Country Objectives for the 2004 Sea Island Summit

G8 Research Group
June 2004

www.g8.utoronto.ca

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<td>France</td>
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<td>United States</td>
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<td>United Kingdom</td>
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<td>Germany</td>
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<td>Japan</td>
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<td>Italy</td>
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<td>Canada</td>
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<td>Russia</td>
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<td>European Union</td>
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France

Political Data

<table>
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<th>Role</th>
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<tr>
<td>President of the Republic</td>
<td>Jacques CHIRAC</td>
</tr>
<tr>
<td>Prime Minister</td>
<td>Jean-Pierre RAFARRIN</td>
</tr>
<tr>
<td>Minister for the Economy, Finance and Industry</td>
<td>Nicolas SARKOZY</td>
</tr>
<tr>
<td>Minister of State for the Budget, attached to the Minister for the</td>
<td>Dominique BUSSEREAU</td>
</tr>
<tr>
<td>Economy, Finance and Industry</td>
<td></td>
</tr>
<tr>
<td>Minister of State, attached to the Minister for the Economy,</td>
<td>Patrick DEVEDJIAN</td>
</tr>
<tr>
<td>Finance and Industry</td>
<td></td>
</tr>
<tr>
<td>Minister of Foreign Affairs</td>
<td>Michel BARNIER</td>
</tr>
<tr>
<td>Minister of Defence</td>
<td>Michèle ALLIOT-MARIE</td>
</tr>
<tr>
<td>Minister of State for European Affairs, attached to the Minister for</td>
<td>Claudie Haignere</td>
</tr>
<tr>
<td>Foreign Affairs</td>
<td></td>
</tr>
<tr>
<td>Keeper of the Seals</td>
<td>Dominique PERBEN</td>
</tr>
</tbody>
</table>

Parliament: National Assembly (Legislature):

Total 577 seats: members are elected by popular vote under a single-member majoritarian system to serve five-year terms.

Senate: Total 321 seats: members are indirectly elected by an electoral college to serve nine-year terms.

Economic Data

<table>
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<td></td>
<td>$1.646 billion</td>
<td>$27,840</td>
<td>0.17%</td>
<td>9.54%</td>
<td>0.8145</td>
<td>$5.486 billion</td>
<td>$307.8 billion</td>
<td>$303.7 billion</td>
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Main Exports (2002): Intermediate goods 30.6%, Investment goods 14.5%, Consumer goods 14.2%, Motor vehicles and transport equipment 14.2%, Processed food and drinks 8.5%.

Main Imports (2002): Intermediate goods 31.2%, Investment goods 22.9%, Consumer goods 16.0%, Energy 11.6%, Motor vehicles and transport equipment 10.6%.

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1 Unless otherwise noted see; The Economist, “Country Briefings,” available at www.economist.com/countries.
4 Ibid.
Major Trading Partners:
Exports (2002): Germany 14.7%, UK 9.8%, Spain 9.6%, Italy 8.8%.
Imports (2002): Germany 16.7%, Italy 9.1%, US 8.9%, UK 7.5%.

France is in the midst of transition, from an economy that has featured extensive government ownership and intervention to one that relies more on market mechanisms. The Socialist-led government has partially or fully privatized many large companies, banks, and insurers, but still retains controlling stakes in several leading firms, including Air France, France Telecom, Renault, and Thales, and remains dominant in some sectors, particularly power, public transport, and defense industries. The telecommunications sector is gradually being opened to competition. France’s leaders remain committed to a capitalism in which they maintain social equity by means of laws, tax policies, and social spending that reduce income disparity and the impact of free markets on public health and welfare. The current government has lowered income taxes and introduced measures to boost employment. At the end of 2002 the government was focusing on the problems of the high cost of labour and labour market inflexibility resulting from the 35-hour workweek and restrictions on lay-offs. The government was also pushing for pension reforms and the simplification of administrative procedures. The tax burden remains one of the highest in Europe. The current economic slowdown and inflexible budget items have pushed the deficit above the EU’s 3% budget constraints. Business investment remains listless because of low rates of capital utilization, high debt, and the steep cost of capital.

**Summit Objectives for France**

**Objective 1: Sustainable Development**

According to the UN Department of Economic and Social Affairs, “Sustainable Development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”5 Approaching the G8 Summit at Sea Island, France is committed to the principles of sustainable development outlined by Agenda 21 at the Rio Summit of 1992, and reiterated at the 2002 World Summit on Sustainable Development in Johannesburg.6 In agreement with Agenda 21, France understands sustainable development as a balance between economic development and the environment.7 Under the rubric of sustainable development France supports halving poverty by 2015 under the Millennium Development Goals (MDG), and increasing access to clean drinking water and basic sanitation, however, they are currently blocking a move by the EU towards sustainable development through trade.

Working towards halving poverty under the MDG, full implementation of the Heavily Indebted Poor Country Initiative (HIPC) remains a priority for France, and as the sunset clause on the HIPC Initiative approaches, France stresses the need to look beyond completion points towards long-term debt sustainability. Towards this purpose, France is requesting that the impact of a debt default be taken into consideration when deciding who gets access to exceptional funds.

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5 UN Department of Economic and Social Affairs. “Sustainable Development.” May 21, 2004
6 UN Department of Economic and Social Affairs - Division for Sustainable Development.
   “Agenda 21.” January 22, 2003
7 Roundtable of ministers from South Africa, Finland, France, Mexico and the United States.
Furthermore, France will probably continue to stress the need to incorporate predictable private sector funding into the debt relief endeavor.\(^8\)

France urges that water and sanitation be included in country Poverty Reduction Strategy Papers (PRSPs) in order to “halve by 2015 the proportion of population without access to clean drinking water and basic sanitation.”\(^9\) As in the crisis of the Niger river basin, where France has committed to providing support, country plans and good governance must be promoted to allow preventative strategies. The proposed UN Consultative Council on Water and Sanitation will undoubtedly make this issue more prominent in the future.\(^10\)

France identified the need for further aid to developing countries in a speech to the 12th Commission on Sustainable Development on the 28 of April, 2004.\(^11\) In collaboration with the British, France has proposed an International Financial Facility (IFF) and global taxation to support debt relief and other development projects,\(^12\) and can be expected to advance this proposal at the summit in Georgia.

While debt relief is a first step, the shift to export led growth means that decreasing barriers to trade especially subsidies and opening markets to developing countries is essential to sustainable economic development. However, France has recently opposed massive cuts in agricultural subsidies proposed by EU trade minister Pascal Lamy.\(^13\)

**Objective 2: The Middle East**

In considering the country’s most recent positions on matters of foreign policy, it is anticipated that France will make discussion of the Middle East a principle objective at this year’s G8 Sea Island Summit. Comments made to “Le Figaro” newspaper by then Foreign Affairs Minister, Dominique Villepin, on February 19th, 2004, highlighted a desire to see an international conference wherein Iraqi sovereignty could be “clearly mark[ed]” and legitimacy discussed. Villepin went on to suggest that peace in the Middle East would only be achieved through ensuring a “large-scale cooperation” on and modernization of Mideast related policy, placing the issue securely onto the agendas of the European Council, the Arab League, as well as the G8.\(^14\)

Similar comments were repeated by Foreign Minister, Michel Barnier, at a joint press conference

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\(^8\) International Monetary and Financial Committee, “Statement by Mr. Nicolas Sarkozy,” Washington D.C., April 24, 2004


\(^11\) Ibid.


with Czech counterpart Mr. Svoboda on April 8\(^\text{15}\) and later in an interview with “Le Monde” newspaper on May 13th.\(^\text{16}\) An article, written by Dominique de Villepin, was published in the “Yomiuri Shimbun” newspaper on March 1st, 2004, stating that the “restoration of Iraqi sovereignty [was now] an objective … accepted by everyone.” The piece went on to assert France’s intention of “going beyond Iraq’s stability … [wishing] to contribute to the quest for peace and prosperity for the whole Middle East.”\(^\text{17}\)

In April, Michel Barnier — in an interview with Spanish newspaper “El País” — again re-stated the international need for cooperation and co-ordination in resolving persistent Mideast conflicts, drawing from lessons of the Yugoslav and Iraq crises. It would be essential, he proposed, to “[examine] other situations where [leaders] have been more successful in working together, whether in the Middle East, or in relations with Russia or the Mediterranean.”\(^\text{18}\)

During a meeting of justice and interior ministers from G8 countries on May 11, 2004, Dominique de Villepin (in his capacity as new Interior Minister) stated that the purpose of the talks was to address the “deterioration in the international situation” through “better coordination” among member countries’ intelligence, police, transportation and Internet services.\(^\text{19}\)

