Trade: Least Developed Countries

Commitment

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

-*Chairman's Summary (final press conference)*[547]

Background

At the Doha Ministerial Conference held in November 2001, participants implemented the Doha Declaration, which reconfirmed the objective of the WTO Agreement to establish a fair and market-oriented trading system by preventing restrictions and distortions in world agricultural markets. The Fifth WTO Ministerial Conference was held in September 2003 in Cancun, Mexico. The Ministerial ultimately collapsed after the QUAD countries (US, EU, Japan and Canada) failed to reach an agreement with the G-20 bloc of developing countries (including Brazil, India and China). The G8 countries nonetheless understand the importance of assisting developing countries in their endeavour to create viable economic growth and to alleviate poverty. To this end, they have made the commitment to put the talks back on track and resume negotiations to meet extended deadlines – namely completion by the end of 2006. The minor agreements reached at the 2005 Hong Kong Ministerial were a step in this direction.

The G8 countries commitment to assist the Least Developed Countries (LDC) made during the Gleneagles Summit is a further example of this goal, and part of the July Package developed in August of 2004 to help get the Doha Development Agenda (DDA) back on track. Negotiated primarily by the US, EU, Australia (from the Cairns Group), Brazil (from the G20) and India, the package agreed to major concessions that they had previously resisted in Cancun: wealthy states, in particular the EU, greed to place all trade-distorting agricultural subsidies on the table for discussion and committed to making significant cuts; wealthy countries agreed to a 'down payment' on this deal in the form of a 20% reduction in total current agricultural subsidies at the beginning of the implementation period for the Round; LDCs (including approximately 25 African states) received an agreement in principle to receive increased market access while maintaining the right to shelter their domestic industries; and three Singapore Issues (foreign investment, competition policy, and government procurement) were dropped from the DDA with the fourth (trade facilitation) kept on in the understanding it would only result in a clarification and simplifying of current agreements. In exchange, developing countries agreed to further open their markets to manufactured imports and agreed to continue negotiations on a deal in trade in services.[548]

Team Leader: Jonathan Scotland

[547] Chairman's Summary, G8 Gleneagles Summit, (Gleneagles), July 2005. Date of Access: 12 January 2006. http://www.g8.utoronto.ca/summit/2005gleneagles/summary.html.
[548] WTO July 2004 Package of Framework Agreements, Global Issues. Date of Access: 12 January 2006. http://www.globalissues.org/TradeRelated/FreeTrade/July2004Package.asp

Assessment

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

Individual Country Compliance Breakdown

1. Canada: 0

Canada has yet to register a high level of compliance with the goal of ensuring that Least Developed Countries (LDCs) have the flexibility to pursue their own economic policies. The Government has made little progress beyond measures it developed at the G8 Summit in Kananaskis, which to date have had limited success.

In 2002 Canada expanded its LDC Market Access Initiative, which opened the Canadian market to goods from 48 LDC states.[549] Only over-quota imports of these goods are excluded from the LDC Market Access Initiative. In July of 2005 the Ministry of Foreign Affairs published "Agenda 2006: A Progress Report 2004 – 2005" in which it stated that due to the LDC-MAI, Canadian imports of goods from LDCs have increased at an average annual rate of 32.5%.[550] Many have critiqued that this is in fact a miniscule gain since it is compared to import levels from LDCs in 2002 which were less than one thousandth, 0.1%, of total Canadian imports.[551] In a meeting of the Standing Senate Committee on Foreign Affairs senators were told that this may be due to a lack of complementing programs to assist the trade program. Many African exporters do not consider Canada as a potential export market.

Canada supports broader multilateral trade programming which has an impact on Africa and LDCs. This includes support to the International Trade Centre, the Doha Global Trust Fund, and the Standards and Trade Development Facility.

