

## 10. Trade [38]

### Commitment:

*“We will continue to resist protectionist pressures, and to promote liberalization of trade and investment under the WTO, through the national reduction of barriers, as well as through bilateral and regional negotiations.”*

G8 Muskoka Declaration: Recovery and New Beginnings

### Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Canada		0	
France		0	
Germany		0	
Italy		0	
Japan		0	
Russia			+1
United Kingdom		0	
United States		0	
European Union			+1
<b>Average Score</b>		<b>+0.22</b>	

### Background:

The G8 has continually pledged its allegiance to free markets and the liberalization of trade and investment. Positioning the global economy away from protectionism has consistently been a key part of G8 declarations at past summits. However, this year is unique as the G8 has committed to fighting protectionism by enhancing the strength and efficiency of bilateral and multilateral negotiations alongside the national reduction of barriers to trade, whereas in previous years the focus has been purely on the national reduction of barriers.<sup>734</sup>

In June 2010, the G20 members recognized the importance of open markets and affirmed this recognition with their decision to “renew for a further three years, until the end of 2013, [the] commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions or implementing World Trade Organization (WTO)-inconsistent measures to stimulate exports, and commit to rectify such measures as they arise.”<sup>735</sup>

The G8 nations have united in their efforts to support nations rising from the global financial crisis of 2007-2008. The WTO Report on Trade states “keeping trade open has been and remains crucial in providing opportunities for countries to emerge from the global crisis, in particular at times when public deficits are growing for many.”<sup>736</sup> With this acknowledged, the G8 has pledged to refrain from instituting new barriers that restrict trade in order to create a global

<sup>734</sup> All G7/8 Commitments 1975-2010, 2010. Date of Access: 9 November 2010.

[http://www.g8.utoronto.ca/evaluations/G8\\_commitments-to-2009.pdf](http://www.g8.utoronto.ca/evaluations/G8_commitments-to-2009.pdf).

<sup>735</sup> The G-20 Summit Declaration, G20 Summit (Toronto) 26 June 2010. Date of Access: 3 November 2010. [www.g20.utoronto.ca/2010/to-leakedcommuniqué.html](http://www.g20.utoronto.ca/2010/to-leakedcommuniqué.html).

<sup>736</sup> Report on G20 Trade and Investment Measures (November 2009 to Mid-May 2010), World Trade Organization (Geneva) 14 June 2010. Date of Access: 3 November 2010. [www.wto.org/english/news\\_e/news10\\_e/report\\_tprb\\_june10\\_e.pdf](http://www.wto.org/english/news_e/news10_e/report_tprb_june10_e.pdf).

economy in which activity from all nations is welcome and nations' economic recoveries are not built on protectionism, a common practice in times of economic uncertainty.

**Commitment Features:**

In this commitment, the G8 nations have pledged to keep their markets open by resisting protectionism. One way the G8 has stated it will achieve this end is through the reduction of trade and investment barriers. These barriers, according to the WTO, include instruments such as “tariffs, non-tariff measures, subsidies, and burdensome administrative procedures regarding imports.”<sup>737</sup> In this sense, the G8 is in violation of their commitment to keep markets open if measures are taken to prevent the activity of foreign actors in domestic economies.

The second way in which the G8 has outlined its commitment to open markets is through bilateral and multilateral negotiations. However, trade agreements cannot be arbitrary as they can potentially undermine the openness of broader global markets. They must therefore conform to accepted principles that aim to prevent preferential trading arrangements. Accordingly, the WTO has outlined three ways in which bilateral trade agreements can be WTO-consistent: (1) adhering to the obligation not to raise barriers to trade with third parties; (2) a free trade agreement cannot lead to higher import duties for its members and customs unions must merge the external trade policies of its members while compensating any affected non-members; (3) tariffs and other restrictive measures must be phased out of all trade.<sup>738</sup> Through these two courses of action, the G8 has reaffirmed its aversion to protectionism and commitment to trade liberalization.

**Scoring Guidelines:**

-1	Member state fails to reduce barriers to trade and investment <b>AND</b> member fails to develop new bilateral or multilateral trade agreements.
0	Member state reduces barriers to trade and investment <b>OR</b> makes progress toward the creation of new bilateral or multilateral trade agreements.
+1	Member state reduces barriers to trade and investment <b>AND</b> makes progress toward the creation of new bilateral or multilateral trade agreements.

*Lead Analyst: Ava-Dayna Sefa*

**Canada: 0**

Canada has partially complied with its commitment to reduce barriers to trade and make progress toward the creation of new trade agreements.

On 22 July 2010, Minister of International Trade Peter Van Loan met with US Trade Representative Ron Kirk for a discussion of cross-border economic cooperation. They agreed to hold twice-yearly trade summits and they discussed their G8 and G20 pledges to avoid protectionism and increase trade.<sup>739</sup>

<sup>737</sup> G20 governments refrain from extensive use of restrictive measures, but some slippage evident, World Trade Organization (Geneva) 14 September 2009. Date of Access: 3 November 2010. [www.wto.org/english/news\\_e/news09\\_e/trdev\\_14sep09\\_e.htm](http://www.wto.org/english/news_e/news09_e/trdev_14sep09_e.htm).

