# 2003 Evian Interim Compliance Report Trade: Multilateral Trade Negotiations

### Commitment:

2003 - 47: "We are committed to delivering on schedule, by the end of 2004, the goals set out in the Doha Development Agenda, and to ensure that the Cancun Ministerial Conference in September takes all decisions necessary to help reach that goal."

### Background:

The multilateral system embodied in the World Trade Organization (WTO) and the Doha Development Agenda is central to assisting developing nations and promoting global economic growth. The failure of the Cancun Ministerial Conference in September 2003, which aimed at taking steps towards the implementation of the Doha Development Agenda, appears that it will likely prevent the G8 states from fulfilling their commitments on schedule by the end of 2004. Despite the breakdown of talks in Cancun, the G8 members have pursued various unilateral, bilateral, and multilateral agreements in order to advance their commitments on the Doha Development Agenda.

Score	Lack of Compliance –1	Work in Progress 0	Full Compliance +1
Canada		0	
France		0	
Germany		0	
Italy		0	
Japan		0	
Russia	-1		
United Kingdom		0	
United States	-1		
European Union*	-1*		
Overall		-0.250	

### Assessment:

# Individual Country Compliance Breakdown:

### 1. Canada: 0

The government of Canada has taken steps toward compliance with respect to the trade commitments set out at the G8 summit in Evian, France. The inability to comply with the commitment was due to the breakdown of negotiations of the WTO Cancun Ministerial Conference in September 2003. This conference ended without conclusion and was a major setback for Canada as it will be unable to achieve the goals of the Doha Development Agenda before the end of 2004. Canada has, however, made progress in other areas of the Doha Declaration. Canada "remains committed to the multilateral system and is prepared to re-engage

in negotiations" towards achieving the Doha agenda.<sup>130</sup> The Prime Minister's Office has introduced legislation to enable the export of low-cost pharmaceutical drugs in their fight against HIV/AIDS, malaria, tuberculosis, and other diseases in developing countries. Canada is taking a leadership role by negotiating with the WTO, the World Health Organization (WHO), the World Intellectual Property Organization (WIPO), and other countries to develop effective international means accessing low cost pharmaceutical products.<sup>131</sup> Canada has also contributed technical assistance and capacity building funding of over \$500 million to date.<sup>132</sup>

#### 2. France: 0

Overall, France has made little progress towards delivering the goals of Doha. France has made very little progress in reforming the European Union's Common Agriculture Policy (CAP), which was one of the main contributing factors to the failure of the Cancun Ministerial Conference.<sup>133</sup> France's Minister for Agriculture, Food, Fisheries, and Rural Affairs, Hervé Gaymard, reaffirmed just before the Cancun meeting that the reformed CAP would first benefit the French farmers. Gaymard argued that agricultural relations are not always unfavorable to the South. <sup>134</sup> Additionally, Gaymard argues that EU agriculture subsidies compensate the farmers' social and environmental efforts, and maintain their European rural identity.<sup>135</sup>

In President Jacque Chirac's speech for the opening of the "Forum pour le Partenariat avec l'Afrique", he suggested that this Forum should re-examine the propositions that France and the European Union had presented in Cancun.<sup>136</sup> In addition, President Chirac has made several state visits to African countries such as Morocco, Nigeria, Mali, and Tunisia in the past six months.<sup>137</sup> France has also made several public reaffirmations in its willingness to achieve the Doha Agenda in fighting against corruption, promoting trade investment, and opening trade access for non-agricultural goods. As well, France reaffirmed its support for giving developing countries access to drugs and medications as outlined at the Cancun meeting. Although no agreement was reached at Cancun, the spokesperson for Quai d'Orsay declared that France will work with other members of the EU to find a solution.<sup>138</sup> In terms of providing financial assistance to the least-developed countries, France confirmed in October 2003 that a donation of €100,000 will be used

<sup>&</sup>lt;sup>130</sup> Department of Foreign Affairs and International Trade. World Trade Organization: Summary of the WTO 5<sup>th</sup> Ministerial Conference.