Publicly the Canadian government continues to be an advocate of assisting LDC trade and development. In his address to the UN Summit in September, Prime Minister Paul Martin remarked, "How can we talk about development as we chase poor farmers from their land because of their inability to compete on their own agricultural export markets, which are over subsidized by rich countries".[552] Critics are quick to

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[549] Development and Trade, International Trade Canada, (Ottawa). Date of Access: 6 December 2005. http://www.dfait-maeci.gc.ca/tna-nac/ldc_back-en.asp.
[550] Agenda 2006: A Progress Report 2004 – 2005, Foreign Affairs Canada, (Ottawa). Date of Access: 9 December 2006. http://www.international.gc.ca/sustain/SustainDev/agenda2006-annual-report-en.asp.
[551] Development and Trade, International Trade Canada, (Ottawa). Date of Access: 6 December 2006. http://www.dfait-maeci.gc.ca/tna-nac/ldc_back-en.asp.
[552] Canada calls for action to further UN reform, Xinhua General News Service, (Beijing), 16 September 2005. Date of Access: 6 December 2006. http://www.china.org.cn/english/features/UN/142511.htm.

charge that despite this dialogue the Canadian government has been slow to follow its statements with concrete actions. Recently prominent Martin ally and pop star Bono stated that he was “mystified” by Martin’s failure to boost Canadian foreign aid towards the goal of 0.7% of GDP[553]. According to the Organization of Economic Cooperation and Development, Canada ranks 14th of 31 industrialized countries in Official Development Assistance (ODA) per Gross National Income (GNI). Canada’s rate of contribution is 0.26 which corresponds to the statistical mean of the group.[554]

Analyst: Christopher Yung

2. France: 0

France has not demonstrated a significant level of compliance with the goal of ensuring that the Least Developed Countries (LDCs) have the flexibility to pursue their own economic policies.

Although France has taken significant steps in the past, such as the International Conference on Financing for Development, held in Monterrey in 2002, where France proved it was eager to promote developmental funding through its actions with Great Britain to create an “International Finance Facility” and promote public private partnerships.[555] As well as confirming its objectives through a pledge to increase its ODA to 0.5% of gross national income (GNI) and to 0.7% by 2012[556]. France’s primary involvement to date has been through the EU initiatives at the Hong Kong Ministerial.

On December 13, 2005 Ms. Christine Lagarde reaffirmed France's intention to seek in Hong Kong measures for developing countries. "The poorest countries are expecting a message from us in Hong Kong. France is fully behind the Commission's goal which is to achieve during the conference, an ambitious and concrete package of development measures".[557] It should be noted, however, that France heavily criticised the reduction in EU farm tariffs by 38.9% as being too high, up from the previously proposed 24% cut[558].

Analyst: Constance Smith

3. Germany: 0

Germany has registered an acceptable level of compliance with the Gleneagles commitment to foster stronger economic growth, through trade, in the LDC’s, and is on its way to achieving full compliance.

In past efforts, Germany has taken a strong lead in helping LDCs develop their own economic strategies: Trade Africa, supported by German ODA of 332 000 Euros in 2004-2005, is a training program which gives promoters, coordinators of local economic promotion initiatives, small and medium-scale enterprises as well as junior export professionals practical know-how in export marketing at hand.[559]

Trade-Related Technical Assistance and Capacity Building (TRTA/CB), financed for the most part by the German Federal Ministry for Economic Cooperation and Development (BMZ) is delivered on demand of developing countries mainly as part of bilateral activities in the field of “economic development and

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553 Bono 'mystified' by Paul Martin, Global National with Canadian Press, (Toronto), 25 November 2005. Date of Access: 6 December 2006. http://www.canada.com/hamilton/news/story.html?id=7810a944-fcbd-440c-9e81-139e3f2be2f0.
554 OECD in Figures 2005 - Development aid. Date of Access: 6 December 2006. http://dx.doi.org/10.1787/147824778850.
555 France (2004) DAC Peer Review: Main Findings and Recommendations, OECD, (Paris), 2004. Date of Access: 2 January 2006. http://www.oecd.org/findDocument/0,2350,en_2649_34603_1_1_1_1_1,00.html.
556 France (2004) DAC Peer Review: Main Findings and Recommendations, OECD, (Paris), 2004. Date of Access: 2 January 2006. http://www.oecd.org/findDocument/0,2350,en_2649_34603_1_1_1_1_1,00.html.
557 WTO Ministerial Conference Communique Issued by The Ministy for the Economy, Finance and Industry Minister Delegate for Foreign Trade, (Paris), 13 December 2005. Date of Access: 2 January 2006. http://www.diplomatie.gouv.fr/actu/bulletin.gb.asp?liste=20051214.gb.html&submit.x=5&submit.y=3#Chapitre3.
558 Expectations Low as Hong Kong Ministerial Gets Underway, ICTSD, (Geneva), 13 December 2005. Date of Access: December 23, 2005. http://www.ictsd.org/ministerial/hongkong/wto_daily/.
559 Trade Africa 2004 und 2005: Intra-Regional Export Promotion , World Trade Organization, (Geneva), 1 January 2004. Date of Access: 30 December 2005. http://tcbdb.wto.org/trta_project.asp?prjcd=22032&ctry.