<sup>738</sup> Lamy warns bilateral agreements are not the “easy way out” from the suspended talks, World Trade Organization (Geneva) 31 October 2006. Date of Access: 4 November 2010. [www.wto.org/english/news\\_e/sppl\\_e/sppl46\\_e.htm](http://www.wto.org/english/news_e/sppl_e/sppl46_e.htm).

<sup>739</sup> Minister Van Loan Meets with U.S. Trade Representative Kirk, Department of Foreign Affairs and International Trade (Ottawa) 22 July 2010. Date of Access: 18 November 2010. [http://www.international.gc.ca/media\\_commerce/comm/news-communiques/2010/234.aspx?lang=eng](http://www.international.gc.ca/media_commerce/comm/news-communiques/2010/234.aspx?lang=eng).

In early November, the Canadian Government blocked a proposed takeover of Canadian firm Potash Corp. by Australian BHP Billiton as it did not meet the “net benefit” test under the Investment Canada Act.<sup>740</sup>

On 12 November 2010, Canada launched formal negotiations with India toward a free-trade deal that has the potential of growing both nation’s economies by CA\$6 billion per year. This occurred during a bilateral meeting between Canadian Prime Minister Stephen Harper and Indian Prime Minister Manmohan Singh at the G20 summit in Seoul.<sup>741</sup>

On 23 November 2010, Canadian beef farmers were allowed duty free access to the EU market. A Memorandum of Understanding was signed to add 3,200 extra tonnes in addition to the 20,000-tonne quota and to make amends for the EU’s previous ban.<sup>742</sup> Furthermore, Canada has made noticeable improvements in the removal of “the 25 per cent import tariff on ships...[which] will be reduced to zero for ‘cargo vessels and tankers, as well as ferries of a length of 129 metres or more.’”<sup>743</sup>

On 5 December 2010, Minister Loan landed in Turkey to discuss the possibility of a Canada-Turkey agreement. To encourage Canadian businesses to trade and invest in this region, on 7 December 2010, Minister Van Loan officially opened the Consulate of Canada in Istanbul. The consular office is intended to allow Canada companies to take advantage of local trade and investment opportunities.<sup>744</sup> The second part of this trade mission included a visit to Greece to promote the ongoing Comprehensive and Economic Trade Agreement (CETA) with the European Union (EU).<sup>745</sup> The proposed CETA has encountered challenges during negotiations with European officials indicating that Ontario’s Green Energy Act subsidizes local suppliers and the province’s government procurement procedures are not open to European bidding, both examples of “protectionist legislation that would prevent European access to markets and make CETA unworkable.”<sup>746</sup>

On 27 January 2011, Prime Minister Stephen Harper announced that Canada is launching formal trade talks with Morocco. Prime Minister Harper states that “more trade can only serve to make

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<sup>740</sup> Sometimes we have to say no to foreign investment, The Toronto Star (Toronto) 7 November 2010. Date of Access: 19 November 2010. <http://www.thestar.com/opinion/editorials/article/886794--sometimes-we-have-to-say-no-to-foreign-investment>.

<sup>741</sup> Canada-India free-trade pact in the works, The Globe and Mail (Seoul, Ottawa) 12 November 2010. Date of Access: 9 December 2010. <http://www.theglobeandmail.com/report-on-business/economy/trade/canada-launching-free-trade-talks-with-india/article1796084/>.

<sup>742</sup> New Duty-Free Access for Canadian Beef in European Union Market, Department of Agriculture and Agri-food (Ottawa) 23 November 2010. Date of Access: 9 December 2010. [http://www.agr.gc.ca/cb/index\\_e.php?s1=n&s2=2010&page=n101123](http://www.agr.gc.ca/cb/index_e.php?s1=n&s2=2010&page=n101123).

<sup>743</sup> Canada: Tariff exemption for imported ships, Global Trade Alert (London) 19 October 2010. Date of Access: 17 November 2010. <http://www.globaltradealert.org/measure/canada-tariff-exemption-imported-ships>.

<sup>744</sup> Government of Canada Opens Up New Consulate in Istanbul, Department of Foreign Affairs and International Trade (Ottawa) 7 December 2010. Date of Access: 9 December 2010. [http://www.international.gc.ca/media\\_commerce/comm/news-communiqués/2010/384.aspx](http://www.international.gc.ca/media_commerce/comm/news-communiqués/2010/384.aspx).

<sup>745</sup> International Trade Minister Peter Van Loan to Visit Turkey and Greece, Department of Foreign Affairs and International Trade (Ottawa) 5 December 2010. Date of Access: 9 December 2010. [http://www.international.gc.ca/media\\_commerce/comm/advisories-avis/2010/A-175.aspx?lang=eng](http://www.international.gc.ca/media_commerce/comm/advisories-avis/2010/A-175.aspx?lang=eng).

<sup>746</sup> Ontario foot-dragging imperils Canada-EU trade pact, officials say, The Globe and Mail (Brussels) 26 July 2010. Date of Access: 18 November 2010. <http://www.theglobeandmail.com/news/world/article1518147.ece>.

both our countries more prosperous and strengthen our transatlantic ties.”<sup>747</sup> Deeper economic ties can help bring down trade barriers and help businesses in Canada and around the world.<sup>748</sup>

Thus, Canada has been awarded a score of 0 for progress toward the creation of new trade agreements, but its lack of initiative in the removal of barriers to trade and investment.

