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presents the

## **2013 Lough Erne G8 Summit Interim Compliance Report**

18 June 2013 to 13 January 2014

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## 5. Trade: Africa Trade and Infrastructure [69]

### Commitment:

“The G8 commits to explore and identify in advance of our next meeting the further steps it can take together or individually, in collaboration with the private sector, International Financial Institutions (IFIs) and other international organisations to facilitate institutional investment flows into bankable trade-related infrastructure projects in developing countries.”

*2013 Lough Erne Declaration*

### Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Canada			+1
France			+1
Germany		0	
Italy			+1
Japan		0	
Russia		-1	
United Kingdom			+1
United States			+1
European Union			+1
Average Score		+0.56	

### Background:

Foreign aid and assistance to developing regions, particularly Africa, has been a long-standing focus for member states. Though disagreements have ensued over aid in the past, G8 member states have been able to agree on infrastructure spending and trade-based initiatives as means of improving economic conditions. At the 2005 Gleneagles Summit, leaders pledged to improve Africa’s capacity for trade by supporting three initiatives: the stimulation of growth and the improvement of the business climate in Africa; the development of Africa’s capacity to trade; and the mobilization of investment in infrastructure for local businesses.

At the 2008 Hokkaido Summit, member states reaffirmed their support for Aid for Trade with a special focus on Africa. This initiative, which was created in 2005 at the Hong Kong Ministerial Conference of the World Trade Organization (WTO), involves both governments and multilateral institutions such as the World Bank and regional development banks, supporting infrastructure and capacity building in developing countries. Aid for Trade aims to help developing countries build supply-side capacity and trade-related infrastructure in order to implement and benefit from WTO agreements, as well as increase overall trade.

At the 2012 Camp David Summit, member states declared their support for increased coordination between the African Regional Economic Communities (RECs) and the African Union (AU), the implementation of trade corridors, and policy reforms for increasing regional trade and improving infrastructure through the implementation of the Minimum Integration Program (MIP). The MIP consists of a variety of activities conducted through the RECs that will ensure greater regional and continental integration.

### Commitment Features:

This commitment, which is part of a broader trade and African-focused agenda, focuses on exploring and identifying collaborative measures between the private sector, international financial institutions (IFIs), and other international organizations to invest in trade-related

infrastructure projects in developing countries, with a focus on Africa. Member states hope to promote “inclusive and resilient growth in Africa” through greater transparency, improved infrastructure, better trade facilitation, the elimination of trade barriers, and the management of natural resources. Both an increase in regional trade within Africa and initiatives to reduce continental trade barriers are strongly welcomed.

The G8 will work with both African countries and regional economic communities, in order to help implement the AU reach its target of doubling intra-Africa trade, and reducing crossing times at key border posts by 50% by 2022. Member states also urge multilateral development institutions to establish and prioritize more effective mechanisms for collaboration on project preparation, funding and risk mitigation for Africa’s regional infrastructure programs, such as the Programme for Infrastructure Development (PIDA).

G8 members committed to explore and identify measures to facilitate institutional investments into bankable trade-related infrastructure projects in developing countries in advance of the next summit, but did not pledge to take these measures. Thus, the scoring is based on relevant discussions and negotiations with private sector, International Financial Institutions (IFIs) and other international organizations. In order to achieve full compliance a member should explore and identify possible steps with all these partners.

**Scoring:**

-1	Member does not explore AND does not identify potential collaborative measures regarding trade-related infrastructure projects in developing countries.
0	Member explores potential measures regarding trade-related infrastructure projects in developing countries in collaboration with the private sector OR IFIs as well as other international organisations.
+1	Member explores potential measures regarding trade-related infrastructure projects in developing countries in collaboration with the private sector AND IFIs as well as other international organisations.

*Lead Analyst: David Cosolo*

**Canada: +1**

Canada has fully complied with its commitment to explore and identify steps it can take to facilitate institutional investment flows into bankable trade-related infrastructure projects in developing countries. It has done so by conducting foreign investment promotion and protection agreements (FIPAs) with a number of developing countries. Foreign investment promotion and protection agreements are “aimed at protecting and promoting foreign investment through legally-binding rights and obligations.”