At the aforementioned meeting, Minister of Justice, Dominique Perben, again strove to reinforce the coordination of intelligence service policies among G8 representatives.\(^\text{20}\) Speaking at a press briefing May 13, a spokesperson for the Ministry of Foreign Affairs stated that the office was “particularly concerned at the sharp deterioration in the situation in the Gaza strip,” stating that the “resumption of dialogue [was] essential” to the peace process.\(^\text{21}\) The statements further recalled the minister’s comments urging a “‘return to the rules and direction that seem to have been forgotten,’” renewing a call for “reason and restraint.”\(^\text{22}\) Speaking with “Le Monde,” Barnier reiterated (13 May 2004) his earlier comments as to the dishonor and shame he felt towards those “terrible images” of prisoner abuse and stated that this seeming “black hole” was “sucking in the Middle East and… the world.” He proposed that the “time [had] come to take a firm initiative to


resolve the tragedy of Iraq.”23 On May 14, Barnier took part in the G8 ministerial meeting in Washington. Discussions dealt with such issues as Iraq, the peace process in the Middle East, Afghanistan, Iran, North Korea and Africa (NEPAD), as well as the Middle East initiative.24

Objective 3: Fighting AIDS and Infectious Diseases

The issue of AIDS and other infectious diseases will be a priority for the French delegation at the Sea Island G8 summit in 2004. France strongly believes that fighting the AIDS pandemic is the shared responsibility of the international community. For decades France has been a champion of African development; the effects of the AIDS pandemic are felt first and foremost on the African Continent and thus greatly impinge upon African development.

In July 2003 France hosted the International AIDS Society Conference to support the Global Fund to Fight AIDS, Tuberculosis and Malaria.25 During his closing remarks at the conference, President of the French Republic, Jacques Chirac made the following appeal: “An appeal to governments of donor countries all over the world to show more generosity, despite budgetary difficulties. This is not an act of charity; it is an act of shared responsibility in the fight against a global scourge.”26 Moreover, the President highlighted three ways in which France intends to pursue the fight against AIDS: to accelerate research into effective treatments and a vaccine; to boost awareness; and to make prevention and access to health care universal.27 Attaining these three objectives will require effective cooperation at the international level. The Global Fund to Fight AIDS, Tuberculosis and Malaria is seen as an effective multilateral response that expresses the ideal of solidarity and collective action that must drive the global fight against AIDS and other infectious diseases.28

France also recognizes that the HIV/AIDS pandemic is not restricted to certain areas of the world, although the pandemic affects the African continent first and foremost, HIV/AIDS is spreading at alarming rates in many other regions such as central Asia and Eastern Europe.29 Each country is feeling the impact of the virus in some capacity. Since the Evian Summit France has participated in various conferences to increase the multilateral effort to combat the HIV/AIDS virus. France has demonstrated its commitment by hosting the July conference of the International AIDS Society, by tripling its contribution to the Global Fund in 2004,30 through its participation at the Dublin AIDS Conference in February of 2004,31 through its support for the WHO 3 by 5

27 ibid.
28 ibid.
29 ibid.
30 ibid.
Objective 4: Terrorism

The issue of terrorism will likely be a priority for the French delegation to the Sea Island Summit, particularly the increased coordination and cooperation between EU member countries and others in sharing intelligence. This comes in light of the March 11th bombings in Madrid, which attacked a main railway station and claimed the lives of 200 civilians.34 The Madrid attack highlighted the vulnerability of rail lines to terrorist attacks, and with France having the second largest rail network in Europe after Germany, this poses a major concern.35 Also, with ten new members joining the EU ranks, equipped with passports that allow them free movement between the 25 member states, increased intelligence sharing is imperative. France will also be pushing this issue because of fears of terrorist attacks targeting France as a result of the ban of the Muslim headscarf in France.36 This was particularly disheartening given France’s opposition to the war in Iraq, which was believed to have spared the country from being targeted.37 Nevertheless, an expanded EU bringing potentially hundreds of millions of new people freely through French borders; increased hostility in the Middle East that can quickly translate into complications at home (France has Europe’s largest Jewish and Muslim populations38); the obvious vulnerability of railways; and the banning of the Muslim headscarf in certain situations are all causes for concern and reasons France will likely pursue increased cooperative measures in attacking terrorism as an item on its Sea Island G8 Summit agenda.

French official declarations throughout the past few months also support the prediction that France will have terrorism as an item on its G8 Sea Island Summit agenda in June. On March 25, 2004, President Jaques Chirac stated, in a Press Briefing at the Spring European Council, that “[t]he scourge of terrorism obliges us to take action and demonstrate solidarity, particularly solidarity with States that have suffered attacks and the victims of such attacks.”39 Furthermore, in an interview with the Sud-Ouest daily newspaper on January 15, 2004, then-Minister of Foreign

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35 ibid.


38 ibid.

Affairs Dominique de Villepin, reiterated the French government’s belief in the need to fight terrorism when he stated “no one must underestimate the danger presented by terrorism and the need to fight it relentlessly.” He also underlined that “terrorists can use all the breeding grounds, those of injustice, poverty and, of course, the different crises all over the world. […] This is why France believes that the real answer must consist in combining an implacable fight against terrorism with a peace and development strategy. This is why we say: the real answer to terrorism is action and collective responsibility.” The statements of both President Chirac and M. de Villepin show France’s commitment to fighting terrorism. As such, they indicate a strong likelyhood that the French government will use the G8 forum to discuss and work on fighting terrorism, perhaps focusing, as per M. de Villepin’s statements, on attacking what the French government believes to be the root causes and breeding grounds of terrorism, namely poverty, political injustice, and different local crises.

Oana Dolea, Kevin Keane, Adela Matejcek, Abby Slinger and Tasha Schmidt
G8 Research Group

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41 ibid.
United States
Political Data

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<th>Role</th>
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</thead>
<tbody>
<tr>
<td>Head of State, President</td>
<td>George W. BUSH</td>
</tr>
<tr>
<td>Vice-President</td>
<td>Dick CHENEY</td>
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<td>Secretary of State</td>
<td>Colin POWELL</td>
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<td>Secretary of Defence</td>
<td>Donald RUMSFELD</td>
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<td>Secretary of Homeland Security</td>
<td>Tom RIDGE</td>
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<tr>
<td>Secretary of the Treasury</td>
<td>John SNOW</td>
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<tr>
<td>Secretary of Justice</td>
<td>John ASHCROFT</td>
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<tr>
<td>US Trade Representative</td>
<td>Robert ZOELLICK</td>
</tr>
<tr>
<td>Chairman of the Federal Reserve</td>
<td>Alan GREENSPAN</td>
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</table>

Parliament: Federal legislature

Bicameral; Senate, 100 seats, members are elected on a plurality system for six year terms; House of Representatives, 435 members elected pm a plurality basis for a two-year term.

Elections: Next presidential elections on 4 November 2004

Economic Data

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<th>GDP (PPP, 2002)</th>
<th>$10.446 billion</th>
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<td>GDP per head (PPP, 2003)</td>
<td>$37,831</td>
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<td>GDP % real change (2003)</td>
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<td>Recorded unemployment (2003)</td>
<td>5.99%</td>
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<tr>
<td>Foreign Aid (ODA, 2002)</td>
<td>$13.290 billion</td>
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<td>Export Value (2002)</td>
<td>$687 billion</td>
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<tr>
<td>Import Value (2002)</td>
<td>$1.165 trillion</td>
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Main Exports (2002): Capital goods (excluding auto) 42.6%, Industrial supplies 23.0%; Consumer goods (excluding auto) 12.4%; Automotive vehicles, parts & supplies 11.5%.

Main Imports (2002): Consumer goods (excluding auto) 26.4%, Capital goods (excluding auto) 24.3%, Industrial supplies 23.1%, Automotive vehicles, parts & supplies 17.4%

Major Trading Partners:
Exports (2002): Canada 23.2%, Mexico 14.1%, Japan 7.4%, UK 4.8%, (EU 20.7%).
Imports (2002): Canada 18.1%, Mexico 11.6%, China 10.8%, Japan 10.4%, (EU 19.4%).

