

2003 Evian Final Compliance Report Trade

Commitment

2003:47: “We are therefore committed to delivering on schedule, by the end of 2004, the goals set out in the Doha Development Agenda, and to ensure that the Cancun Ministerial Conference in September takes all decisions necessary to help reach that goal.”

Background

This commitment is an extension of the Africa Action Plan to continue the positive work of the G8 in assisting in the development of Africa, as well as other developing countries. In attempting to speed development, the G8 members hope to raise economic growth within the G8, which not only spreads, but also provides the G8 with increased resources to pass on to the developing world. These resources can then be used to implement structural and governance reforms to accelerate growth and social progress.

The multilateral system embodied in the World Trade Organization (WTO) and the Doha Development Agenda is central to assisting developing nations to promote economic growth. The failure of the Cancun Ministerial Conference in September 2003, which was intended to take steps towards the implementation of the Doha Development Agenda, will prevent the G8 nations from fulfilling their commitments on schedule by the end of 2004. Despite the break-down in Cancun, however, the G8 nations have pursued bilateral, unilateral and multilateral agreements in order to advance their commitments to the Doha Agenda.

Assessment

Score	Lack of Compliance -1	Work in Progress 0	Full Compliance +1
Canada		0	
France		0	
Germany		0	
Italy	-1		
Japan		0	
Russia	-1		
United Kingdom		0	
United States	-1		
Overall			-0.38

Individual Country Compliance Breakdown:

1. Canada: 0

The government of Canada has taken steps toward compliance with respect to the trade commitments set out at the G8 summit in Evian, France. The inability to comply with the commitment was due to the breakdown of negotiations of the WTO Cancun Ministerial Conference in September 2003. This conference ended without conclusion and was a major setback for Canada as it will be unable to achieve the goals of the Doha Development Agenda before the end of 2004. Canada has, however, made progress in other areas of the Doha

Declaration. Canada “remains committed to the multilateral system and is prepared to re-engage in negotiations” towards achieving the Doha agenda⁸⁷. The Prime Minister’s Office has introduced legislation to enable the export of low-cost pharmaceutical drugs in their fight against HIV/AIDS, malaria, tuberculosis, and other diseases in developing countries. It has also taken a leadership role by negotiating with the WTO, the World Health Organization (WHO), the World Intellectual Property Organization (WIPO), and other countries to develop effective international means for accessing low cost pharmaceutical products⁸⁸. In addition, it has also contributed technical assistance and capacity building funding of over \$500 million to date.⁸⁹

In January 2004, Trade Minister Jim Peterson met with U.S. Trade Representative Robert Zoellick in Washington, as well as with European Union Trade Commissioner Pascal Lamy in Brussels, to discuss ways of moving the negotiations forward. In addition, support for the Doha Round of negotiations was one of many items discussed by Minister Peterson and Commissioner Lamy during the Canada-European Union Summit that took place on March 18, 2004.⁹⁰

2. France: 0

The result of France’s performance since January 2003 is divided in areas of agriculture subsidy, co-operation with Africa, access of drugs for developing countries, and contribution for technical assistance to lesser developed countries. In the area of agriculture, for example, France had made very little progress in reforming the European Union’s problematic Common Agriculture Policy, which was one of the main factors contributing to the breakdown at the Cancun Ministerial Conference.⁹¹ French minister for agriculture, food, fisheries, and rural affairs, Hervé Gaymard, reaffirmed just before the Cancun meeting that the reformed CAP must first benefit French farmers. Mr. Gaymard argued that despite the public stereotypical sympathy, “les relations agricoles ne sont pas toujours défavorables au Sud”⁹² (translated: “agricultural relations are not always unfavorable to the South”). Additionally, Mr. Gaymard considers that EU intervention in agricultural subsidies is to compensate the farmers’ social and environmental efforts, and to maintain their rural identity.⁹³ Even after the breakdown of the Cancun meeting, France’s reluctance in abolishing agricultural subsidies still held strong. In President Chirac’s speech for the opening of the “Forum pour le Partenariat avec l’Afrique”, he suggested that this Forum should re-examine the propositions that France and the European Union had presented in

⁸⁷ Department of Foreign Affairs and International Trade. World Trade Organization: Summary of the WTO 5th Ministerial Conference.