www.dfait-maeci.gc.ca/tna-nac/WTO/summary-en.asp

<sup>&</sup>lt;sup>131</sup> Department of Foreign Affairs and International Trade. Government of Canada introduce legislative changes to enable export of much-needed, lower-cost pharmaceutical product to developing countries, November6, 2003. webapps.dfait-maeci.gc.ca/minpub/Publication.asp?FileSpec=/Min Pub Docs/106589.htm&Language=E

<sup>&</sup>lt;sup>132</sup> Department of Foreign Affairs and International Trade. World Trade Organization: Canada and the WTO, September 26, 2003. www.dfait-maeci.gc.ca/tna-nac/wto-co-en.asp

<sup>&</sup>lt;sup>133</sup> G8 News Online, "Europe holds the key," The Guardian, October 27, 2003

<sup>&</sup>lt;sup>134</sup> France Diplomatie. "Discours de M. Hervé Gaymard, ministre de l'Agriculture, de l'Alimentation, de la Pêche et des Affaires Rurales." 28 August 2003. www.diplomatie.gouv.fr/actu/article.asp?ART=36726.

<sup>&</sup>lt;sup>135</sup> Ibid.

<sup>&</sup>lt;sup>136</sup> Le Palais de l'Elysée. "Intervention de M. Jacques Chirac, Président de la République Française à l'occasion de la première réunion du Forum pour le Partenariat avec l'Afrique". 10 November 2003. www.elysee.fr/cgibin/auracom/aurweb/search/file?aur\_file=discours/2003/D031110.html

<sup>&</sup>lt;sup>137</sup> Le Palais de l'Elysée. "Déplacement à l'étranger en 2003".

www.elysee.fr/magazine/deplacement\_etranger/sommaire.php?annee=2003

<sup>&</sup>lt;sup>138</sup> France Diplomatie. "Déclaration du porte-parole adjoint du Quai d'Orsay, OMC/Accès des pays en développement aux médicaments." 1 September 2003 www.diplomatie.gouv.fr/actu/article.asp?ART=36781

to implement the Agreement on the Application and Phytosanitary Measures (SPS Agreement).<sup>139</sup>

### 3. Germany: 0

As a result of the breakdown of the Cancun Ministerial Conference in September, little additional decisions were made to assist Germany in reaching the goals set out in the Doha Development Agenda. While Germany called for a quick resumption of talks as a result of its interest in eliminating barriers to trade on a global scale, this effort did not result in a revival of trade talks before the deadline of December 15, 2003; they will resume in 2004.<sup>140</sup> This attempt to return to negotiations is inconsistent with German behavior at the Cancun Ministerial Conference. The staunch EU position on maintaining its high agricultural subsidies through the CAP at the expense of the developing world was a fundamental contributor to the breakdown of the discussions in Cancun.<sup>141</sup> This aversion to a reduction in agricultural subsidies is in direct conflict with the Doha Development Agenda, which calls for agricultural reforms to improve the developing world's position in agricultural markets.<sup>142</sup>

While Germany has some bilateral agreements with countries such as Tanzania and Morocco, ranging from assistance in improving their trade competitiveness through enhancing product quality and the revision of relevant national legislation and regulations, these bilateral agreements are discriminatory, as they do not apply to all members relevant to the Doha Development Agenda.<sup>143</sup> Germany's participation in the EU initiative to renegotiate the regulation of the European cotton market, though, is a positive action as it conveys an attempt to continue the Doha Development Agenda and push through the impasse that resulted from the Cancun Ministerial conference.<sup>144</sup>

# 4. Italy: 0

Italy is slowly making progress towards implementation of the Doha Development Agenda. Italy has publicly confirmed its will to continue the Doha Development Agenda, yet, it is not clear that the country will be able to deliver on these goals by the end of 2004. Prior to the Cancun meeting, the Italian government pledged €1 million to the Doha Development Agenda Global

<sup>&</sup>lt;sup>139</sup> World Trade Organization. "France donates 100,000 euros to WTO technical assistance." 22 October 2003. www.wto.org/english/news\_e/pres03\_e/pr361\_e.htm