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42 Unless otherwise noted see; The Economist, “Country Briefings,” available at www.economist.com/countries.
45 Ibid.
Summit Objectives for the US

As this year’s host of the G8 Summit, the US has drastically departed from its initial outline for what goals it sought to pursue and issues it wished to discuss over as the G8 Chair. When US President George W. Bush assumed control over the G8’s leadership from France in January 2004 he did so with a general air of skepticism concerning the utility of the multilateral forum and its role in forwarding US national interests. Bush had only attended the 2003 Evian Summit for forty-eight hours and it was rumored that he intended not to convene any run-up ministerials that are common in the G8 Summit cycle. This initial tone of hesitant engagement, however, has dramatically thawed. In the lead up the 2004 Sea Island Summit, the US is planning a highly ambitious agenda including the launch of a number of new initiatives such as the Greater Middle East Initiative and the Private Sector Development Initiative. Washington has rejected the French summit format that adopted a strict agenda and spanned a series of discreet topics. Instead, the Sea Island Summit is based upon the broad themes of “Security, Freedom and Prosperity” with the agenda left open to encompassing a broad array of issues as the leaders see fit. The Americans did, however, follow the established G8 model of inviting non-G8 leaders to the Summit — despite earlier assertions that they would be rejecting this precedent — with a record eleven foreign leaders from Africa and the broader Middle East joining G8 leaders at Sea Island. The principal reason for the policy reversal in this arena, as well as the ambitious agenda set by the White House, involves calculations surrounding the pending presidential elections in November 2004. Bush will seek to shed off concerns of some American voters that he is isolating America from its traditional allies, losing control of the situation in Iraq, and engaging in imperialist adventures which undermine the War on Terror through a carefully orchestrated public relations campaign at Sea Island. The agenda and guest list for this year’s Summit are focused about depicting the President as an effective multilateralist — a natural leader — who shares a common vision with global leaders and allies to bring democracy, development and security to the world.

Objective 1: Greater Middle East Initiative

The Greater Middle East Initiative (GMEI) refers to a broad-based policy initiative forwarded by the US Bush Administration to promote greater democratic governance and economic renewal in the countries stretching from Morocco to Pakistan — the heart of the global Muslim world. The initiative is intentionally modeled as a contemporary counterpart to the 1972 Conference on Security and Cooperation in Europe (CSCE) — better known as the Helsinki Accords — and is intended to complement the 1995 Euro-Mediterranean Process — better known as the Barcelona Process. The Bush Administration is portraying the GMEI as being a turning point for a region infamous for dictatorial rule and gross human rights abuses. Such a depiction places the GMEI in-line with Bush’s long-standing foreign policy objective to bring “the global democratic revolution” to the world’s last hold out of the Middle East — a policy who’s initial project, that of creating a beachhead for democracy in a post-Saddam Iraq, is off to a troubling start.

Amidst strong Arab criticism and European hesitancy concerning the initiative, largely centered about the critique that it was both US-imposed and highly ethno-centric, the US has toned down the political components of the package. The word ‘democratization’ has been largely removed with the document’s new stated aim “to maintain dialogue about economic and political reform with people in the region.” The initiative itself has also been renamed the Partnership for Progress and a Common Future with the Broader Middle East and North Africa. Furthermore, leaders from Algeria, Bahrain, Yemen, Jordan, Afghanistan, Turkey and Iraq will all be attending the Summit to engage in direct dialogue with the G8 over the proposed reform package.

In terms of political goals, the GMEI will call for the standard policy prescriptions of increased freedom for political opposition parties, the creation of independent electoral commission and the holding of regular and internationally-monitored elections, increasing liberties on freedom of
expression and association and promoting the independence of the judiciary. The economic component of the GMEI includes more novel ideas such as the creation of a Greater Middle East Finance Corporation (referred to as the Middle East Development Bank in other drafts), modeled after the International Finance Corporation, to foster medium- and large-sized entrepreneurial enterprises. The GMEI will also likely call on the G8 and other sponsor-states to provide upwards of USD$500-million in micro-loans — valued at approximately USD$400 each — to spur 1.2 million small-scale entrepreneurs and lift individuals out of crippling private debt. Lastly, facilitated entry for Middle Eastern states into the World Trade Organization has also been floated as a possible economic incentive to sign on to the GMEI. The socio-cultural goals on the initiative will also likely call for universal suffrage for women politically and a greater role for them in the economy outside the home. It will also likely call for increased enrollment of girls in schools, the creation of literacy programs focusing on women and girls, and the financing of micro-loans to allow women — in particular widows — to start small businesses. Other socio-cultural objectives include the creation of a ‘literacy corps,’ with the goal of halving illiteracy in the region by teaching 20 million people — overwhelmingly Arab — to read by 2015. This objective is complimented by parallel goals of translating Western classics into Arabic and training 100,000 female teachers by 2008.

Overall, the US will want the G8 and the Muslim leaders in attendance to endorse the GMEI and ensure it sets specific deadlines for socio-cultural and economic goals. Nevertheless, most of the language concerning political reform will be rhetorical and without a set timetable, and above all, will be phrased to depict them as desired, yet entirely voluntary. The G8 are likely to endorse a proposal known as the Forum for the Future, which would involve regular meetings between G8 and Middle Eastern foreign, economic, and other ministers, beginning in Fall 2004. It is likely at these meetings the more contentious and detailed aspects of the plan will be hammered out, rather than at Sea Island.

**Objective 2: Transport Security — SAFTI**

In line with the recent success of transport security initiatives at the past two G8 Summits, the US is poised to launch a third, more broad, related initiative at the Sea Island Summit. Transport Security first appeared on the G8 agenda as a logical response to the plane hijackings that led to the September 11 terrorist attacks against New York and Washington. At the 2002 Kananaskis Summit leaders agreed the first Transport Security Initiative which increased security and multilateral cooperation over aviation, container, maritime, and land transport, while at the 2003 Evian Summit, the MANPAD (Man Portable Air Defense Systems) Counter Proliferation Initiative was successfully negotiated. In light of the recent train bombings in Madrid in March 2004 which killed approximately 200 people, the need for even greater coordination and commitment to Transport Security is evident, At Sea Island, President Bush will launch the US’ contribution to this continuing commitment in the form of SAFTI — the Secure and Facilitated Travel Initiative — which is composed of three smaller sub-objectives: forward deployment of immigration-customs personnel, full airside screening, and the creation of standardized passports that include biometric data.

Forward deployment of immigration-customs personnel calls for customs and immigration officials to screen passengers and freight at point of departure rather than the point of entry. The United States has already implemented this policy following the 9/11 attacks and some other G8 countries, notably Canada, have tentatively begun to follow suit at certain points (such as Hong Kong). Full airside screening would mean that pilots and flight attendants would go through the same rigorous security screening to which regular passengers are subjected. As of now, these personnel are allowed to bypass security checkpoints and move into secure areas making them a key vulnerable link in the transport security infrastructure. The implementation of standardized passports across the G8 and EU is a theme that was touched upon in the meeting of Justice and Home Ministers at Washington D.C. on 11 May 2004. They proposed increased cooperation and
communication between G8-member states about stolen travel documents including increased use of the Interpol databases and biometric indicators including the encoding of fingerprints and retinal scans.

At Sea Island, President Bush is looking for the G8 to endorse his initiative and release an action plan regarding its implementation as was done at the previous two summits. The likelihood of success regarding this objective is quite good seeing as Europeans are feeling highly vulnerable following the Madrid train bombings and the EU boasts a vast network of largely unprotected and unmonitored rail and subway lines. In addition, SAFTI itself is modeled after the STAR (Secure Trade in the APEC Region) Program launched at the 2002 APEC Summit in China. This Program has met with widespread success and there have been calls by numerous G8 states to extend it to their trade with one another too.

**Objective 3: Weapons of Mass Destruction**

In March of 2004, President Bush delivered a speech at the National Defense University in Washington reiterating his commitment to the non-proliferation of weapons of mass destruction (WMD) and countering the threat of nuclear terrorism as being a consistent benchmark of US foreign policy in recent years. Bush promised more reliable access to nuclear fuel to countries who enacted safeguards to deny full nuclear fuel cycle (which can produce weapons-grade plutonium from civilian atomic reactors), emphasized his call for UN Security Council Resolution criminalizing the proliferation of nuclear materials to non-state actors (which came to fruition in April 2004), and finally proposed the expansion of the Global Partnership all in an effort to control fissile material to prevent it from being diverted to military programs. This final policy objective will form the centrepiece of the US’ effort regarding WMD non-proliferation at Sea Island.