www.dfait-maeci.gc.ca/tna-nac/WTO/summary-en.asp

⁸⁸ Department of Foreign Affairs and International Trade. Government of Canada introduce legislative changes to enable export of much-needed, lower-cost pharmaceutical product to developing countries, November 6, 2003. webapps.dfait-maeci.gc.ca/minpub/Publication.asp?FileSpec=/Min_Pub_Docs/106589.htm&Language=E

⁸⁹ Department of Foreign Affairs and International Trade. World Trade Organization: Canada and the WTO, September 26, 2003. www.dfait-maeci.gc.ca/tna-nac/wto-co-en.asp

⁹⁰ Department of Foreign Affairs and International Trade. (WTO) World Trade Negotiations, Current Negotiations. www.dfait-maeci.gc.ca/tna-nac/WTO/bulletin2004-en.asp, May 15, 2004.

⁹¹ G8 News Online, "Europe holds the key," The Guardian, October 27, 2003

⁹² France Diplomatie. "Discours de M. Hervé Gaymard, ministre de l'Agriculture, de l'Alimentation, de la Pêche et des Affaires Rurales." 28 August 2003. <www.diplomatie.gouv.fr/actu/article.asp?ART=36726>

⁹³ *ibid.*

Cancun.⁹⁴

Despite the debate on agricultural subsidies, France has shown increasing efforts in working towards one of the goals set out in the Doha Development Agenda: co-operating with Africa. In November 2003, the “Forum pour le Partenariat avec l’Afrique” was hosted in Paris under President Chirac’s initiative.⁹⁵ President Chirac emphasized the importance of partnership, not assistantship. He also demonstrated the willingness of France to take an initiative in pushing ahead with NEPAD.⁹⁶ In addition, President Chirac made several state visits to African countries including Morocco, Nigeria, Mali, and Tunisia in the past six months.⁹⁷ France has also made several public reaffirmations in its willingness to achieve the Doha Agenda with respect to the fight against corruption, promotion of trade investment, and the opening of trade access for non-agricultural goods. As well, France reaffirmed its support for giving developing countries access to drugs and medications as outlined in the Cancun meeting. Although no agreement was reached at Cancun, the spokesperson for Quai d’Orsay declared that France will work with other members of the EU to find a solution. Nonetheless, the true effect of this public reaffirmation is hard to evaluate given that there are no concrete plans or information available to date.⁹⁸ In terms of providing financial assistance to lesser developed countries, France confirmed in October 2003 that a donation of 100,000 Euros would be used to implement the Agreement on the Application and Phytosanitary Measures (SPS Agreement). This donation was considered an important gesture by the French government.⁹⁹

President Jacques Chirac confirmed in April 2004 that France would contribute an extra \$50 billion necessary each year to the creation of an International Finance Facility to achieve the Millennium Goals.¹⁰⁰ In addition, he also commissioned a high level international tax/working group on international contributions to finance development, with the goal of studying the impact of international tax systems, and possibly to develop a system to benefit sustainable development.¹⁰¹ France had also signed the ‘Pact Mondial’ in finance and trade, signaling the commitment to fight corruption and to promote transparency for a more responsible economy

⁹⁴ Le Palais de l’Elysée. “Intervention de M. Jacques Chirac, Président de la République Française à l’occasion de la première réunion du Forum pour le Partenariat avec l’Afrique”. 10 November 2003. <www.elysee.fr/cgi-bin/auracom/aurweb/search/file?aur_file=discours/2003/D031110.html>

⁹⁵ *ibid.*

⁹⁶ *ibid.*

⁹⁷ Le Palais de l’Elysée. “Déplacement à l’étranger en 2003”. <www.elysee.fr/magazine/deplacement_etrange/sommaire.php?annee=2003>

⁹⁸ France Diplomatie. “Déclaration du porte-parole adjoint du Quai d’Orsay, OMC/Accès des pays en développement aux médicaments.” 1 September 2003 <www.diplomatie.gouv.fr/actu/article.asp?ART=36781>

⁹⁹ World Trade Organization. “France donates 100,000 euros to WTO technical assistance.” 22 October 2003. <www.wto.org/english/news_e/pres03_e/pr361_e.htm>