On 26 September 2013, Canada’s Minister of International Development and Minister for La Francophonie Christian Paradis concluded a foreign investment promotion and protection agreement between Canada and Côte d’Ivoire. The agreement is intended to promote a predictable market policy framework with Côte d’Ivoire through legally binding provisions, thereby encouraging investment flows between the two countries.

On 5 December 2013, Minister Fast concluded a FIPA between Canada and Guinea. The agreement is intended to promote a predictable market policy framework with Guinea through legally binding provisions, thereby encouraging investment flows between the two countries.

Due to its commitment to promote investment flows into developing countries, Canada has been awarded a score of +1.

*Analyst: James Flynn*

**France: +1**

France has fully complied with the exploration and identification of potential collaborative measures regarding trade-related infrastructure projects in developing countries that may be instituted at a future date.

On 26 June 2013, the annual Forum for Political Dialogue (FPD) between France and South Africa took place in Paris where discussions focused on bilateral, regional, and global developments. French Secretary-General of Foreign Affairs Pierre Sellal and South African Director-General of International Relations and Cooperation Jerry Matjila addressed the economic challenges of the strategic partnership between France and South Africa in the fields of energy, transport, technology, and science.

On 31 July 2013, Prime Minister Jean-Marc Ayrault addressed the Interministerial International Cooperation and Development Committee in Paris regarding the allocation of funds for France's development assistance efforts. In total, France is contributing more than EUR 9.3 billion in 2013 in Official Development Assistance, 85 per cent of which will go to Africa and the Mediterranean. According to Ayrault, sixteen African countries are the top priority for aid. The French government emphasized transparency and the effective distribution and control of aid since "it's in the interest of the countries concerned and it's in France's interest too."

From 4 December 2013 to 5 December 2013, Forum Africa: 100 Innovations for Sustainable Development was showcased as part of the Élysée Summit for Peace and Security in Africa. This event was held to promote innovations by African men and women in technological, economic, social, and environmental fields as well as African entrepreneurship and inclusive growth. The forum was organized by the French Ministry of Foreign Affairs, on the initiative of the Minister Delegate for Development, Pascal Canfin. This forum is in compliance with France's effort to promote growth and expansion of regional infrastructure programs in Africa.

From 6 December 2013 to 7 December 2013, France and 53 delegations from African countries took part in the Élysée Summit for Peace and Security in Africa, held in Paris. Representatives from the United Nations, the African Union, the European Union, the International Monetary Fund, the World Bank, and the African Development Bank were also present in the Summit. Discussions concerning economic partnership and development led to the reaffirmation of the economic relationship between France and Africa, with both parties determined to modernize this relationship by promoting quality growth and a sustainable economy. France committed to promote Africa's sustainable development from an economic, social, and environmental point of view through the Agence française de développement. An agreement was also made to organize a meeting between French and African economy ministers in 2014 and an Africa-France business forum to bring together various private companies.

As a result of France's initiative to facilitate collaboration with Africa and developing countries, it has been awarded a score of +1.

*Analyst: Krizia Lutan*

## Germany: 0

Germany has partially complied with its commitment to explore and identify steps it can take to cooperate on collaborative measures regard trade-related infrastructure projects in development countries, particularly in Africa.

During the opening of the EU-South Africa summit in Pretoria on 18 July 2013, the German bank KfW finance bank, along with the Development Bank of Southern Africa, the European Investment Bank, and the French development agency will cooperate to fund EUR 100 million for regional infrastructure projects relating to the energy, transport, and trade sectors in South Africa.<sup>291</sup>

On 13-18 October 2013, Germany Trade and Invest with Southern African-German Chamber of Commerce and Industry facilitated the visit of a delegation of eastern German companies to various business sectors in South Africa.<sup>292</sup> This trip was part of a larger framework of “German Weeks” organized by German institutions in South Africa from 12 September to 19 October 2013 to link business opportunities between “Africa’s biggest economy” and German companies.<sup>293294</sup>

On 5-6 December 2013, the 1st German-African Infrastructure Forum, with patronage from the Federal Ministry of Economics and Technology, took place in Munich.<sup>295</sup> This conference focused on partnership for transportation, construction, and logistics.

