

Trade: Least Developed Countries

Commitment:

“We also committed to address products of interest to Least Developed Countries in the negotiations, and to ensure Least Developed Countries have the flexibility to decide their own economic strategies.”

-Chairman’s Summary (final press conference)⁶⁰²

Background:

At the Doha Ministerial Conference in November 2001, participants implemented the Doha Declaration, which reconfirmed the objective of the WTO Agreement to establish a fair and market oriented trading system by preventing restrictions and distortions in world agricultural markets. 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). The G8 countries nonetheless understand the importance of assisting developing countries in their endeavour to create viable economic growth and to alleviate poverty. To this end, they have made the commitment to put the talks back on track and resume negotiations to meet extended deadlines — namely completion by the end of 2006. The minor agreements reached at the 2005 Hong Kong Ministerial were a step in this direction.

Specifically, the agreements reached in Hong Kong following the G8 Summit in Gleneagles includes a commitment to “[provide] duty-free and quota-free market access on a lasting basis, for all products originating from all LDCs by 2008 or no later than the start of the implementation period in a manner that ensures stability, security and predictability.”⁶⁰³ Participants also agreed that, “[members] facing difficulties at this time to provide market access as set out above shall provide duty-free and quota-free market access for at least 97 per cent of products originating from LDCs, defined at the tariff line level, by 2008 or no later than the start of the implementation period.”⁶⁰⁴

The G8 countries commitment to assist the Least Developed Countries (LDC) made during the Gleneagles Summit is both a precursor to and a further example of this goal. It is also part of the Framework developed in August of 2004 to help get the Doha Development Agenda (DDA) back on track. Negotiated primarily by the US, EU, Australia (from the Cairns Group), Brazil (from the G20) and India, the package 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;

⁶⁰² Chairman’s Summary, G8 Gleneagles Summit (Gleneagles), July 2005. Accessed: 12 January 2006. www.g8.utoronto.ca/summit/2005gleneagles/summary.html.

⁶⁰³ Doha work programme, Ministerial Declaration, Annex F, LDC Agreement-specific proposals, 22 December 2005. Accessed: 3 June 2006. www.wto.int/english/thewto_e/minist_e/min05_e/final_text_e.doc

⁶⁰⁴ Doha work programme, Ministerial Declaration, Annex F, LDC Agreement-specific proposals, 22 December 2005. Accessed: 3 June 2006. www.wto.int/english/thewto_e/minist_e/min05_e/final_text_e.doc

wealthy countries agreed to a ‘down payment’ on this deal in the form of a 20% reduction in total current agricultural subsidies at the beginning of the implementation period for the Round; LDCs (including 34 in Africa, of which 25 are WTO members) 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.⁶⁰⁵

Team Leader: Jonathan Scotland

Assessment:

	Lack of Compliance -1	Work in Progress 0	Full Compliance +1
Canada			+1
France		0	
Germany		0	
Italy		0	
Japan			+1
Russia	-1		
United Kingdom			+1
United States			+1
European Union			+1
Overall			0.33

Individual Country Compliance Breakdown:

1. Canada: +1

Canada is on its way to achieving compliance with its goal of ensuring that Least Developed Countries (LDCs) have the flexibility to pursue their own economic policies.

In 2003 Canada expanded its LDC Market Access Initiative, which opened the Canadian market to goods from 48 LDC states.⁶⁰⁶ In other words, prior to Gleneagles had already liberalized the rules of origin and granted duty-free preferential treatment amounted to 99% to LDC products.⁶⁰⁷ Once quotas are reached, the exceptions are on dairy, poultry, and eggs. In addition to its LDC Market Access Initiative (LDC-MAI), Canada is a member of the Doha Development Agenda’s Global Trust Fund, the Integrated Framework, the Standards and Trade Development

⁶⁰⁵ WTO July 2004 Package of Framework Agreements, Global Issues. Accessed: 12 January 2006.
www.globalissues.org/TradeRelated/FreeTrade/July2004Package.asp

⁶⁰⁶ Development and Trade, International Trade Canada (Ottawa). Accessed: 6 December 2005.
www.dfaitmaeci.gc.ca/tna-nac/ldc_back-en.asp

