

Trade: WTO Doha Development Agenda

Commitment

“...we direct our ministers and call on all WTO members to finalize the frameworks by July to put the WTO negotiations back on track so that we expeditiously complete the Doha Development Agenda.”

G8 Leaders Statement on Trade

Background

At the Doha Ministerial Conference held in November 2001, participants implemented the Doha Declaration launching a new trade round to establish a fair and market-oriented trading system by preventing restrictions and distortions in world agricultural markets.³¹⁹ The Fifth WTO Ministerial Conference was held in September 2003 in Cancun, Mexico. The Ministerial ultimately collapsed after the QUAD countries (US, EU, Japan and Canada) failed to reach an agreement with the G-20 bloc of developing countries (including Brazil, India and China). Nevertheless, the leaders of the G8 countries understand the importance of assisting less developed countries in their trade capabilities in order to promote economic growth and alleviate poverty. To this end, they have made the commitment to put the talks back on track and resume negotiations to meet extended deadlines.

On 1 August 2004, WTO members adopted a General Council decision on the Doha Work Programme, informally known as the July Package which established a framework for placing the DDA back on track for completion by 2006. The package was negotiated by the ‘Group of Interested Parties’ which was comprised of the US, EU, Australia (from the Cairns Group), Brazil and India (from the G20). Under the package, industrialized countries agreed to major concessions that they had previously resisted in Cancun: wealthy states, in particular the EU, agreed to place all agricultural subsidies on the table for discussion and committed to making significant cuts; wealthy countries agreed to a ‘down payment’ on this deal in the form of an immediate 20% reduction in total current agricultural subsidies; LDCs (including approximately 25 African states) received an agreement in principle to receive increased market access while maintaining the right to shelter their domestic industries; and three Singapore Issues (foreign investment, competition policy, and government procurement) were dropped from the DDA with the fourth (trade facilitation) kept on in the understanding it would only result in a clarification and simplifying of current agreements. In exchange, developing countries agreed to further open their markets to manufactured imports and agreed to continue negotiations on a deal in trade in services.³²⁰

The WTO is scheduled to meet for its Sixth Ministerial in Hong Kong in December 2005.

³¹⁹ World Trade Organization, Available at www.wto.org/english/tratop_e/dda_e/dohaexplained_e.htm#agriculture

³²⁰ Anup Shah, “WTO July Package of Framework Agreements,” *Global Issues* (New York) 2 August 2004. Date of Access: 1 June 2005 [www.globalissues.org/TradeRelated/FreeTrade/July2004Package.asp]

Assessment

Country	Non-Compliance -1	Work in Progress 0	Full Compliance +1
Canada			+1
France		0	
Germany			+1
Italy			+1
Japan			+1
Russia		N/A	
United Kingdom			+1
United States			+1
European Union			+1
Overall: +1.00			

Individual Country Compliance Breakdown

1. Canada: +1

Canada has registered full compliance with regard to its commitment to putting the WTO negotiations back on track. On July 31, 2004, Canada officially welcomed a framework for negotiations that will allow the WTO's Doha Development Agenda to go forward and voted in favour of the General Council decision endorsing the 'July Package' on 1 August 2004. International Trade Minister Jim Peterson affirmed the importance of the Doha Development Agenda by saying that "more than 40 percent of everything Canadians produce is exported, and trade supports one in every four Canadian jobs- so making the Doha Round work is absolutely crucial for Canada."³²¹ While Canada usually wields considerable power as part of the QUAD countries bloc within the WTO (along with the US, EU and Japan), it was not a member of the 'Group of Interested Parties' that negotiated the July Package. Nevertheless, it still receives a score of +1 as Ottawa was not a part of the QUAD policy deadlock at Cancun that refused to make serious concessions on agricultural subsidies. Indeed, on this matter, Canada is more closely aligned with the Cairns Group of agricultural exporters who were pushing for a breakthrough to make agricultural trade more free from trade-distorting subsidies.³²²

2. France: 0

France voted in favour of the WTO General Council decision regarding the 'July 2004' package on 1 August 2004, placing the Doha Development Agenda back on track. Indeed, a large degree of the recalcitrance of the EU at the Cancun WTO Ministerial was due to France's insistence that only certain agricultural subsidies be open for negotiation (France is the largest recipient of farm

³²¹ Department of Foreign Affairs and International Trade, "Doha Negotiations Back on Track," News Release, July 31st, 2004 webapps.dfa-it-maeci.gc.ca/minpub/Publication.asp?publication_id=381395&language=E

