



G7 Trade Ministers Meeting

For Prelims: G7 Trade Ministers Meeting, [Supply Chain Resilience](#), [Covid 19 pandemic](#), [Free Trade Agreement \(FTA\)](#), [Comprehensive Economic Partnership Agreement \(CEPA\)](#).

For Mains: G7 Trade Ministers Meeting, Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

[Source: PIB](#)

Why in News ?

Recently, the Union Minister of Commerce and Industry participated in the [G7 \(Group of Seven\)](#) Trade Ministers Meeting in Osaka, Japan.

What are the Key Highlights of the Meeting?

▪ Supply Chain Resilience:

- India made an important intervention on the topic of **Enhancing [Supply Chain Resilience](#)** and gave several suggestions on the issue.
- India also mentioned that the [Covid 19 pandemic](#) and the geo-political events highlighted the vulnerabilities of the existing supply chains leading to increase in **commodity prices and global [Inflation](#)**.
- India urged the governments to collaborate on a regulatory framework to ease the movement of supply chains and facilitate cross border trade.

▪ Generic Framework for Mapping of Global Value Chains:

- India also referenced the **Generic Framework for Mapping of Global Value Chains mentioned in the [New Delhi Declaration of the G20](#)** to help member countries identify risks and enhance resilience in trade.

▪ Encouragement of Public Private Partnership:

- India encouraged [Public-Private partnership](#), investment in critical infrastructure and the need for innovation and digitalisation of the supply chains.

▪ Free Trade Agreement (FTA):

- On the sideline of the Meeting, India and the UK reviewed the progress of negotiations of the proposed [Free Trade Agreement \(FTA\)](#), talks for which have reached the final stage.
- These negotiations aim to address differences on issues such as [Rules of Origin](#) and the services sector.

- Rules of Origin determine the national source of a product. Their importance is derived from the fact that duties and restrictions in several cases **depend upon the source of imports**.

- The UK is looking for a significant reduction in import duties on goods like scotch whiskey, automobiles, lamb meat, chocolates, and certain confectionery items. They also seek more opportunities for UK services in Indian markets, particularly in telecommunications, legal, and financial services.

▪ **Trade and Economic Partnership Agreement:**

- India also discussed with ministers from the [European Free Trade Association \(EFTA\)](#) member countries - Switzerland, Norway, Iceland, and Liechtenstein - to discuss the progress of the [Trade and Economic Partnership Agreement \(TEPA\)](#).

What is Group of Seven (G7)?

▪ **About:**

- It is an intergovernmental **organization that was formed in 1975**.
- The bloc meets annually to discuss issues of common interest like global economic governance, international security and energy policy.

▪ **Member Countries:**

- The G7 countries are the **UK, Canada, France, Germany, Italy, Japan and the US**.
- All the G7 countries and India are a part of G20.

▪ **Formal Charter/ Secretariat:**

- The G7 **does not have a formal charter or a secretariat**. The presidency, which rotates among member countries each year, is in charge of setting the agenda.
- Sherpas, ministers and envoys hammer out policy initiatives before the summit.

▪ **Global Economic Trend:**

- The G7 countries are important players in global trade. The **US and Germany in particular are major export nations**. Both sold goods worth well over a trillion US dollars abroad in 2021.
- In 2022, the G7 countries held 30 % of the global [Gross Domestic Product \(GDP\)](#). In 2027, that figure is projected to drop to 28 %.
- Considering the G20 countries, excluding the G7 countries, **the GDP is expected to account for around 44.5% of the global GDP in 2027** which is around two percentage points increase from 2022.



What is a Free Trade Agreement?

- It is a pact between **two or more nations** to reduce **barriers to imports** and exports among them.
- Under a **free trade policy**, goods and services can be **bought and sold across international borders** with little or **no government tariffs, quotas, subsidies, or prohibitions to inhibit their exchange**.
- The concept of free trade is the opposite of trade protectionism or economic isolationism.
- FTAs can be categorised as **Preferential Trade Agreement, Comprehensive Economic Cooperation Agreement, Comprehensive Economic Partnership Agreement (CEPA)**.