*Analyst: Jessie Sun*

### **France: 0**

France has partially complied with its commitment to reduce barriers to trade and make progress toward the creation of new trade agreements.

On 3 September 2010, the Banque de France signed multilateral agreements through the International Monetary Fund to support lending to low-income countries. France, the United Kingdom, and the People’s Bank of China will collectively contribute SDR5.256 billion to fund concessional lending from the IMF. These funds will make loans more accessible to lesser-developed countries in their efforts to emerge from the global economic crisis.<sup>749</sup>

On 27 October 2010, President of Kazakhstan Nursultan Nazarbaiev signed €2 billion of trade deals with French companies during his visit to Paris.<sup>750</sup>

On 4 November 2010, French President Sarkozy and Chinese President Hu Jintao signed €14 billion of investment contracts regarding Airbus planes, telecommunications, and nuclear energy. The Chinese delegation also pledged to “double the value of its annual imports from France to €56 billion over the next five years.”<sup>751</sup>

On 2 February 2011, French Industry and Energy Minister Eric Besson signed two cooperation accords with Israel “in a determined effort to upgrade France’s mysteriously modest trade and industrial relations with Israel.”<sup>752</sup> Besson noted that “trade and industry relations between France and Israel are not at the level that could be expected... [he] would like to double the level of exchanges in the next five years.”<sup>753</sup>

Thus, France has been awarded a score of 0 for progress toward the creation of new trade agreements, but its lack of initiative in the removal of barriers to trade and investment.

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<sup>747</sup> PM announces start of free trade talks with Morocco, Toronto Sun (Toronto) 27 January 2011. Date of Access: 8 February 2011. <http://www.torontosun.com/news/canada/2011/01/27/17053506.html>.

<sup>748</sup> PM announces start of free trade talks with Morocco, Toronto Sun (Toronto) 27 January 2011. Date of Access: 8 February 2011. <http://www.torontosun.com/news/canada/2011/01/27/17053506.html>.

<sup>749</sup> IMF Signs Agreements Totaling SDR 5.3 billion with Japan, the Banque de France, the United Kingdom and the People’s Bank of China to Support Lending to Low-Income Countries, International Monetary Fund (Washington D.C.) 17 September 2010. Date of Access: 14 November 2010. <http://www.imf.org/external/np/sec/pr/2010/pr10340.htm>.

<sup>750</sup> France Kazakhstan Trade Deal, Euronews (Lyon) 27 October 2010. Date of Access: 14 November 2010. <http://www.euronews.net/2010/10/27/france-kazakhstan-trade-deal>.

<sup>751</sup> China and France sign deals as Hu Jintao visits Paris, BBC News (London) 4 November 2010. Date of Access: 14 November 2010. <http://www.bbc.co.uk/news/world-europe-11694214>.

<sup>752</sup> France seeks to boost trade with Israel, Globes: Israel’s Business Arena (Tel Aviv) 2 February 2011. Date of Access: 6 February 2011. <http://www.globes.co.il/serveen/globes/docview.asp?did=1000620379&fid=1725>.

<sup>753</sup> France seeks to boost trade with Israel, Globes: Israel’s Business Arena (Tel Aviv) 2 February 2011. Date of Access: 6 February 2011. <http://www.globes.co.il/serveen/globes/docview.asp?did=1000620379&fid=1725>.

*Analyst: Leah Nosal*

**Germany: 0**

Germany has partially complied with its commitment to reduce barriers to trade and make progress toward the creation of new trade agreements.

On 16 July 2010, State Secretary Beerfeltz signed a Joint Declaration of Intent with the Chinese Trade Ministry, a mutual agreement on procedures for investing in third world countries to facilitate trilateral cooperation arrangements.<sup>754</sup>

This agreement was followed by the August report of the Federal Ministry for Cooperation and Economic Development (BMZ), in which the BMZ announced the government's intention to increase development spending beyond the current of 0.4 per cent of their gross national income, and towards the 0.7 per cent target of the Millennium Development Goals.<sup>755</sup>

In September, Germany negotiated at the Basel 3 agreement for financial reform. This new agreement includes an increase in minimum capital requirements for two tiers of bank capital, one for highly liberalized banks at 7 per cent and one for smaller banks, such as the German Bundesbank, which will be required to hold a smaller capital requirement, at 4.5 per cent.<sup>756</sup> These agreements were signed at the G20 Summit in Seoul on 12 November 2010, during which Chancellor Angela Merkel promoted maintaining the G20 goal of halving trade deficits by 2013, as agreed upon in June, and opposed the US proposal of quantitative balance of payment targets that would regulate excessive trade surpluses and deficits.<sup>757</sup>

In October 2010 Chancellor Angela Merkel argued against protectionism and intervening in the foreign exchange market, stating, "Global recovery would be jeopardized if we were to accept greater distortions in exchange rates."<sup>758</sup> To this end Germany is committed to freer trade, and has opposed the proposal of US Secretary of the Treasury Timothy Geithner to set a limit on countries' Current Account deficits and surpluses.

Thus, Germany has been awarded a score of 0 for its support of trade liberalization, but its lack of initiative in the removal of barriers to trade and investment.

