

Trade: Market Access and Export Subsidies

Commitment:

“We reaffirmed our commitment to open markets more widely to trade in agricultural goods, industrial goods and services, and in agriculture to reduce trade distorting domestic subsidies and eliminate all forms of export subsidies by a credible end date.”

-Chairman’s Summary (final press conference)⁵²⁷

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.⁵²⁸ 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.⁵²⁹

On 1 August 2004, WTO members adopted a General Council decision on the Doha Work Programme, informally known as the Framework, which established a framework for placing the DDA back on track for completion by 2006. 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 trade distorting 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 trade distorting agricultural subsidies beginning with the implementation period of a new WTO agreement; 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

⁵²⁷ Chairman’s Summary, 2005 Gleneagles Summit (Gleneagles), July 2006. Accessed: 25 May 2006. www.g8.utoronto.ca/summit/2005gleneagles/summary.html.

⁵²⁸ Trade: WTO Doha Development Agenda, 2004 Final Compliance Report, University of Toronto G8 Research Group (Toronto), June 2004. Accessed: 20 May 2006. www.g8.utoronto.ca/evaluations/2004seaisland_final/04_2004_seaisland_final.pdf.

⁵²⁹ Trade: WTO Doha Development Agenda, 2004 Final Compliance Report, University of Toronto G8 Research Group (Toronto), June 2004. Accessed: 20 May 2006. www.g8.utoronto.ca/evaluations/2004seaisland_final/04_2004_seaisland_final.pdf.

further open their markets to manufactured imports and agreed to continue negotiations on a deal in trade in services.⁵³⁰

Reaffirmed at Gleneagles, the G8 commitment to open markets more widely to trade in agricultural goods, industrial goods and services, and in agriculture to reduce trade distorting domestic subsidies and eliminate all forms of export subsidies by a credible end date was carried out in part at the most recent WTO Ministerial in Hong Kong. Though the meeting was not considered a resounding success, a decision was reached committing to the end of export subsidies by 2013.⁵³¹

Background: Jonathan Scotland
Team Leader: Stanislav Orlov

Assessment:

	Lack of Compliance -1	Work in Progress 0	Full Compliance +1
Canada		0	
France	-1		
Germany			+1
Italy	-1		
Japan		0	
Russia		0	
United Kingdom			+1
United States		0	
European Union		0	
Overall			0.00

Individual Country Compliance Breakdown:

1. Canada: 0

Canada has complied partially with its Gleneagles commitment on reducing export subsidies. Progress was achieved primarily through its public support for the elimination of all forms of agricultural export subsidies, and by signing the World Trade Organization (WTO) Ministerial Agreement.

Since publishing its Initial Negotiating Position on Agriculture in 1999, Canada maintains its position of seeking the elimination of agricultural export subsidies, and the maximum possible reduction of trade distorting domestic support.⁵³² This commitment was reaffirmed at the conclusion of WTO discussions held in Zurich, Switzerland on 10 October 2005, by the then Canadian Agriculture and Agri-Food Canada Minister Andy Mitchell, and International Trade

⁵³⁰ Trade: WTO Doha Development Agenda, 2004 Final Compliance Report, University of Toronto G8 Research Group (Toronto), June 2004. Accessed: 20 May 2006.

www.g8.utoronto.ca/evaluations/2004seaisland_final/04_2004_seaisland_final.pdf

⁵³¹ Doha Work Programme: Ministerial Declaration, 18 December 2005. Accessed: 21 January 2006.

www.wto.org/english/thewto_e/minist_e/min05_e/final_text_e.htm

⁵³² Canada's Initial Negotiating Position on Agriculture, 19 August 1999. Accessed: 25 May 2006.

www.agr.gc.ca/itpd-dpci/english/consultations/negotiating.htm

Minister Jim Peterson.⁵³³ On 9 November 2005, following WTO discussions in Geneva, the same two ministers issued a statement in advance of the ministerial meeting in Hong Kong, confirming the Canadian government's desire for the quickest possible elimination of agriculture export subsidies.⁵³⁴ They made it clear that Canada is working aggressively to negotiate "fundamental change, real reform, not just modest improvements" in this round.⁵³⁵ As part of the Commonwealth meeting in Malta, which took place on 26 November 2005, Canadian officials again called for a WTO agreement on "the elimination of all forms of export subsidies by 2010."⁵³⁶

The new Conservative government has reiterated its support of this long-standing policy. At the 20 April 2006 meeting between U.S. Secretary of Agriculture Mike Johanns and the new Agriculture and Agri-Food Minister, Chuck Strahl, who is also the Minister for the Canadian Wheat Board, the parties discussed Canada's commitment to achieving a more level international playing field at the WTO agriculture negotiations through the elimination of export subsidies, substantial reduction of trade-distorting domestic support, as well as real and significant market access improvements.⁵³⁷

