

## 2002 Kananaskis Interim Compliance Report Economic Growth – Agricultural Trade

### **Commitment:**

Without prejudging the outcome of the negotiations, applying our Doha commitment to comprehensive negotiations on agriculture aimed at substantial improvements in market access, reductions of all forms of export subsidies with a view to their being phased out, and substantial reductions in trade-distorting domestic support.

### **Background:**

At the Doha Ministerial Conference held in November 2001, participants implemented the Doha Declaration which reconfirms the objective of the WTO Agreement to establish a fair and market-oriented trading system by preventing restrictions and distortions in world agricultural markets.<sup>114</sup> At the G8 summit in Kananaskis, the G8 countries implemented the Africa Action Plan in support of the New Partnership for Africa's Development (NEPAD), an African-led strategy for sustainable development and poverty reduction in Africa. As part of the action plan, the G8 countries are committed to agricultural reforms in order to improve Africa's position in world agricultural markets.<sup>115</sup> Within the action plan member countries have pledged to improve global market access for African exports by tackling trade barriers and farm subsidies by 2005.<sup>116</sup>

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<sup>114</sup> World Trade Organization, "The Doha Declaration Explained—Agriculture," <[http://www.wto.org/english/tratop\\_e/dda\\_e/dohaexplained\\_e.htm#agriculture](http://www.wto.org/english/tratop_e/dda_e/dohaexplained_e.htm#agriculture)>.

<sup>115</sup> Department of Foreign Affairs and International Trade, Canada, "Opportunity for Canadian Exporters: Trade Mission to Sub-Saharan Africa," <<http://www.dfait-maeci.gc.ca/canadexport/docs/active/vol.%2018,%20no%2018@2345-e.htm>>.

<sup>116</sup> BBC News, "G8 Agrees Africa Action Plan," 27 June 2002, <<http://news.bbc.co.uk/1/hi/business/2069632.stm>>.

**Assessment:**

<b>Score</b>	<b>Lack of Compliance -1</b>	Work in Progress <b>0</b>	Full Compliance <b>+1</b>
Country			
<i>Canada</i>			<b>+1</b>
<i>France</i>		0	
<i>Germany</i>		0	
<i>Italy</i>		0	
<i>Japan</i>		N/A	
<i>Russia</i>		N/A	
<i>United Kingdom</i>		0	
<i>United States</i>	-1		
<b>Overall</b>			<b>0.00</b>

**Individual Country Compliance Breakdown:****1. Canada: +1**

Canada has complied with this commitment. Canada is pursuing a trade policy to improve market access and to level the playing field through the current round of WTO negotiations. Within the WTO, Canada is pushing for real and substantial market access improvements and the elimination of export subsidies.<sup>117</sup> Canada is also seeking a maximum reduction of trade-distorting domestic support and addressed the issue in a draft to the WTO.<sup>118</sup> Prime Minister Jean Chrétien announced that Canada would work to open its markets to African imports by eliminating tariffs and quotas on most imports from 48 Least Developed Countries, of which 34 are in Africa, effective January 1, 2003. The Canadian government has also allocated \$20 million for initiatives to increase Africa's trade capacity by working to promote exports within and outside Africa as well as to strengthen the role of African countries and institutions in multilateral trade negotiations.<sup>119</sup>

**2. France: 0**

France has partially complied with this commitment. As an entrenched EU member France, has committed to a proposal for WTO negotiations on agriculture to improve market opening and reduce of trade distorting support

<sup>117</sup> Agriculture and Agri-Food Canada, <[http://www.agr.gc.ca/cb/apf/bgd\\_comp\\_e.html](http://www.agr.gc.ca/cb/apf/bgd_comp_e.html)>.

<sup>118</sup> Agriculture and Agri-Food Canada, "Modalities for Domestic Support Specific Drafting Input: Canada," <<http://www.agr.gc.ca/itpd-dpci/english/current/support.htm>>.

<sup>119</sup> Department of Foreign Affairs and International Trade, "Canada Helps Build Partnerships with Africa," 27 June 2002, <[http://www.dfait-maeci.gc.ca/jakarta/canada\\_partnership\\_africa-en.asp](http://www.dfait-maeci.gc.ca/jakarta/canada_partnership_africa-en.asp)>.