³²² *Cairns Group Statement: Cairns Group "Vision" for the WTO Agriculture Negotiations*, The Cairns Group Official Website (Canberra) 3 April 1998. Date of Access 1 June 2005 [www.cairnsgroup.org/vision_statement.html].

subsidies under the EU's Common Agricultural Policy).³²³ Nevertheless, Paris' acquiescence to the July Package represents a critical and welcomed reversal of this policy.³²⁴ The IMF had also strongly encouraged France to associate itself with the efforts to resume the Doha Development Round and to "support the offer to phase out all farm export subsidies and further limit negotiations on Singapore issues."³²⁵

Nevertheless, France's endorsement of the July Package has far less to do with its genuine desire to dismantle subsidies than it did with the fact that the EU controls most of France's external trade policy and few other EU states were willing to hold up further WTO talks to preserve CAP. It should be noted that while the EU endorsed the July Package on behalf of its 25-member states, France was critical on moves to cut subsidies for European farmers.³²⁶ Furthermore, France has proven equally stubborn more recently with the debate over the need to slash CAP subsidies in the 2007-2013 EU budget. Paris has declared that the matter is not even open for discussion leading to severe doubts over whether it will actually be willing to make concessions at the WTO Hong Kong Ministerial seeing as it is attempting to lock in current EU subsidies for nearly another decade.³²⁷

It should also be noted that as a member of the European Union, which has exclusive competence to negotiate external trade policy on the part of its member-states, the action of the EU (see report below) in this issue-area can also be construed as contributing to France's compliance efforts.

3. Germany: +1

In August of 2004 Germany officially welcomed the July 31st accord by the WTO to salvage the Doha Development Agenda trade talks, as a win-win deal for less developed countries and the world economy.³²⁸ The German Minister for Economic Cooperation and Development Heidemarie Wieczorek-Zeul welcomed the deal as a "good signal for developing countries." The German Minister of Economics Wolfgang Clement echoed this assessment, praising the "substantial progress" that had been made as "a positive signal for the world economy"; he described the new accord as "a finely balanced blend of requirements and concessions" that afforded an "imperfect" but essentially fair compromise for both developed and developing nations.³²⁹ While Germany was not a member of the 'Group of Interested Parties' which negotiated the 'July Package,' it was also not one of principal backers of the EU's previously stubborn policies on farm subsidies that caused the Cancun Ministerial to collapse.

³²³ "EU Heroes and Villains: Which countries are living up to their Promises on Aid, Trade, and Debt?," Action Aid International, Eurodad, and Oxfam International, February 2005. Date Accessed: 12 January 2005. p. 12 <www.oxfam.org.uk/what_we_do/issues/debt_aid/downloads/eu_heroes_villains.pdf>.

³²⁴ BBC, "World Trade Deal Gets Thumbs Up" 1 August 2004, news.bbc.co.uk/1/hi/business/3525602.stm

³²⁵ IMF, "International Monetary Fund France: 2004 Article IV Consultation Concluding Statement of the Mission" www.imf.org/external/np/ms/2004/070604.htm 6 July, 2004

³²⁶ BBC, "World Trade Talks Reach Agreement" 1 August 2004, news.bbc.co.uk/1/hi/business/3937745.stm

³²⁷ "EU Summit Open Amid Budget Row," *BBC World News* (London) 16 June 2006. Date of Access: 16 June 2006 [news.bbc.co.uk/2/hi/europe/4097686.stm].

³²⁸ Deutsche Welle. "Germany welcomes WTO Deal" 2 August 2004 www.dw-world.de/dw/article/0,1564,1284413,00.html

³²⁹ Ibid

It should also be noted that as a member of the European Union, which has exclusive competence to negotiate external trade policy on the part of its member-states, the action of the EU (see report below) in this issue-area can also be construed as contributing to Germany's compliance efforts.

4. Italy: +1

Italy is in compliance with its commitment to put the WTO negotiations back on track voting in favour of the WTO General Council decision regarding the July Package on 1 August 2004. In addition, for the last two years, Italy has donated a significant amount of money to the Doha Development Agenda Global Trust Fund, the last being just before the Cancun Ministerial Conference where it reaffirmed its commitment to making the conference a success.³³⁰ Although the gathering itself was unsuccessful, Italy remains a strong backer of continued multilateral trade talks and resolution. Furthermore, while Italy was not a member of the 'Group of Interested Parties' which negotiated the 'July Package,' it was also not one of principal backers of the EU's previously stubborn policies on farm subsidies that caused the Cancun Ministerial to collapse.