Canada has, however, faced pressure from the United States and the European Union (EU) for what they perceive to be unfair marketing practices. The US and the EU argue that the lack of transparency in the pricing and operating activities of state-trading enterprises like the Canadian Wheat Board (CWB) could be used to mask export subsidies and import tariffs.⁵³⁸ Consequently, at the WTO meeting in Hong Kong, the United States and the European Union accused, Canada, Australia, and New Zealand of unfair marketing practices. In particular, they criticized the practice of selling farm produce to a single marketing board, thus creating an unfair monopoly.⁵³⁹ Canadian officials publicly responded to these criticisms prior to the Hong Kong meeting. For example, in the statement issued by Mr. Mitchell and Mr. Peterson on 10 October 2005, the Ministers criticized the practice of selling farm produce to a single marketing board, thus creating what they consider an unfair monopoly. Canadian officials publicly responded to these criticisms prior to the Hong Kong meeting by explaining there is "no justification for further discipline on STEs such as the Canadian Wheat Board," which the Canadian government considers to be a fair and legitimate STE. According to the Canadian Wheat Board Chairperson, Mr. Ken Ritter, the Board is a "single desk that does not distort trade" and should not be a concern of negotiations.⁵⁴⁰

⁵³³ Canada Works with WTO Members to Advance Negotiations, US Fed News (Washington, DC), 10 October 2005. Accessed: 25 May 2006.

⁵³⁴ Ministers of International Trade, Agriculture and Agri-food Issue Statement in Advance of World Trade Organization Ministerial Meeting in Hong Kong, US Fed News (Washington, DC), 9 November 2005.

⁵³⁵ Lack of Progress at WTO Disappointing, CAFTA Says, Resource News International, 10 November 2005.

⁵³⁶ Status Quo not Good Enough; Commonwealth Leaders Send out a Clear Message to EU Ahead of Next month's WTO Talks, TODAY (Singapore), 28 November 2005.

⁵³⁷ bc-CCN-ON-AGR-PLT, The Canadian Press (Ottawa), 20 April 2006.

⁵³⁸ USDA Wheat Backgrounder., December 2005. Accessed: 25 May 2006.
www.ers.usda.gov/publications/whs/dec05/whs05K01/whs05K01.pdf

⁵³⁹ Quiet Desperation Reigns at Trade Talks, BBC News Online (London), 16 December 2005.

⁵⁴⁰ Canadian Wheat Board: Farmers to Determine Marketing System, Dow Jones Commodities Service (New York), 19 December 2005.

During the election campaign, Stephen Harper promised to do away with the CWB's monopoly, and let farmers choose whether to export their wheat through the CWB or independently. After coming to power, however, Federal Agriculture Minister Chuck Strahl made it clear that for this spring and until the WTO meeting in April, 2006, the CWB changes did not constitute a priority issue.⁵⁴¹ After the WTO meeting, Strahl stated that he did not have a timetable for implementing the Conservative Party's campaign promise to end formally the board's monopoly on wheat and barley sales, but he is open to making incremental changes to the board's powers.⁵⁴² Due to the remaining controversy regarding the CWB's monopoly, Canada receives only partial compliance with the letter of the Gleneagles commitment.

Analyst: Stanislav Orlov

2. France: -1

France has resisted compliance with the Gleneagles commitment to increase market openness, and to reduce domestic and export subsidies. The French government created substantial obstacles to the European Union's (EU) commitments to reduce agricultural subsidies, thereby delaying the process of liberalizing trade.

Moreover, the French government strongly opposes efforts to reduce agriculture subsidies by the EU. During talks in Geneva on 20 October 2005, French officials expressed the government's refusal to permit new cuts in European farm supports that were needed to advance global trade talks, creating serious obstacles to completing a blueprint for lower trade barriers around the world. The French stance put Peter Mandelson, the EU's chief trade negotiator, under intense pressure to find a way to open European farm markets after the United States offered to cut agricultural subsidies to restart the Doha round of WTO talks. French officials repeatedly caused problems for Mr. Mandelson, accusing him of overstepping his negotiating mandate and demanding that a supervisory committee oversee his negotiations.⁵⁴³ These actions drew strong rebuke from the U.S. trade representative Rob Portman, while Australian trade minister Mark Vaile also criticized the French stance, expressing concern that it would lead to the collapse of the trade talks.⁵⁴⁴

The French government also played a vital role in the EU's opposition to endorsing a 2010 date, proposed by the U.S. and Brazil, for ending farm export subsidies. This led to extending this date to 2013 as the deadline to end all farm export subsidies. While France welcomed this result, many say it fell short of expectations.⁵⁴⁵ For their part, French officials argued that the World

⁵⁴¹ Wheat Board Dismantling on Back Burner, Strahl says: Farm Leaders Meet Minister, Calgary Herald, 14 March 2006. Accessed: 25 May 2006.

⁵⁴² Wheat Board in Line for Revamp: Federal Agriculture Minister Open to Gradual Change, Calgary Herald, 20 May 2006. Accessed: 25 May 2006.

⁵⁴³ France Snubs EU's Trade Talks Plan, BBC News Online (London), 19 October 2005. Accessed: 25 May 2006. news.bbc.co.uk/2/hi/business/4358016.stm.

⁵⁴⁴ France Digs in Heels on Farm Subsidies, International Herald Tribune Business (Paris), 20 October 2005. Accessed: 25 May 2006. www.iht.com/articles/2005/10/20/business/wto.php.