<sup>&</sup>lt;sup>139</sup> American Embassy in London "Zoellick Meetings in Europe Aim to Advance WTO Negotiations". www.usembassy.org.uk/trade402.html

<sup>&</sup>lt;sup>140</sup> Federal Government of Germany. "Schroder for rapid resumption of WTO talks" Tuesday September 16, 2003. eng.bundesregierung.de/dokumente/Artikel/ix\_526863.htm?script=0

<sup>&</sup>lt;sup>141</sup> Agence-France Presse "WTO members miss deadline to relaunch trade talks, but ready to negotiate." Mon. Dec. 15, 2003. story.news.yahoo.com/news?tmpl=story&u=/af[/20031215/bs\_afp/wto\_trade\_doha\_031215152158.

<sup>&</sup>lt;sup>142</sup> Department of Foreign Affairs and International Trade, Canada, "Opportunity for Canadian Exporters: Trade Mission to Sub-Saharan Africa," www.dfait-maeci.gc.ca/canadexport/docs/active/vol.%2018,%20no%2018@2345-e.htm.

<sup>&</sup>lt;sup>143</sup> Federal Ministry for Economic Cooperation and Development. "How Germany is Supporting Agriculture in Morocco" www.bmz.de/en/topics/wto/Arbeit\_in\_Projekten/Marokko.html

<sup>&</sup>lt;sup>144</sup> Federal Ministry for Economic Cooperation and Development. "Important WTO 'Development Round' in Cancun, Mexico, failed." October, 2003. www.bmz.de/en/media/newsletter/newsletter18/002.html.

Trust Fund in August 2003.<sup>145</sup> In addition, Italy has gradually been dedicating a total of US\$17.3 million for Trade-related Technical Assistance and Capacity building (TRTA/CB) activities since 2002, which will continue for the following five years.<sup>146</sup>

Italian Prime Minister Silvio Berlusconi has publicly announced that the Doha Development Agenda will be completed by 1 January 2005.<sup>147</sup> However, there is no information available that indicates that Italian government has taken the appropriate and/or sufficient actions to meet the aforementioned goal. Obviously, the breakdown of the Cancun meeting signified a partial failure of the G8 commitment on trade. Italy, along with the other members of the EU, did not ensure that the Cancun Ministerial Conference took the necessary measures to help reach the goals of the Doha Development Agenda. However, despite the failure of Cancun meeting, Italy has acted bilaterally and multilaterally to conclude trade agreements with some least-developed countries (LDCs) as a means to fulfill the agreement reached in Doha, notably with Burkina Faso.<sup>148</sup>

#### 5. Japan: 0

It is very difficult to assess progress made on a commitment as broad as advancing the Doha development round of the WTO, especially in light of the failed trade talks taking place in Cancun, Mexico in September 2003. With the support of the IMF and the World Bank, there was another round of meetings in Geneva in December 2003 which aimed to restore the talks and discuss controversial agriculture proposals which caused the Cancun ministerial to end without resolution. However, despite these good intentions, little was achieved at this meeting. Members, including Japan, indicated that they are willing to restart work in the negotiating groups, but a major breakthrough remains to be seen.<sup>149</sup>

In global trade practice, goods are deemed dumped if it can be shown that they are being exported at artificially low prices – perhaps to corner a market and undermine national producers. Japan, united with the EU and several other developed and developing countries, faces a potential tariff conflict with the United States against the Byrd amendment, which they claim encourages U.S. manufacturers to launch self-serving anti-dumping cases against imports of competing goods.<sup>150</sup> Furthermore, in light of the recent discovery of cows infected with Bovine Spongiform Encephalopathy – or Mad Cow Disease, Japan was one of the first countries to close its doors to American beef, thus worsening trade relations between the two countries. Despite a commitment to the Doha agenda, both within the WTO and other fora such as the IMF,