At the 2002 Kananaskis Summit, the G8 created the *10+10 Over 10 Initiative* (better known as the Global Partnership) to address the risk of nuclear proliferation posed by Russia decaying military and civilian nuclear infrastructure. Under the Partnership, the US would allocate $10 billion matched by another $10 billion by the rest of the G8 over ten years to safely dismantle Russia’s outdated nuclear weapons, submarines, and power plants to ensure nuclear materials do not slip into terrorist hands. In its two-year existence, the Global Partnership is a stand-out success for the G8, has been warmly received by US media and the US Congress, and has been actively responded to by Russia itself. At the Sea Island summit, the United States will forward two new related proposals to his colleagues for review. Firstly, the G8 is rapidly approaching a policy consensus that while $20-billion is definite bold start, additional funding will be needed to complete the task of dismantling Russia’s outdated nuclear materials. As such, Bush will be pushing G8 leaders to commit to expanding the Global Partnership to include even more dismantlement and disarmament activitiesin the former Soviet Union. In particular Bush will want to broaden the program to include nuclear power facilities in Romania and Serbia, and to increase the scope and speed of work being undertaken in Russia. The President has the strong backing of the U.S. Congress in this matter which has appropriated about $1 billion in FY 2004 to Russia’s nuclear dismantling, including Department of Energy programs of about $441 million, Department of Defense programs of about $456 million, and Department of State programs of about $125 million. Due to this robust funding record, Bush is also likely to pressure other G8 states to uphold their commitment to $10-billion over ten years (so far, only $7-billion has been pledged). In addition, he is also likely to push for even more non-G8 states to join the Partnership after Finland, the Netherlands, Norway, Poland, Switzerland, and Sweden did so this year. Those six nations together pledged $200-million which may help to cover the shortfall in funding from the other seven G8 states, which is a key concern for the US.

Secondly, the US is also likely to push for the launch of a mirror version of the Global Partnership to aid Libya in dismantling has recently been disclosed in the WMD program. On 19
December 2003, Libya announced that it had pursued a clandestine nuclear and chemical weapons programs, but was now ready to abandon these and submit to international inspections. In the light of the crucial window of opportunity opened by Libya’s sudden policy reversal, both the US and the UK are pushing for the G8 to permanently dismantle the Libya’s WMD capacity. Such an objective will require a considerable commitment of funds and logistics from a cash-strapped and over-burdened G8 agenda. Nevertheless, fear that Libyan leader Moammar Gadhafi may change his mind once again, and the benefits of definitively dismantling a notorious sponsor of state terrorism may be sufficiently enticing to prompt to G8 to take swift and decisive action.

Furthermore, the US will also be likely to push the G8 to include a statement in its final communiqué calling on Iran to voluntarily submit to a similar process for its alleged military nuclear program as well. This statement will be largely rhetorical since no party likely believes such a proposal would be realized.

**Objective 4: Peace Building in Africa**

Security threats in the 1990s were largely defined by small regional conflicts which were allowed to fester unchecked and, thus, slowly ballooned into larger, destabilizing war zones — threatening the security of its neighbours and in many cases even the United States itself. The example of conflicts in the Sudan, Somalia, and mostly notably in Afghanistan throughout the 1990s that allowed al-Qaeda to develop terrorist training camps in these countries provides the most poignant example of the impacts such unchecked conflicts can exert on US national security. To address this growing issue, US President Bush has been an ardent proponent of the notion that the West can no longer police all of the world’s conflict zones, and that regional and middle powers must take on a more proactive role. As such, Bush will come to Sea Island to push the G8 to endorse a peace building initiative targeted primarily at Africa, and to a lesser extent Asian and Middle Eastern regions, in order to facilitate this very goal.

The Peace Building Initiative involves the funding, and in some cases, the creation, of broad array of facilities and program to train peacekeepers, civilian police and other security forces in developing nations. Initially such peacekeepers will be employed to complement conflict resolution efforts launched by the G8 and other industrialized nations and to relieve the burden on overstretched troop deployments from these countries. Nevertheless, the ultimate goal of the initiative is allow developing nations to manage and police their own conflicts to ensure they remain contained and defused, and do not escalate into crises which may threaten the broader region or the world as a whole. This objective is itself an expansion of a previous one agreed to at the 2002 Kananaskis Summit which was a component of the New Partnership for African Development (NEPAD). Under that initiative, the G8 committed to creating an African peacekeeping core and funding regional training centres such as the Kofi Annan International Peace Keeping Centre (KAIPKC) in order to deal with Africa’s multiple regional conflicts. As such, many elements of Bush’s initiative are already in place with ample UK, US, and Canadian funding already being provided to the KAIPKC in Ghana the training of African peacekeepers taking place at the Lester B. Pearson Peace Keeping Centre in Canada, and the European Union’s pledge of 250-million euros to create a similar institution as of Spring 2004. The United States is prepared to contribute USD$670 million to support these facilities and create new ones in Africa, as well as the additional USD$200 million for other related programs in the rest of the world The US will press for other G8 nations to also announce significant contributions to the Peace Building Initiative — a goal which is surprisingly realistic considering the EU’s considerable and recent spending in this policy area, and Canada, UK, and France’s established history in training African and Middle Eastern forces. Furthermore, the US will push for an action plan to be released outlining the goals of the initiative and setting a broad timetable for the establishment of regional peacekeeping cores.
Objective 5: Development — Private Sector Development

Under the banner of ‘prosperity’ — one of the three themes of the Sea Island Summit — the United States will be proposing three new proposals for development grouped together in what has been termed the private sector development (PSD) initiative. The three proposals, which represent a distinct departure from the state-led development initiatives popular amongst the G8, are remittances, growth-index bonds and utilizing private entrepreneurship to spur opportunities for development.

The issue of remittances is one that is of great importance to the United States, as it is one of the largest sources of these international capital flows. The bulk of remittances originating from the United States flow to Latin America, in particular Mexico. Given that the Americans have been keen in the past to draw Mexico into the proceedings of the G8, it is highly likely that they will make the issue of remittances one of the key priorities of the summit. The Inter-American Development Bank estimates that annual remittances from the United States to Latin America and the Caribbean total $30 billion US annually, five times the Official Development Assistance to the region and approximately 6.7% of the total income of immigrants in the US from the region. For this reason, the American delegation will pursue an ambitious initiative based on the work of the Inter-American Development Bank (IDB).

In order to “bank the unbanked,” the IDB began a project known as the Multilateral Investment Fund (MIF). The object of MIF is to increase migrant workers’ trust in the institutionalized financial system and to help channel remittances into infrastructure and capital projects in Central and South America. In one MIF project, immigrant remittances were used to fund housing starts in Mexican villages. The United States would now like to continue the success of the IDB’s programs at the G8 level, encouraging other member countries to develop policies that would establish the same level of trust and cooperation in the formal banking system. The US will also promote its G8 Global Remittance Initiative, which seeks to halve the cost of remittances by 2008. The Americans propose to achieve this goal through the introduction of greater competition into the market for remittance services and through reform of international financial services.

A further area of interest for the American delegation will be growth-index bonds. GIBs are relatively new to financial markets, although economists have discussed their merits and disadvantages at length. GIBs are issued by sovereign governments and tie interest payments proportionately to a country’s GDP growth. Currently, only Bulgaria, Bosnia-Herzegovina and Costa Rica have issued GIBs and Bulgaria has experienced problems with the measurement of its GDP for the purpose of interest payments. The Americans have expressed their support for the use of these instruments by transition economy governments. Although it has received support from the German government for its GIB initiative, other G8 members, as well as the IMF and World Bank appear to be lukewarm on the topic.

Finally, the United States will press the issue of development through entrepreneurship. Long a champion of free market ideology, the United States is likely to fully embrace the suggestions of the report Unleashing Entrepreneurship, presented to the United Nations in February by now Canadian Prime Minister Paul Martin and former Mexican President Ernest Zedillo. The United States will promote cooperation between developed governments and developing nation economies in the realm of tax code simplification, deregulation and ease of access to financial services to allow entrepreneurship to flourish in developing economies. Financial education and basic instruction on property rights will be two strong points of the American position on the topic. The initiative has received wide support from all G8 members and will likely result in an action plan outlining steps to be adopted by G8 governments to implement proposals recommended by the Martin-Zedillo Report.
Objective 6: Famine and Food Security

Famine and food security is the last major issue objective to be forwarded by the United States at the Sea Island Summit. Famine has been a consistent theme at the last two G8 summits, with the leaders discussing it in relation to the New Partnership for African Development (NEPAD) at Kananaskis (2002) and releasing the Action Against Famine, Especially in Africa — A G8 Action Plan at Evian (2003). Continuing this theme, the US has made a strong commitment to famine and food security in their build-up to the Summit, focusing on three regions: Horn of Africa, the Sudan, and Zimbabwe.

On the Horn of Africa, Eritrea and Ethiopia have been engaged in a costly, destructive war that has spanned for decades — punctuated by a series of unstable ceasefires and peace negotiations. The war coupled with recurrent drought in the region has led to severe food shortages and famine, most notably in 1983 but also more frequently in recent years. Both Ethiopia and Eritrea are now asking for large scale food aid, Eritrea alone requesting $146 million this year.