It should also be noted that as a member of the European Union, which has exclusive competence to negotiate external trade policy on the part of its member-states, the action of the EU (see report below) in this issue-area can also be construed as contributing to Italy's compliance efforts.

5. Japan: +1

Japan has registered compliance with respect to its commitment to putting the WTO negotiations back on track. Japan welcomed the adoption of the decision, which will serve as a basis for final agreement of the Doha Development Agenda negotiations, by the WTO General Council on August 1, 2004 in Geneva. Japan made a commitment to conclude the Doha Development Agenda talks successfully. Yoriko Kawaguchi, Minister for Foreign Affairs of Japan, said "Japan intends to make constructive contributions to future negotiations while securing its own interests."³³¹ This represents a reversal of Japan's position in Cancun where it lined up alongside fellow QUAD countries, the US and the EU, to block further concessions on agricultural subsidies demanded by the G-20 bloc. Nevertheless, seeing as Japan boasts the highest rates of farm subsidies amongst the G8 (Japanese farm support amounted to a towering 59% of agricultural production in the country compared to 36.5% in the EU and 17.6% in the US in 2002)³³², keeping these commitments at the WTO Hong Kong Ministerial may prove more difficult.

³³⁰ WTO NEWS: 2003 PRESS RELEASES www.wto.org/english/news_e/pres03_e/pr349_e.htm

³³¹ Ministry of Foreign Affairs of Japan, "Statement by Ms. Yoriko Kawaguchi, Minister for Foreign Affairs, on the adoption of the General Council Decision on the WTO Doha Development Agenda," August 1st, 2004 www.mofa.go.jp/announce/announce/2004/8/0801.html

³³² *USTR Cites Differences in U.S., EU, Japan Agricultural Supports*, United States Embassy to Japan (Tokyo) 9 September 2003. Date of Access: 15 June 2005 [japan.usembassy.gov/e/p/tp-20030911b4.html].

6. Russia: N/A

Russia is not currently a member of the World Trade Organization (WTO)³³³ and thus the Doha commitments do not directly call on Russia. However, in order for Russia to gain entrance into the WTO it will need to continue its efforts in helping to global world trade internationally. Russia has received support in its bid to join the WTO but this support has been classified as primarily ‘moral’ in nature, with many nations remaining unconvinced the former Soviet economy is free from centralized control or corruption.³³⁴ Russia’s efforts in joining the war against terrorism³³⁵ and signing onto the Kyoto Protocol have helped to gain favour in Washington and Brussels, respectively, for its bid to join the world trade body.

7. United Kingdom: +1

Along with the support of the United Kingdom, all 147 WTO members reached an accord on July 31st 2004 that officially put the Doha Development Agenda negotiations back on track. The UK had been pushing to get the Doha round of trade negotiations back on track since similar talks ended without an agreement in Cancun Mexico in 2003.³³⁶ Furthermore, while the UK was not a member of the ‘Group of Interested Parties’ which negotiated the ‘July Package,’ it was also not one of principal backers of the EU’s previously stubborn policies on farm subsidies that caused the Cancun Ministerial to collapse.

It should also be noted that as a member of the European Union, which has exclusive competence to negotiate external trade policy on the part of its member-states, the action of the EU (see report below) in this issue-area can also be construed as contributing to the UK’s compliance efforts.

8. United States: +1

The United States has complied with its commitment in regards to the Doha Development Agenda, particularly in the opening of markets globally, bilaterally and regionally³³⁷. The WTO meetings in Geneva on July 31st, 2004 resulted in an agreement to reinvigorate the Doha Development Agenda.³³⁸ The United States was a part of the ‘Group of Interested Parties’ that negotiated the deal which saw the US provide concessions on a number of key issues on which they have proved recalcitrant in Cancun. Namely, the July Package terms call for wealthy states, including the US, to place all agricultural subsidies on the table for discussion and committed to

³³³ The World Trade Organization. What is the WTO. Available at: www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm

³³⁴ Pravda.ru, APEC backs Russia's bid to join WTO. November 20, 2004. english.pravda.ru/main/18/88/350/14611_apec.html

³³⁵ Pravada.ru, Leaders of Russia, France and Germany to join efforts in fighting terrorism. August 31, 2004. english.pravda.ru/main/18/88/354/13974_Putin.html

³³⁶ The Department for International Development. “Framework agreed for future Doha talks” August 2004 www.dfid.gov.uk/news/files/trade_news/worldtradeorgnewsfull.asp

