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 Interim Report
27 August 2019 — 20 December 2019


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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
Contents
Preface ................................................................................................................................................................... 3
Research Team..................................................................................................................................................... 4
Executive Summary........................................................................................................................................... 6
The Interim Compliance Score .......................................................................................................................... 6
Compliance by Member ...................................................................................................................................... 6
Compliance by Commitment ............................................................................................................................... 6
The Compliance Gap Between Members ........................................................................................................... 6
Future Research and Reports ............................................................................................................................. 6
Table A: 2019 Priority Commitments Selected for Assessment ........................................................................ 7
Table B: 2019 G7 Biarritz Interim Compliance Scores ................................................................................. 9
Table C: 2019 G7 Biarritz Interim Compliance Scores by Member ............................................................... 10
Table D: 2019 G7 Biarritz Interim Compliance Scores by Commitment ....................................................... 11
1. Digital Economy: Digital Infrastructure .................................................................................................... 12
2. Digital Economy: Digital Democracy ......................................................................................................... 23
3. Digital Economy: Artificial Intelligence ..................................................................................................... 37
4. Gender: Gender Equality ............................................................................................................................. 50
5. Gender Affirmative Finance Action for Women in Africa ......................................................................... 70
6. Gender: Women’s Entrepreneurship in Africa ......................................................................................... 83
7. Gender: STEM Education ............................................................................................................................ 99
8. Regional Security: Iran ............................................................................................................................... 112
11. Development: G5 Sahel ............................................................................................................................ 157
12. Development: Sustainable Development Goals ................................................................................... 171
13. Development: Entrepreneurship in Africa ............................................................................................. 191
14. Trade: World Trade Organization Reform ............................................................................................ 201
15. Trade: Tax Policy ....................................................................................................................................... 209
16. Health: Primary Health Care .................................................................................................................... 221
17. Health: Universal Health Coverage ......................................................................................................... 235
18. Health: Mental Health ............................................................................................................................... 269
19. Environment: Biodiversity ......................................................................................................................... 284
21. Education: G5 Sahel .................................................................................................................................. 308
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

<table>
<thead>
<tr>
<th></th>
<th>No Compliance</th>
<th>Partial Compliance</th>
<th>Full Compliance</th>
</tr>
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<tbody>
<tr>
<td>Canada</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>0</td>
<td></td>
<td></td>
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<tr>
<td>Germany</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td>−1</td>
<td></td>
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<tr>
<td>Japan</td>
<td></td>
<td>+1</td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
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<td>+1</td>
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<td>United States</td>
<td>−1</td>
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<tr>
<td>European Union</td>
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<td></td>
<td>+1</td>
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<tr>
<td>Average</td>
<td></td>
<td>+0.13 (56%)</td>
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Background

In October 1947, the first international trade regulation agreement was signed, known as the General Agreement on Tariffs and Trade (GATT).\(^{1288}\) 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).\(^{1289}\) 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.\(^{1290}\) 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.\(^{1291}\) 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.\(^{1292}\)

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.”\(^{1293}\) 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.\(^{1294}\) However, since the L’Aquila Summit, the terms “level playing field” or “unfair


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.”1295 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.”1296 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.”1297 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.1298 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.1299

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.”1300 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.1301 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

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cases are conducted 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 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**

<table>
<thead>
<tr>
<th>Score</th>
<th>Description</th>
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<tbody>
<tr>
<td>−1</td>
<td>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.</td>
</tr>
<tr>
<td>0</td>
<td>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.</td>
</tr>
<tr>
<td>+1</td>
<td>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.</td>
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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 21 November 2019, Economic Minister of the Canadian Embassy in United States Marvin Hildebrand called on the United States to “engage more, and to be more specific” in regard to the U.S. stance on WTO reform.1302

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.1303 Minister Ng also reiterated Canada’s commitment to WTO reform.

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1303 Canada will work to resolve WTO impasse, says trade minister, Radio Canada International (Ottawa) 10 December 2019. Access Date: 3 January 2020.
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.

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

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 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’ willingness to protect and strengthen the multilateral trading system based on a reformed WTO. The two countries are looking to preserve the multilateralism objectives and procedures of this WTO reform.1304

On 6 November 2019, President Macron met with Chinese Premier Li Keqiang to discuss economic cooperation between France and China, and agreed to improve bilateral coordination with regards to policy stance on WTO reform.1305

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.1306

On 7 January 2020, 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.”1307

France has partially complied with its commitment 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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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. The two countries are looking to preserve the multilateralism objectives and procedures of this WTO reform.1308

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. Both countries intend to make the next WTO Ministerial Conference in Kazakhstan a success.1309

Germany has engaged in multilateral negotiations to eliminate unfair trade practices, however no substantial proposals have been put forward.

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.

Italy has not made any significant efforts to overhaul the WTO through multilateral cooperation or proposals. It has not taken any actions or made any collaborative commitments to advance the G7’s commitment to reforming the WTO. No actions were found for this report after searching publicly available online sources published by the government, relevant ministries, and international organizations.1310

Thus, Italy has received a score of −1.

Analyst: Ayaka Behro

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 11 December 2019, Foreign Minister Motegi Toshimitsu released a statement regarding Japan’s concerns towards the ability of the WTO to perform its intended duties.1311 He also outlined the need for reform in order for the WTO to adequately address “emerging challenges,” and reviewed

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Japan’s efforts and proposals on the matter. In addition, Japan pledged to further enhance its leadership on the various areas of WTO reform for the upcoming 12th WTO Ministerial Conference in June.

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. More specifically, Truss said that the UK wants to resolve the Appellate Body Crisis and change the time limits for Appellate Body adjudication on appeals to avoid further future unauthorised overcrowning of cases. She also indicated that there is “an urgent need to strengthen the rules on industrial subsidies, state-owned enterprises and forced technology transfer.”

On October 9 2019, Liz 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. Currently, the European Commission speaks for all EU member States at almost all WTO meetings. After Brexit negotiations are finalised, Britain will have its own independent seat at the WTO. 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.”

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

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

**United States: −1**

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. 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.

On 10 December 2019, the United States allowed the WTO dispute mechanism to top functioning. The United States has been blocking new appointments of the Appellate Body, reducing its seven members to three, making the organization unable to issue binding rulings on trade disagreements.

The United States has put forward proposals to reform the WTO, however has not participated in multilateral negotiations, and has also taken actions that directly interfere with the ability of the WTO to function.

Thus, the United States has received a score of −1.

**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.

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.

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. The proposal

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March 15, 2020
207
was released in response to the WTO Appellate Body being unable to elect new judges in order to make binding decisions on trade disputes.\textsuperscript{1326} The proposal was made as an effort to maintain the continuity of the international trade system while ongoing negotiations regarding WTO reform continue.\textsuperscript{1327}

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.

\textit{Analyst: Adarsh Addepalli}

\textsuperscript{1325} Commission proposes new tools to enforce Europe's rights in international trade, European Commission (Brussels) 

\textsuperscript{1326} Commission proposes new tools to enforce Europe's rights in international trade, European Commission (Brussels) 

\textsuperscript{1327} Commission proposes new tools to enforce Europe's rights in international trade, European Commission (Brussels) 