⁹⁹ American Embassy in London “Zoellick Meetings in Europe Aim to Advance WTO Negotiations”. www.usembassy.org.uk/trade402.html

¹⁰⁰ Le Palais de l’Elysée. “Message from M. Jacques Chirac, at the Opening of the Ministerial Forum on financing for Development”. 8 April 2004. www.elysee.fr/cgi-bin/auracom/aurweb/search/file?aur_file=discours/2004/UK040408.html

¹⁰¹ *ibid.*

and market.¹⁰² In the interim, France continues to support NEPAD, notably through enhanced dialogues with several African leaders. Earlier this year, President Chirac met with the President of Niger, and promised 10 million Euros for the development of the Authorities of Niger Basin.¹⁰³

While active in international finance regulation and co-operation with Africa, France has failed to make any progress in the abolition of agricultural subsidies. In a recent interview with a French journalist, President Chirac reaffirmed that his government's priorities remain in ensuring the well being of French farmers, and rejected the notion that developing country poverty is a direct result of agricultural subsidies.¹⁰⁴

3. Germany: 0

Germany has demonstrated an interest in moving past the deadlock resulting from the Cancun Ministerial. Germany was actively involved in the EU's proposal to unbundle the Singapore issues in order to deal with them on an individual basis. It was suggested that the issues of competition and investment be removed to create a narrower agenda that would be more amenable to agreement, indicating a willingness of Germany [the EU] to lower trade barriers with the South.¹⁰⁵ Germany and the EU continue to express the need for the Singapore Issues to be dealt with under the auspices of the WTO, however, it also asserts that trade facilitation and transparency in government procurement are its priorities.¹⁰⁶

Germany has also developed bilateral arrangements with individual developing countries such as Azerbaijan, attempting to alleviate poverty in the country through the promotion of market economic reforms and poverty alleviation. For 2004-2005, the German Development Industry pledged a further 17 million Euros for Azerbaijan.¹⁰⁷ Germany has, however, failed, along with the rest of the EU, to make any real attempts to break the impasse over agricultural subsidies. Germany believes that other countries have a responsibility to make agricultural concessions given its demonstrated commitment to serious agricultural negotiations through the elimination of export subsidies on products of interest to developing countries. The EU asserts that a reciprocation of these concessions is required in order to move the negotiations forward by

¹⁰² Le Palais de l'Elysée. "Discours de M. Jacques Chirac, A l'occasion de la réunion des entreprises signataires du pacte mondial." 27 January 2004. www.elysee.fr/cgi-bin/auracom/aurweb/search/file?aur_file=discours/2004/PM040127.html

¹⁰³ Le Palais de l'Elysée. "Point de Presse Conjoint" 26 April 2004. www.elysee.fr/cgi-bin/auracom/aurweb/search/file?aur_file=discours/2004/PP040426.htm

¹⁰⁴ Le Palais de l'Elysée. "Interview de Monsieur Jacques Chirac, accordée à des journalistes de France Agricole". 27 February 2004. www.elysee.fr/cgi-bin/auracom/aurweb/search/file?aur_file=discours/2004/IW040227.html

¹⁰⁵ Bernard Hoekman and Richard Newfarmer. "Trade Note: After Cancun: Continuation or Collapse" The World Bank Group, International Trade Department. December 17, 2003. p. 7. siteresources.worldbank.org/INTRANETTRADE/Resources/Pubs/TradeNote13.pdf

¹⁰⁶ Pascal Lamy, EU Trade Commissioner. "EU Trade Policy Priorities- Post Cancun" Address to the Bavarian Industry Association. Munich, 14 January, 2004. p. 2. trade-info.cec.eu.int/doclib/docs/2004/january/tradoc_115584.pdf