*Analyst: Tobias McVey*

**Italy: 0**

Italy has partially complied with its commitment to reduce barriers to trade and make progress toward the creation of new trade agreements.

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<sup>754</sup> State Secretary Beerfeltz Signs Joint Declaration of Intent with Chinese Trade Ministry, Federal Ministry for Cooperation and Economic Development (Berlin) 16 July. Dates of Access: 18 November. [http://www.bmz.de/en/press/aktuelleMeldungen/2010/july/pm\\_20100716\\_125.html](http://www.bmz.de/en/press/aktuelleMeldungen/2010/july/pm_20100716_125.html).

<sup>755</sup> German Development Policy at a Glance, Federal Ministry for Cooperation and Economic Development (Berlin) 1 August. Date of Access: 18 November. Page 14. [http://www.bmz.de/en/publications/type\\_of\\_publication/special\\_publications/BMZ\\_Policy\\_at\\_a\\_glance.pdf](http://www.bmz.de/en/publications/type_of_publication/special_publications/BMZ_Policy_at_a_glance.pdf).

<sup>756</sup> Basel 3 and Financial Stability, Bank for International Settlements (Basel) 4 November. Dates of Access: 17 November 2010. <http://www.bis.org/speeches/sp101109a.htm>.

<sup>757</sup> G20 is the major forum for economic cooperation, Government of the Federal Republic of Germany (Berlin) 27 October. Date of Access: 9 December. [http://www.bundesregierung.de/nn\\_6538/Content/EN/Artikel/2010/10/2010-10-27-regerkl-g20\\_en.html](http://www.bundesregierung.de/nn_6538/Content/EN/Artikel/2010/10/2010-10-27-regerkl-g20_en.html).

<sup>758</sup> G20 is the major forum for economic cooperation, Government of the Federal Republic of Germany (Berlin) 27 October. Date of Access: 17 November. [http://www.bundesregierung.de/nn\\_6538/Content/EN/Artikel/2010/10/2010-10-27-regerkl-g20\\_en.html](http://www.bundesregierung.de/nn_6538/Content/EN/Artikel/2010/10/2010-10-27-regerkl-g20_en.html).

A new Italian taxation law came into effect on 1 July 2010 that targets companies operating in countries deemed as “tax havens” by the Italian government. The law mandates that companies domiciled in such havens must provide proof they are paying proper taxes in order to deliver goods or services to Italy. In a November discussion, Swiss Minister of Economics Johann Schneider-Ammann stated that, “For the Swiss that is a serious barrier to bilateral trade — and a violation of agreements with the EU.”<sup>759</sup>

In September 2010, Italy threatened to veto the EU-Korea free trade deal if the implementation date for the agreement was not postponed for one year. The agreement includes the end of import barriers for Korean cars. Italy’s junior minister for foreign trade said the “deferral of the deal’s application would give European automakers ... time to prepare for the lowering of trade barriers.”<sup>760</sup>

Despite this threat, Italy did sign the EU-Korea free trade deal before the official signing ceremony on 6 October 2010. It is estimated that new trade from this deal will reach €19.1 billion. As a member country, Italy will also participate in the removal of “virtually all import duties between the two economies as well as many non-tariff barriers.”<sup>761</sup>

On 7 October 2010, Italian Prime Minister Silvio Berlusconi and Chinese Premier Wen Jiabao agreed to double their trade to US\$100 billion in five years. During a meeting in Rome, the two leaders signed commercial agreements valued at €2.25 billion.<sup>762</sup>

In early November, Italian Minister for Economic Development Paolo Romani led a delegation of over 300 people to the United Arab Emirates as part of an attempt to reach €10 billion of trade between Italy and the UAE. Minister Romani said that the two countries are “planning to sign an MoU [Memorandum of Understanding] next year that will promote both-ways businesses and investments.”<sup>763</sup>

In November 2010, Syria and Italy — Syria’s main trading partner — held trade discussions that led to an agreement to strengthen cooperation in investment.<sup>764</sup> Also in mid-November, Italy and Germany held a meeting to discuss opening new corridors for energy imports<sup>765</sup> and the Italian

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<sup>759</sup> Uncertainty hovers over Swiss-Italian talks, Swiss Broadcasting Corporation (Bern) 18 November 2010. Date of Access: 30 November 2010.

[http://www.swissinfo.ch/eng/politics/foreign\\_affairs/Uncertainty\\_hovers\\_over\\_Swiss-Italian\\_talks.html?cid=28819804](http://www.swissinfo.ch/eng/politics/foreign_affairs/Uncertainty_hovers_over_Swiss-Italian_talks.html?cid=28819804).

<sup>760</sup> Italy to veto EU-South Korea free-trade deal, EU Business (England) 7 September 2010. Date of Access: 13 November 2010. <http://www.eubusiness.com/news-eu/skorea-italy-trade.60r/>.

<sup>761</sup> EU and South Korea sign free trade deal, European Commission (Brussels) 6 October 2010. Date of Access: 13 November 2010. <http://trade.ec.europa.eu/doclib/press/index.cfm?id=626>.

<sup>762</sup> Italy, China Agree to More Than Double Trade to \$100 Billion in Five Years, Bloomberg (Rome) 7 October 2010. Date of Access: 13 November 2010. <http://www.bloomberg.com/news/2010-10-07/china-italy-agree-to-more-than-double-trade-to-100-billion-in-five-years.html>.