In what the United Nations has described as the worst humanitarian crisis in the world today, the western expanse of the Sudan, known as the Darfur region, has been the sight of intense conflict between Arab militias sponsored by the government in Khartoum and the local ‘black African’ population. Over 2-3 million people have been displaced from their homes since the fighting began and hundreds of thousands are now living in refugee camps across the border in neighboring Chad. Not only are these refugees living primarily off soya beans food aid dispensed by understaffed UN food relief agencies, but the arid cropland they fled have largely been burned by Arab militias. This looming man-made famine is only made worse by the fact the rainy season has recently begun in the Sudan, which not only makes the roads impassable for food relief agencies, but also means that the spring planting season has been lost. As a result, even if the refugees were to be able to return home today, a food crisis would still be in existence for at least another twelve months. For the short term, the war has weakened the region’s already limited infrastructure, making it difficult for millions of dollars in aid to reach famine victims. The International Crisis Group recently warned that 350,000 Sudanese are at imminent risk of death from starvation or disease.

Lastly, Zimbabwe has recently slid from being the breadbasket of southern Africa to moving towards the edge of famine. The single principal reason for the sudden swing has been President Robert Mugabe’s disastrous land redistribution scheme which was meant to redistribute land from the small minority of white farmers who monopolize it, to the masses of landless black Zimbabweans. Nevertheless, the scheme has plagued by corruption and mismanagement, and has essentially led to mass land-grabs, rioting in rural areas, and squatting which has devastated agricultural production. With the country’s previously strong agricultural base in shambles, experts claim that 5.5 million Zimbabweans are at risk of starvation.

In light of these crises, Bush may encourage the G8 to establish an emergency action plan to combat the looming threat of mass famine on the African continent which may include set financial commitments for development relief and verbal commitments for increased food aid. The G8 are also likely to reiterate their strong commitment to the G8 Africa Plan that was launched at the 2002 Kananaskis Summit, an re-endorsed at the Evian Summit last year. The Plan includes a commitment by the G8 to collectively finance long term agricultural and food security programs in Africa. President Bush has also invited the leaders of Algeria, Ghana, Nigeria, Senegal, South Africa, and Uganda to the Sea Island summit, and will likely discuss the problems of the recent famine crisis and long-term food security issues with them.

Anthony Prakash Navaneelan, Anna Klishevych, Clare Paterson, Jeremy Rusinek, Michael Erdman, and Olga Sajkowski
G8 Research Group

G8 Research Group, June 2004
United Kingdom
Political Data

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<td>Paul BOATENT</td>
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<td>Minister of Defence</td>
<td>Geoff HOEN</td>
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<td>Minister of International Development</td>
<td>Hilary BENN</td>
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<td>Minister of Trade and Industry</td>
<td>Patricia HEWITT</td>
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<td>Central Bank Governor</td>
<td>Mervyn KING</td>
</tr>
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Parliament: Bicameral Legislature

House of Commons, lower chamber, has 659 members who are directly elected on a first-past-the-post basis

House of Lords (Upper Chamber) consists of 92 members

Cabinet headed by Prime Minister


Economic Data\textsuperscript{46}

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<td>Export Value (2002)\textsuperscript{48}</td>
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<td>Import Value (2002)\textsuperscript{49}</td>
<td>$332.4 billion</td>
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Main Exports (2002): finished manufactures (54.7%); semi-manufactures (25.1%); oil and other fuels (7.4%).

Main Imports (2002): finished manufactures (55.8%); semi-manufactures (22.2%); food, beverage and tobacco (8.1%).

\textsuperscript{46} Unless otherwise noted see; The Economist, “Country Briefings,” available at www.economist.com/countries.


\textsuperscript{49} Ibid.
Major Trading Partners:
Exports (2002): U.S. (15.2%); Germany (12.5%); France (10.2%); Netherlands (7.7%).
Imports (2002): U.S. (13.3%); Germany (12.7); France (8.5%); Netherlands (6.7%).

Summit Objectives for the UK

Objective 1: Terrorism, Non-Proliferation and International Security

A main focus of the United Kingdom at the Sea Island Summit will be terrorism and international security. The UK’s objectives at the G8 summit will rest on counter-terrorism efforts such as greater sharing of intelligence between states and prevention of the proliferation of weapons of mass destruction; both of which are to be addressed by Tony Blair. Blair’s message, not new to the G8 or the UK delegation, involves working towards fulfilling and building upon agreements that have been made in the past. These include the FATP (Financial Action Task Force), which forced the UK to give greater power to police forces in terrorism-prevention efforts and the G8’s Counter Terrorism Action Group (Counter Terrorism Action Group) which works to co-ordinate and build global political will to combat global terrorism. Also expected are continued British efforts directed towards freezing terrorist assets and destroying terrorist capabilities, due in part to the terrorist attacks in Madrid Spain on March 11th, 2004.

On May 10-11th, 2004 the Ministers of Justice and Home Affairs from the G8 states met in Washington, DC with Attorney General John Ashcroft and Secretary of Homeland Security Tom Ridge to discuss issues related to terrorism and international crime prevention. This list includes the prevention of terrorism and serious criminal acts; border and transportation security; combating cyber-crime and enhancing cyber-investigations; and fighting foreign official corruption and recovering stolen national assets. At the meeting in D.C., Hazel Blears, Minister of State at the Home Office for the United Kingdom in charge of policing, community safety, counter-terrorism, and crime reduction stated that “Intelligence is the key to preventing and prosecuting serious crimes” and “Close co-operation is vital if we are to succeed against those people who seek to destroy our freedoms and way of life.” This was a clear call for more open lines of communication in the ongoing war on terrorism.

It is also an important security objective for the United Kingdom that terrorist groups and/or rogue states do not gain access to weapons of mass destruction (WMD). So far, the United Kingdom has shown dedication and extreme interest in ensuring the non-proliferation of these WMDs. In a written ministerial statement issued by Foreign Secretary Jack Straw on February 25, 2004, the commitment of his government to the Proliferation Security Initiative (a May 2003 initiative launched to counter WMD proliferation by stopping the shipments of WMDs, their delivery systems and related materials, and the knowledge to make them) was made clear. “The United Kingdom has worked effectively with the United States in the case of Libya’s programmes and in countering AQ Khan’s network. We have played a leading role, with France and Germany, on the issue of Iran’s nuclear programme. We have enforced UN Security Council Resolutions on Iraq. We have been active on the Proliferation Security Initiative designed to interdict the passage of cargoes intended for use in WMD programmes. We support the Six Party talks in North Korea.”

51 “G8 Ministers agree to anti-terror measures” May 12, 2004. www.number-10.gov.uk/output/page5791.asp
To combat the proliferation of WMD the United Kingdom has pledged to give $750 million over the next 10 years to support the G8 Global Partnership in endeavors against the spread of weapons and materials of mass destruction. This partnership, established at the 2002 Kananaskis summit, employs a series of cooperation projects between G8 nations and poorer nations to prevent WMD from falling into terrorist hands. Originally focused on helping to destroy decaying weapons of mass destruction (chemical weapons, nuclear submarines, etc) in the Russian Federation, Foreign Minister Straw has written that the United Kingdom would like to see the Global Partnership expanded to include partnerships with Libya and Iraq, and to eventually become global.\(^{53}\) Towards this aim, the United Kingdom would also like to work with other nations to increase global donorship for this program to a base level of $20 billion so as to increase its scope.\(^{54}\)

The 2004 Sea Summit will be an excellent opportunity for the UK to seek out these additional funds for the expansion of the Global Partnership, especially with the urgency now afford to this cause through such attacks as the Madrid bombings (and the desire to prevent the use of “dirty-nukes” in such attacks). Nuclear proliferation will also be addressed by the UK, as in that same document by Jack Straw he discussed the need for greater monitoring of fuels in “states which fail to comply with their safeguards obligations” (as outlined in The Non Proliferation Treaty) which are to be used in the construction of civil-nuclear power plants. This is to ensure the “prevent[ion] [of] a seemingly civil programme masking a weapons programme. Concerns about terrorism and WMD will lead to the UK pushing for an expansion of existing counter-terrorism initiatives and non-proliferation regimes.

**Objective 2: Iraq**

One issue that the United Kingdom will most likely press at the Sea Island summit is that of the situation in Iraq, both the countries occupation/administration and reconstruction. At the Savannah summit American President George Bush will seek the support of the other G8 member states to make the development of democratic institutions and freedoms a foreign policy goal.\(^{55}\) Bush sees the Savannah summit as a large part of his foreign policy platform. In the words of Professor John Kirton, “The headline he’s looking for — and the one he’ll probably get — is: ‘G8 Leaders All Agree With George.’”\(^{56}\) The British do not necessarily agree with Bush’s idea of having the G8 impose democracy. In one statement the foreign office has said, “We want to build on the UN proposals. Much of any change will have to come from the region. We do not want to put out a British initiative and do not want to impose things.”\(^{57}\) Expect the British to be wary of imposing democracy from above in Iraq. Both parties do want to democratize Iraq, however. Foreign Secretary Jack Straw has recently said that his government “will continue to remind the world that it is thanks to our armed forces that Iraq is now on the path to being a sovereign, democratic state.”\(^{58}\) A European/American compromise on how to democratize Iraq will most likely be reached at the summit.