(See the United Kingdom assessment below). However, the French government has not made any specific commitments to reducing farm subsidies in the European Union that predominantly benefit French farmers.<sup>120</sup>

### **3. Germany: 0**

Germany has partially complied with this commitment. As an entrenched EU member, Germany has committed to a proposal for WTO negotiations on agriculture to improve market opening and reduce trade distorting support (See the United Kingdom assessment below). Moreover, the German government has recognized the need to improve economic prospects in the agricultural sector and has promoted the need to increase agricultural productivity in Africa. Germany has stated that countries should express their point of view in regards to the opening of OECD markets to agricultural products and the dismantling of the industrialized countries' export subsidies in the WTO negotiating process.<sup>121</sup>

### **4. Italy: 0**

Italy has partially complied with this commitment. As an entrenched EU member, Italy has committed to a proposal for WTO negotiations on agriculture to improve market opening and reduce of trade distorting support (See the United Kingdom assessment below). However, a specific implementation program in order to improve market access, reduce and possibly eliminate export subsidies and reduce trade-distorting domestic support is currently unavailable.

### **5. Japan: N/A**

Japan has not outlined a specific implementation program in order to comply with this commitment. However, Japan, as a member of the WTO, has made a broad commitment to work toward an agreement in WTO negotiations on agriculture in order to achieve “the maximum possible reduction or elimination of production and trade-distorting domestic support”.<sup>122</sup> In a speech by Ms. Yoriko Kawaguchi, Minister for Foreign Affairs of Japan, at the United Nations Conference Center she stated that Japan has been working with Africa for the integration and development of Africa. Kawaguchi outlined Japan's basic policy, the Tokyo International Conference on African Development (TICAD) process. Japan stated that it intends to take its own initiatives in implementing the Africa Action Plan, but there is no mention of policies regarding agriculture.<sup>123</sup>

### **6. Russia: N/A**

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<sup>120</sup> The Tocqueville Connection, <<http://www.adetocqueville.com/cgi-bin/loc/getzip.cgi?0+4612>>.

<sup>121</sup> Federal Ministry for Economic Cooperation and Development, “The African Challenge,” <<http://www.bmz.de/en/media/concepts/afrika/afrika13.html>>.

<sup>122</sup> Department of Foreign Affairs and International Trade, Canada, “Article 3 - Domestic Support,” <[http://www.dfait-maeci.gc.ca/tna-nac/agsagit/ftaa\\_negotiating\\_group-en.asp](http://www.dfait-maeci.gc.ca/tna-nac/agsagit/ftaa_negotiating_group-en.asp)>.

<sup>123</sup> Ministry of Foreign Affairs, Japan “Policy Speech by Ms. Yoriko Kawaguchi Minister,” 26 August 2002, <<http://www.mofa.go.jp/region/africa/fmv0208/ethiopia.html>>.

Russia has not outlined a specific implementation program in order to comply with this commitment. Russia, as a member of the WTO, has agreed to work towards the reduction or elimination of production and trade-distorting domestic support in the area of agriculture.<sup>124</sup> Under the Russia-South Africa Joint Intergovernmental Committee for trade and economic cooperation, Russia was engaged in searching for bilateral contacts in agriculture. Russian authorities will soon put South Africa on the list of developing countries enjoying privileges in trade with Russia, but there is no specific reference as to whether this will include the area of agriculture.<sup>125</sup>

## 7. United Kingdom: 0

Britain has partially complied with this commitment. The UK supports major changes to the system of farming subsidies under the Common Agriculture Policy (CAP).<sup>126</sup> The UK government plans to work to complete the CAP mid-term review to enable the European Union to commit to reductions in agricultural support by the World Trade Organization Ministerial meeting in Cancun, Mexico in September 2003.<sup>127</sup> The UK's objective of reforming international trade arrangements to promote the development of African agriculture will be accomplished through the reduction agricultural subsidies in the WTO context, seeking cuts in other G8 and OECD members' support systems. In order to increase market access for Africa, the UK will work with European Union G8 partners to reduce or eliminate tariff escalation on goods of particular interest to Africa.<sup>128</sup> Moreover, the EU presented a proposal for WTO negotiations on agriculture, calling for improved market opening and reduction of trade distorting support. The Commission paper proposes to cut import tariffs by 36%, export subsidies by 45% and to reduce trade distorting domestic farm support by 55%. EU Farm Commissioner Franz Fischler said that the proposal meets the objectives agreed at Doha.<sup>129</sup> The issue of farm subsidies divides the EU. Germany, Britain and others are in favour of changes while France is eager to