⁶⁰⁷ Development and Trade, International Trade Canada (Ottawa). Accessed: 6 December 2005.
www.dfaitmaeci.gc.ca/tna-nac/ldc_back-en.asp

Facility, and the International Trade Centre, all multilateral programs designed to assist the LDC's.⁶⁰⁸

In July of 2005 the Ministry of Foreign Affairs published "Agenda 2006: A Progress Report 2004-2005" in which it stated that due to the LDC-MAI, Canadian imports of goods from LDCs have increased at an average annual rate of 32.5%.⁶⁰⁹ Many have critiqued that this is in fact a miniscule gain since it is compared to import levels from LDCs in 2002 which were less than one thousandth, 0.1%, of total Canadian imports.⁶¹⁰

Publicly, the Canadian government continues to be an advocate of assisting LDC trade and development. In his address to the UN Summit in September, former Prime Minister Paul Martin remarked, "How can we talk about development as we chase poor farmers from their land because of their inability to compete on their own agricultural export markets, which are over subsidized by rich countries?"⁶¹¹ Critics are quick to charge that despite this dialogue the Canadian government has been slow to follow its statements with concrete actions. The 2006 Budget also allocated up to \$320 million for different international programs to alleviate poverty, fight against polio, tuberculosis, malaria, and provide assistance to cope with natural disasters.⁶¹²

Though Canada remains committed to the goal of ensuring that Least Developed Countries (LDCs) have the flexibility to pursue their own economic policies, a lack of post Gleneagles LDC initiatives limits its compliance score.

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2. France: 0

France has yet to achieve significant compliance with its Gleneagles goal of ensuring that the Least Developed Countries (LDCs) have the flexibility to pursue their own economic policies.

France's primary involvement to date has been through the EU initiatives at the Hong Kong Ministerial and its representation at the Doha round negotiations. In the past, France has taken significant steps, such as the International Conference on Financing for Development, held in Monterrey in 2002, where France proved it was eager to promote developmental funding through its actions with Great Britain to create an "International Finance Facility" and promote public

⁶⁰⁸ Development and Society, International Trade Canada, September 22, 2005. Accessed: June 1, 2006. www.dfait-maeci.gc.ca/tna-nac/DS/wto-trade-dev-en.asp

⁶⁰⁹ Agenda 2006: A Progress Report 2004 — 2005, Foreign Affairs Canada (Ottawa). Accessed: 9 December 2006. www.international.gc.ca/sustain/SustainDev/agenda2006-annual-report-en.asp

⁶¹⁰ Development and Trade, International Trade Canada (Ottawa). Accessed: 6 December 2006. www.dfaitmaeci.gc.ca/tna-nac/ldc_back-en.asp

⁶¹¹ Canada calls for action to further UN reform, Xinhua General News Service (Beijing), 16 September 2005. Accessed: 6 December 2006. www.china.org.cn/english/features/UN/142511.htm

⁶¹² Budget 2006: International Assistance, 2 May 2006. Accessed: 2 June 2006. www.fin.gc.ca/budget06/bp/bpc3de.htm#assistance

private partnerships.⁶¹³ It also confirmed its objectives through a pledge to increase its ODA to 0.5% of gross national income (GNI) and to 0.7% by 2012.⁶¹⁴

On 13 December 2005. Christine Lagarde reaffirmed France's intention to seek in Hong Kong measures for developing countries. "The poorest countries are expecting a message from us in Hong Kong. France is fully behind the Commission's goal which is to achieve during the conference, an ambitious and concrete package of development measures."⁶¹⁵ It should be noted, however, that France heavily criticized the reduction in EU farm tariffs by 38.9% as being too high, up from the previously proposed 24% cut.⁶¹⁶

The French Minister of Trade stated in April 2006:

80% of agricultural exports from the least developed countries are taken in by the European market. Europe buys more agricultural products from the least developed countries than all OECD countries, including United States, Canada, Japan, Australia and New Zealand, despite the fact that Europe only represents a market of 450 million consumers. And we do so without customs tariffs thanks to the Everything But Arms initiative.⁶¹⁷

In keeping with this statement, France earmarked some €100 million as part of the "Euro-African partnership on cotton"⁶¹⁸

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3. Germany: 0

Germany registered an incomplete level of compliance with Gleneagles' commitment to foster stronger economic growth, through trade, in LDCs.