<sup>763</sup> Italy eyes €10b trade ties with UAE, Khaleej Times (Dubai) 9 November 2010. Date of Access: 13 November 2010. [http://www.khaleejtimes.com/DisplayArticleNew.asp?col=&section=business&xfile=data/business/2010/November/business\\_November244.xml](http://www.khaleejtimes.com/DisplayArticleNew.asp?col=&section=business&xfile=data/business/2010/November/business_November244.xml).

<sup>764</sup> Syria, Italy to boost trade cooperation, Syrian Arab News Agency (Damascus) 15 November 2010. Date of Access: 30 November 2010. <http://www.dp-news.com/pages/detail.aspx?l=2&articleId=63069>.

<sup>765</sup> Nabucco, South Stream Among Topics in Italy-Germany Meetings, Bloomberg (Rome) 16 November 2010. Date of Access: 30 November 2010. <http://www.bloomberg.com/news/2010-11-16/nabucco-south-stream-gas-projects-among-topics-in-italy-germany-meetings.html>.

Chamber of Commerce opened a representative office in Icham, Vietnam, in hopes of expanding trade with the country.<sup>766</sup>

On 1 February 2011, Italy announced its plan to double the bilateral trade to US\$17.5 billion with India over the next five years.<sup>767</sup> Italian Foreign Minister Franco Frattini discussed the resurgence of Italian-Indian trade after the global financial crises with India's Minister of Commerce and Industry Anand Sharma and both would like to see the trend continue.<sup>768</sup>

Thus, Italy has been awarded a score of 0 for its support of trade liberalization, but its lack of initiative in the removal of barriers to trade and investment.

*Analyst: Leah Nosal*

### **Japan: 0**

Japan has partially complied with its commitment to reduce barriers to trade and make progress toward the creation of new trade agreements.

On 14 November 2010, negotiations on the Japan-Peru Economic Partnership Agreement (EPA) came to a conclusion. The agreement includes the removal or reduction of duties on various goods. Japanese Minister of Economy, Trade, and Industry Akihiro Ohata pledged his ministry's commitment to do "its utmost to ensure signing and enactment of the Japan-Peru EPA at the earliest possible date."<sup>769</sup>

On 25 October 2010, Japan and India concluded an economic partnership. Under the agreement — scheduled to take effect in 2011 — tariffs will be eliminated on approximately 97 per cent of India's exports to Japan.<sup>770</sup>

On 9 November 2010, the Agriculture, Forests, and Fishery Ministry, under a program formulated by the ruling Democratic Party of Japan, started providing a rice subsidy to Japanese farmers. The subsidies, at ¥15,000 per 1000 square meters of rice fields, are set to undergo a further expansion in 2011 in order to benefit growers of wheat, soybeans and several other crops.<sup>771</sup>

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<sup>766</sup> Italian businesses promote trade, Viet Nam News (Ha Noi) 17 November 2010. Date of Access: 30 November 2010. <http://vietnamnews.vnagency.com.vn/Economy/Business/205802/Italian-businesses-promote-trade.html>.

<sup>767</sup> Italy, India Aim to Double Trade, The Wall Street Journal (New York) 1 February 2011. Date of Access: 8 February 2011. <http://online.wsj.com/article/SB10001424052748703445904576117721910301888.html>.

<sup>768</sup> Italy, India Aim to Double Trade, The Wall Street Journal (New York) 1 February 2011. Date of Access: 8 February 2011. <http://online.wsj.com/article/SB10001424052748703445904576117721910301888.html>.

<sup>769</sup> Statement on Conclusion of Japan-Peru Economic Partnership Agreement negotiations by Minister Ohata, Ministry of Economy, Trade and Industry (Tokyo) 14 November 2010. Date of access: 19 November 2010 <http://www.meti.go.jp/english/speeches/20101114.html>.

<sup>770</sup> Japan, India Sign Deal to Boost Trade, Investment, Japan Today (Tokyo) 26 October 2010. Date of access: 21 November 2010. <http://www.japantoday.com/category/politics/view/japan-india-sign-deal-to-boost-trade-investment>.

<sup>771</sup> Subsidies Kick in for Rice Growers, The Japan Times Online (Kyodo) 9 November 2010. Date of access: 19 November 2010. <http://search.japantimes.co.jp/cgi-bin/nb20101109a6.html>.

On 16 November 2010, Japan's lower house of parliament passed a stimulus package in which there were measures to discourage businesses from moving abroad by providing them with "technological and financial support."<sup>772</sup>

Thus, Japan has been awarded a score of 0 for its support of trade liberalization, but its lack of initiative in the removal of barriers to trade and investment.

*Analyst: Saim Siddiqui*

**Russia: +1**

Russia has fully complied with its commitment to reduce barriers to trade and make progress toward the creation of new trade agreements.

