member States at almost all WTO meetings.<sup>2695</sup> After Brexit negotiations are finalised, Britain will have its own independent seat at the WTO.<sup>2696</sup> Trade Minister Liz Truss indicated that: “when we take our independent seat around the WTO table, I can assure you we will be unapologetic in fighting the forces of protectionism, in favour of genuinely free trade.”<sup>2697</sup>

The United Kingdom has put forward public proposals and has engaged in multilateral negotiations related to WTO reforms.

Thus, the United Kingdom has received a score of +1.

*Analyst: Amira Higazy*

### **United States: 0**

The United States has not complied with its commitment to overhaul the World Trade Organization (WTO) to improve effectiveness of eliminating unfair trade practices.

On 15 October 2019, Permanent Representative to the WTO Dennis Shea delivered a statement to the WTO General Council, outlining concerns that the United States has with the WTO, and put forward several reformative proposals.<sup>2698</sup> Representative Shea also mentioned the US’s dissatisfaction with the WTO’s dispute mechanism, saying that if changes were not made to address unfair trade practices, the US would continue blocking appointments of judges to the Appellate Body.<sup>2699</sup>

On 10 December 2019, the United States allowed the WTO dispute mechanism to stop functioning.<sup>2700</sup> The United States began blocking new appointments of the Appellate Body, reducing

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<sup>2692</sup> International Trade Secretary WTO address (London). 9 October 2019. Access Date: 27 November 2019. <https://www.gov.uk/government/speeches/international-trade-secretary-wto-address>.

<sup>2693</sup> International Trade Secretary WTO address (London). 9 October 2019. Access Date: 27 November 2019. <https://www.gov.uk/government/speeches/international-trade-secretary-wto-address>.

<sup>2694</sup> UK will back WTO reform after Brexit, trade minister says (Geneva). 9 October 2019. Access Date: 27 November 2019. <https://www.reuters.com/article/us-wto-britain/uk-will-back-wto-reform-after-brexit-trade-minister-says-idUSKBN1WO1RB>.

<sup>2695</sup> Member Information The European Union and the WTO. Access Date: 9 December 2019. [https://www.wto.org/english/thewto\\_e/countries\\_e/european\\_communities\\_e.htm](https://www.wto.org/english/thewto_e/countries_e/european_communities_e.htm).

<sup>2696</sup> International Trade Secretary WTO address (London). 9 October 2019. Access Date: 27 November 2019. <https://www.gov.uk/government/speeches/international-trade-secretary-wto-address>.

<sup>2697</sup> International Trade Secretary WTO address (London). 9 October 2019. Access Date: 27 November 2019. <https://www.gov.uk/government/speeches/international-trade-secretary-wto-address>.

<sup>2698</sup> Statements Delivered to the General Council by Ambassador Dennis Shea U.S. Permanent Representative to the World Trade Organization, US Missions to International Organizations in Geneva (Geneva) 15 October 2019. Access Date: 7 January 2019. <https://geneva.usmission.gov/2019/10/15/statements-by-the-united-states-at-the-wto-general-council-meeting/>.

<sup>2699</sup> Free trade groups urge Trump administration to push forward WTO reform, Xinhua Net (China). Access Date: 19 December 2019. [http://www.xinhuanet.com/english/2019-10/24/c\\_138497458.htm](http://www.xinhuanet.com/english/2019-10/24/c_138497458.htm).

<sup>2700</sup> Trump blocks global trade referee powers just ahead of planned China escalation, Market Insider (United States). Access Date: 10 December 2019. <https://markets.businessinsider.com/news/stocks/trump-blocks-global-trade-referee-wto-china-tariff-fights-escalate-2019-12-1028752979>.

its seven members to three, and preventing the organization from issuing binding rulings on trade disagreements.<sup>2701</sup>

On 15 January 2020, the United States, including the European Union and Japan, proposed limiting industrial subsidies by adding four new “unconditionally prohibited subsidies” to the current WTO list of prohibited subsidies.<sup>2702</sup> The countries also explored ways to regulate forced technology transfer. Currently, WTO rules prohibit subsidies linked to export performance and dependent on the use of excessively imported domestic goods.<sup>2703</sup> The propose subsidies will improve WTO regulatory rules by requiring the subsidizing country to demonstrate that there is no serious negative effect on trade.<sup>2704</sup>

On 28 February 2020, the United States trade representative delivered President Trump’s 2020 Trade Policy Agenda and Annual Report to Congress.<sup>2705</sup> The agenda highlighted the State’s efforts to change WTO practices, including tabling a transparency proposal that establish appropriate consequences for chronic non-compliance with notification obligations.<sup>2706</sup> Another proposal was made to update Members’ special and differential designations to better reflect WTO current economic realities.<sup>2707</sup> This caused several WTO members to halt seeking special and differential treatment in trade negotiations.<sup>2708</sup>

On 3 March 2020, Ambassador Dennis Shea from the United States delivered a statement to the WTO General Council Meeting.<sup>2709</sup> The U.S. proposed setting objective criteria to determine whether a WTO member may continue to have special and differential treatment.<sup>2710</sup> The U.S. stated

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<sup>2701</sup> Trump blocks global trade referee powers just ahead of planned China escalation, Market Insider (United States). Access Date: 10 December 2019. <https://markets.businessinsider.com/news/stocks/trump-blocks-global-trade-referee-wto-china-tariff-fights-escalate-2019-12-1028752979>.