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\(^{54}\) Ibid.

\(^{55}\) Paul Reynolds. “Mid-East ‘democracy’ plan raises questions” February 11, 2004. news.bbc.co.uk/1/hi/world/middle_east/3478901.stm

\(^{56}\) Ibid.

\(^{57}\) Ibid.

**Objective 3: Climate Change**

The United Kingdom is particularly concerned about climate change. As an Island nation, the British are aware of the harm that rising water levels (due to melting polar ice caps) have the potential to cause. If one flood managed to break through the Thames flood barrier, the potential for such a flood could be as much as 60 billion dollars (2% of the UK’s GDP) damage could be caused.59 The British government realizes the importance of tackling this issue, and will make it a long-term policy goal. Prime Minister Tony Blair has said that climate change is single most important long-term issue faced by the global community.60 Foreign Secretary Jack Straw has said that climate change “will be a priority of Britain’s G8 Presidency next year.”61 Accordingly, climate change and efforts to lower levels of global warming should also be British priority at this year’s Savannah summit. However the focus of this year’s summit, defined by the United States, is on security, so not too much progress on this issue should be expected. More work on climate change is likely at next year’s summit, hosted by the United Kingdom.

**Objective 4: Africa**

African development is a priority for the United Kingdom. At the start of May 2004 Tony Blair stated that “I have said on many occasions that I believe Africa is a scar on the conscience of the world and I think it is right that we continue to treat this as an absolute priority over the coming years.”62 The Blair government has recently launched a commission for Africa that has the mandate to examine “economic issues, education, conflict resolution, health, the environment, HIV/AIDS and governance.”63 According to Blair, this commission will “take a fresh look at Africa’s past, present and future” and will provide a “comprehensive assessment” of the situation in Africa.64 As well as this commission, Blair has stated that finding solutions to the problems in Africa will be one of the United Kingdom’s priorities during its upcoming tenure as G8 president.65 The newly launched Africa commission will attempt to generate support for existing aid initiatives like NePAD and the G8 Africa Action Plan, and will present its findings at the 2005 G8 summit.66 A great deal of progress on Africa, however, should not be expected at the Sea Island summit, as the host country, the United States, has set the agenda to focus more on security issues and its’ Greater Middle East Initiative. Movement on African development should be expected at the 2005 summit, which is hosted by the United Kingdom.

Chris Collins, Katrine Hattrem and Kevin Jarus
G8 Research Group

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59 Ibid.
60 Ibid.
61 Ibid.
64 news.bbc.co.uk/1/hi/world/africa/3490382.stm
65 Ibid.
66 Ibid.
Germany
Political Data

<table>
<thead>
<tr>
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<tbody>
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<td>Chancellor of the Republic</td>
<td>Gerhard SCHROEDER</td>
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<td>President of the Republic</td>
<td>Johannes RAU</td>
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<td>Minister for the Economy, Finance and Industry</td>
<td>Wolfgang CLEMENT</td>
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<td>Minister of Finance</td>
<td>Hans EICHEL</td>
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<td>Minister of Health &amp; Social Affairs</td>
<td>Ulla SCHMIDT</td>
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<tr>
<td>Minister of Education, Science, Technology &amp; Research</td>
<td>Edelgard BUHMAHN</td>
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<tr>
<td>Minister of Environment, Nature Conservation &amp; Nuclear Safety</td>
<td>Jurgen TRITTIN</td>
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Parliament: National Legislature
Total for Bundestag (Lower House) — 662 seats: parties must win at least 5% of the national vote, or three constituency seats, to gain representation.

Senate: Bundesrat (Upper House) — Consists of members nominated by the 16 state governments.

Economic Data

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Main Exports (2002): Motor Vehicles 19.1%, Machines 14.1%, Chemicals 11.8%, Telecoms Technology 4.8%, Items for Electrical Production 4.8%.

Main Imports (2002): Chemicals 10.6%, Motor Vehicles 10.2%, Machines 6.9%, Telecoms Technology 6.0%, Mineral Oil and Gas 6.0%.

Major Trading Partners:
Exports (2002): France 10.8%, US 10.3%, UK 8.4%, Italy 7.3%, Netherlands 6.1%.
Imports (2002): France 9%, Netherlands 7.8%, US 7.3%, UK 6.1%, Italy 6.1%.

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67 Unless otherwise noted see; The Economist, “Country Briefings,” available at www.economist.com/countries.
70 Ibid.
Summit Objectives for Germany

Objective 1: Iraq

The German federal government has committed itself to close cooperation with the Americans in the reconstruction of Iraq. Germany’s involvement focuses on the “rebuilding” of Iraq and will likely be an issue the Germans will want further discussions on the Summit. It is especially important for German investors to have assurances of Germany’s involvement in Iraq, following the recently awarded development contracts that the US provided to German companies by the US. Overall, the Germans are committed to helping with the “humanitarian” and “technical” rebuilding of Iraq, and this will be the main object of discussion for the Germans as pertains to the Iraq situation. The Germans will continue to abstain from participation in any military involvement in Iraq. German Chancellor Gerhard Schroeder stated last year, that “it is very clear that we will not be involved militarily in Iraq.”

Objective 2: Afghanistan

Germany will continue its involvement in Afghanistan and will want to discuss this at the Summit. In April of this year, the Federal Government hosted the Afghanistan conference, attended by all EU states, the G8 nations, NATO members, and several of Afghanistan’s neighbours. The most important objective for Germany regarding Afghanistan is its rebuilding, both structurally and socially. The German military presence will continue and further aid for the reconstruction effort has already been promised by the Germans. At the Summit, the German Chancellor Gerhard Schroeder will want more funds and military support in Afghanistan. The German government has also published a hand-book in suit of the Afghanistan Conference in Berlin. The governments at the Berlin conference agreed to a 10 point declaration which underscores the stabilization and rebuilding of Afghanistan.

Objective 3: Middle East Peace Process

Germany will also want to table discussion on the Middle East Peace Process. Chancellor Schröder met with Palestinian Prime Minister Qureia at the Chancellery in Berlin on May 17 and stated that Germany strongly supports Israel’s announced withdrawal from Gaza and the dissolution of the Jewish settlements there, noting that this process needs to be carried out in a coordinated manner that will ensure its success. He stated further that “A withdrawal on the basis of the Road Map cannot be a substitute for final status negotiations between the two sides.”

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71 Interview mit Karsten D. Voigt , Koordinator für die deutsch-amerikanische Zusammenarbeit im Auswärtigen Amt, zur Diskussion über den Wiederaufbau des Iraks www.auswaertiges-amt.de/www/de/ausgabe_archiv?archiv_id=5707
72 ibid. 17.12.2003
74 “Afghanistan und die internationale Gemeinschaft – eine Partnerschaft für die Zukunft www.auswaertiges-amt.de/www/de/außenpolitik/friedenspolitik/afghanistan/konferenz_040331.html
75 “Afghanistan und die internationale Gemeinschaft – eine Partnerschaft für die Zukunft
76 Berlin Declaration www.auswaertiges-amt.de/www/en/außenpolitik/friedenspolitik/afghanistan/konferenz_040331_declaration.html 1 April 2004
77 Schröder: Progress in Middle East peace process www.bundesregierung.de

G8 Research Group, June 2004
Objective 4: Terrorism

Germany has remained committed to counter-terrorism internationally. The German Bundestag (the lower house of the German parliament) agreed on 5 November 2003, to extend Germany’s military commitment to operation “Enduring Freedom” for another year. The agreement entails the supply of up to 3,100 soldiers for the operation. On 29 September 2003, Germany handed over control of Task Force 150 to France. This force supports the war against international terrorism under the aegis of operation “Enduring Freedom.” German Minister of Defence, Dr. Peter Struck, declared on 7 November 2003, that the “containment of international Terrorism is in the foreseeable future the central security challenge of all democracies.” Struck noted further that facing this challenge will require more than just a military component. The minister added that political, financial, and social elements are a part of confronting international terrorism. The German role in Afghanistan is a key component of Germany’s commitment to international cooperation and collaboration against terrorism. On 20 November 2003, German Foreign Minister Joschka Fischer noted in an address at Princeton University, that the United Nations continues to play a “key role” in the fight against international terrorism. Germany supports a concerted global effort aimed at addressing the challenge of international terrorism.