<sup>&</sup>lt;sup>145</sup> World Trade Organization. "Italy to contribute 1.55 million Swiss francs to WTO technical assistance." 22 August 2003. www.wto.org/english/news\_e/pres03\_e/pr349\_e.htm

<sup>&</sup>lt;sup>146</sup> World Trade Organization and Organization for Economic Co-operation and Development. "First Joint WTO/OECD Report on Trade-related Technical Assistance and Capacity Building." November/December 2002. www.oecd.org/dataoecd/48/49/2485047.pdf

<sup>&</sup>lt;sup>147</sup> Ministero dell'Economia e della Finanze. "Documento di Programmazione Economico-Finanziaria. per gli anni 2003–2006" www.governo.it/GovernoInforma/Dossier/dpef2003/DPEF\_2003\_2006.pdf

<sup>&</sup>lt;sup>148</sup> Ministero degli Affari Esteri. "Accordi Bilaterali di Ristrutturazione debitoria applicativi delle intese multilaterali del Club di Parigi, Firmati dall'Italia (Ministero Affari Esteri - D.G.C.E) Nel corso del 2003."

www.esteri.it/polestera/organismim/indexeconom.htm

<sup>&</sup>lt;sup>149</sup> "Chair wraps up: negotiating groups can restart, but still no deal on tough issues," available at: www.wto.org/english/news\_e/news\_e.htm

<sup>&</sup>lt;sup>150</sup> "E.U., Other Nations Gear for Trade Fight with the U.S.," available at: www.reuters.com/newsArticle.jhtml?type=topNews&storyID=4046977&pageNumber=0

World Bank, and OECD, Japan retains 500 per cent import tariffs on rice,<sup>151</sup> tariff escalation on processed foods, and other restrictions such as sanitary and phytosanitary procedures, and state management of certain agricultural products.<sup>152</sup>

While tariffs remain high, Japan has undergone domestic reforms which are in line with its commitment internationally to the Doha process. Japan's development cooperation program has undergone major reforms and significant restructuring. Its Official Development Assistance (ODA) Charter was revised in 2003 to reflect Doha priorities. The legal status of the Japan International Cooperation Agency (JICA) was changed to become more autonomous, and the Ministry of Foreign Affairs (MOFA) has become the *de jure* coordinating body for the diverse implementing institutions of ODA. Furthermore, Japan has taken the initiative of hosting several international conferences on development including TICAD III, the Tokyo International Conference for African Development in which the key issues of agricultural subsidies were discussed.<sup>153</sup>

### 6. Russia: -1

As a result of the breakdown of the Cancun Ministerial Conference in September, no additional decisions were made to assist Russia in reaching the goals set out in the Doha Development Agenda. Russia expressed support for the resumption of trade talks at the October APEC summit in Bangkok, however, this support did not yield a resumption of trade talks on 15 December 2003.<sup>154</sup>

Russia has attempted to increase development in Asia through the formation of the Common Economic Space (CES), which includes Kazakhstan and Belarus.<sup>155</sup> A multilateral effort to increase trade among the developing nations of Central Asia, it is discriminatory in that it does not extend to all developing nations as the Doha Development Agenda does. Russia received £860 000 from the United Kingdom through a program that will provide Russia with assistance in meeting the agricultural obligations that come with WTO membership. These funds will assist Russian integration of the multilateral trading system and will speed its accession to the WTO.<sup>156</sup> Russia, however, has taken a firm stance on the issue of agricultural subsidies, and plans to continue subsidizing its agricultural sector so long as other countries are doing so in order to preserve its market share.<sup>157</sup>

www.dfid.gov.uk/News/PressReleases/files/pr\_11sept03.html.

<sup>&</sup>lt;sup>151</sup> Editorial: "Harvesting Poverty: The Unkept Promise," The New York Times, December 30, 2003 available at: www.nytimes.com/2003/12/30/opinion/30TUE1.html

<sup>&</sup>lt;sup>152</sup> Japan: DAC Peer Review, Main Findings and Recommendations, available at:

www.oecd.org/document/10/0,2340,en\_2649\_201185\_22579914\_1\_1\_1\_0.html <sup>153</sup> Ibid.