<sup>2702</sup> Current trade matters, Newsboard, AmCham Germany (Frankfurt) 9 March 2020. Access Date: 14 April 2020. <https://www.amcham.de/newsboard/news/current-trade-matters>.

<sup>2703</sup> Current trade matters, Newsboard, AmCham Germany (Frankfurt) 9 March 2020. Access Date: 14 April 2020. <https://www.amcham.de/newsboard/news/current-trade-matters>.

<sup>2704</sup> Current trade matters, Newsboard, AmCham Germany (Frankfurt) 9 March 2020. Access Date: 14 April 2020. <https://www.amcham.de/newsboard/news/current-trade-matters>.

<sup>2705</sup> Factsheet: The President’s 2020 Trade Agenda and Annual Report, Office of the United States Trade Representative (Washington) 28 February 2020. Access Date: 15 March 15, 2020. <https://ustr.gov/about-us/policy-offices/press-office/fact-sheets/2020/february/fact-sheet-presidents-2020-trade-agenda-and-annual-report>.

<sup>2706</sup> Factsheet: The President’s 2020 Trade Agenda and Annual Report, Office of the United States Trade Representative (Washington) 28 February 2020. Access Date: 15 March 15, 2020. <https://ustr.gov/about-us/policy-offices/press-office/fact-sheets/2020/february/fact-sheet-presidents-2020-trade-agenda-and-annual-report>.

<sup>2707</sup> Factsheet: The President’s 2020 Trade Agenda and Annual Report, Office of the United States Trade Representative (Washington) 28 February 2020. Access Date: 15 March 15, 2020. <https://ustr.gov/about-us/policy-offices/press-office/fact-sheets/2020/february/fact-sheet-presidents-2020-trade-agenda-and-annual-report>.

<sup>2708</sup> Factsheet: The President’s 2020 Trade Agenda and Annual Report, Office of the United States Trade Representative (Washington) 28 February 2020. Access Date: 15 March 15, 2020. <https://ustr.gov/about-us/policy-offices/press-office/fact-sheets/2020/february/fact-sheet-presidents-2020-trade-agenda-and-annual-report>.

<sup>2709</sup> Statement by Ambassador Dennis Shea at the March 3, 2020 General Council Meeting, U.S. Mission to International Organization in Geneva (Geneva) 3 March 2020. Access Date: 14 April 2020. <https://geneva.usmission.gov/2020/03/03/statements-by-ambassador-dennis-shea-at-the-march-3-2020-general-council-meeting/>.

<sup>2710</sup> Statement by Ambassador Dennis Shea at the March 3, 2020 General Council Meeting, U.S. Mission to International Organization in Geneva (Geneva) 3 March 2020. Access Date: 14 April 2020. <https://geneva.usmission.gov/2020/03/03/statements-by-ambassador-dennis-shea-at-the-march-3-2020-general-council-meeting/>.

that certain WTO members were inappropriately seeking special and differential treatment in WTO negotiations, and that the proposed criteria would adequately address this issue.<sup>2711</sup>

The United States has publicly put forward proposals to reform the WTO. However, it has not participated in multilateral negotiations to change the rules or structure of the WTO.

Thus, the United States has received a score of 0.

*Analyst: Wing Ka Tsang*

### **European Union: +1**

The European Union has fully complied with its commitment to overhaul the World Trade Organization (WTO) to improve effectiveness of eliminating unfair trade practices.

On 21 October 2019, the European Union agreed on a second interim appeal system with Norway as a means to “secure an effective and binding dispute settlement for any potential trade disputes” in the case that the Appellate Body fails to be operational.<sup>2712</sup>

On 21 November 2019, the Foreign Affairs Council held a meeting between EU foreign ministers, where ministers reiterated the importance of the WTO and that reform was required in order to maintain a stable international trade system.<sup>2713</sup>

On 12 December 2019, the European Commission released a proposal that would allow for the EU to enforce international trade rules in the case that the WTO is no longer able to.<sup>2714</sup> The proposal was released in response to the WTO Appellate Body being unable to elect new judges in order to make binding decisions on trade disputes.<sup>2715</sup> The proposal was made as an effort to maintain the continuity of the international trade system while ongoing negotiations regarding WTO reform continue.<sup>2716</sup>

On 7 January 2020, Trade Commissioner Phil Hogan met with French Finance Minister Bruno Le Maire to discuss reforms to the WTO, among other financial topics.<sup>2717</sup> Commissioner Hogan said

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<sup>2711</sup> Statement by Ambassador Dennis Shea at the March 3, 2020 General Council Meeting, U.S. Mission to International Organization in Geneva (Geneva) 3 March 2020. Access Date: 14 April 2020. <https://geneva.usmission.gov/2020/03/03/statements-by-ambassador-dennis-shea-at-the-march-3-2020-general-council-meeting/>.