Discussions on international cooperation in will be a high priority at the Summit for Germany and as well as all the other G8 members. As one of the EU member states, Germany will also be looking to strengthen the intra-EU effort to combat terrorism, especially in light of the March 11 bombings in Madrid. Schröder said “Europe will not let itself be divided in the joint effort to combat international terrorism, adding that there should be no doubt that Europe will conduct the fight against terrorism with absolute determination.” Germany was one of the G8 States who on May 11 at a meeting of G8 Ministers for justice and home affairs agreed on new means for greater co-operation and intelligence-sharing to tackle international terrorism, organized crime and corruption. They agreed to share information about lost and stolen passports and vowed to work together to secure borders, ports and skies to thwart terrorism. The G8 group also recommended that each country should ensure it can legally use a variety of “special investigative techniques” such as wiretaps, audio and visual surveillance, and interception of electronic

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79 Ibid.
80 Ibid.
84 G8 nations agree closer security cooperation 12 May 2004: www.4ni.co.uk/nationalnews.asp?id=29029
communications. Further discussion on these issues as well as an official declaration of a concerted effort to tackle terrorism will likely take place at the Summit.

Stefan Kahandaliyanage and Silvestor Komlodi
G8 Research Group

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Japan
Political Data

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<td>Health, labour &amp; welfare</td>
<td>Chikara SAKAGUCHI</td>
</tr>
<tr>
<td>Justice</td>
<td>Daizo NOZAWA</td>
</tr>
<tr>
<td>Land, infrastructure &amp; transport</td>
<td>Nobuteru ISHIHARA</td>
</tr>
<tr>
<td>Public management, home affairs, posts &amp; telecommunications</td>
<td>Taro ASO</td>
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<tr>
<td>Financial affairs/economic &amp; fiscal policy</td>
<td>Heizo TAKENAKA</td>
</tr>
<tr>
<td>Administrative reform</td>
<td>Kazuyoshi KANEKO</td>
</tr>
<tr>
<td>Central bank governor</td>
<td>Tochihiko FUKUI</td>
</tr>
</tbody>
</table>

Form of government: Representative democracy

Parliament: House of Representatives consists of 480 seats.
House of Councillors consists of 252 seats.
The executive:
The prime minister is chosen by a ballot of the Diet (parliament) and appoints a cabinet, a majority of whose members must also be members of the Diet

National legislature: Bicameral Diet, comprising the 480-member House of Representatives (the lower house), elected every four years, and the 247-member House of Councillors (the upper house), elected for six-year terms, with half of its number elected every three years. There are 300 single-seat constituencies and 180 seats filled by proportional representation in the House of Representatives. The number of seats in the upper house will be reduced by five at the chamber’s next election.

Legal system: A US-style Supreme Court, appointed by the cabinet, presides over a legal system of lesser courts divided into four arms: the High Court, District Courts, Family Courts and Summary Courts

National elections: The last election was in November 2003 (House of Representatives); the next election for the House of Representatives is due by November 2007. The next election for the House of Councillors will be held on July 11th 2004

National government: On March 5th 2004 the ruling Liberal Democratic Party (LDP) held 242 seats in the House of Representatives. The LDP’s coalition partner, New Komeito, held 34 seats. The largest opposition party, the Democratic Party of Japan (DPJ), held 177 seats

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Main political organizations:
Government—coalition of two parties: the LDP and New Komeito
Opposition—DPJ; Japan Communist Party; Social Democratic Party

**Economic Data**

<table>
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<tr>
<th>Indicator</th>
<th>Value</th>
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<td>GDP per head (PPP, 2003)</td>
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<td>Recorded unemployment (2003)</td>
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<td>Exchange rate (Yen per $, 14 May 2004)</td>
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<td>Foreign Aid (ODA, 2002)</td>
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<tr>
<td>Export Value (2002)</td>
<td>$383.8 billion</td>
</tr>
<tr>
<td>Import Value (2002)</td>
<td>$292.1 billion</td>
</tr>
</tbody>
</table>

Main Exports (2002): Transport equipment 24.9%, Electrical machinery 22.9%, Non-electrical machinery 20.3%, Chemicals 8.0%, Metals 6.2%.

Main Imports (2002): Machinery & equipment 25.7%, Mineral fuels 16.0%, Food 10.1%, Chemicals 6.2%, Raw materials 4.1%.

Major Trading Partners:
Exports (2002): US 28.5%, China 9.6%, South Korea 6.9%, Taiwan 6.3%, Hong Kong 6.1%
Imports (2002): US 17.1%, China 17.1%, South Korea 4.6%, Indonesia 4.2%, Taiwan 4.0%

Japan has the second highest GDP growth rate amongst the G8, behind Russia.

**Summit Objectives for Japan**

The issues Japan is expected to highlight at the Sea Island Summit this year are the reconstruction of Iraq, Japan-North Korea security issues, and the international promotion of trade. These are issues that are also of particular interest to the United States. Expect Japan to urge the United States to continue in the footsteps of last year’s Evian summit in and address future bilateral and regional security issues, as well as the broader issue of global economic growth and free trade.

**Objective 1: Reconstruction of Iraq**

At the 2003 G8 Summit in Evian, Prime Minister Junichiro Koizumi stated that Japan would “actively cooperate with the reconstruction and rehabilitation of Iraq.”

On July 26, 2003, the Japanese Parliament established the “Law Concerning Special Measures on Humanitarian and Reconstruction Assistance in Iraq.” The Ministry of Foreign Affairs claimed that this law was necessary in order to provide a structure “through which Japan can make an appropriate

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88 Unless otherwise noted see; The Economist, “Country Briefings,” available at www.economist.com/countries.
91 Ibid.
contribution to assist in the prompt reconstruction of Iraq by Iraqi people.”93 From October 23 to 24, 2003, Japan participated in “The Madrid Conference on the Reconstruction of Iraq,” which included representatives from 70 states, 30 non-governmental organizations, and 300 private sector companies. Here, Japan agreed to contribute $1.5 bn in donations and $3.5 bn in low-interest loans to the reconstruction of Iraq. The $1.5bn donation marked the largest donation given by any participant of the Conference, excluding the United States.94 On December 9, the Japanese Cabinet decided on a “Basic Plan” of implementation for the various humanitarian projects and reconstruction activities it had committed to in Iraq.95 In the same press release, Prime Minister Koizumi stated that reconstruction efforts in Iraq were “extremely significant for the stability of the entire Middle East and ultimately the international community.”96

Japan dispatched the precedent-setting Self-Defense Forces to Iraq in December 2003, and implemented measures of reconstruction assistance, called the Special Measures Law for Humanitarian and Reconstruction Assistance in Iraq.97 This has been one of the first missions of Japanese forces abroad. Prime Minister Koizumi’s initiatives for the increased role of the Japanese forces have created a significant level of controversy both domestically and internationally. Some East Asian countries were alarmed by the possibility of aggressive Japanese military policy.

On January 19, 2004, Koizumi reaffirmed Japan’s monetary commitment to the reconstruction of Iraq, stating that the $1.5 bn donated would go towards “the immediate reconstruction needs of Iraq” such as “electricity generation, education, water and sanitation, and employment,” and that “implement assistance up to a total of US$5 billion” would be used “to develop economic infrastructure including telecommunications and transportation in the medium term.”98 Koizumi also recommitted to deploying the Units of Self-Defense Forces (SDF) but promised that these personnel would not use force or work near military action.99 Since December 2003, Japan has also held talks with France and Germany concerning how the three countries might work together in the reconstruction of Iraq.100 On March 2nd, the Japanese Ministry of Foreign Affairs stated that a Coordination Committee among Japan, France, and Germany had been established when Special Adviser to the Cabinet Secretariat, Yukio Okamoto, visited Europe in February of

96 Ibid.
99 Ibid
2004.\textsuperscript{101} In the same press release, the Ministry claimed that France and Japan had agreed upon specific areas of cooperation, including possible joint training sessions, cooperation in cultural areas, and joint support of various NGOs.\textsuperscript{102}

At the G8 Summit Japan will stand in a crucial position. With the second largest economy in the world, Japan has the greatest capacity after the United States to fund reconstruction activities in Iraq. Therefore, as the Center for Strategic and International Studies has stated, “Japan’s role in financing post-war activities is crucial.”\textsuperscript{103} Japan will remind the other G8 states that it has kept all of the promises it made at the last summit regarding the reconstruction of Iraq. It may also use the summit to strengthen its reconstruction partnerships with France and Germany, and will perhaps seek to establish similar partnerships with other G8 countries. Japan will hope that by having contributed so generously to the reconstruction of Iraq, it has now secured both the political and military support of the U.S.