Germany has explored various methods of economic and development cooperation with Africa through summits, forums, and visits but has not concluded or extended any concrete agreements with African countries to facilitate trade and infrastructure projects. Thus, it receives a score of 0.

*Analyst: Sarah Danruo Wang*

## Italy: +1

Italy has fully complied with its commitment to explore and identify potential collaborative measures regarding trade-related infrastructure projects.

On 4 July 2013, Servizi Assicurativi del Commercio Estero (SACE), Italy’s state-owned export credit agency and credit insurer, announced a planned EUR 250 million pipeline of projects to support trade and private investment in Sub-Saharan Africa. SACE affirmed continuation of its risk-management partnership with the African Trade Insurance Agency (ATIA) that includes

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<sup>291</sup> EU Pledges €100m infrastructure aid as South Africa Summit opens, EURActiv (Brussels) 18 July 2013. Date of Access: 7 January 2014. <http://www.euractiv.com/development-policy/eu-stumps-100m-infrastructure-ai-news-529356>.

<sup>292</sup> Eastern German Delegation Visit to South Africa, Germany Trade and Invest (Berlin) 14 October 2013. Date of Access: 7 January 2014. <http://www.gtai.de/GTAI/Navigation/EN/Invest/Business-location-germany/powerhouse-eastern-germany,did=901008.html>.

<sup>293</sup> Eastern German Delegation Visit to South Africa, Germany Trade and Invest (Berlin) 14 October 2013. Date of Access: 7 January 2014. <http://www.gtai.de/GTAI/Navigation/EN/Invest/Business-location-germany/powerhouse-eastern-germany,did=901008.html>.

<sup>294</sup> Investor Forum for South African Businesses, Germany Trade and Invest (Berlin) 14 October 2013. Date of Access: 7 January 2014. <http://www.gtai.de/GTAI/Navigation/EN/Invest/Business-location-germany/powerhouse-eastern-germany,did=852338.html>.

<sup>295</sup> 1st German-African Infrastructure Forum, Afrika-Verein Veranstatungs-GMBH (Munich) 5-6 December 2013. Date of Access: 7 January 2014. [http://www.gaif.de/fileadmin/user\\_upload/GAIF\\_13/Program%20-%201st%20German-African%20Infrastructure%20Forum%20December%205th%20-%206th%202013%20Munich.pdf](http://www.gaif.de/fileadmin/user_upload/GAIF_13/Program%20-%201st%20German-African%20Infrastructure%20Forum%20December%205th%20-%206th%202013%20Munich.pdf).

support of EUR 300 million loans for energy infrastructure and more than EUR 10 million for industrial machinery.

On 23 November 2013, the Egyptian Ministry of Supply and Internal Trade announced an agreement with Italian Ambassador to Cairo Maurizio Massari for a EUR 66 million Italian grant for joint agriculture and food development projects. The Egyptian Ministry for Transportation also announced potential joint projects with the Italian government for the construction of high-speed rail infrastructure.

As part of its efforts with the World Trade Organization (WTO), Italy contributed to the success of the “Bali package” and to the reduction of trade barriers and the establishment of more trade-favorable infrastructure between states, as announced on 7 December 2013.

Italy has identified specific collaborative measures for trade-related infrastructure projects in several developing countries that shall or may be implemented. Thus, Italy has been awarded a score of +1.

*Analyst: Jerome Newton*

### **Japan: 0**

Japan has partially complied with its commitment to explore and identify steps it can take to facilitate institutional investment flows into bankable trade-related infrastructure projects in developing countries.