employment”, one of the priority areas of Germany’s Official Development Assistance (ODA) but also as part of activities in the fields of “Agriculture” and “Institution Building”. Germany emphasises the importance of embedding developing countries’ trade policies in comprehensive national development and poverty reduction strategies. German Trade-Related Technical Assistance and Capacity Building’s longer-term aim is to reduce poverty by integrating developing countries into the global economy, enabling the latter to fully benefit from the advantages of globalization, while being able to respond to its risks effectively

The German government has repeatedly voiced its support for developments at the Hong Kong Ministerial this December. German Development Minister Heidemarie Wieczorek-Zeul said the results of the conference - which included an agreement to end EU agricultural export subsidies by 2013 and grant all LDCs duty-free and quota-free access to developed country markets no later than 2008 - will lead to “fairer trade relations.”[560] Minister Wieczorek-Zeul was adamant however that the agreements reached at the Ministerial were merely first steps and that further action is needed to ensure even “fairer trade relations and justice in globalisation.[561]

Analyst: Jennifer Hodgins

4. Italy: 0

Italy has demonstrated moderate support for its commitments made in Gleneagles, and is on its way to achieving full compliance in addressing products of interest to Least Developed and to ensure Least Developed Countries have the flexibility to decide their own economic strategies.

Italy’s primary contribution consists of a €1,000,000 donation bestowed by the Government of Italy for WTO technical assistance for the year of 2005. The donation will be split between the Doha Development Agenda Global Trust Fund, as well as the Integrated Framework (IF), and Trade Development Facility (STDF). The decision to donate funds to these three bodies reaffirms Italy’s support for LDCs “to participate fully in the world trading system and in the current trade negotiations”.[562] The Doha Fund, for instance, aims to improve the participation of LDCs in WTO negotiations. Similarly, the IF is key for the enhancement strategies regarding LDCs economic growth and poverty reduction, and the STDF aids developing countries ensure their goods meet international sanitary and phytosanitary standards[563].

Evidence of Italy’s continued support includes the statements made at the UN Conference on Trade and Development in 2004. In his speech, Ambassador Petrone explained that Italy supports the strategy to “promote, through trade negotiations and technical assistance, a deeper regional integration of these Countries to exploit internal and external economies of scale”.[564] Moreover, Italy believes that all LDCs that are dependent on the export of a few commodities must be helped by the international community and that “it is critical to help LDCs to diversify their patterns of productions” in order to improve and increase trade.[565] Finally, Mr. Petrone stressed Italy’s support for economic growth and development of LDCs by asking the more advanced developing countries (i.e.: G-20) to grant trade preferences to LDCs.

Analyst: Constance Smith

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[560] Improvement in Fair Trade Chances for Developing Countries, German Embassy, (Washington, DC), 21 December 2005. Date of Access: 31 December 2005. http://www.germanyinfo.org/relaunch/business/new/bus_HK_WTO_12_2005.html
[561] Declaration by Federal Development Minister Heidemarie Wieczorek-Zeul regarding the outcome of the WTO Ministerial Conference in Hong Kong on 18 December 2005, Federal Ministry for Economic Cooperation and Development, (Berlin), 18 December 2005. Date of Access: 2 January 2006. http://www.bmz.de/en/press/pm/presse_20051220_1.html.
[562] The Government of Italy Donates 1,000,000 euros to WTO technical Assistance for the year 2005, WTO Press Releases, (Geneva), 16 September 2005. Date of Access: 2 January 2006. http://www.wto.org/english/news_e/pres05_e/pr416_e.htm.
[563] The Government of Italy Donates 1,000,000 euros to WTO technical Assistance for the year 2005, WTO Press Releases, (Geneva), 16 September 2005. Date of Access: 2 January 2006. http://www.wto.org/english/news_e/pres05_e/pr416_e.htm.
[564] Address by H.E. AMBASSADOR VINCENZO PETRONE at the UN Conference on Trade and Development, (Sao Paulo), 16 June 2004. Date of Access: 2 January 2006. http://www.unctadxi.org/sections/u11/docs/GeneralDebate/16ita_eng.pdf.
[565] Address by H.E. AMBASSADOR VINCENZO PETRONE at the UN Conference on Trade and Development, (Sao Paulo), 16 June 2004. Date of Access: 2 January 2006. http://www.unctadxi.org/sections/u11/docs/GeneralDebate/16ita_eng.pdf.