Germany has taken a strong lead in helping LDCs develop their own economic strategies. For example, Trade Africa, supported by German official development assistance (ODA) of €332 000 in 2004-2005, is a training program which gives promoters, coordinators of local economic

⁶¹³ France (2004) DAC Peer Review: Main Findings and Recommendations, OECD (Paris), 2004. Accessed: 2 January 2006. www.oecd.org/findDocument/0,2350,en_2649_34603_1_1_1_1_1,00.html.

⁶¹⁴ France (2004) DAC Peer Review: Main Findings and Recommendations, OECD (Paris), 2004. Accessed: 2 January 2006. www.oecd.org/findDocument/0,2350,en_2649_34603_1_1_1_1_1,00.html.

⁶¹⁵ WTO Ministerial Conference Communique Issued by The Ministry for the Economy, Finance and Industry Minister Delegate for Foreign Trade (Paris), 13 December 2005. Accessed: 2 January 2006. www.diplomatie.gouv.fr/actu/bulletin.gb.asp?liste=20051214.gb.html&submit.x=5&submit.y=3#Chapitre3.

⁶¹⁶ Expectations Low as Hong Kong Ministerial Gets Underway, ICTSD (Geneva), 13 December 2005. Accessed: December 23, 2005. www.ictsd.org/ministerial/hongkong/wto_daily/.

⁶¹⁷ Statements by French Trade Minister, April 6, 2006. Accessed: June 1, 2006. www.ambafrance-us.org/news/statmnts/2006/lagarde_CSIS040706.asp

⁶¹⁸ World trade negotiations, April 2006. Accessed: June 2, 2006. www.ambafrance-se.org/article.php3?id_article=911.

promotion initiatives, small and medium-scale enterprises as well as junior export professionals practical know-how in export marketing.⁶¹⁹

Trade-Related Technical Assistance and Capacity Building (TRTA/CB), financed for the most part by the German Federal Ministry for Economic Cooperation and Development (BMZ), is delivered on demand to developing countries mainly as part of bilateral activities in the field of “economic development and employment,” one of the priority areas of Germany’s ODA but also as part of activities in the fields of “Agriculture” and “Institution Building.” Germany emphasizes the importance of embedding developing countries’ trade policies in comprehensive national development and poverty reduction strategies. German Trade-Related Technical Assistance and Capacity Building’s longer-term aim is to reduce poverty by integrating developing countries into the global economy, enabling the latter to fully benefit from the advantages of globalization, while being able to respond to its risks effectively.

The German government repeatedly voiced its support for developments at the Hong Kong Ministerial in December 2005. German Development Minister Heidemarie Wieczorek-Zeul said the results of the conference — which included an agreement to end EU agricultural export subsidies by 2013 and grant all LDCs duty-free and quota-free access to developed country markets no later than 2008 — will lead to “fairer trade relations.”⁶²⁰ Minister Wieczorek-Zeul was adamant, however, that the agreements reached at the Ministerial were merely first steps and that further action is needed to ensure even “fairer trade relations and justice in globalization.”⁶²¹

A report monitoring progress of the millennium goals stated that: “Almost all exports from the least developed countries face duty and tariff-free access to the European Union market. While there are only a few exceptions to this free market access, three products that are important agricultural products for poor countries — sugar, rice and bananas — were excluded in order to appease vested interests in the EU. In addition, strict rules still make it difficult for goods from poor countries to gain access to the EU market. In the textiles sector, for example, rules of origin prevent poor countries that import fabric to produce clothing from exporting this clothing to the EU.”⁶²²

Thus, while Germany continues to attempt to implement its commitments with respect to trade with the LDCs, there are still many challenges and measures that must be taken before they can be said to be in compliance.

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⁶¹⁹ Trade Africa 2004 und 2005: Intra-Regional Export Promotion, World Trade Organization (Geneva), 1 January 2004. Accessed: 30 December 2005. tcdb.wto.org/trta_project.asp?prjcd=22032&ctry.