On 22 August 2013, the Japan International Cooperation Agency announced that it had signed official implementation agreements for the “Project for Capacity Development of Legal, Judicial and Relevant Sectors in Myanmar.” The three-year project is designed to better assist Myanmar in enforcing the rule of law. This will assist the government of Myanmar to “create a business-friendly legal system to promote the market economy and attract more foreign investment.”

On 7 November 2013, the Japan International Cooperation Agency signed a memorandum of understanding with the Inter-American Development Bank on the Emerging and Sustainable Cities Initiative. One of the goals of the Emerging and Sustainable Cities Initiative is developing a stable investment environment — both domestic and foreign — for urban development.

Thus, Japan has been awarded a score of 0 for identifying prospective development agreements with international stakeholders.

*Analyst: James Flynn*

### **Russia: -1**

Russia has failed to comply with its commitment to explore and identify steps it can take to facilitate institutional investment flows into bankable trade-related infrastructure projects in developing countries.

No information on Russia’s actions to facilitate institutional investment flows into bankable trade-related infrastructure projects in developing countries has been registered.

Thus, Russia has been awarded a score of -1 for failing to comply with the commitment.

*Analyst: Andrei Sakharov*

### **United Kingdom: +1**

The United Kingdom has fully complied with its commitment to explore and identify steps it can take to facilitate institutional investment flows into bankable trade-related infrastructure projects in developing countries.

On 15 July 2013, the United Kingdom, represented by Secretary of State for International Development Justine Greening, announced a GBP7.2 million investment in the International Trade Centre. The centre's research is focused on eliminating barriers to trade, and facilitating investment flows in developing countries. The United Kingdom's Department for International Development also announced a GBP57.4 million project to build shipping infrastructure in Uganda and Kenya, and modernize the Kenyan port of Mombasa. On 6 November 2013, Secretary Greening, announced a GBP10 million fund to reduce transport costs and improve trade in East Africa. The representative emphasized the importance of eliminating red-tape and developing infrastructure in the region.

On 20 November 2013, the United Kingdom also announced a GBP6 million plan to improve tax collection in developing countries. The plan will fund four international projects that will "improve revenue collection and help authorities to combat tax evasion and avoidance" in developing countries. The plan also includes the establishment of a database of tax inspectors who can advise developing countries on tax audits.

On 19 December 2013, the United Kingdom announced a contribution of GBP938 million per year for the next three years to the International Development Association (IDA). The contribution also included GBP500 million in concessional loans over the three-year period. The IDA is the arm of the World Bank that provides development assistance to developing countries. Among other things, the IDA provides loans to small businesses, and supports access to electricity. Due to its commitment to eliminating barriers to trade in developing countries, the United Kingdom has been awarded a score of +1.

*Analyst: James Flynn*

### **United States: +1**

The United States has fully complied with its commitment to explore and identify potential collaborative measures regarding trade-related infrastructure projects in developing countries. It is examining pertinent aspects of infrastructure projects in future legislation and has identified several measures for present and future implementation.

On 30 June 2013, United States President Barack Obama announced Power Africa, an initiative to boost the availability of electricity in Africa. Power Africa aims to leverage "private sector engagement" and co-operation with the World Bank and African Development Bank to "facilitate future investment" and achieve energy security.

On 1 July 2013, President Obama announced Trade Africa, a partnership between the U.S. and the East African Community (EAC) to "increase internal and regional trade within Africa." The initiative's specific goals include supporting regional integration through the reduction of border controls, building the capacity of the private sector to construct trade-related infrastructure, and doubling intra-regional trade.

On 12 December 2013, a bipartisan group of leaders from the U.S. House of Representatives and Senate requested a study to examine the effectiveness of the 2000 U.S. African Growth and Opportunity Act (AGOA), which is due for renewal in 2015. Various questions arose related specifically to the improvement of the legislation in fostering infrastructure development, investment, and trade in Africa. On 13 November 2013, the U.S. International Trade Commission

announced four studies on the effects of the AGOA. One study assesses the relationship between potential “sub-Saharan reciprocal trade agreements” and AGOA “trade performance” factors with a view to amending the legislation for renewal.