⁵⁴⁵ Poor Nations Unite at Trade Talks, BBC News Online (London), 16 December 2005. Accessed: 25 May 2006. news.bbc.co.uk/2/hi/business/4533588.stm.

Trade Organization (WTO) proposals are counterproductive, and do not really serve the interests of the countries most in need.⁵⁴⁶

Since the end of the Hong Kong discussions, France has continued to create obstacles in the implementation of EU commitments. France, among others, has been accused of urging the EU to adopt a strong defensive position in the agricultural talks, while forcing developing countries to open their markets in industrial goods and services, which defeats the purpose of the Doha rounds' progress.⁵⁴⁷ The volatile political climate in France also creates uncertainty with regards to France's commitment to implement the resolutions of the Hong Kong talks. Mr. Chirac's government recently withdrew, in the face of student protests, a modest reform of labour law; this led critics to comment that such a show of political weakness bodes poorly for France's prospects of cutting agricultural subsidies in the face of threats of protests from its farmers.⁵⁴⁸

France's opposition to reducing agricultural subsidies also created problems in other areas of trade. This impasse between the EU and the U.S. negotiators over agriculture subsidies has prevented progress in negotiations to open up trade in manufactured goods and services.⁵⁴⁹

Analyst: Farzana Nawaz

3. Germany: +1

Germany has complied with the trade commitments made at Gleneagles.

In a renewed effort to fulfil the Doha Round mandate before its April 30th 2006 deadline, Germany, along with its EU partners and other members of the WTO, met in Hong Kong for a Ministerial Meeting. The Ministerial Declaration reaffirms the Doha Round commitments and stipulates an end to export subsidies in article 6: "we agree to ensure the parallel elimination of all forms of export subsidies and disciplines on all export measures with equivalent effect to be completed by the end of 2013."⁵⁵⁰ Members also agreed to reduce tariffs on non-agricultural products.⁵⁵¹

However, Germany, along with the other members of the WTO, failed to meet this April 30th deadline. Concerns over the nature of the trade commitments led to a trade negotiation deadlock in the Spring of 2006, and little progress was made to move forward with the Doha Round mandate. In his statement at the Ministerial Conference, Bernd Pfaffenbach, German State

⁵⁴⁶ WTO Negotiations., Financial Times (Paris), 18 November 2005. Accessed: 25 May 2006. www.diplomatie.gouv.fr/actu/bulletin.gb.asp?liste=20051121.gb.html.

⁵⁴⁷ Doha players at odds on development objectives, European Union Information Website, 21 March 2006. Accessed: 25 May 2006. www.euractiv.com/en/trade/doha-players-odds-development-objectives/article-153569.

⁵⁴⁸ Rescuing Trade, Washington Post Online (Washington), 30 April 2006. Accessed: 25 May, 2006. www.washingtonpost.com/wp-dyn/content/article/2006/04/29/AR2006042901186.html.

⁵⁴⁹ US Offers Access to Cotton Market, BBC News Online (London), 15 December 2005. Accessed: 25 May 2006. news.bbc.co.uk/2/hi/business/4530090.stm.

⁵⁵⁰ Ministerial Declaration, World Trade Organization, 18 December 2005, Accessed 25 May 2006 www.wto.org/english/thewto_e/minist_e/min05_e/final_text_e.htm.

⁵⁵¹ Statement by Dr Bernd Pfaffenbach, State Secretary, Federal Ministry of Economics and Technology to the WTO Ministerial Conference in Hong Kong, World Trade Organization, 14 January 2005. Accessed 25 May 2006. www.wto.org/english/thewto_e/minist_e/min05_e/min05_statements_e.htm.

Secretary for the Federal Ministry of Economics and Technology, highlighted these concerns. He cautioned that the Doha agenda cannot be reduced to agricultural reform, but required an equivalent and parallel opening of markets for industrial goods and services. Although he maintains that Doha should above all benefit least developed countries, he argues that the Round's most important contribution toward development can be achieved through progress on market access topics.⁵⁵²

Germany has made progress in the area of export subsidies by signing on to the WTO Ministerial Agreement, and therefore has complied with its Gleneagles trade commitment.

Analyst: Jelena Madunic

4. Italy : -1

Italy has not complied with its commitments on export subsidies. As a member of the European Union, Italy is a party to all trade negotiations undertaken by the EU. Yet, despite the efforts of the EU negotiators to find an acceptable framework for the reduction of subsidies, Italy has sought ways to continue to protect key commodities and sectors. Moreover, much of Italian domestic political discourse has been concerned with the Parliamentary electoral campaigns at the beginning of the year, and the difficulties of forming a stable coalition government after the 9-10 April 2006 general election.