<sup>&</sup>lt;sup>154</sup> U.N.WIRE "APEC Summit Closes With Vow To Fight Terrorism, Nukes." UNWIRE Tuesday, October 21, 2003 www.unwire.org/UNWire/20031021/449\_9632.asp

<sup>&</sup>lt;sup>155</sup> CATO Institute: Marian L. Tuppy. "Making Sense Out of Russia's Free trade Initiative" November 10, 2003. www.cato.org/dailys/11-10-03.html.

<sup>&</sup>lt;sup>156</sup> The Department for International Development of the United Kingdom. Press Release: "UK pledges £50m to help developing countries trade their was out of poverty." 11 September, 2003.

<sup>&</sup>lt;sup>157</sup> Marina Shakina, RIAN. "Russia will Never Lose Sight of the WTO" November 21, 2003. english.pravda.ru/main/18/89/357/11335\_wto.html

Russia was ineffective in furthering the Doha Development Agenda as a result of its inability to restart the defunct Cancun Ministerial Conference negotiations, and is exacerbating the current state of conflict in its refusal to reduce agricultural subsidies.

### 7. United Kingdom: 0

The British government has called recent reforms to the Common Agricultural Policy 'a welcome but only small step in the right direction' as review of the reforms has shown that it 'will not tackle directly export subsidies'.<sup>158</sup> Calls from UK officials for more agricultural concessions from their EU counterparts failed and as a result the rejection of the limited reforms offered in the joint EU-US proposal at Cancun in September has precluded a 'substantial opening of trade in all areas'.<sup>159</sup> The British government was also unsuccessful in its attempts before the ministerial meeting in Cancun to down-play the importance of the Singapore issues, which – with agriculture – were to cause much disagreement during talks in September.<sup>160</sup> The UK has been more successful in fulfilling in commitments independently on the EU, as it has promised £50 million 'to help developing countries trade their way out of poverty'.<sup>161</sup> It has also 'welcomed the agreement on easier access to cheap medicines' which was created on schedule before the Cancun Ministerial meeting.<sup>162</sup> However, the UK has not prevented failed negotiations at Cancun and again in Geneva in December and so has far from fulfilled its commitment of helping to complete the goals set out in the Doha Development Agenda by the end of 2004.

### 8. United States: -1

The United States has met with little success in compliance with the trade commitments set out at the G8 summit in Evian, France. This failure was mainly due to the unsuccessful negotiations of the WTO Cancun Ministerial Conference. Disagreements remain in several key areas including agricultural subsidies, non-agricultural market access in the trade of cotton, and the Singapore Issue which includes increased competition, investment, trade facilitation, and government transparency. <sup>163</sup> This conference ended without conclusion and was a setback for the United States as it will be unable to achieve the goals of the Doha Development Agenda before the end of 2004.<sup>164</sup> The United States remains committed to the Doha agenda, and has proposed to liberalize agricultural and non-agricultural tariffs by eliminating trade barriers, but

<sup>&</sup>lt;sup>158</sup> Department for International Development, UK, "Trade and Development at the WTO: Issues for Cancun", p.3+26.

www.publications.parliament.uk/pa/cm200203/cmselect/cmintdev/400/400.pdf.

<sup>&</sup>lt;sup>159</sup> G8 Information Centre, "Co-operative G8 Action on Trade," 2 June 2003,

www.g8.utoronto.ca/summit/2003evian/trade\_en.html.

<sup>&</sup>lt;sup>160</sup> The Guardian Unlimited, "Talks Dead in the Water," 15 September 2003.

www.guardian.co.uk/leaders/story/0,3604,1042096,00.html.

<sup>&</sup>lt;sup>161</sup> Department for International Development, UK, "UK pledges £50m to help developing countries trade their way out of poverty," 11 September 2003, 62.189.42.51/DFIDstage/News/PressReleases/files/pr\_11sept03.html.