The United States has identified specific potential collaborative measures regarding trade-related infrastructure projects in Africa. Thus, the United States has been awarded a score of +1.

*Analyst: Jerome Newton*

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

The European Union has fully complied with its effort to identify specific collaborative measures regarding trade-related infrastructure projects in developing countries that may be instituted at a future date.

From 15 July 2013 to 19 July 2013, European Union Trade Commissioner Karel De Gucht travelled to Kenya, Namibia, Botswana, and South Africa to discuss ways to strengthen trade and investment relations with the African region through comprehensive trade and development partnerships.<sup>296</sup> The Commissioner’s visits aimed to boost trade relations and to prepare for the conclusion of Economic Partnership Agreements (EPAs) between the EU and the Eastern African Community (EAC) and the South African Development Community (EADC).<sup>297</sup>

On 18 July 2013, the sixth South Africa-EU Summit was held in Pretoria, South Africa.<sup>298</sup> Discussions regarding the promotion of sustainable development and strategic partnership led to the agreement of job-creation through inward investments, with the future establishment of the South Africa-EU Business Council.<sup>299</sup> Both parties remain committed to open and transparent trade rules in line with their bilateral and multilateral commitments.

South Africa and the EU have shown initiative to pursue discussions regarding a Joint Africa-EU Strategy to remain as the political framework to steer continent-to-continent relations with relevant stakeholders in the upcoming 4<sup>th</sup> EU-Africa Summit scheduled for April 2014 in Brussels.<sup>300</sup>

The European Union has also engaged in economic partnership and development discussions in the Élysée Summit for Peace and Security in Africa, which was held from 6 December 2013 to

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<sup>296</sup> European Trade Commissioner Karel De Gucht on visit to Kenya, Namibia, Botswana and South Africa, European Union (Brussels), 12 July 2013. Date of Access: 19 December 2013.  
[http://europa.eu/rapid/press-release\\_IP-13-686\\_en.htm](http://europa.eu/rapid/press-release_IP-13-686_en.htm)

<sup>297</sup> European Trade Commissioner Karel De Gucht on visit to Kenya, Namibia, Botswana and South Africa, European Union (Brussels), 12 July 2013. Date of Access: 19 December 2013.  
[http://europa.eu/rapid/press-release\\_IP-13-686\\_en.htm](http://europa.eu/rapid/press-release_IP-13-686_en.htm)

<sup>298</sup> South Africa-EU Summit, European Union (Brussels), 16 July 2013. Date of Access: 19 December 2013.  
[http://europa.eu/rapid/press-release\\_IP-13-694\\_en.htm](http://europa.eu/rapid/press-release_IP-13-694_en.htm)

<sup>299</sup> Sixth South Africa-European Union Summit Joint Communiqué, Council of the European Union (Brussels), 19 July 2013. Date of Access: 19 December 2013  
[http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/ec/138179.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/138179.pdf)

<sup>300</sup> Sixth South Africa-European Union Summit Joint Communiqué, Council of the European Union (Brussels), 19 July 2013. Date of Access: 19 December 2013  
[http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/ec/138179.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/138179.pdf)



7 December 2013 in Paris, France.<sup>301</sup> Support was provided for the purpose of EPAs between the European Union and African regional economic communities, to assist the integration of the African economy into international exchanges and for the flexibility to enable further participation by other African countries.

The European Union has worked with various African states to ensure the reaffirmation and effectiveness of previous trade agreements. Efforts made to initiate further discussions have led to the establishment of new partnerships and agreements as well as new discussion topics for future summits. The European Union thus receives a score of +1.

*Analyst: Krizia Lutan*

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<sup>301</sup> Élysée Summit for Peace and Security in Africa, France in Ghana (Accra), 17 December 2013. Date of Access: 19 December 2013. <http://sometet-afrique.elysee.fr/sometet-de-l-elysee-pour-la-paix-et-la-securite-en-afrique-declaration-finale>