¹⁰⁷ Press News. "Germany helps Azerbaijan with market economic reforms." 28 April, 2004. www.bmz.de/en/press/pressemitteilungen/presse200404282.html

recognizing how much the EU has already conceded in agriculture.¹⁰⁸ Pascal Lamy, the EU Trade Commissioner, outlined a proposal that would cut import tariffs by more than a third, eliminate export subsidies for products of interest to developing countries, and reduce by more than half trade distorting farm subsidies, ensuring that developing countries receive an even better deal. This proposal, however, is accompanied by the assertion that the CAP is central to the rural economy society of the EU, and will not be totally dismantled.¹⁰⁹ The position of the EU has not changed substantially, and continues to act as an impediment to reaching an agreement with developing countries and allowing for progress in meeting the Doha Development Agenda. Aside from recognizing the importance of dealing with each of the Singapore Issues separately, there have been no real movements aimed at adopting a position acceptable to the developing countries — something which is necessary in order to breach the impasse. The EU continues to stress the importance of South-South trade, claiming that more barriers to trade lie among the Least Developed Countries (LDCs) than between developed and developing countries. This approach is one that clearly binds the EU together in solidarity on the issue of subsidies.¹¹⁰

4. Italy: -1

The result of Italy's performance on this issue has been disappointing. Italian Prime Minister Silvio Berlusconi has publicly announced that the Doha Agenda will be completely by January 1st, 2005,¹¹¹ yet there is no information available to indicate that Italian government has taken appropriate or sufficient actions to meet this goal. Obviously, the breakdown of the Cancun meeting signified a partial failure of the G8 commitment on trade. Italy, along with other members of the EU, did not ensure that the Cancun Ministerial Conference would take all the necessary decisions to help reach the goals of the Doha Agenda. There have been neither political reaffirmations nor budgetary allocations that suggest that Italy intends to comply with this commitment in the future.

5. Japan: 0

It is very difficult to assess progress made on a commitment as broad as advancing the Doha development round of the WTO, especially in light of the failed trade talks taking place in Cancun, Mexico in September 2003. With the support of the IMF and the World Bank, there was another round of meetings in Geneva in December 2003 which aimed to restore the talks and discuss controversial agricultural proposals which caused the Cancun ministerial to end without resolution. However, despite these good intentions, little was achieved at this meeting. Members

¹⁰⁸ Pascal Lamy, EU Trade Commissioner. "EU Trade Policy Priorities- Post Cancun" Address to the Bavarian Industry Association. Munich, 14 January, 2004. p. 2.
trade-info.cec.eu.int/doclib/docs/2004/january/tradoc_115584.pdf

¹⁰⁹ Pascal Lamy, EU Trade Commissioner. "WTO: The Road Ahead" Address to CII Conference, New Dehli. 19 January, 2004.

¹¹⁰ Pascal Lamy, EU Trade Commissioner. "WTO: The Road Ahead" Address to CII Conference, New Dehli. 19 January, 2004.

¹¹¹ Ministero dell'Economia e della Finanze. "Documento di Programmazione Economico-Finanziaria. per gli anni 2003-2006" <www.governo.it/GovernoInforma/Dossier/dpef2003/DPEF_2003_2006.pdf>

including Japan indicated that they are willing to restart work in the negotiating groups, but a major breakthrough remains to be seen.¹¹²

In global trade practice, goods are deemed dumped if it can be shown that they are being exported at artificially low prices — perhaps to corner a market and undermine national producers. Japan, united with the EU and several other developed and developing countries, faces a potential tariff conflict with the United States against the Byrd amendment, which they claim encourages U.S. manufacturers to launch self-serving anti-dumping cases against imports of competing goods.¹¹³ Furthermore, in light of the recent discovery of cows infected with Bovine Spongiform Encephalopathy — or Mad Cow Disease, Japan was one of the first countries to close its doors to American beef, thus worsening trade relations between the two countries. Despite a commitment to the Doha agenda, both within the WTO and other fora such as the IMF, World Bank, and OECD, Japan retains 500 per cent import tariffs on rice,¹¹⁴ tariff escalation on processed foods, and other restrictions such as sanitary and phyto-sanitary procedures, and state management of certain agricultural products.¹¹⁵

While tariffs remain high, Japan has undergone domestic reforms that are in line with its commitment internationally to the Doha process. Japan's development cooperation program has undergone major reforms and significant restructuring. Its Official Development Assistance (ODA) Charter was revised in 2003 to reflect Doha priorities. The legal status of the Japan International Cooperation Agency (JICA) was changed to become more autonomous, and the Ministry of Foreign Affairs (MOFA) has become the *de jure* coordinating body for the diverse implementing institutions of ODA. Furthermore, Japan has taken the initiative of hosting several international conferences on development including TICAD III, the Tokyo International Conference for African Development in which the key issues of agricultural subsidies were discussed.¹¹⁶