⁶²⁰ Improvement in Fair Trade Chances for Developing Countries, German Embassy (Washington, DC), 21 December 2005. Accessed: 31 December 2005. www.germanyinfo.org/relaunch/business/new/bus_HK_WTO_12_2005.html

⁶²¹ Declaration by Federal Development Minister Heidemarie Wieczorek-Zeul regarding the outcome of the WTO Ministerial Conference in Hong Kong on 18 December 2005, Federal Ministry for Economic Cooperation and Development (Germany), 18 December 2005. Accessed: 2 January 2005. www.bmz.de/en/press/pm/presse_20051220_1.html

⁶²² Millennium Campaign — Goals and Germany. UN. Accessed: 18 May 2006. www.millenniumcampaign.org/site/pp.asp?c=grKVL2NLE&b=1334487#trade

4. Italy: 0

Italy demonstrated moderate support for its commitments made in Gleneagles to ensure Least Developed Countries have the flexibility to decide their own economic strategies.

Italy's primary contribution consists of a €1,000,000 donation bestowed for WTO technical assistance for the year of 2005. The donation will be split between the Doha Development Agenda Global Trust Fund, as well as the Integrated Framework (IF) and Trade Development Facility (STDF). The decision to donate funds to these three bodies reaffirms Italy's support for LDCs "to participate fully in the world trading system and in the current trade negotiations."⁶²³ The Doha Fund, for instance, aims to improve the participation of LDCs in WTO negotiations. Similarly, the IF is key for the enhancement strategies regarding LDCs economic growth and poverty reduction, and the STDF aids developing countries to ensure their goods meet international sanitary and phytosanitary standards.⁶²⁴

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5. Japan: +1

Japan demonstrated a high level of compliance with its G8 commitment to address products of interest to Least Developed Countries (LDCs) and to ensure that LDCs have the flexibility to decide their own economic strategies.

In February 2006, Japan initiated its One Village, One Product (OVOP) part of the "Development Initiative for Trade" initiative which was announced during the 2005 Hong Kong Ministerial.⁶²⁵

With regards to the Doha Declaration and the current round of WTO negotiations, Japan has committed to comprehensive participation. In an attempt to build momentum for the WTO negotiations in Hong Kong in December 2005, the Japanese government agreed to provide US\$10 billion in trade-related aid to LDCs over three years. In an aid package that was presented to the WTO, the Japanese government also committed to provide duty-free and quota-free market access for "essentially all products" originating from LDCs.⁶²⁶ Increasing market access to LDCs was part of the commitment made in the Doha Declaration and continues to be negotiated with a conclusion expected in 2006. As of December 2005, the number of LDC products Japan provided duty-free preferential treatment amounted to 86%. This package was

⁶²³ The Government of Italy Donates 1,000,000 euros to WTO technical Assistance for the year 2005, WTO Press Releases (Geneva), 16 September 2005. Accessed: 2 January 2006. www.wto.org/english/news_e/pres05_e/pr416_e.htm.

⁶²⁴ The Government of Italy Donates 1,000,000 euros to WTO technical Assistance for the year 2005, WTO Press Releases (Geneva), 16 September 2005. Accessed: 2 January 2006. www.wto.org/english/news_e/pres05_e/pr416_e.htm.

⁶²⁵ One Village, One Product Campaign, Ministry of Economy, Trade and Industry, February 2006. Accessed: June 1, 2006. www.meti.go.jp/english/information/data/OVOP.html and Japan goes shopping at the village stall, Asia Times (Tokyo), May 24, 2006. Accessed: June 1, 2006. www.atimes.com/atimes/Japan/HC24Dh03.html

⁶²⁶ Japan Unveils Aid Package Ahead of WTO, Reuters (London), 11 December 2005. Accessed: 1 January 2006. www.un.org/special-rep/ohrls/Hongkong/News/11%20Dec%20-%20202.htm.

part of a previous commitment made in July in Gleneagles, Scotland for US\$10 billion in overseas aid over the next five years.⁶²⁷

Japan's aid package also outlined Japan's emphasis on soft loans, grant aid, and technical assistance to improve trade. Further, Japan committed to exchange a total of ten thousand trainees and experts in the fields of trade, production and distribution infrastructure.⁶²⁸

In April 2005, at the Asia-Africa Business Summit, Japan sought a conclusion of a free trade agreement with neighbouring Asian countries and committed to a comprehensive economic partnership for Africa. At this summit, the Prime Minister of Japan announced that his government will provide as much assistance as possible to develop human resources in an attempt to further facilitate trade and investment between Asia and Africa.⁶²⁹ They have done this with their recent aid package presented in Hong Kong.