³³⁷ Office of the United States Trade Representative. USTR Zoellick to Attend Key Meetings in Geneva July 27 – 28 To Advance Doha Negotiations. July 26, 2004. www.ustr.gov/Document_Library/Press_Releases/2004/July/USTR_Zoellick_to_Attend_Key_Meetings_in_Geneva_July_27_28_To_Advance_Doha_Negotiations.html

³³⁸ U.S. Department of State. Doha Development Agenda. www.state.gov/e/eb/tpp/c10339.htm

making significant cuts; to make a down payment' on this deal in the form of an immediate 20% reduction in total current agricultural subsidies; to ensure LDCs (including approximately 25 African states) receive an agreement in principle to receive increased market access while maintaining the right to shelter their domestic industries; and to allow three Singapore Issues (foreign investment, competition policy, and government procurement) to be dropped from the DDA with the fourth (trade facilitation) kept on in the understanding it would only result in a clarification and simplifying of current agreements. In exchange, developing countries agreed to further open their markets to manufactured imports and agreed to continue negotiations on a deal in trade in services.³³⁹

Ultimately this opened the opportunity to discuss trade liberalization negotiations in the lead up to the next WTO meeting in Hong Kong set for December 2005.³⁴⁰ While such negotiations appeared to be lagging in the first half of 2005, the newly appointed US Trade Representative, Rob Portman, has stated that, "the United States remains committed to a successful and ambitious outcome in the Doha negotiations..."³⁴¹ Former US Trade Representative, Robert B. Zoellick and acting US Trade Representative Peter Allgeier have attended various trade meetings since January 2005. In late January 2005 Zoellick conducted numerous bilateral meetings which focused on the need to stay on track with the Doha Development Agenda.³⁴² However it appears that nothing substantial has come out of those meetings other than the continued communication of the importance of the Doha Agenda. Allgeier continued with Zoellick's direction by arranging meetings in March that also focused on advancing the ongoing Doha round of trade negotiations.³⁴³ Current trade representative, Portman, is following a similar pattern by attending the Paris Trade Ministers meeting to address the issue of stalled negotiations in the Doha round.³⁴⁴ The US has a lot to gain from open markets and thus the Doha Development Agenda is of particular importance to President Bush.³⁴⁵ Nevertheless, the US is hammered in many respects by a very strong domestic farm lobby and a growing distaste for the WTO amongst

³³⁹ Anup Shah, "WTO July Package of Framework Agreements," *Global Issues* (New York) 2 August 2004. Date of Access: 1 June 2005 [www.globalissues.org/TradeRelated/FreeTrade/July2004Package.asp]

³⁴⁰ U.S. Department of State. Doha Development Agenda. www.state.gov/e/eb/tpp/c10339.htm

³⁴¹ Office of the US Trade Representative. "USTR Portman to Attend Key Trade Meetings in Paris May 2-4: Informal WTO Meetings to Try to Re-Energize Lagging Doha Trade Talks," April 29th, 2005. www.ustr.gov/Document_Library/Press_Releases/2005/April/USTR_Portman_to_Attend_Key_Trade_Meetings_in_Paris_May_2-4.html

³⁴² Office of the US Trade Representative. "USTR Zoellick to Attend World Economic Forum and Informal WTO Meetings in Davos January 28-30: January 31 Zoellick to Meet With Russian Minister Gref in Zurich on WTO Accession. January 27th, 2005." www.ustr.gov/Document_Library/Press_Releases/2005/January/USTR_Zoellick_to_Attend_World_Economic_Forum_Informal_WTO_Meetings_in_Davos_January_28-30.html

³⁴³ Office of the US Trade Representative. "Acting USTR Allgeier to Attend Informal Meeting of Trade Ministers, in Kenya, March 3-4." February 28th, 2005. www.ustr.gov/Document_Library/Press_Releases/2005/February/Acting_USTR_Allgeier_to_Attend_Informal_Meeting_of_Trade_Ministers_in_Kenya_March_3-4.html

³⁴⁴ USInfo. "New U.S. Trade Representative to Attend Paris Meeting on WTO". April 29th, 2005. usinfo.state.gov/ei/Archive/2005/Apr/29-106481.html

³⁴⁵ Office of the US Trade Representative. "USTR Zoellick to Attend World Economic Forum and Informal WTO Meetings in Davos January 28-30: January 31 Zoellick to Meet With Russian Minister Gref in Zurich on WTO Accession. January 27th, 2005." www.ustr.gov/Document_Library/Press_Releases/2005/January/USTR_Zoellick_to_Attend_World_Economic_Forum_Informal_WTO_Meetings_in_Davos_January_28-30.html

members of the US Congress following a series of unfavourable trade tribunal rulings for American industry.³⁴⁶

