

## 2001 Genoa Compliance Report

### Economic Growth - Launching a New Trade Round

#### **Commitment:**

Sustained economic growth world-wide requires a renewed commitment to free trade. Opening markets globally and strengthening the World Trade Organisation (WTO) as the bedrock of the multilateral trading system is therefore an economic imperative. It is for this reason that we pledge today to engage personally and jointly in the launch of a new ambitious Round of global trade negotiations at the Fourth WTO Ministerial Conference in Doha, Qatar this November.

#### **Preamble:**

Rectifying the disappointing performance at Seattle, the Conference held in Doha indeed accomplished the *launch* of a new multilateral trade round. The new three-year trade round has development as its focus, with the Doha Development Agenda (DDA) as its core. The Doha Declaration sets 1 January 2005 as the date for completing all but two of the negotiations. To oversee the negotiation of individual subjects, a Trade Negotiations Committee (TNC) was established. The new round is ambitious insofar as it tackles some contentious issues. For instance: it seeks to phase out all forms of agricultural export subsidies and trade-distorting domestic farm support; it seeks to liberalize the entry of service-workers into foreign markets; it emphasizes the reduction or elimination of tariff peaks and escalation, especially with goods that would grant market access to developing countries; it seeks the reduction or elimination of all tariff and non-tariff barriers to environmental goods and services; and on the matter of property rights, although WTO's Agreement on Trade-Related Aspects of Intellectual Property (TRIP) is preserved, there are attempts to allow compromise where members must take measures to protect public health.

#### **Compliance Criterion:**

Assessment of compliance to this commitment is based upon the condition that the individual states attended the Fourth WTO Conference in Doha, Qatar. It is not possible to assess compliance based on whether they participated in the new trade round. Firstly the commitment only refers to engage in the "launch" of a new trade round, not to participate in it. Secondly, the new trade round is scheduled over a period of three years, and so an assessment of participation in the round at the present time would be incomplete. Finally, whether the trade round is ambitious does not figure into the scoring because it is a subjective reference. A score of **+1** is awarded for attending the Fourth WTO Ministerial as a participant, a **-1** is awarded for absence, and a **0** is awarded for attending but only observing.

## Assessment:

Score	Lack of Compliance -1	Work in Progress 0	Full Compliance +1
<b>Country</b>			
<i>Britain</i>			+1
<i>Canada</i>			+1
<i>France</i>			+1
<i>Germany</i>			+1
<i>Italy</i>			+1
<i>Japan</i>			+1
<i>Russia</i>		0	
<i>United States</i>			+1
<i>Overall</i>			<b>+0.88</b>

## Individual Country Compliance Breakdown:

### Britain: +1

The international economic downturn was cited by the UK as the impetus to launch a new trade round. Also, they wanted to launch negotiations that benefit the world's poorest countries and fully integrate them into the global economy. Testifying to the UK's devotion to development, it announced a £20 million package of new measures for the least developed countries. The UK found problems with a lack of transparency in investment, competition rules, and cumbersome customs procedures, which were said to hold back international trade.

### Special Note: EU Members

Britain is an entrenched member of the EU. Due to the requirement of the European Community's Common Commercial Policy (CCP), the EU's Commission speaks on behalf of the Community and its Member States concerning multilateral trade negotiations in the WTO. That being the case, all EU members will be uniformly scored, based on the performance of the EU on the launching of the new trade round at Doha.

The EU played an important role as bridge builder with third world countries. They have introduced the "Everything But Arms" initiative, which strives to eliminate all tariffs and quotas for exports from the least developed countries. The EU remains an enthusiastic supporter of the new trade round embodied in the Doha Development Agenda and is continually conducting work on the new round. The EU has often stressed the importance to achieve a balance between openness and further liberalization and a strengthening of the necessary rules and their orientation towards sustainability. It is continuing to publish papers and reviews on issues related to the new trade round such as the environment, trade access, medicine, investment...etc. It is prepared to tackle the contentious issue of agriculture. However, the EU still supports the TRIPS agreement, which does not favour states of the South facing health crises. But it argues to allow a compromise for desperate nations of the South who need access to basic medicines and health care.

## **Canada: +1**

The Canadians sent a delegation totaling 86 to the Fourth Ministerial Conference, with some noteworthy officials. The Canadian Trade Minister, Pierre Pettigrew was appointed by WTO Director-General Mike Moore to lead consultations on issues concerning the new trade round of negotiations.

Canada conducted domestic consultations with its citizens before the conference was held through its federal web sites. In addition, they held multi-stakeholder round tables with a broad spectrum of interest groups and citizen-based organizations. Finally, Canada published a series of information papers in the lead-up to the Ministerial Conference.

One of the motives for Canada's desire for a new trade round was based on agricultural issues. A broader negotiating agenda holds the promise for Canada to benefit from more meaningful reform in agriculture. Canada seeks to level the international playing field by strengthening the multilateral rules governing agricultural trade, addressing trade-distorting subsidies, and significantly improving market access opportunities.

Canada concludes that there is an unmistakable link between trade and development, and this is its primary reason for interest in the DDA. Canada urged all WTO Members to allow better access to markets and technical assistance to least-developed countries in the New Round. It asserted that only through broad negotiations would the outstanding concerns of the developing Members be achieved.

Canada wants coherence and coordination of WTO system and other international organizations, particularly with regards to the WTO and the International Labour Organization.

Finally, Canada wanted to create more transparency through measures such as the release of draft negotiating texts and listening to the ideas of an informed global public in the new trade round and in the conduct of the WTO.