<sup>2712</sup> EU and Norway agree on interim appeal system in wake of World Trade Organization Appellate Body Blockage, European Commission (Brussels) 21 October 2019. Date of Access: 21 December 2019. <https://trade.ec.europa.eu/doclib/press/index.cfm?id=2074>.

<sup>2713</sup> Trade Ministers Discussed WTO Reform, EU-US Trade Relations and Implementation of Free Trade Agreements, Council of the European Union (Brussels) 20 November 2019. Access Date: 7 January 2020. [https://eu2019.fi/en/article/-/asset\\_publisher/kauppaministerien-agendalla-wto-n-uudistustyo-eu-n-ja-yhdysvaltojen-kauppasuhteet-seka-kauppasopimusten-toimeenpano](https://eu2019.fi/en/article/-/asset_publisher/kauppaministerien-agendalla-wto-n-uudistustyo-eu-n-ja-yhdysvaltojen-kauppasuhteet-seka-kauppasopimusten-toimeenpano).

<sup>2714</sup> Commission proposes new tools to enforce Europe's rights in international trade, European Commission (Brussels) 12 December 2019. Access Date: 7 January 2020. [https://ec.europa.eu/commission/presscorner/detail/en/QANDA\\_19\\_6757](https://ec.europa.eu/commission/presscorner/detail/en/QANDA_19_6757).

<sup>2715</sup> Commission proposes new tools to enforce Europe's rights in international trade, European Commission (Brussels) 12 December 2019. Access Date: 7 January 2020. [https://ec.europa.eu/commission/presscorner/detail/en/QANDA\\_19\\_6757](https://ec.europa.eu/commission/presscorner/detail/en/QANDA_19_6757).

<sup>2716</sup> Commission proposes new tools to enforce Europe's rights in international trade, European Commission (Brussels) 12 December 2019. Access Date: 7 January 2020. [https://ec.europa.eu/commission/presscorner/detail/en/QANDA\\_19\\_6757](https://ec.europa.eu/commission/presscorner/detail/en/QANDA_19_6757).

<sup>2717</sup> France, US set two-week target for resolving digital tax spat, Reuters (Paris) 7 January 2020. Access Date: 9 January 2020. <https://www.reuters.com/article/us-france-usa-tax/france-us-set-two-week-target-for-resolving-digital-tax-spat-idUSKBN1Z60SM>.

that the European Commission will “stand by France” in its digital tax dispute with the US, and that the EU “want[s] to see a reform of the WTO” and that the EU “share[s] the US analysis” on reforms.<sup>2718</sup>

On 24 January 2020, the European Union, agreed to create a temporary mechanism in order to settle trade disputes following the collapse of the Appellate Body, due to lack of support from the US.<sup>2719</sup> This is a means to continue to the appeal system which had been a means to settle trade disputes with Norway.<sup>2720</sup> This, takes those mechanisms and applies it to a total of 15 other countries.<sup>2721</sup>

On 15 April 2020, the European Union approved the creation of the Multi-Party Interim Appeal Arbitration Arrangement to allow WTO members to solve trade disputes while the WTO Appellate Body is suspended.<sup>2722</sup>

The European Union has participated in multilateral negotiations on WTO reform and has put forth proposals that would allow for trade system continuity as other WTO reforms continue to be negotiated and implemented.

Thus, the European Union has received a score of +1.

*Analyst: Adarsh Addepalli*

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<sup>2718</sup> France, US set two-week target for resolving digital tax spat, Reuters (Paris) 7 January 2020. Access Date: 9 January 2020. <https://www.reuters.com/article/us-france-usa-tax/france-us-set-two-week-target-for-resolving-digital-tax-spat-idUSKBN1Z60SM>.

<sup>2719</sup> EU and Norway agree on interim appeal system in wake of World Trade Organization Appellate Body Blockage, European Commission (Brussels) 21 October 2019. Date of Access: 21 December 2019. <https://trade.ec.europa.eu/doclib/press/index.cfm?id=2074>.

<sup>2720</sup> EU and Norway agree on interim appeal system in wake of World Trade Organization Appellate Body Blockage, European Commission (Brussels) 21 October 2019. Date of Access: 21 December 2019. <https://trade.ec.europa.eu/doclib/press/index.cfm?id=2074>.

<sup>2721</sup> EU, China and 15 others agree temporary fix to WTO crisis (Brussels) 24 January 2020. Date of Access: 13 April 2020. <https://www.reuters.com/article/us-trade-wto/eu-china-and-15-others-agree-temporary-fix-to-wto-crisis-idUSKBN1ZN0WM>.

<sup>2722</sup> Council approves a multi-party interim appeal arbitration arrangement to solve trade disputes, Council of the European Union (Brussels). 15 April 2020. Access Date: 15 April 2020. <https://www.consilium.europa.eu/en/press/press-releases/2020/04/15/council-approves-a-multi-party-interim-appeal-arbitration-arrangement-to-solve-trade-disputes/>.