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6. Russia: -1

Russia failed to meet Gleneagles' LDC trade commitments. Speaking as an observer at the Hong Kong Ministerial, the Russian federation trade representative, Mr. Maxim Medvedkov, stated Russia's support of "efforts of all parties of multilateral trade talks aimed at achieving substantive agreements within the Doha Development Round."⁶³⁰ Furthermore, he stated its support of a "balanced, and evolutionary approach to trade liberalization."⁶³¹ They are working towards having Russia become a member of the WTO and that as Chair of the G8 from 1 January 2006, they will do their "best to promote ambitious and balanced results of the Doha Round."⁶³² While they have concluded bilateral negotiations, they are currently focused on finalizing the Working Party Report. The Russian Federation emphasizes that they will only "undertake commitments which reflect the specific character and the actual level of development of its economy."⁶³³

⁶²⁷ Japan Unveils Aid Package Ahead of WTO, Reuters (London), 11 December 2005. Accessed: 1 January 2006. www.un.org/special-rep/ohrlls/Hongkong/News/11%20Dec%20-%202.htm.

⁶²⁸ US, Japan Promise More Aid to Least Developed Countries, Xinhua (Beijing), 14 December 2005. Accessed: 1 January 2006. www.un.org/special-rep/ohrlls/Hongkong/News/14%20Dec%20-%201.htm

⁶²⁹ Keynote Speech by Junichiro Koizumi, Prime Minister of Japan on the Occasion of the Asia-Africa Business Summit, Prime Minister of Japan (Tokyo), 22 April 2005. Accessed: 2 January 2006. www.kantei.go.jp/foreign/koizumispeech/2005/04/22keynote_e.html.

⁶³⁰ Statement by Mr Maxim Medvedkov, WTO Hong Kong Ministerial Conference (Hong Kong), 17 December 2005. Accessed: 3 January 2006. www.wto.org/english/thewto_e/minist_e/min05_e/min05_statements_e.htm

⁶³¹ Statement by Mr Maxim Medvedkov, WTO Hong Kong Ministerial Conference (Hong Kong), 17 December 2005. Accessed: 3 January 2006. www.wto.org/english/thewto_e/minist_e/min05_e/min05_statements_e.htm.

⁶³² Statement by Mr Maxim Medvedkov, WTO Hong Kong Ministerial Conference (Hong Kong), 17 December 2005. Accessed: 3 January 2006. www.wto.org/english/thewto_e/minist_e/min05_e/min05_statements_e.htm.

⁶³³ Statement by Mr Maxim Medvedkov, WTO Hong Kong Ministerial Conference (Hong Kong), 17 December 2005. Accessed: 3 January 2006. www.wto.org/english/thewto_e/minist_e/min05_e/min05_statements_e.htm

Russia has trade preference agreements with 51 least developed countries and its tariffs are generally 75% lower than most favourable nation regimes.⁶³⁴ Overall, Russia's commitment to trade goals that will eventually improve the plight of Least Developed Countries is not evident through Russian initiatives. In fact, most of Russia's advancements in trade liberalization have been through bilateral agreements with non-LDCs. Membership in the WTO and the conclusion of bilateral talks with the US on access to their markets comprise the dual goals of Russian trade policy. Trade with LDCs remains outside of the perimeter of Russia's trade goals. The Russian Federation receives a score of -1 for non-compliance with the G8 commitment regarding trade and LDCs.

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7. United Kingdom: +1

The United Kingdom achieved compliance in meeting the goals laid out at Gleneagles to address products of interest to Least Developed Countries and to ensure Least Developed Countries have the flexibility to decide their own economic strategies.