5. Japan: +1

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

With regards to the Doha Declaration and the current round of WTO negotiations, Japan has committed to comprehensive participation. In an attempt to build momentum for the WTO negotiations in Hong Kong during December 2005, the Japanese government has agreed to provide US$10 billion in trade-related aid to LDCs over three years. In an aid package that was presented to the WTO, the Japanese government also committed to provide duty-free and quota-free market access for "essentially all products" originating from LDCs.[566] Increasing market access to LDCs was part of the commitment made in the Doha Declaration and continues to be negotiated with a conclusion expected in 2006. As of December 2005, the number of LDC products Japan provided duty-free preferential treatment amounted to 86%. This package was part of a previous commitment made in July in Gleneagles, Scotland for US$10 billion in overseas aid over the next five years.[567]

Japan's aid package also outlined Japan's emphasis on soft loans, grant aid, and technical assistance to improve trade. Further, Japan committed to exchange a total of ten thousand trainees and experts in the fields of trade, production and distribution infrastructure.[568]

In Hong Kong, Japanese Foreign Minister Taro Aso outlined his country's measures to fully integrate all WTO members in the multilateral trading system.[569]

In April 2005, at the Asia-Africa Business Summit, Japan sought a conclusion of a free trade agreement with neighbouring Asian countries and committed to a comprehensive economic partnership for Africa. At this summit, the Prime Minister of Japan announced that his government will provide as much assistance as possible to develop human resources in an attempt to further facilitate trade and investment between Asia and Africa.[570] They have done this with their recent aid package presented in Hong Kong.

Japan has been promoting the Tokyo International Conference on African Development process even prior to the Africa Action Plan commitments made in Kananaskis. Japan has also facilitated continued cooperation with African countries, has been supporting Africa's development efforts as a partner, while emphasizing the importance of trade.[571]

Analyst: Ani Kevork

6. Russia: -1

Russia has demonstrated a low level of compliance in its commitment to address products of interest to Least Developed Countries and to ensure Least Developed Countries have the flexibility to decide their own economic strategies.

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566 Japan Unveils Aid Package Ahead of WTO, Reuters, (London), 11 December 2005. Date of Access: 1 January 2006. http://www.un.org/special-rep/ohrlls/Hongkong/News/11%20Dec%20-%202.htm.
567 Japan Unveils Aid Package Ahead of WTO, Reuters, (London), 11 December 2005. Date of Access: 1 January 2006. http://www.un.org/special-rep/ohrlls/Hongkong/News/11%20Dec%20-%202.htm.
568 US, Japan Promise More Aid to Least Developed Countries, Xinhua, (Beijing), 14 December 2005. Date of Access: 1 January 2006.http://www.un.org/special-rep/ohrlls/Hongkong/News/14%20Dec%20-%201.htm.
569 US, Japan Promise More Aid to Least Developed Countries, Xinhua, (Beijing), 14 December 2005. Date of Access: 1 January 2006.http://www.un.org/special-rep/ohrlls/Hongkong/News/14%20Dec%20-%201.htm.
570 Keynote Speech by Junichiro Koizumi, Prime Minister of Japan on the Occasion of the Asia-Africa Business Summit, Prime Minister of Japan, (Tokyo), 22 April 2005. Date of Access: 2 January 2006. http://www.kantei.go.jp/foreign/koizumispeech/2005/04/22keynote_e.html.
571 Keynote Speech by Junichiro Koizumi, Prime Minister of Japan on the Occasion of the Asia-Africa Business Summit, Prime Minister of Japan, (Tokyo), 22 April 2005. Date of Access: 2 January 2006. http://www.kantei.go.jp/foreign/koizumispeech/2005/04/22keynote_e.html.