On 5 July 2010, the heads of state of Russia, Kazakhstan and Belarus agreed to the introduction of a new customs code for the Customs Union between the three countries starting from 6 July 2010 with the intention of integrating other members of the Eurasian Economic Community.<sup>773</sup>

On 9 December 2010, the presidents of Russia, Belarus and Kazakhstan adopted a Declaration on Forming a Common Economic Space. At this meeting, the leaders also signed: (1) An Agreement on Coordinated Macroeconomic Policy; (2) An Agreement on Creating Conditions on Financial Markets for Free Movement of Capital; and, (3) An Agreement on Coordinated Principles of Monetary Policy. These agreements act to form a legal framework of a common economic space between three countries, which is a next stage of their economic integration.<sup>774</sup>

At the APEC summit in Japan in mid-November, Russian President Dmitry Medvedev met with New Zealand Prime Minister John Key to discuss the commencement of negotiations over a free trade agreement between New Zealand and the Customs Union of Russia, Kazakhstan and Belarus.<sup>775</sup> Earlier economic and trade ministers of the Customs Union countries and New Zealand agreed to conclude the free trade agreement by the end of 2011.<sup>776</sup>

On 24 November 2010, the Russian Government's Sub-Commission on Customs, Tariff and Non-Tariff Regulation, and Protective Measures in Foreign Trade agreed to lower the import duty on cast-iron and steel one-piece parts of hydraulic turbines from 15 per cent to 7.5 per cent.<sup>777</sup>

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<sup>772</sup>Japan Plane New Steps to Curb Yen, The New York Times (Tokyo) 30 August 2010. Date of access: 8 December 2010. [http://www.nytimes.com/2010/08/31/business/global/31yen.html?pagewanted=2&\\_r=1](http://www.nytimes.com/2010/08/31/business/global/31yen.html?pagewanted=2&_r=1).

<sup>773</sup> Statement on entry into force of the customs code of the Customs Union between Russia, Belarus and Kazakhstan, Office of the President of Russia (Moscow) 5 July 2010. Date of Access: 17 January 2011. <http://eng.kremlin.ru/news/569>.

<sup>774</sup> Meetings of the Supreme Governing Body of the Customs Union and Eurasian Economic Community Interstate Council, Office of the President of Russia (Moscow) 9 December 2010. Date of Access: 17 January 2011. <http://eng.kremlin.ru/news/1453>.

<sup>775</sup> New Zealand negotiating a free trade deal with Russia, Invest in NZ 14 November 2010. Date of Access: 17 January 2011. <http://www.investinnz.co.nz/news/new-zealand-negotiating-free-trade-deal-russia-15d4>.

<sup>776</sup> Economic and trade ministers of the Customs Union countries and New Zealand agreed to start negotiations on the free trade agreement, Russian Ministry of Economic Development (Moscow) 13 November 2010. Date of Access: 2 February 2011. [http://www.economy.gov.ru/minec/press/news/doc20101113\\_010](http://www.economy.gov.ru/minec/press/news/doc20101113_010).

<sup>777</sup> First Deputy Prime Minister Viktor Zubkov holds a meeting of the government subcommission on customs, tariff and non-tariff regulation, and foreign trade protection measures, Government of Russia (Moscow) 24 November 2010. Date of Access: 17 January 2011. <http://government.ru/eng/docs/13073/>.

On 10 December 2010, the Sub-Commission on Customs, Tariff and Non-Tariff Regulation, and Protective Measures in Foreign Trade supported a decision to reduce the duty on polyester monothread from 10 per cent to 5 per cent, since the thread, which is used in the production of filter fabric, is not currently produced in Russia.<sup>778</sup>

Thus, Russia has been awarded a score of +1 for its reduction of barriers to trade and progress toward the creation of new multilateral trade agreements.

*Analyst: Vitaly Nagornov*

### **United Kingdom: 0**

The United Kingdom has partially complied with its commitment to reduce barriers to trade and make progress toward the creation of new trade agreements.

On 27 September 2010, the EU imposed a tariff on imports certain polyethylene terephthalate products originating in Pakistan, Iran and the United Arab Emirates. The countervailing duties will be as high as €139.70 per tonne pending a European Commission anti-subsidy investigation.<sup>779</sup>

On 11 November 2010, at the G20 Summit in Seoul, Prime Minister Gordon Brown pledged to “fight trade barriers” and to confront protectionism “in all its forms.”<sup>780</sup> Similarly, on 18 November 2010, Farming Minister Lord Henley declared that the UK was committed to “ambitious reform” of the EU Common Agricultural Policy (CAP).<sup>781</sup>

On 3 February 2011, “senior business representatives from leading British and Indian companies attended the first meeting of the India-UK Forum.”<sup>782</sup> The meeting set forth my British Prime Minister David Cameron, “illustrates the continuing momentum in the growing UK-India trade and investment relationship.”<sup>783</sup> Prime Minister Cameron stated at the forum: “Britain is one of the most open economies in the world...and we want to make it even more open and more welcoming.”<sup>784</sup>

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<sup>778</sup> First Deputy Prime Minister Viktor Zubkov holds a meeting of the Sub-Commission on Customs Tariff and Non-Tariff Regulation and Protective Measures in Foreign Trade, Government of Russia (Moscow) 10 December 2010. Date of Access: 17 January 2011. <http://government.ru/eng/docs/13355/>.