In October 2005 the UK co-chaired the fifth meeting of the Africa Partnership Forum with Nigeria. At this meeting, the UK reaffirmed its Gleneagles commitments made at Gleneagles with the introduction of a draft paper outlining the UK's willingness to monitor and report on its joint ventures with the AU/NEPAD bodies, "[focusing] on policies and outcome ... [with] time-bound benchmarks against which progress can be measured and monitored." The plan also called for an annual report, beginning in October 2006, to measure progress against some or all elements of the Plan.⁶³⁵

The UK was also a supporter of the WTO's move to eliminate all export subsidies and considered the agreed date of 2013 disappointing.⁶³⁶ Concerned that its development agenda was lagging, the UK's Finance Minister Gordon Brown issued a five point plan calling on, among other initiatives, to expand the number of Highly Indebted Poor Countries (HIPC) eligible for debt relief from 38 to 67 (only 19 of those 38 have been granted clemency thus far).⁶³⁷ In recognizing the impact of rising oil prices on LDCs, the UK also proposed the consideration of a new US\$20 billion World Bank loan and grant fund for investment in alternative energy sources.⁶³⁸

⁶³⁴ Of Concessions of Tariff Preferences as amended on 5 December 2005, 25 December 2003. Accessed: 2 July 2006. www.tamognia.ru/laws/law_161.html

⁶³⁵ Communiqué Issued at the end of the 5th Meeting of the Africa Partnership Forum, NEDPAD (Johannesburg), 5 October 2005. Accessed: January 06 2006
www.nepad.org/2005/files/communiques/APFLondonCommunique.pdf.

⁶³⁶ Limited trade deal reached in WTO conference, BBC online (London), December 18 2005. Accessed: January 06 2006. nation.ittefaq.com/artman/exec/view.cgi/38/23937

⁶³⁷ Brown admits failures in fight against world poverty, The Guardian (London), 11 January 2006. Accessed: 11 January 2006. politics.guardian.co.uk/development/story/0,15709,1683704,00.html.

⁶³⁸ Britain Admits G8 Failures In World Poverty Fight, Worldbank (Washington, DC). Accessed: 11 January 2006. www.noticias.info/asp/aspComunicados.asp?nid=135349&src=0.

Other UK led initiatives include: the Infrastructure Consortium for Africa, designed to accelerate progress to meet the urgent infrastructure needs of Africa in support of economic growth and development⁶³⁹; the Africa Enterprise Challenge Fund, a multi donor fund encouraging job creation with a commitment of US\$20 million over the initial three year period⁶⁴⁰; and the new Jamaica Country Assistance Plan (CAP) launched in Kingston on 30 November 2005.⁶⁴¹

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8. United States: +1

The United States demonstrated a high level of compliance with its commitment to address products of interest to Least Developed Countries, and to ensure Least Developed Countries have the flexibility to decide their own economic strategies.

A leading provider of trade-related assistance, including trade-related physical infrastructure, U.S. assistance totaled US\$1.34 billion in 2005 — up 46% from 2004 and more than double since 2001.⁶⁴² On 14 December 2005 the U.S. announced a commitment to double its contribution for trade-related aid from its current levels to an annual total of US\$2.7 billion by 2010.⁶⁴³ Specific LDC initiatives include the West Africa Cotton Improvement Program, designed to offer poor African countries a \$7 million plant to boost their cotton sales and limit the damage done to their farmers by U.S. cotton subsidies.⁶⁴⁴ In addition to this, the elimination of trade distorting subsidies is one of the topics currently being negotiated in the Doha round which is expected to be finalized in 2006.

With the U.S. Proposal for Bold Reform in Global Agriculture Trade, released in December of 2005, the U.S. government is building on WTO Uruguay Round commitments and the July 2004 Framework agreement for agricultural modalities. This package has been presented to further WTO negotiations for the development of the Doha Development Agenda. The U.S. government proposes a reduction of trade distorting support by 53% and a cut of Aggregate Measurement of Support by 60% in the U.S., as well as an elimination of trade-distorting subsidies and tariffs in agriculture. The latter would have a five-year phase-in period.⁶⁴⁵

⁶³⁹ Statement by the Infrastructure Consortium for Africa, Department for International Development (London), 6 October 2005. Accessed: 06 January 2006. www.dfid.gov.uk/news/files/infra-africa-statement.asp

⁶⁴⁰ The Africa Enterprise Challenge Fund (AECF), Department for International Development (London), 12 January 2006. Date of Access: 06 January 2006. www.dfid.gov.uk/news/files/aecf.asp.