During the early part of 2004, United States Trade Representative Robert Zoellick indicated that Japan was likely moving along with the European Union to accept negotiations on trade facilitation including customs reform. The progress of negotiations is also optimistic on the Singapore Issues.”¹¹⁷

6. Russia: -1

Russia has failed to comply with the commitment, as it has made no efforts to further the Doha Development Agenda. Russia has made attempts to form bilateral agreements with other

¹¹² “Chair wraps up: negotiating groups can restart, but still no deal on tough issues,” available at: www.wto.org/english/news_e/news_e.htm

¹¹³ “E.U., Other Nations Gear for Trade Fight with the U.S.,” available at: www.reuters.com/newsArticle.jhtml?type=topNews&storyID=4046977&pageNumber=0

¹¹⁴ Editorial: “Harvesting Poverty: The Unkept Promise,” The New York Times, December 30, 2003 available at: www.nytimes.com/2003/12/30/opinion/30TUE1.html

¹¹⁵ Japan: DAC Peer Review, Main Findings and Recommendations, available at: www.oecd.org/document/10/0,2340,en_2649_201185_22579914_1_1_1_1,00.html

¹¹⁶ Ibid.

¹¹⁷ International Information Programs. Farm Market Access Still Obstacle for WTO, USTR says. usinfo.state.gov/ei/Archive/2004/May/14-644392.html. May 14, 2004.

countries to improve agricultural co-operation, however, these agreements focus on the development of Russia, not LDCs.¹¹⁸ Russia has also made attempts to foster inter-regional trade. This is evident in its signing of the Asian Highway Agreement, along with India and 25 other countries. The project is “a multi-pronged 140,000 kilometer highway corridor connecting 32 countries and linking Europe to Asia” in an effort to increase trade and tourism.¹¹⁹ While this is a genuine effort to improve regional well being, this initiative ignores the importance of multilateral trade negotiations in furthering development. Russia has also worked to toughen intellectual property protection domestically. The Federal Agency for Protecting Intellectual Property is in the process of creating “a package of measures against violations and offences in this sphere” by combining state regulation and market mechanisms through the criminalization of offences against international property rights, as well as an attempt to harmonize with international standards.¹²⁰ Overall, Russia has neglected the main issues associated with the Doha Development Agenda, and has concentrated on furthering its own development over that of LDCs. Russia was also ineffective in furthering the Doha Development Agenda as a result of its inability to restart the defunct Cancun Ministerial Conference negotiations, and is exacerbating the current state of conflict in its refusal to reduce agricultural subsidies.

7. United Kingdom: 0

The British government has called recent reforms to the Common Agricultural Policy ‘a welcome but only small step in the right direction’ as review of the reform has shown that it ‘will not tackle directly export subsidies’.¹²¹ Calls from UK officials for more agricultural concessions from their EU counterparts failed and as a result the rejection of the limited reforms offered in the joint EU-US proposal at Cancun in September has precluded a ‘substantial opening of trade in all areas’.¹²² The British government was also unsuccessful in its attempts before the ministerial meeting in Cancun to down-play the importance of the Singapore issues, which — with agriculture — were to cause much disagreement during talks in September.¹²³ The UK has been more successful in fulfilling its commitments independently on the EU, as it has promised £50 million ‘to help developing countries trade their way out of poverty’.¹²⁴ It has also ‘welcomed the agreement on easier access to cheap medicines’ which created on schedule before the Cancun Ministerial meeting.¹²⁵ However, the UK has not prevented failed negotiations at

¹¹⁸ Embassy of the Russian Federation in Canada. News and Events: February-March, 2004. www.rusembcanada.mid.ru/

¹¹⁹ United Nations Economic and Social Commission for Asia and the Pacific. Press Release No: G/12/2004 “Ministers give full support to UN’s work in the region: Shanghai Declaration promotes strategies to fight poverty, improve health.” April 28, 2004 www.unescap.org/unis/press/2004/apr/g12.asp

¹²⁰ Itar-Tass. “Authorities finalizing measures to protect intellectual property” Moscow, 8 May, 2004. www.itartass.com/eng/level2.html?NewsID=792563&PageNum=0

¹²¹ Department for International Development, UK, “Trade and Development at the WTO: Issues for Cancun”, p.3+26. <www.publications.parliament.uk/pa/cm200203/cmselect/cmintdev/400/400.pdf>.