WTO discussions on reaching an agreement for the removal of agricultural subsidies fell apart in April of this year.⁵⁵³ Negotiators from developing countries cited the EU and US demands that market-opening reforms be passed before agricultural subsidy reforms took place as the cause of the breakdown,⁵⁵⁴ while Pascal Lamy, Director-General of the WTO, has acknowledged a series of complex issues behind the deadlock.⁵⁵⁵ European Union trade commissioner Peter Mandelson echoed Lamy's comments by reaffirming that conclusion of the Doha Round (which includes negotiations on agricultural export subsidies) was his "paramount priority."⁵⁵⁶ Nevertheless, he stressed that any reduction in agricultural subsidies must come hand in hand with market access, a reiteration of European demands at earlier failed rounds.⁵⁵⁷ In a speech to the SAIIA in

⁵⁵² Statement by Dr Bernd Pfaffenbach, State Secretary, Federal Ministry of Economics and Technology to the WTO Ministerial Conference in Hong Kong, World Trade Organization, 14 January 2005. Accessed 25 May 2006.

www.wto.org/english/thewto_e/minist_e/min05_e/min05_statements_e.htm.

⁵⁵³ Can the trade talks be revived? BBC News (London), 27 April 2006. Accessed: 25 May 2006. news.bbc.co.uk/2/hi/business/4951588.stm.

⁵⁵⁴ Can the trade talks be revived? BBC News (London), 27 April 2006. Accessed: 25 May 2006. news.bbc.co.uk/2/hi/business/4951588.stm.

⁵⁵⁵ Lamy Calls for "Shared Sense of Urgency" in Trade Negotiations, World Trade Organization, (Geneva), 1 May 2006. Accessed: 25 May 2006. www.wto.org/english/news_e/news06_e/tnc_dg_stat_1may06_e.htm

⁵⁵⁶ Europe's Response to Globalisation: Where Does EU Trade Policy Go From Here? EUROPA (Brussels), 04 May 2006. Accessed: 25 May 2006.

europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/06/274&format=HTML&aged=0&language=EN&guiLanguage=en.

⁵⁵⁷ Europe's Response to Globalisation: Where Does EU Trade Policy Go From Here? EUROPA (Brussels), 04 May 2006. Accessed: 25 May 2006.

europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/06/274&format=HTML&aged=0&language=EN&guiLanguage=en.

Pretoria, South Africa, on 10 February 2006, Commissioner Mandelson noted that, although the Common Agricultural Policy was a source of great displeasure in the developing world, the European Union had already made significant reductions in the levels of subsidies and supports since the Uruguay Round.⁵⁵⁸ Such comments imply that, while the European Commission is committed to reform in export subsidies, it is unwilling to make further reductions without considerable concessions in market access restrictions.

Although the Italian government does not have the legal capacity to change European export subsidy programs, its own Ministry of Productive Activities (MINCOMES) has been active in promoting Italian industry abroad. The main focus of Italian trade policy, however, has been protective: anti-dumping measures, protection of domestic consumers, bolstering the textile sector against Chinese competition, and anti-piracy activities.⁵⁵⁹ The Ministry of Agricultural Policy, on the other hand, is actively pursuing a campaign for greater WTO recognition of “typically Italian products.”⁵⁶⁰ In effect, the Ministry’s new campaign would seek to grant Italian wines and cheeses the same status as French champagne, alleviating the need for recourse to export subsidies in the face of foreign competition. Nevertheless, official policy on subsidies and open trade in agricultural export markets may yet change drastically, as the new Italian Prime Minister Romano Prodi has only recently announced his cabinet.⁵⁶¹ As the Ministry of Agricultural Policy changes hands from Minister Alemanno to Minister De Castro, a greater emphasis on relaxation of subsidies at the European level may take priority.⁵⁶²

Therefore, due to Italy’s official intransigence on recognizing the need for greater reduction in export subsidies, Italy has earned a score of -1.

Analyst: Michael Erdman

5. Japan: 0

Since its commitment at Gleneagles in 2005 to begin eliminating export subsidies, Japan has made minimal effort in this issue-area. There was some progress at the World Trade Organization (WTO) Ministerial Meeting in Hong Kong in December, where a deadline of 2013

⁵⁵⁸ EU-Africa: Trade and Development. EUROPA (Brussels) 10 February 2006. Accessed: 25 May 2006. europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/06/81&format=HTML&aged=1&language=EN&guiLanguage=en.

⁵⁵⁹ Direzione Generale Per le Politiche di Internazionalizzazione. Presentazione dell’On. Aldofo Urso. Ministry of Productive Activities (Rome), 13 February 2006. Accessed: 25 May 2006. www.mincomes.it/circ_dm/circ2006/febbraio_06/com130206.htm.

⁵⁶⁰ WTO, Prodotti Tipici Italiani a Ginevra. Ministero delle Politiche Agricole e Forestali (Rome), 16 May 2006. Accessed: 25 May 2006. www.agricolturaitalianaonline.gov.it/index.php/contenuti/attualit/attualit_ministero/maggio_2006/wto_prodotti_tipi_ci_italiani_a_ginevra. www.politicheagricole.gov.it/Comunicazione/Comunicati/comunicato_720.htm/

⁵⁶¹ Il Governo Prodi ha Giurato “L’Italia Si Aspetta Molto,” La Repubblica,(Rome), 25 May 2006. Accessed: 25 May 2006. www.repubblica.it/2006/05/sezioni/politica/nuovo-governo-due-giuramento-governo/giuramento-governo.html.