Speaking as an observer at the Hong Kong Ministerial, the Russian Federation trade representative, Mr. Maxim Medvedkov, stated Russia's support of "efforts of all parties of multilateral trade talks aimed at achieving substantive agreements within the Doha Development Round."[572] Furthermore, he reiterated Russian support of a "balanced and evolutionary approach to trade liberalization."[573] According to Medvedkov, the Russians are working towards membership in the WTO, and as Chair of the G-8 they will do their "best to promote ambitious and balanced results of the Doha Round."[574] While they have concluded bilateral negotiations, they are currently focused on finalizing the Working Party Report. The Russian Federation emphasizes that they will only "undertake commitments which reflect the specific character and the actual level of development of its economy."[575]

A Russian commitment to trade goals that will affect LDC's is not evident however, as most of their advancements in trade has been through bilateral agreements with non-LDCs.

Analyst: Jennifer Hodgins

7. United Kingdom: +1

The United Kingdom is on its way to achieving a high level of compliance in meeting the goals laid out at Gleneagles to address products of interest to Least Developed Countries and to ensure Least Developed Countries have the flexibility to decide their own economic strategies.

In October 2005 the UK co-chaired the fifth meeting of the Africa Partnership Forum with Nigeria. At this meeting, the UK reaffirmed its Gleneagles commitments made at Gleneagles with the introduction of a draft paper outlining the UK's willingness to monitor and report on its joint ventures with the AU/NEPAD bodies, "[focusing] on policies and outcome … [with] time-bound benchmarks against which progress can be measured and monitored." The plan also called for an annual report, beginning in October 2006, to measure progress against some or all elements of the Plan.[576]

The UK was also a supporter of the WTO's move to eliminate all export subsidies and considered the agreed date of 2013 disappointing.[577] Concerned that its development agenda was lagging, the UK's Finance Minister Gordon Brown issued a five point plan calling on, among other initiatives, to expand the number of Highly Indebted Poor Countries (HIPC) eligible for debt relief from 38 to 67 (only 19 of those 38 have been granted clemency thus far).[578] In recognizing the impact of rising oil prices on the LDC's, the UK also proposed the consideration of a new $20 billion World Bank loan and grant fund for investment in alternative energy sources.[579]

Other UK led initiatives include: the Infrastructure Consortium for Africa, designed to accelerate progress to meet the urgent infrastructure needs of Africa in support of economic growth and development[580]; the

[572] Statement by Mr Maxim Medvedkov, WTO Hong Kong Ministerial Conference, WTO, (Geneva), 17 December 2005. Date of Access: 3 January 2006. http://www.wto.org/english/thewto_e/minist_e/min05_e/min05_statements_e.htm.
[573] Statement by Mr Maxim Medvedkov, WTO Hong Kong Ministerial Conference, WTO, (Geneva), 17 December 2005. Date of Access: 3 January 2006. http://www.wto.org/english/thewto_e/minist_e/min05_e/min05_statements_e.htm.
[574] Statement by Mr Maxim Medvedkov, WTO Hong Kong Ministerial Conference, WTO, (Geneva), 17 December 2005. Date of Access: 3 January 2006. http://www.wto.org/english/thewto_e/minist_e/min05_e/min05_statements_e.htm.
[575] Statement by Mr Maxim Medvedkov, WTO Hong Kong Ministerial Conference, WTO, (Geneva), 17 December 2005. Date of Access: 3 January 2006. http://www.wto.org/english/thewto_e/minist_e/min05_e/min05_statements_e.htm.
[576] Communiqué Issued at the end of the 5th Meeting of the Africa Partnership Forum, NEDPAD, (Johannesburg), 5 October 2005. Date of Access: January 06 2006
http://www.nepad.org/2005/files/communiques/APFLondonCommunique.pdf.
[577] Limited trade deal reached in WTO conference, BBC online, (London), December 18 2005. Date of Access: January 06 2006. http://nation.ittefaq.com/artman/exec/view.cgi/38/23937
[578] Brown admits failures in fight against world poverty, The Guardian, (London), 11 January 2006. Date of Access: 11 January 2006. http://politics.guardian.co.uk/development/story/0,15709,1683704,00.html.
[579] Britain Admits G8 Failures In World Poverty Fight, Worldbank, (Washington, D.C.). Date of Access: 11 January 2006. http://www.noticias.info/asp/aspComunicados.asp?nid=135349&src=0.
[580] Statement by the Infrastructure Consortium for Africa, Department for International Development, (London), 6 October 2005. Date of Access: 06 January 2006. http://www.dfid.gov.uk/news/files/infra-africa-statement.asp.