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<sup>124</sup> Department of Foreign Affairs and International Trade, Canada, "Article 3 - Domestic Support," <[http://www.dfait-maeci.gc.ca/tna-nac/agsagit/ftaa\\_negotiating\\_group-en.asp](http://www.dfait-maeci.gc.ca/tna-nac/agsagit/ftaa_negotiating_group-en.asp)>.

<sup>125</sup> Pravda, "South Africa makes important decisions to develop trade and economic cooperation with Russia," <<http://english.pravda.ru/economics/2002/11/22/39829.html>>.

<sup>126</sup> Department for the Environment, Food and Rural Affairs, "UK response to EU proposals for CAP reform," <[http://www.britaininfo.org/agriculture/xq/asp/SarticleType.1/Article\\_ID.2457/qx/articles\\_show.htm](http://www.britaininfo.org/agriculture/xq/asp/SarticleType.1/Article_ID.2457/qx/articles_show.htm)>.

<sup>127</sup> Foreign & Commonwealth Office, "G8 Africa Action Plan: towards the 2003 summit," <<http://www.fco.gov.uk/Files/KFile/G8africaactionplan.pdf>>.

<sup>128</sup> Foreign & Commonwealth Office, "G8 Africa Action Plan: UK Implementation up to G8 Summit 2003," <[http://www.fco.gov.uk/Files/kfile/uk\\_g8.0.pdf](http://www.fco.gov.uk/Files/kfile/uk_g8.0.pdf)>.

<sup>129</sup> Europa, "WTO and Agriculture: European Commission proposes more market opening, less trade distorting support and a radically better deal for developing countries," <[http://europa.eu.int/rapid/start/cgi/guesten.ksh?p\\_action.gettxt=gt&doc=IP/02/1892|0|RAPID&lg=EN&display=>](http://europa.eu.int/rapid/start/cgi/guesten.ksh?p_action.gettxt=gt&doc=IP/02/1892|0|RAPID&lg=EN&display=>)>.

maintain the system.<sup>130</sup>

## 8. United States: -1

The United States has failed to comply with this commitment. The United States has explored a bilateral free trade agreement with Morocco and a regional free trade agreement with the Southern African Customs Union which would demonstrate a commitment to reducing trade barriers if implemented. The U.S. stated that these negotiations would benefit African nations by opening agriculture markets and reducing trade-distorting farm subsidies.<sup>131</sup> In a press conference Secretary of Agriculture Ann Veneman and U.S. Trade Representative Ambassador Bob Zoellick discussed the U.S.' trade proposal for agriculture in the WTO which demonstrated an effort by the United States to try to eliminate agriculture trade barriers.<sup>132</sup> While it appears that the commitment is a work in progress in the U.S., the U.S. farm bill, which increases subsidies and other farm aid to U.S. farmers by more than \$170 billion over the next decade, is seen by the international community as a "step backwards" in agricultural reform.<sup>133</sup>

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<sup>130</sup> The Tocqueville Connection, "Europe Takes Aim at subsidies for Farmers," <<http://www.adetocqueville.com/cgi-binloc/getzip.cgi?0+4210>>.

<sup>131</sup> Government of the United States of America, "Fact Sheet: G-8 Africa Action Plan," <<http://www.whitehouse.gov/news/releases/2002/06/20020627-10.html>>.

<sup>132</sup> Ann Veneman, Secretary of Agriculture and Robert Zoellick, USTR Ambassador, "Press Briefing," 13 August 2002, <<http://www.whitehouse.gov/news/releases/2002/08/20020813-8.html>>.

<sup>133</sup> The Tocqueville Connection, "Europe takes Aim at Subsidies for Farmers," <<http://www.adetocqueville.com/cgi-binloc/getzip.cgi?0+4210>>.