⁵⁶² Passaggio di Consegne Alemanno-De Castro. Ministero Delle Politiche Agricole e Forestali (Rome), 17 May 2006. Accessed: 25 May 2006. www.agricolturaitalianaonline.gov.it/contenuti/attualit/news/maggio_2006/passaggio_di_consegne_alemanno_de_astro.

was agreed upon for the elimination of agricultural export subsidies.⁵⁶³ The WTO Ministerial agreement stated that duty-free, quota-free access would be “provided for all LDCs [least developed countries] on a ‘lasting basis’ by 2008 for at least 97 percent of all products.”⁵⁶⁴ This agreement allowed room for Japan to protect certain markets, including fish, leather goods, footwear, and rice.⁵⁶⁵ However, Toshihiro Nikai, the Japanese Minister of Trade, Economy and Industry, claimed that a “one village, one product” initiative would contribute to the Doha round of trade talks by helping developing countries sell their products in some Japanese airports.⁵⁶⁶

An April 30th deadline for agreeing on specific terms on eliminating export subsidies was set by WTO ministers in December.⁵⁶⁷ Those plans were later abandoned because “differences between major players in the negotiations remained too large,” according to Pascal Lamy, the director-general of the WTO.⁵⁶⁸

Taking the above factors into consideration, it is clear that Japan has only partially complied with its commitment made at the Gleneagles Summit.

Analyst: Kristin Eberth

6. Russia: 0

Russia has only partially complied with its commitments on export subsidies. As the only member in the Group of Eight not currently party to the World Trade Organization Agreements, Russia is generally on the margins of any global process in trade reform.⁵⁶⁹ Yet, despite Russia’s exclusion from the Doha Round and WTO discussions, the Russian government has been active in developing its export subsidy and promotion capabilities, while also moving toward reducing subsidies on a number of protected products and sectors.

In the Federal Budget of 22 February 2006, the Russian government reaffirmed its commitment to guarantee the credit of exporters, both on its own accord and through Roseximbank, the state export credit agency.⁵⁷⁰ The same document mentions the Russian government’s “support” for expansion of industrial product exports to foreign markets, although whether or not such actions

⁵⁶³ What Stymied the Hong Kong Talks? BBC News (London), 18 December 2005. Accessed: 25 May 2006. news.bbc.co.uk/1/hi/business/4540704.stm.

⁵⁶⁴ What Happened in Hong Kong? Oxfam Briefing Paper, Make Trade Fair, December 2005. Accessed: 25 May 2006. www.maketrade4fair.com/en/assets/english/hkbriefingpaper.doc.

⁵⁶⁵ What Happened in Hong Kong? Oxfam Briefing Paper, Make Trade Fair, December 2005. Accessed: 25 May 2006. www.maketrade4fair.com/en/assets/english/hkbriefingpaper.doc.

⁵⁶⁶ DAVOS-"One Village One Product" to Help Free Trade-Japan, Reuters, 30 January 2006.

⁵⁶⁷ WTO to Miss Key Trade-Deal Date, BBC News, 24 April 2006. Accessed: 25 May 2006. news.bbc.co.uk/2/hi/business/4940292.stm/.

⁵⁶⁸ WTO to Miss Key Trade-Deal Date, BBC News, 24 April 2006. Accessed: 25 May 2006. news.bbc.co.uk/2/hi/business/4940292.stm/.

⁵⁶⁹ Accession: Russian Federation, World Trade Organization (Geneva), October 2005. Accessed: 25 May 2006. www.wto.org/english/thewto_e/acc_e/a1_russie_e.htm.

⁵⁷⁰ Decree from 22 February 2006 Number 101 about measures for the realization of Federal law “About the 2006 Federal Budget,” Ministry of Agricultural Production (Moscow), 22 February 2006. Accessed: 25 May 2006. www.mcx.ru/index.html?he_id=802&doc_id=8198.

entail fiduciary support is unclear.⁵⁷¹ On a positive note, the Russian Federation has decided to consider seriously the reform of its agricultural trade policy, lowering tariffs on cheese, and scheduling a decision on dismantling export quotas for agricultural quotas at the next meeting of a joint committee between the Ministries of Economic Development and Agricultural Production.⁵⁷²

In a speech to the World Trade Organization on 26 April 2006, Director of the Department for Trade Negotiations for the Ministry of Economic Development, Maksim Medvedkov, noted that this year the Russian Federation's budget for agricultural subsidies would total US\$9 billion, supplemented by a further US\$3.5 billion for distribution by the regional governments.⁵⁷³ Director Medvedkov, however, was quick to point out that the existing level of subsidies is 30 times less than it was between 1987 and 1989 but the volume of production for this period has doubled.⁵⁷⁴ Russia's export subsidy programs, however, may be of little global importance. The World Bank has suggested that the Russian Federation, along with the other economies of the Former Soviet Union, would receive large benefits from the reform of protectionist agricultural policies in *developed* nations rather than in their own economies.⁵⁷⁵

Therefore, given its long-term progress in reducing export subsidies and its current inability to partake in international negotiations on subsidy reform, the Russian Federation has been awarded a score of 0.