¹²² G8 Information Centre, “Co-operative G8 Action on Trade,” 2 June 2003, <www.g8.utoronto.ca/summit/2003evian/trade_en.html>.

¹²³ The Guardian Unlimited, “Talks Dead in the Water,” 15 September 2003. www.guardian.co.uk/leaders/story/0,3604,1042096,00.html.

¹²⁴ Department for International Development, UK, “UK pledges £50m to help developing countries trade their way out of poverty,” 11 September 2003, <62.189.42.51/DFIDstage/News/PressReleases/files/pr_11sept03.html>.

¹²⁵ Department of Trade and Industry, UK, “Trade Minister Welcomes Deal On Cheaper Medicines,” 1 September 2003, <213.38.88.221/gnn/national.nsf/TI/C5AE61121AA22D1C80256D9400380D68?opendocument>.

Cancun and again in Geneva in December and so has not fulfilled its commitment of helping to complete the goals set out in the Doha Development Agenda by the end of 2004.

8. United States: -1

The United States has met with little success in compliance with the trade commitments set out at the G8 summit in Evian, France. This failure is largely due to the unsuccessful negotiations of the WTO Cancun Ministerial Conference. Disagreements remain in several key outstanding issues including agriculture subsidies, non-agricultural market access in the trade of cotton, and the Singapore Issue which includes increased competition, investment, trade facilitation, and government transparency¹²⁶. This conference ended without conclusion and was a setback for the United States as it will be unable to achieve the goals of the Doha Development Agenda before the end of 2004¹²⁷. The United States remains committed to the Doha agenda, and has proposed to liberalize agricultural and non-agricultural tariffs by eliminating trade barriers, but has yet to implement or introduce legislation to advance these goals¹²⁸. It has also failed to comply with the WTO Appellate Body ruling against provision of its antidumping duty law, referred to as the “Byrd Amendment”¹²⁹. The United States has, however, made progress in the facilitation of global trade by contributing \$700 million dollars to help developing countries increase their trade capacities by opening their markets to international trade.¹³⁰

In 2004, efforts have also been made by the U.S. to progress on trade obstacles in the cotton industry. Selected development agencies, the EU and the US will be meeting later this year to discuss how to implement the outcomes of a recent cotton workshop, in coordination with a representative from the African cotton producing countries. Consultations on the trade policy aspects are underway both in Geneva and between high-level officials from cotton producing countries and their counterparts in their major export markets — the EU and US. It remains evident that the optimum path for making headway on the trade policy aspects of the cotton issue lies through agriculture negotiations.¹³¹

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¹²⁶ Department of Foreign Affairs and International Trade. World Trade Organization: Summary of the WTO 5th Ministerial Conference. www.dfait-maeci.gc.ca/tna-nac/WTO/summary-en.asp

¹²⁷ Zoellick, Robert. Press Releases: Information for Press in Cancun – Final Press Conference. WTO, Cancun, September 14, 2003. www.ustrade-wto.gov/trzoellick0914.html

¹²⁸ Office of the United States Trade Representative. Trade in Cotton, Man-Made Fibers, Textiles and Clothing, September 9, 2003. www.ustrade-wto.gov/fscotton0910.html

¹²⁹ U.S. Department of State. USTR Seeks to Comply with WTO Ruling on Byrd Amendment, January 16th, 2003. usinfo.state.gov/topical/econ/wto/03011601.htm

¹³⁰ Office of the United States Trade Representative. Press Release: United States Issues Report on \$750 Million in Global Trade Capacity Building Aid, September 9, 2003. www.ustrade-wto.gov/news03090902.html

¹³¹ World Trade Organization. Address by the Director-General to Third LDC Trade Minister’s Meeting. www.wto.org/english/news_e/spsp_e/spsp26_e.htm, May 4 2004.