<sup>779</sup> EC: Final CVD Duties Imposed on Imports of Polyethylene Terephthalate (PET) from Iran, Pakistan and the United Arab Emirates, Global Trade Alert 29 October 2010. Date of access: 19 November 2010. <http://www.globaltradealert.org/measure/ec-final-cvd-duties-imposed-imports-polyethylene-terephthalate-pet-iran-pakistan-and-united->

<sup>780</sup> David Cameron Tells G20 To End Trade Barriers, The Telegraph (London) 12 November 2010. Date of access: 19 November 2010. <http://www.telegraph.co.uk/finance/financetopics/g20-summit/8127236/David-Cameron-tells-G20-to-end-trade-barriers.html>.

<sup>781</sup> UK Aims For 'Ambitious Reform' Of EU Farm Subsidies, BBC News UK Edition (London) 18 November 2010. Date of access: 19 November 2010. <http://news.bbc.co.uk/1/hi/9199000/9199423.stm>.

<sup>782</sup> Top UK, Indian CEOs drive forward plans to strengthen trade and investment, UK Trade and Investment (London) 3 February 2011. Date of Access: 8 February 2011. <http://www.ukti.gov.uk/uktihome/media/item/124733.html>.

<sup>783</sup> Top UK, Indian CEOs drive forward plans to strengthen trade and investment, UK Trade and Investment (London) 3 February 2011. Date of Access: 8 February 2011. <http://www.ukti.gov.uk/uktihome/media/item/124733.html>.

<sup>784</sup> Top UK, Indian CEOs drive forward plans to strengthen trade and investment, UK Trade and Investment (London) 3 February 2011. Date of Access: 8 February 2011. <http://www.ukti.gov.uk/uktihome/media/item/124733.html>.

Thus, the United Kingdom has been awarded a score of 0 for its support of trade liberalization, but its lack of initiative in the removal of barriers to trade and investment.

*Analyst: Saim Siddiqui*

### **United States: 0**

The United States has partially complied with its commitment to reduce barriers to trade and make progress toward the creation of new trade agreements.

On 3 December 2010 American negotiators completed “a free-trade agreement with Korea that will eliminate most tariffs on exports and solidify one of the nation’s most significant alliances in Asia.”<sup>785</sup> While the agreement is a supplement to one previously negotiated, the current agreement allows both nations more time to phase out tariffs on automobiles.<sup>786</sup> It is estimated that “the deal will increase American exports to Korea by at least \$10 billion annually” and that it “will slash tariffs on American farm goods.”<sup>787</sup>

On 13 December 2010 the World Trade Organization (WTO) “upheld the Obama administration’s decision last year to impose tariffs of up to 35 per cent on tires from China.”<sup>788</sup> Despite support from the WTO, these measures are considered widely to be characteristics of trade protectionism. While the United States regards the ruling by the WTO as ‘a major victory’, the maintenance of the tariffs on tires imported from China are considered barriers to trade.<sup>789</sup> The WTO has outlined trade barriers to pertain to “tariffs, non-tariff measures, subsidies, and burdensome administrative procedures regarding imports.”<sup>790</sup>

On 31 January 2011 “Assistant Secretary of Commerce for Market Access and Compliance Michael Camuñez led policy discussions on bilateral trade and investment as well as on enhanced economic and commercial cooperation between the United States and Turkey.”<sup>791</sup> The meeting

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<sup>785</sup> South Korea and U.S. Reach Deal on Trade, The New York Times (Washington) 3 December 2010. Date of Access: 31 December 2010.

[http://www.nytimes.com/2010/12/04/business/global/04trade.html?\\_r=1&pagewanted=1&sq=United%20States%20trade&st=cse&scp=7](http://www.nytimes.com/2010/12/04/business/global/04trade.html?_r=1&pagewanted=1&sq=United%20States%20trade&st=cse&scp=7).

<sup>786</sup> South Korea and U.S. Reach Deal on Trade, The New York Times (Washington) 3 December 2010. Date of Access: 31 December 2010.

[http://www.nytimes.com/2010/12/04/business/global/04trade.html?\\_r=1&pagewanted=1&sq=United%20States%20trade&st=cse&scp=7](http://www.nytimes.com/2010/12/04/business/global/04trade.html?_r=1&pagewanted=1&sq=United%20States%20trade&st=cse&scp=7).

<sup>787</sup> A Sound Trade Deal with South Korea, The New York Times (Washington) 8 December 2010. Date of Access: 31 December 2010.

<http://www.nytimes.com/2010/12/09/opinion/09thu2.html?scp=7&sq=United%20States%20protectionism&st=cse>.

<sup>788</sup> World Trade Organization Upholds American Tariffs on Tires From China, The New York Times (Washington) 13 December 2010. Date of Access: 31 December 2010.

<http://www.nytimes.com/2010/12/14/business/global/14trade.html?partner=rss&emc=rss>.

<sup>789</sup> World Trade Organization Upholds American Tariffs on Tires From China, The New York Times (Washington) 13 December 2010. Date of Access: 31 December 2010.

<http://www.nytimes.com/2010/12/14/business/global/14trade.html?partner=rss&emc=rss>.

<sup>790</sup> G20 governments refrain from extensive use of restrictive measures, but some slippage evident, World Trade Organization (Geneva) 14 September 2009. Date of Access: 3 November 2010.

[www.wto.org/english/news\\_e/news09\\_e/trdev\\_14sep09\\_e.htm](http://www.wto.org/english/news_e/news09_e/trdev_14sep09_e.htm).