## **France: +1**

France asserted that opening up borders is not sufficient enough to ensure fair trade. Common rules governing competition and investment is necessary for proper investment flows between WTO Members and developing countries. France wanted developing countries to promote labour standards and environmental protection. It asserted at Doha that access by the disadvantaged countries to developed country markets is a priority. France wanted to provide special and differential treatment to the LDCs without creating a two-tier WTO. It recognized the moral obligation to enable populations that have been struck by epidemics such as AIDS to have access to essential medicines and exercise their right to life. Finally, France wanted members to refrain from all pre-negotiation in certain areas, particularly in agriculture and services.

Moreover, France is also an entrenched EU member. See the Special Note for EU Members in the Britain assessment.

## **German+1**

Germany participated in the fourth WTO Ministerial Conference as a member of the WTO. The conference was viewed as important event in demonstrating unity and solidarity among its members. The inclusion of China and Taiwan was also viewed as significant. Germany advocated the increased integration of developing countries in the global economy in order to strengthen their competitiveness. Germany also advocated greater transparency in the international trade system as well as giving appropriate consideration to increased information needs. Germany expressed a desire for further liberalization through improved access to markets for German companies and a further reduction of trade

barriers in order to achieve growth and employment. Other policy objectives such as environmental, health and consumer protection were also of importance to the German delegation when attending the conference.

Germany, along with its EU partners, sought to introduce new rules, such as those on social policy standards, within the WTO framework. Germany also advocated increased dialogue between the European Union and the United States on trade policy matters, specifically in regards to the continued liberalization of world trade and the avoidance of transatlantic trade conflicts.

German trade policy is traditionally oriented towards open markets and free trade, this being the motivation behind entering into the fourth trade round. Free trade is crucial for Germany given its high level of dependency on trade. Today, about 24.3 percent of all gainfully employed persons in Germany work directly or indirectly for the export industry. As a result of its extensive trade relations, Germany is greatly affected by disruptions of world trade and changes in the global economic situation because of their impact on jobs, investments, profits and standards of living. Therefore a stable world economy under free trade is necessary for Germany's continued development.

Germany is also an entrenched EU member. See the Special Note for EU Members in the Britain assessment.

#### **Italy: +1**

Italy participated in the Fourth WTO Ministerial Conference as a member of the WTO. The Italian delegation expressed their support for the conference. Italy felt it was imperative that the WTO promote growth at what they considered a critical period for international trade. Italy was committed to the strengthening of the trade system specifically a more efficient rules-based multilateral system. Moreover, Italy expressed an interest in expanding the benefits of liberalization to the developing world. Italy also advocated having the WTO more engaged in core labour standards.

Italy is also an entrenched EU member. See the Special Note for EU Members in the Britain assessment.

#### **Japan: +1**

Japan participated in the Fourth WTO Ministerial Conference as a member of the WTO. As a result of the uncertainty surrounding the world economy, posed by the September 11<sup>th</sup> terrorist attacks, the conference was strongly supported in the anticipation that the WTO could bring about increased stability and predictability to international trade. Prime Minister Junichiro Koizumi expressed his approval for launching a new trade round at the Fourth WTO Ministerial Conference at a press conference following the Genoa Summit in July 2001.

Furthermore, Japan sought to promote a system where all WTO members equally benefit, a factor essential to developing countries. Japan felt that issues related to the environment and public health were of great importance to the WTO. Among Japan's key priorities were the inclusion of Japan's neighbours China and Taiwan into the WTO as well as the strengthening of anti-dumping disciplines and negotiations on investment rules.

#### **Russia: 0**

Russia is not a member of the WTO at the present time. However, Russia is on the list of countries in the process of acceding to the WTO (its soonest possible entry is in 16 months). Russia is dissatisfied with some new conditions that it must meet before its accession that were not apparent in the past. Russia is prepared to revise all its existing anti-dumping measure only upon the condition that every WTO member

state does the same (5/21/02), which is a tall order to meet. Just prior to the Conference (10/29/01), Russia was preparing a package of laws, whose adoption would signify that Russian legislation was brought into conformity with the standards and rules of WTO.

Even though they were not full members at the time of the Fourth Ministerial Conference, the Russians nevertheless sent a delegation to the conference with had Observer status. Moreover, all countries that are in the process of acceding to the WTO are invited to participate in the new trade round, an invitation that was received warmly by the Russians. Much like the other states, Russia supports the pursuit of openness, transparency and the rule of law as a means of achieving development. Although, the Russians are currently more concerned with the terms of their accession to the WTO rather than the new trade round.

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

The US participated in the Fourth WTO Ministerial Conference as a member of the WTO. The US stressed the importance of the conference in light of the struggling international economy and the expected fall in US trade. The Doha conference was necessary to help restore confidence in the world economy after the September 11<sup>th</sup> terrorist attacks, a key motivation for the US. Furthermore, the US felt the conference would serve as an opportunity for WTO members to show their support for open markets, deemed necessary at such a critical time. US trade representative Robert Zoellick viewed the emphasis on openness and cooperation within the conference as a safeguard against terrorism.

The US expressed an interest in giving developing countries greater access to world markets. Moreover, the US sought to clarify TRIPS flexibilities which had created confusion as well as proposing additional steps for the agreement. The US's principle interest was to open markets for agriculture, industrial goods and services.

In a statement by US President, George W. Bush, Bush outlined the advantages of the Doha conference, primarily for the American agenda to liberalize world trade. An improvement in export markets would improve the domestic state of affairs by allowing for the creation of high-paying jobs for American workers as well as providing more choices and lower prices for goods and services in the US. Bush also expressed his support for the inclusion of China and Taiwan into the WTO, viewing this step as instrumental in promoting Chinese democratic reforms in the long run.

WTO Director-General Mike Moore welcomed the support of the Bush administration for the launch of a new round of trade negotiations. The Bush administration's determination to work closely with Congress to gain trade promotion authority, a factor viewed as significant to all US trading partners, was also commended.

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