Africa Enterprise Challenge Fund, a multi donor fund encouraging job creation with a commitment of US$20 million over the initial three year period[581]; and the new Jamaica Country Assistance Plan (CAP) launched in Kingston on 30 November 2005.[582]

Analyst: Jonathan Scotland

8. United States: +1

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

A leading provider of trade-related assistance, including trade-related physical infrastructure, U.S. assistance totalled US$1.34 billion in 2005 - up 46% from 2004 and more than double since 2001.[583] On 14 December 2005 the U.S. announced a commitment to double its contribution for trade-related aid from its current levels to an annual total of US$2.7 billion by 2010.[584] Specific LDC initiatives include the West Africa Cotton Improvement Program, designed to offer poor African countries a $7 million plant to boost their cotton sales and limit the damage done to their farmers by U.S. cotton subsidies.[585] In addition to this, the elimination of trade distorting subsidies is one of the topics currently being negotiated in the Doha round which is expected to be finalized in 2006.

With the U.S. Proposal for Bold Reform in Global Agriculture Trade, released in December of 2005, the U.S. government is building on WTO Uruguay Round commitments and the July 2004 Framework agreement for agricultural modalities. This package has been presented to further WTO negotiations for the development of the Doha Development Agenda. The U.S. government proposes a reduction of trade distorting support by 53% and a cut of Aggregate Measurement of Support by 60% in the U.S., as well as an elimination of trade-distorting subsidies and tariffs in agriculture. This latter would have a five-year phase-in period.[586]

On December 2nd, the U.S. Department of Agriculture increased the quantity for 2006 tariff rate quota for raw sugar to 1.5 million metric tons and the quota for refined sugar to 211, 207 metric tons for African and Caribbean countries. LDCs that would be affected include Mauritania and Mozambique.[587]

The US imports more textiles and apparel from LDCs than the rest of the world combined, with about $4.8 billion of imports in the last year alone. LDCs are eligible for duty free access on 83% of the products in the U.S. tariff schedule. Cambodia is second only to Bangladesh as the largest supplier of textiles and apparel to the U.S.[588]

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[581] The Africa Enterprise Challenge Fund (AECF), Department for International Development, (London), 12 January 2006. Date of Access: 06 January 2006. http://www.dfid.gov.uk/news/files/aecf.asp.
[582] Launch of the Country Assistance Plan for Jamaica, Department for International Development, (London), 22 December 2005. Date of Access: 06 January 2006. http://www.dfid.gov.uk/news/files/jamaicacap-intro.asp.
[583] USTR Portman Applauds G-7 Commitment to Ambitious Doha Round Lauds $4 billion in "Aid for Trade" to Developing Countries, USTR, (Washington, D.C.), 3 December 2005. Date of Access: 1 January 2006. http://www.ustr.gov/Document_Library/Press_Releases/2005/December/USTR_Portman_Applauds_G7_Commitment_to_Ambitious_Doha_Round_Lauds_$4_billion_in_Aid_for_Trade_to_Developing_Countries.html.
[584] US, Japan Promise More Aid to Least Developed Countries, Xinhua, (Beijing), 14 December 2005. Date of Access 1 January 2006. http://www.un.org/special-rep/ohrlls/Hongkong/News/14%20Dec%20-%201.htm.
[585] U.S. Cotton Offer Skirts Dumping Controversy, TERRAVIVA IPS UN Journal, (Washington), 13 November 2005. Date of Access: 2 January 2006. http://www.un.org/special-rep/ohrlls/Hongkong/News/ips.pdf.
[586] U.S. Proposal for Bold Reform in Global Agriculture Trade, Office of the United States Trade Representative Policy Briefs, (Washington, D.C.), December 2005. Date of Access: 1 January 2006. http://www.ustr.gov/assets/Document_Library/Fact_Sheets/2005/asset_upload_file281_8526.pdf.
[587] USTR Announces Additional Allocation of Sugar Imports for African and Caribbean Countries, USTR, (Washington, D.C.), 9 December 2005. Date of Access: 1 January 2006. http://www.ustr.gov/Document_Library/Press_Releases/2005/December/USTR_Announces_Additional_Allocation_of_Sugar_Imports_for_African_Caribbean_Countries.html.
[588] Briefing by Senior U.S. Government Officials, World Trade Ministerial, Hong Kong Convention and Exhibition Center, USTR, (Washington, D.C.), 15 December 2005. Date of Access: 2 January 2006.