<sup>791</sup> Commerce official Michael Camuñez advances US-Turkish commercial and economic relationship and signs MOI with Turkish government, The International Trade Administration (Washington) 31 January 2011. Date of Access: 8 February 2011. <http://trade.gov/press/press-releases/2011/commerce-official-michael-camunez-advances-us-turkish-commercial-and-economic-relationship-and-signs-moi-with-turkish-government-013111.asp>.

allowed members of both the Turkish and American governments “to advance the goals of the US-Turkey Framework for Strategic Economic and Commercial Cooperation (FSECC).”<sup>792</sup> A Memorandum of Intent (MOI) was signed at the meeting, which “fulfilled a specific commitment the two governments made at the inaugural FSECC meeting.”<sup>793</sup>

Thus, the United States has been awarded a score of 0 for its support of trade liberalization, but its lack of initiative in the removal of barriers to trade and investment.

*Analyst: Ava-Dayna Sefa*

### **European Union: +1**

The European Union has fully complied with its commitment to reduce barriers to trade and make progress toward the creation of new trade agreements.

The European Commission presented its five-year trade strategy on 9 November 2010. This will reduce non-tariff barriers to trade with countries such as USA, China, Russia and Japan. Furthermore it seeks to increase trade and development with the regional Mercosur members and India upon completion of negotiations within the World Trade Organisation.<sup>794</sup>

Simultaneously, European Trade Commissioner Karel de Gucht presented their Trade, Growth and World Affairs document, as part of a long-term plan called Europe 2020. Its goal is to increase growth in the European Union via regional free trade agreements and: to initiate speedier job creation and to open barriers to trade in services. Upon completion, this should reduce such trade barriers with Korea, India, the members of Mercosur and the Association of South East Asian Nations (ASEAN) to 0.2 per cent.<sup>795</sup>

On 29 October 2010 the European Union reformed the currency union with a new crisis mechanism to be used in case of repeated trade deficits. The system will enter force in 2013, replacing the joint EU and IMF fund agreed upon in May.<sup>796</sup> This includes a surveillance framework which will “look for imbalances and risks, such as housing bubbles [...] and] observe the competitiveness of member states.”<sup>797</sup> Furthermore it will oversee and enforce fiscal discipline by use of sanctions if the budget deficits exceed 3 per cent. The plan also includes

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<sup>792</sup> Commerce official Michael Camuñez advances US-Turkish commercial and economic relationship and signs MOI with Turkish government, The International Trade Administration (Washington) 31 January 2011. Date of Access: 8 February 2011. <http://trade.gov/press/press-releases/2011/commerce-official-michael-camunez-advances-us-turkish-commercial-and-economic-relationship-and-signs-moi-with-turkish-government-013111.asp>.

<sup>793</sup> Commerce official Michael Camuñez advances US-Turkish commercial and economic relationship and signs MOI with Turkish government, The International Trade Administration (Washington) 31 January 2011. Date of Access: 8 February 2011. <http://trade.gov/press/press-releases/2011/commerce-official-michael-camunez-advances-us-turkish-commercial-and-economic-relationship-and-signs-moi-with-turkish-government-013111.asp>.

<sup>794</sup> Europe Sets Assertive Trade Policy Agenda for Next Five Years, European Trade Commission (Brussels) 9 November. Date of Access: 15 November. <http://trade.ec.europa.eu/doclib/press/index.cfm?id=636&serie=382&langId=en>.

<sup>795</sup> Trade as a Driver of Prosperity, European Trade Commission (Brussels) 9 November. Dates of Access: 16 November. [http://trade.ec.europa.eu/doclib/docs/2010/november/tradoc\\_146940.pdf](http://trade.ec.europa.eu/doclib/docs/2010/november/tradoc_146940.pdf).

<sup>796</sup> Crisis mechanism for the euro to be introduced, Government of the Federal Republic of Germany (Berlin) 29 October. Date of Access: 18 November. [http://www.bundesregierung.de/nn\\_6538/Content/EN/Artikel/2010/10/2010-10-29-ergebnisse-europaeischer-rat\\_en.html](http://www.bundesregierung.de/nn_6538/Content/EN/Artikel/2010/10/2010-10-29-ergebnisse-europaeischer-rat_en.html).

<sup>797</sup> Council agrees on a limited treaty change to introduce permanent crisis mechanism, EuroAlert (Brussels) 29 October 2010. Date of Access: 3 January 2011. <http://euroalert.net/en/news.aspx?idn=10918>

promoting industrial reform, increasing competitiveness, and finally: an initiative to prepare a private sector crisis mechanism.<sup>798</sup>

On 6 October the European Union successfully negotiated a free-trade agreement with The Republic of Korea, which will enter force in July 2011.<sup>799</sup>

Thus, the European Union has been awarded a score of +1 for its commitment to liberalize trade, resist protectionism and engage in bilateral and multilateral trade agreements.

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<sup>798</sup> Press Remarks By Herman van Rompuy President of the European Council following the first session of the European Council, European Council (Brussels) 29 October. Date of Access: 18 November. Page 1. [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/ec/117489.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/117489.pdf)

<sup>799</sup> Korea-EU free trade pact to drive global recovery, Korea Herald (Seoul) 9 December. Date of Access: 9 December. <http://www.koreaherald.com/business/Detail.jsp?newsMLId=20101209000923>