<sup>&</sup>lt;sup>162</sup> Department of Trade and Industry, UK, "Trade Minister Welcomes Deal On Cheaper Medicines," 1 September 2003, 213.38.88.221/gnn/national.nsf/TI/C5AE61121AA22D1C80256D9400380D68?opendocument.

<sup>&</sup>lt;sup>163</sup> Department of Foreign Affairs and International Trade. World Trade Organization: Summary of the WTO 5<sup>th</sup> Ministerial Conference. www.dfait-maeci.gc.ca/tna-nac/WTO/summary-en.asp

<sup>&</sup>lt;sup>164</sup> Zoellick, Robert. Press Releases: Information for Press in Cancun – Final Press Conference. WTO, Cancun, September 14, 2003 www.ustrade-wto.gov/trzoellick0914.html

has yet to implement or introduce legislation to advance these goals.<sup>165</sup> The US has also failed to comply with the WTO Appellate Body ruling against the provision of its antidumping duties law called the Byrd Amendment.<sup>166</sup> The United States has, however, made progress in the facilitation of global trade by contributing \$700 million dollars to help developing countries increase their trade capacities and by further opening their markets to international trade.<sup>167</sup>

#### 9. European Union: -1

The EU has failed to comply with its Evian commitments because its position on agriculture and the Singapore issues failed to ensure that the Cancun Ministerial in September took steps toward completing the Doha Development Agenda. The reforms to the Common Agricultural Policy on 26 June 2003 do remove export subsidies in those areas of interest to developing countries and accept in principle that blue box subsidies 'should be capped'.<sup>168</sup> However, the reforms will not be fully implemented until 2008 therefore they will not promote the completion of the Doha round before the end of 2004. Lack of full commitment is also shown by the fact that shifting subsidies to green box subsidies.<sup>169</sup> The breakdown of talks in Cancun was blamed on the EU's insistence on including the Singapore issues in negotiations right up until the last minute despite widespread opposition from developing nations.<sup>170</sup> The EU has agreed to a '€50 million trade related assistance program for Africa, Caribbean and Pacific countries'.<sup>171</sup> This program will not be completely effective however unless the EU can come to a multilateral agreement to reduce its agricultural support, subsidies estimated to still be in the €44 billion range.<sup>172</sup>

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<sup>&</sup>lt;sup>165</sup> Office of the United States Trade Representative. Trade in Cotton, Man-Made Fibers, Textiles and Clothing, September 9, 2003. www.ustrade-wto.gov/fscotton0910.html

<sup>&</sup>lt;sup>166</sup>U.S. Department of State. USTR Seeks to Comply with WTO Ruling on Byrd Amendment, January 16<sup>th</sup>, 2003. usinfo.state.gov/topical/econ/wto/03011601.htm

<sup>&</sup>lt;sup>167</sup> Office of the United States Trade Representative. Press Release:United States Issues Report on \$750 Million in Global Trade Capacity Building Aid, September 9, 2003. www.ustrade-wto.gov/news03090902.html

<sup>&</sup>lt;sup>168</sup> Europa, "The EU, Cancun and the Future of the Doha Development Agenda," 28 October 2003,

europa.eu.int/comm/commissioners/lamy/speeches\_articles/spla195\_en.html.

<sup>&</sup>lt;sup>169</sup> Department for International Development, UK, "Trade and Development at the WTO: Issues for Cancun", p.3+26.

www.publications.parliament.uk/pa/cm200203/cmselect/cmintdev/400/400.pdf.

<sup>&</sup>lt;sup>170</sup> BBC, "WTO Gridlock in Geneva," 14 December 2003. news.bbc.co.uk/1/hi/business/3318159.stm.

<sup>&</sup>lt;sup>171</sup> Europa, "Commission Approves €50 million Trade Assistance Programme – Trade.com," 25 July 2003, europa.eu.int/comm/trade/issues/bilateral/regions/acp/pr250703\_en.html.

<sup>&</sup>lt;sup>172</sup> BBC News, "In Quotes: the EU's Agricultural Accord," 26 June 2003, news.bbc.co.uk/go/pr/fr/-/1/hi/world/europe/3024086.stm.