9. European Union: +1

The European Union (EU) has taken considerable measures towards putting the WTO's Doha Development Agenda back on track after being one of the principal obstacles to progress at the Cancun Ministerial. On 9 May 2004, then-EU Trade Representative Pascal Lamy and EU Agriculture Commissioner Franz Fischler co-authored a public letter stating the EU's willingness to "move on export subsidies" in DDA negotiations so long as other industrialized nations did the same.³⁴⁷ The deal, however, is also predicated on developing nations further opening their markets to EU manufactured exports — a move which many NGOs criticize as unfair and detrimental to development.³⁴⁸ Furthermore, European Commission's Directorate General for Trade, Karl Falkenberg, assured countries in the Southern African Development Community (SADC) that the EU will have waived its agricultural subsidies by the time EPA negotiations are concluded (scheduled for 2008).³⁴⁹

On 31 July 2004, the EU, as part of the 'Group of Interested Parties,' met with the WTO in Geneva and agreed to the components of the 'July 2004 Package.' The EU "broadly accepted" deals made in Geneva, even though France was critical on moves to cut subsidies for European farmers.³⁵⁰ Namely, the July Package terms call for wealthy states, including the US, to place all agricultural subsidies on the table for discussion and committed to making significant cuts; to make a down payment' on this deal in the form of an immediate 20% reduction in total current agricultural subsidies; to ensure LDCs (including approximately 25 African states) receive an agreement in principle to receive increased market access while maintaining the right to shelter their domestic industries; and to allow three Singapore Issues (foreign investment, competition policy, and government procurement) to be dropped from the DDA with the fourth (trade facilitation) kept on in the understanding it would only result in a clarification and simplifying of current agreements. In exchange, developing countries agreed to further open their markets to manufactured imports and agreed to continue negotiations on a deal in trade in services.³⁵¹

In November, Peter Mandelson took over Pascal Lamy's job as trade commissioner of the EU, already demonstrating that the Doha Development Agency (DDA) shall be a top priority during his mandate. At the African Caribbean Pacific (ACP)-EU ministerial on December 1st 2004, Mandelson stated that the "Doha mandate has to be implemented in a way that takes account of

³⁴⁶ Bruce Odessey, "House Committee Backs Continued US Participation in WTO," International Information Program US Info State Gov, 24 May 2005. Date of Access: 25 May 2005. <usinfo.state.gov/ei/Archive/2005/May/25-762968.html>.

³⁴⁷ "Open Letter from Pascal Lamy and Franz Fischler," European Commission (Brussels) 9 May 2004. Date of Access: 15 June 2005 [trade-info.cec.eu.int/doclib/docs/2004/october/tradoc_119454.pdf].

³⁴⁸ Devider Sharma, "Once again, fooling the world," Indiatgether.org, June 2004. Date of Access: 25 May 2005. <www.indiatgether.org/2004/jun/agr-wtoagro.htm>.

³⁴⁹ Bester Gabotlale, "EU to Forgo Farm Subsidies," *Mmegi/ The Reporter* (Gaborone), 3 May 2005. Date of Access: 14 May 2005 [allafrica.com/stories/200505040525.html]

³⁵⁰ BBC, "World Trade Talks Reach Agreement" 1 August 2004, news.bbc.co.uk/1/hi/business/3937745.stm

³⁵¹ Anup Shah, "WTO July Package of Framework Agreements," *Global Issues* (New York) 2 August 2004. Date of Access: 1 June 2005 [www.globalissues.org/TradeRelated/FreeTrade/July2004Package.asp]

the distinctive development profile of each individual developing country”³⁵², outlining that success in progressive trade development at the WTO ministerial in Hong Kong this year is heavily dependent on active participation by the G90.³⁵³

Compiled by Johannes Best, Johanna Kytola, Lida Preyma,
Yukari Takahashi, Vince van der Heijden
G8 Research Group
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³⁵²Europa “The ACP-EU relationship in the global economy: Speech by EU Trade Commissioner Peter Mandelson, ACP-EU Ministerial, Brussels” , 1 December 2004,
europa.eu.int/comm/commission_barroso/mandelson/speeches_articles/temp_icentre.cfm?temp=sppm006_en.

³⁵³Europa “The ACP-EU relationship in the global economy: Speech by EU Trade Commissioner Peter Mandelson, ACP-EU Ministerial, Brussels” , 1 December 2004,
europa.eu.int/comm/commission_barroso/mandelson/speeches_articles/temp_icentre.cfm?temp=sppm006_en.