In July 2005 the US government also released the African Growth and Opportunity Act Competitiveness Report to support the African Action Plan, which was outlined in the Kananaskis Summit in 2002. This report provides information that will help African countries to develop their trade relationships with each other, the US and other markets.[589]

Analyst: Ani Kevork

9. European Union: +1

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

The cornerstone of the EU strategy is its “Everything but Arms” initiative, which seeks to eliminate duties and quotas on all LDC commodities, except weapons, within the EU.[590] The initiative is seen as a “role model” strategy and the EU frequently refers to it when commenting on the trade arrangements of other states. The EU is also supporting trade liberalization measures for LDC states in economic forums such as the WTO.[591]

The dilemma facing the EU lies within the conflicting interests of its member states. EU Trade Commissioner Peter Mandelson caused a political fervour in October when he proposed to cut farm tariffs by an average of 46% to rekindle the Doha round of talks.[592] The issue has created a deep divide between agriculturally interested states such as France and Ireland, against pro-CAP-reform states such as Britain. Despite these political concerns, current signs indicate that the trade commissioner is pushing hard for the liberalization of agriculture and he was witnessed pressuring EU Agricultural Minister Mariann Fischer Boel on the EBA initiative at a December meeting in Brussels.[593]

Externally preferential trade agreements with developing countries are also facing attacks from the WTO. Australia, Brazil, and Thailand recently won a challenge that EU guaranteed sugar prices to developing countries were in breach of trade rules. However the body did maintain that “the EU should keep its commitment to the sugar producers of the African Caribbean and Pacific nations.”[594] This resulted in the creation of a $40 million fund to set aside by the European Union to fund sugar production in developing countries.[595]

Currently the EBA gives unrestricted access to LDCs to the EU market with the exception of 3 agricultural commodities. Tariffs on Bananas have been gradually lowered since 2002 and are slated for full liberalization in January, 2006. Also that month liberalization will begin for rice and sugar. Currently only a quota amount of rice and sugar may be imported to the EU duty-free, full liberalization on all goods is scheduled for 2009.[596]

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http://www.ustr.gov/Document_Library/Transcripts/2005/December/Briefing_by_Senior_US_Government_Officials,_World_Trade_Ministerial,_Hong_Kong_Convention_Exhibition_Center.html

[589] African Growth and Opportunity Act Competitiveness Report, Office of the United States Trade Representative, (Washington, D.C.), July 2005. Date of Access: 2 January 2006. http://www.ustr.gov/assets/Document_Library/Reports_Publications/2005/asset_upload_file604_7857.pdf.

[590] Generalized Systems of Preferences, EUROPA, (Brussels), 2005. Date of Access: 1 December 2005. http://europa.eu.int/comm/trade/issues/global/gsp/eba/index_en.htm.

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

[592] Mandelson treads thin line on EU farming at WTO, Jamie Smyth, The Irish Times, (Dublin), 9 December 2005: p.26.

[593] Holy Grail of Globalization, Farmers Week opinions, December 9 2005: p.1.

[594] Jagdeo blasts EU sugar plans, BBC Carribean, (Lodnon), 22 June 2005. Date of Access: 3 December 2005. http://www.bbc.co.uk/caribbean/news/story/2005/06/printable/050622_jagdeo-eusugar.shtml.

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

[596] Generalized Systems of Preferences, EUROPA, (Brussels). Date of Access: 1 December 2005. http://europa.eu.int/comm/trade/issues/global/gsp/eba4_sum.htm.

It should be noted however, that the EU pushed heavily to move the date of ending export subsidies from 2010 to 2013.[597]

Analyst: Christopher Yung

[597] Compromise reached in Hong Kong, Swissinfo, (Geneva), 18 December 2005. Date of Access: 06 January 2006. http://www.swissinfo.org/sen/swissinfo.html?siteSect=106&sid=6327542&cKey=1134927789000.