Analyst: Michael Erdman

7. United Kingdom: +1

The United Kingdom (UK) has registered full compliance with its commitment to reduce export subsidies since the Gleneagles Summit in 2005. Despite a lack of significant progress at the WTO Ministerial Meeting in Hong Kong, the UK has pushed for the elimination of export subsidies and has publicly sought to encourage the negotiation process. Prime Minister Tony Blair stated that he was “determined that the UK will play its full part in driving this progress forward. That includes, of course, winning a fair deal on trade for the developing world — which

⁵⁷¹ Decree from 22 February 2006 Number 101 about measures for the realization of Federal law “About the 2006 Federal Budget,” Ministry of Agricultural Production (Moscow), 22 February 2006. Accessed: 25 May 2006. www.mcx.ru/index.html?he_id=802&doc_id=8198.

⁵⁷² About the report of the working group on trade in agro-industrial fishery goods and the inter-departmental fact-finding commission on international trade and customs-tariff policy. Ministry of Agricultural Production (Moscow), 12 April 2006. Accessed: 25 May 2006. www.mcx.ru/index.html?he_id=860&doc_id=8823.

⁵⁷³ Director of the Department for Trade Negotiations for the Ministry of Economic Development Maksim Medvedov: Annual Growth in Agriculture in Russia after accession to the WTO will be 7-9%, Ministry of Economic Development (Moscow), 26 April 2006. Accessed: 25 May 2006. [www.exportsupport.ru/BNEWS.GET\\$BNEWS?n\\$mode=3&n\\$cid=214893](http://www.exportsupport.ru/BNEWS.GET$BNEWS?n$mode=3&n$cid=214893).

⁵⁷⁴ Director of the Department for Trade Negotiations for the Ministry of Economic Development Maksim Medvedov: Annual Growth in Agriculture in Russia after accession to the WTO will be 7-9%, Ministry of Economic Development (Moscow), 26 April 2006. Accessed: 25 May 2006. [www.exportsupport.ru/BNEWS.GET\\$BNEWS?n\\$mode=3&n\\$cid=214893](http://www.exportsupport.ru/BNEWS.GET$BNEWS?n$mode=3&n$cid=214893).

⁵⁷⁵ From Disintegration to Reintegration: Eastern Europe and the Former Soviet Union in International Trade, World Bank (Washington), February 2006. Accessed: 25 May 2006. siteresources.worldbank.org/INTECA/Resources/tradereport-ch8.pdf/.

is vital to tackle global poverty.”⁵⁷⁶ In February, Blair called for a new push on trade discussions, and Trade and Industry Minister Allan Johnson was optimistic about the possibility of a trade deal.⁵⁷⁷

However, some critics claim that the UK has not done enough to influence the European Union (EU). In March, *The Independent* criticized the UK for allowing the EU to “set an agenda that would open precarious manufacturing and service sectors in developing countries to an onslaught of European and US competition.”⁵⁷⁸ International Development Secretary Hilary Benn denied such claims, stating that, “Britain is one voice within the EU and we’re using it loud and clear to push for change, but it’s simply not true to say that somehow the lack of progress is down to a lack of effort on Britain’s part, because that isn’t the case.”⁵⁷⁹

Regarding the WTO meeting, Chancellor of the Exchequer Gordon Brown admitted at the World Economic Forum in January that trade negotiations had failed.⁵⁸⁰ He encouraged the EU and the US to reinvigorate negotiations with a new proposal.⁵⁸¹ The EU has been criticized for being an obstacle in trade talks. According to Andrew Mitchell, the British Shadow International Development Secretary, “the EU’s unwillingness to reform agriculture and abandon protectionism is the roadblock to a deal at the WTO.”⁵⁸² Pascal Lamy, the director-general of the WTO, also stated that the EU held the key to the outcome of the Doha round.⁵⁸³ However, both the UK and Brazil have begun attempts to make progress on trade talks by encouraging the main parties to make further concessions.⁵⁸⁴

For its role in promoting the advancement of trade negotiations leading to the elimination of export subsidies, Britain has earned a score of +1.

Analyst: Kristin Eberth

8. United States: 0

Since the Gleneagles G8 Summit, the United States (US) government has partially complied with its commitment regarding export subsidies by extending concessions in trade of agricultural goods: including the provision of broader market access, and the elimination of some export subsidies. At the Hong Kong meeting of the World Trade Organization (WTO), American officials participated in a number of discussions regarding greater concessions for developing

⁵⁷⁶ Make Trade Fair, The Voice (UK), 20 February 2006. Accessed: 25 May 2006. www.voice-online.co.uk/content.php?show=8539.

⁵⁷⁷ New Bid for Trade Breakthrough as Blair Warns of ‘Critical Stage,’ Business Day (South Africa), 13 February 2006. Accessed: 25 May 2006.

⁵⁷⁸ What Blair still needs to do for Africa, *The Independent*, 10 March 2006. Accessed: 25 May 2006. comment.independent.co.uk/commentators/article350343.ece.