⁶⁴¹ Launch of the Country Assistance Plan for Jamaica, Department for International Development (London), 22 December 2005. Accessed: 06 January 2006. www.dfid.gov.uk/news/files/jamaicacap-intro.asp.

⁶⁴² USTR Portman Applauds G-7 Commitment to Ambitious Doha Round Lauds \$4 billion in “Aid for Trade” to Developing Countries, USTR (Washington, DC), 3 December 2005. Accessed: 1 January 2006. [www.ustr.gov/Document_Library/Press_Releases/2005/December/USTR_Portman_Applauds_G7_Commitment_to_AmbitiousDoha_Round_Lauds_\\$4_billion_in_Aid_for_Trade_to_Developing_Countries.html](http://www.ustr.gov/Document_Library/Press_Releases/2005/December/USTR_Portman_Applauds_G7_Commitment_to_AmbitiousDoha_Round_Lauds_$4_billion_in_Aid_for_Trade_to_Developing_Countries.html).

⁶⁴³ US, Japan Promise More Aid to Least Developed Countries, Xinhua (Beijing), 14 December 2005. Accessed 1 January 2006. www.un.org/special-rep/ohrlls/Hongkong/News/14%20Dec%20-%201.htm.

⁶⁴⁴ U.S. Cotton Offer Skirts Dumping Controversy, TERRAVIVA IPS UN Journal (Washington), 13 November 2005. Accessed: 2 January 2006. www.un.org/special-rep/ohrlls/Hongkong/News/ips.pdf.

⁶⁴⁵ U.S. Proposal for Bold Reform in Global Agriculture Trade, Office of the United States Trade Representative Policy Briefs (Washington, DC), December 2005. Accessed: 1 January 2006.

On 2 December 2005, the U.S. Department of Agriculture increased the quantity of the 2006 tariff rate quota for raw sugar to 1.5 million metric tons and the quota for refined sugar to 211, 207 metric tons for African and Caribbean countries. LDCs that would be affected include Mauritania and Mozambique.⁶⁴⁶ The US imports more textiles and apparel from LDCs than the rest of the world combined, with about US\$4.8 billion of imports in the last year alone. LDCs are eligible for duty free access on 83% of the products in the U.S. tariff schedule. Cambodia is second only to Bangladesh as the largest supplier of textiles and apparel to the U.S.⁶⁴⁷

In July 2005, the U.S. government also released the African Growth and Opportunity Act Competitiveness Report to support the African Action Plan outlined at the Kananaskis Summit in 2002. This report provides information that will help African countries to develop their trade relationships with each other, the US and other markets.⁶⁴⁸

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9. European Union: +1

The European Union registered a high level of compliance with the goal of ensuring that Least Developed Countries (LDCs) have the flexibility to pursue their own economic policies.

The cornerstone of the EU strategy is its “Everything but Arms” initiative, which seeks to eliminate duties and quotas on all LDC commodities, except weapons, within the EU.⁶⁴⁹ The initiative is seen as a “role model” strategy and the EU frequently refers to it when commenting on the trade arrangements of other states. The EU is also supporting trade liberalization measures for LDC states in economic forums such as the WTO.⁶⁵⁰

The dilemma facing the EU lies within the conflicting interests of its member states. EU Trade Commissioner Peter Mandelson caused a political uproar in October when he proposed to cut farm tariffs by an average of 46% to rekindle the Doha round of talks.⁶⁵¹ The issue has created a deep divide between agriculturally interested states such as France and Ireland and pro-CAP-

www.ustr.gov/assets/Document_Library/Fact_Sheets/2005/asset_upload_file281_8526.pdf.