⁵⁷⁹ Government Denies Failing on Poverty Reform, Press Association Newswire, 11 March 2006.

⁵⁸⁰ Brown Defends Progress on Poverty, BBC News, 28 January 2006. Accessed: 25 May 2006. news.bbc.co.uk/2/hi/uk_news/4657034.stm.

⁵⁸¹ Brown Defends Progress on Poverty, BBC News, 28 January 2006. Accessed: 25 May 2006. news.bbc.co.uk/2/hi/uk_news/4657034.stm.

⁵⁸² Government Denies Failing on Poverty Reform, Press Association Newswire, 11 March 2006.

⁵⁸³ Trade Talks on Song as EU’s Mandelson Changes Tune, Australian Financial Review, 11 March 2006.

⁵⁸⁴ Africa: Promises, Pain and Progress, *The Independent*, 10 March 2006.

countries. The US government, however, has been less successful in fulfilling its commitment regarding manufactured goods and services.

US negotiators took substantial measures to end subsidies in agricultural goods at the Hong Kong meeting of the WTO. They supported a measure to end all export subsidies to farmers by 2010, a position which was rejected by EU officials resulting in an end date of 2013.⁵⁸⁵ This demonstrates a real commitment on the part of US officials to end export subsidies in agriculture by a credible end date. The US government has also urged the EU to go further in cutting food import tariffs.⁵⁸⁶

The American offer of duty-free access to the US cotton market for West African states may be the country's biggest trade concession. Under this agreement, free market access would be provided for 97% of all goods from the poorest nations by 2008.⁵⁸⁷ The US also agreed to end all export subsidies on cotton by 2006, although this is not a mandatory commitment.⁵⁸⁸ Since the Hong Kong meeting, the US government has taken significant steps to implement its promise—in February 2006, the U.S. Congress approved a bill to eliminate major subsidies to the cotton industry. This step fulfils the commitment made at Hong Kong about cotton subsidies.⁵⁸⁹

In May 2006 the US concluded a bilateral market access agreement with Vietnam, which will lower trade barriers to a wide range of agricultural and industrial products and services and help clear the way for Vietnam's accession to the WTO.⁵⁹⁰ While this agreement mainly helps US industrial and agricultural products, and removes non-tariff barriers currently faced by US service providers, this can be seen as facilitating U.S. commitment of liberalizing trade in general.

In spite of these concessions, some US representatives continue to obstruct efforts to lower barriers to textile imports for some less developed countries. US Trade Representative Rob Portman indicated that his government was not yet willing to allow textile producers in countries like Bangladesh full access to the US market; such concession would only come as part of an overall trade package.⁵⁹¹ For the same reason, US officials have expressed some concern with "Trade for Aid," which aims to provide funding for less developed countries to help them improve trade infrastructure, and to compensate them for losses from free trade. American

⁵⁸⁵WTO Negotiators OK Deal to Eliminate Farm Subsidies, USA Today (New York), 18 December 2005. Accessed: 25 May 2006. www.usatoday.com/news/world/2005-12-18-wto-deal_x.htm?POE=NEWISVA.

⁵⁸⁶ US Offers Access to Cotton Market, BBC News (London), 15 December 2005. Accessed: 25 May 2006. news.bbc.co.uk/2/hi/business/4530090.stm.

⁵⁸⁷ WTO Seals Farms Deal Among Protests, CNN, 18 December, 2005. Accessed: 25 May 2006. www.cnn.com/2005/BUSINESS/12/18/wto.deal/.

⁵⁸⁸ Winners and Losers in Hong Kong, BBC News (London), 19 December 2005. Accessed: 25 May 2006. news.bbc.co.uk/2/hi/business/4542152.stm.

⁵⁸⁹ U.S. Congress Scraps Cotton Subsidy, BBC News (London), 02 February 2006. Accessed: 25 May 2006. news.bbc.co.uk/2/hi/americas/4672786.stm.

⁵⁹⁰ United States, Vietnam Conclude in Principle Bilateral WTO Accession Agreement on Market Access, Office of the United States Trade Representative (Washington), 14 May 2006. Accessed: 25 May 2006

⁵⁹¹ US Offers Access to Cotton Market, BBC News (London), 15 December 2005. Accessed: 25 May 2006. news.bbc.co.uk/2/hi/business/4530090.stm.

officials have, however, signalled a willingness to accept the package in principle, and have announced an increase in America's "Trade for Aid" package.⁵⁹²

The concessions themselves have also faced criticism. While ending export subsidies in cotton is seen as a big step, some have argued that this measure is not a concession by the US, but simply a response to a WTO cotton panel ruling. Some also suggest this concession falls short of the WTO ruling.⁵⁹³ This impasse between EU and US negotiators has also inhibited progress on issues relating to trade in manufactured goods and services.⁵⁹⁴

The US government has been, therefore, less successful with regards to liberalizing trade in services and manufactured goods at Hong Kong; only commitments for further negotiations were secured. A commitment was made to intensify market access negotiations to achieve higher levels of liberalization in key service sectors, such as financial services, telecommunications, and computer services with several deadlines established for further rounds of negotiations on these issue areas.⁵⁹⁵

While the US has been unable to show concrete results in liberalizing trade in services and goods, it has made some efforts to generate progress in these areas in terms of lobbying. Since the completion of the Hong Kong meetings, the US has been urging other members of the WTO to fulfill their commitments — while US Trade Representative Rob Portman has been pressing the EU and other wealthy countries to embrace deep cuts in agricultural tariffs, he has also been urging emerging economies to accept significant reductions in industrial tariffs, and to open their markets to services.⁵⁹⁶ On February 28 2006, the US joined other countries in an attempt to jumpstart the services negotiation of the Doha round; however, the outcome of these negotiations is not yet clear.⁵⁹⁷

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9. European Union: 0

Despite making some progress on the issue of trade and export subsidies at the December WTO Hong Kong Ministerial Meeting, the EU has failed to meet the subsequent Doha Round deadline, and has therefore registered a partial level of compliance with its Gleneagles commitment.

⁵⁹² "Trade Talks: Key Issues", BBC News Online, 15 December, 2005. Accessed: 25 May, 2006 news.bbc.co.uk/2/hi/business/4531776.stm.

⁵⁹³ "What Happened in Hong Kong, Make Trade Fair (New York), 18 December 2005. Accessed: 25 May 2006. www.maketradefair.com/en/index.php?file=wto_latest.htm&cat=2&subcat=1&select=2.

⁵⁹⁴ "US Offers Access to Cotton Market, BBC News (London), 15 December 2005. Accessed: 25 May 2006. news.bbc.co.uk/2/hi/business/4530090.stm.

⁵⁹⁵ "Office of the U.S. Trade Representative Fact Sheet: Update from Hong Kong, Department of State (Washington, DC), 18 December 2005. Accessed: 25 May 2006. www.state.gov/e/eb/rls/fs/58243.htm.

⁵⁹⁶ "Few Weeks Remain for Success in WTO Negotiations, Official Says — USTR's Portman in Geneva reiterates need for better offers to cut tariffs, U.S. Department of State Press Release, 03 May 2006.

⁵⁹⁷ "Services Liberalization Promotes Development — United States Joins Effort to Jumpstart Services Negotiations in Doha Round, Office of the United States Trade Representative (Washington), March 2006. Accessed: 25 May 2006. www.ustr.gov/assets/Document_Library/Fact_Sheets/2006/asset_upload_file532_9104.pdf?ht=

At the December 2005 Ministerial Meeting in Hong Kong, the EU declared that it would eliminate agricultural export subsidies by the year 2013, and made significant commitments in issues of trade and agriculture. Peter Mandelson, the EU Trade Commissioner, called the Hong Kong Ministerial Conference of December 2005 “a genuine advance for the agriculture negotiation and for the development goals of the Doha Round.”⁵⁹⁸

However, a final trade deal which was due to be signed at the meeting was postponed after agreement could not be reached. An April 30th deadline was set for outline proposals, but was missed, as talks stalled over demands from the EU and US for market-opening concessions by poor countries. Facing increasing protectionist pressures at home, the EU has been reluctant to make concessions to poor countries on agriculture without reciprocal concessions on industrial goods and services. Mandelson called on developing nations to improve their offers on non-agricultural industries, stating that "failing this, the round (of trade talks) [would] not succeed."⁵⁹⁹

Some progress was made in January when Mandelson, meeting with other trade officials for the World Economic Forum in Davos, agreed to a new framework for achieving a trade agreement this year. The "work programme" outlines a precise timetable for 33 contentious subjects from agriculture to aid for trade. It proposed deadlines to abolish all subsidies for cotton exports by developed countries by 2006, established a framework for a deal on market access of manufactured goods by end of April, and set up an October 2006 deadline to deliver a draft agreement on the service sector. However, Mr. Mandelson spoke of a lack of movement on agricultural tariffs, and warned a trade deal would be achievable only if everybody were to gain from it.⁶⁰⁰

Mandelson was also notably absent from the meeting of WTO trade ministers in Geneva in early May. Explaining his absence, Mandelson expressed concerns over the US’ willingness to match EU commitments regarding agriculture, stating that "the EU is prepared to give a lot but it can't keep giving and getting nothing in return."⁶⁰¹

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⁵⁹⁸ EU Move on Export Subsidies takes Doha Round Forwards, European Commission (Brussels) 18 December 2005. Accessed: 25 May 2006, trade.ec.europa.eu/doclib/docs/2005/december/tradoc_126623.pdf.

⁵⁹⁹ No breakthrough After Trade Talks, BBC News International Edition (London), 23 February 2006. Accessed: 25 May 2006. news.bbc.co.uk/2/hi/business/4742234.stm .

⁶⁰⁰ New Deadline for Trade. BBC News International Edition (London), 28 January 2006. Accessed: 25 May 2006. news.bbc.co.uk/2/hi/business/4657136.stm .

⁶⁰¹ Lamy Calls for Trade Deal Revival, BBC New International Edition (London), 1 May 2006, Accessed: 25 May 2006. news.bbc.co.uk/2/hi/business/4962046.stm .