⁶⁴⁶ USTR Announces Additional Allocation of Sugar Imports for African and Caribbean Countries, USTR (Washington, DC), 9 December 2005. Accessed: 1 January 2006.

www.ustr.gov/Document_Library/Press_Releases/2005/December/USTR_Announces_Additional_Allocation_of_Sugar_Imports_for_African_Caribbean_Countries.html.

⁶⁴⁷ Briefing by Senior U.S. Government Officials, World Trade Ministerial, Hong Kong Convention and Exhibition Center, USTR (Washington, DC), 15 December 2005. Accessed: 2 January 2006.

⁶⁴⁸ African Growth and Opportunity Act Competitiveness Report, Office of the United States Trade Representative (Washington, DC), July 2005. Accessed: 2 January 2006.

www.ustr.gov/Trade_Development/Preference_Programs/AGOA/Section_Index.html.

⁶⁴⁹ Generalized Systems of Preferences, EUROPA (Brussels), 2005. Accessed: 1 December 2005.

europa.eu.int/comm/trade/issues/global/gsp/eba/index_en.htm.

⁶⁵⁰ EU commissioner welcomes Japan's aid package for developing countries, BBC Monitoring Asia Pacific — Political (London), 12 December 2005.

⁶⁵¹ Mandelson treads thin line on EU farming at WTO, Jamie Smyth, The Irish Times (Dublin), 9 December 2005: p.26. www.ireland.com/newspaper/finance/2005/1209/1825346008BWMANDY.html.

reform states such as Britain. Despite these political concerns, current signs indicate that the trade commissioner is pushing hard for the liberalization of agriculture.⁶⁵²

Externally preferential trade agreements with developing countries are also facing attacks from the WTO. Australia, Brazil, and Thailand recently won a challenge that EU guaranteed sugar prices to developing countries were in breach of trade rules. However the body did maintain that “the EU should keep its commitment to the sugar producers of the African Caribbean and Pacific nations.”⁶⁵³ This resulted in the creation of a US\$40 million fund by the European Union to fund sugar production in developing countries.⁶⁵⁴

Currently the EBA gives unrestricted access to LDCs to the EU market with the exception of 3 agricultural commodities. Tariffs on Bananas have been gradually lowered since 2002 and are slated for full liberalization in January 2006. Also that month liberalization will begin for rice and sugar. Currently only a quota amount of rice and sugar may be imported to the EU duty-free, full liberalization on all goods is scheduled for 2009.⁶⁵⁵ It should be noted, however, that the EU pushed heavily to move the date of ending export subsidies from 2010 to 2013.⁶⁵⁶

Most recently, the EU agreed in principle to reconsider LDC demands to further cut its import tariffs. EU trade negotiator David O’Sullivan stated, in reference to the 54% reduction in tariffs called for by the G-20, “We will be willing to look at our offer and move towards, but not to, the G-20 position”⁶⁵⁷

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⁶⁵² Holy Grail of Globalization, Farmers Week opinions, December 9 2005: p.1.

⁶⁵³ Jagdeo blasts EU sugar plans, BBC Carribean (Lodnon), 22 June 2005. Accessed: 3 December 2005. www.bbc.co.uk/caribbean/news/story/2005/06/printable/050622_jagdeo-eusugar.shtml.

⁶⁵⁴ Tanzania seeks EU funding to offset sugar quota losses, Mbendi (Cape Town), 6 December 2005. Accessed: 9 December 2005. www.mbendi.co.za/a_sndmsg/news_view.asp?I=71932&PG=35.

⁶⁵⁵ Generalized Systems of Preferences, EUROPA (Brussels). Accessed: 1 December 2005. europa.eu.int/comm/trade/issues/global/gsp/eba4_sum.htm.

⁶⁵⁶ Compromise reached in Hong Kong, Swissinfo (Geneva), 18 December 2005. Accessed: 06 January 2006. www.swissinfo.org/sen/swissinfo.html?siteSect=106&sid=6327542&cKey=1134927789000.

⁶⁵⁷ EU makes tentative offer on import tariffs, Business Week (AP), Paris, May 24, 2006. Accessed: June 2, 2006. www.businessweek.com/ap/financialnews/D8HQ8NTG0.htm?campaign_id=apn_home_down&chan=db.