**Objective 2: Japan-North Korea Relations**

During the Sea Island summit Japan will focus on North Korean issues. As well as considering North Korea a security threat, Japan will discuss the issue of the North Korean abduction of Japanese citizens. While the international community views The Democratic People’s Republic of Korea through issues of security (the imperative being Nuclear Weapons), Japan views the abduction cases of Japanese Nationals as equally important in its relations with North Korea. There has been some progress toward resolving the issue such as the return of the five abductees to Japan on October 15, 2002. However, a comprehensive dialogue on the issue has not yet occurred. During the first round of the Six-Party Talks held in Beijing on August 27 to 29, Japan stated that the abduction issue must be resolved prior to the normalization of Japanese-North Korean relations. During a bilateral discussion, Japan strongly called for the return of the families of abduction victims and a full investigation into the issue. “On September 24, Foreign Minister Yoriko Kawaguchi raised the abduction issue in her statement to the UN General Assembly for the first time.”\textsuperscript{104} Japan may again raise the issue during the Sea Island summit.

The Government of Japan will continue to support the Six-Party Talks as essential for a peaceful and diplomatic solution to resolving North Korea’s nuclear development problem and will work closely with the United States of America in stabilizing the region. Japan has been working with the U.S. and the Republic of Korea to establish trilateral cooperation in the Six-Party Talks. During the initial round of the Six-Party Talks, Japan expressed its view that “North Korea must immediately dismantle all its nuclear weapons development programs in a complete, irreversible, and verifiable manner”\textsuperscript{105} and referred to the issues of North Korea’s ballistic missile program and its biological and chemical weapons. Japan may again bring up these issues when it discusses North Korea’s nuclear weapons program, and will emphasize that the normalization of Japanese-North Korean relations, and thus the stability of the North East Asian region, cannot be achieved until the abduction issue is solved.\textsuperscript{106}

\textsuperscript{101} Ibid.

\textsuperscript{102} Ibid.

\textsuperscript{103} Center for Strategic and International Studies, "Japan Watch: Japan's Role in Reconstruction” April 22, 2003 www.csis.org/Japanwatch/jw030422.pdf.


\textsuperscript{106} Ibid.
On February 23, 2004, 2 days prior to the second round of the Six-Party Talks, Japanese delegates met with the United States and the Republic of Korea for a working level consultation in Seoul. Japan attended the Six-Party Talks with the view that the Six-Party Talks process was the basis for peace and stability in North East Asia. The Talks concluded with the shared view that the issue should be addressed in “coordinated steps.” Japan will work to better coordinate US-Japanese-Republic of Korea policies toward North Korea before the third round of the Six-Party Talks, which are to be held at the end of June.107

**Objective 3: Promotion of Free Trade**

Japan has been increasingly active in promoting a free trade agreement with several countries, recently signing a free trade agreement with Mexico in March 2004.108 Japan has also advanced bilateral negotiations with Thailand, the Philippines, Malaysia and Indonesia.109 Japan is currently working towards strengthening its economic partnership, possibly with the FTA and the ASEAN countries under the Japan-ASEAN Comprehensive Economic Partnership Initiative. Japan will seek to promote the resurrection of the Doha Agenda at the Sea Island summit.

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.110

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 programme 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.111

In the first half of 2004, United States Trade Representative Robert Zoellick indicated that Japan was likely moving along with the European Union to accept negotiations on trade facilitation including customs reform. The progress of negotiations is also optimistic on the Singapore Issues.112

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111 Ibid.
**Objective 4: The Environment**

Although the environment is unlikely to be one of the key issues of the Sea Island summit, Japan has pushed to get some discussion of sustainable development onto the agenda. At a May 2004 Press Conference regarding the upcoming summit, Alan Larson, the Under Secretary of State for Economic, Business and Agricultural Affairs, stated that the U.S. recognizes “in particular, the leadership of the Prime Minister [of Japan] in issues relating to the recovery, the recycling and the reuse of raw materials and products, something that we think is a very important initiative.” It is likely that Prime Minister Koizumi will discuss this “3 R” approach to sustainable resources and will want to address how the G8 states might come to practically implement the initiative.

Roopa Rangaswami, Clare Paterson, Yukari Takashi, and Allen Fong  
G8 Research Group

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www.g7.utoronto.ca/scholar/kirton2004/kirton_monitor_040518.html

114 Alan Larson, Under Secretary “Foreign Press Briefing with Under Secretary of State for Economic, Business, and Agricultural Affairs” usinfo.state.gov/mena/Archive/2004/May/28-518546.html

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President | Carlo CIAMPi
---|---
Prime Minister | Silvio BERLUSCONI
Deputy Prime Minister | Gianfranco FINI
Minister of Foreign Affairs | Franco FRATTINI
Minister of Defence | Antonio MARTINO
Minister of Finance & Economic Affairs | Giulio TREMONTI
Minister of Health | Girolamo SIRCHIA
Minister of Education, Universities & Research | Letizia MORATTI
Minister of Environment | Altero MATTEOLI

Parliament National Legislature: Bicameral

Total for Chamber of Deputies (Lower House) — 315 seats elected through a mix of first-past-the-post and proportional representation

Total for Senate (Upper House) — 630 seats elected through a mix of first-past-the-post and proportional representation

**Economic Data**

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<th>$1.548.0 billion</th>
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<td>Export Value (2002)</td>
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<tr>
<td>Import Value (2002)</td>
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</tr>
</tbody>
</table>

Main Exports (2002): Machinery and Transport Equipment 31.2%, Textiles, Clothing and Leather 15.3%, Chemicals 13.1%, Electrical Equipment 9.3%.


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117 Unless otherwise noted see; The Economist, “Country Briefings,” available at www.economist.com/countries.

Objective 1: Iraqi peace process, transfer of power and reconstruction

One of Italy’s main international concerns is the reconstruction of Iraq. After the US and the UK, the centre-right Italian government led by Prime Minister Silvio Berlusconi sent the third largest military presence to Iraq. Last November, a suicide bomb attack killed 19 Italian soldiers, the largest Italian military casualty since World War Two. Italian Peacekeepers have been unable to defend themselves because of their restrictive rules of engagement, and are coming under increasingly persistent attack as recently as May 16. Numerous other Italian nationals have been killed since, notably Fabrizio Quattrocchi, a security guard working for a private firm, who along with three other Italian citizens had been held hostage by Iraqi terrorists demanding that Italy withdraw its troops. His death led to a call by the Italian public and the left-wing political opposition for the withdrawal of Italian troops. Despite this opposition, 58% of those surveyed by an Italian newspaper indicated they would approve of the Italian Military staying in Iraq, but only with United Nations approval. The Italian government maintains committed to aiding Iraq in its reconstruction as well as the transfer of power to an interim Iraqi government, which Italy expects will be complete by July 2004.

The Berlusconi government is committed to maintaining the reconstruction of Iraq as a top priority. Prime Minister Berlusconi stated that Italian soldiers would stay in Iraq because without allied military intervention “a disastrous civil war [would occur] that would put different ethnicities, tribes and political parties against each other and would cause only bloodshed.” Iraq was at the top of the agenda when the Prime Minister visited with British Prime Minister Tony Blair in March as well as U.S. President George W. Bush in May. He expressed his government’s dedication to the issue and told President Bush that the Italian constitution does not allow the country to go to war without United Nations approval. However, he said he would “assure [Italian] support for after the war” as peacekeepers, extending his mandate of the 2800 Italian peacekeepers primarily based in the Southern Iraqi city of Nasiriya. Italy has discussed the possibility of increasing this number. Prime Minister Berlusconi’s government shares the American goal of diffusing democracy to Iraq. In a joint Press conference with President Bush he said that he and Bush shared “a common vision on all of these issues, with no exception.” He stated these include freedom, democracy, justice and development. The Italian government will continue to address the Iraqi issue and would not “hesitate to do our duty, despite the costs, and the families of the fallen soldiers know what it has already cost us.” He stated it was “important to diffuse democracy and freedom throughout [the world] because they are the only way the world can preserve its children from future wars... No intimidation will budge us from our willingness to help that country rise up again and rebuild itself with self-government, security and freedom.”

In his meeting with Bush, Berlusconi suggested the option of “organizing an international conference on Iraq, which could be held before the elections in Iraq in January.” Italy encourages United Nations involvement in reconstruction efforts and hopes to contribute to the establishment of a committee guided by the UN that would plan free elections in Iraq in January. It also hopes that by the end of May, the Envoy of the Secretary General of the United Nations will select the new members of the interim Iraqi government. Italy hopes that these new appointments will be the final step to legitimization of the new Iraqi government and has worked actively with the UN to create a strategy that would achieve this. In late May, Berlusconi addressed the Italian parliament regarding a meeting which was attended by Secretary-General of the United Nations

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G8 Research Group, June 2004

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Kofi Annan, Tony Blair and George W. Bush. He expressed that his government supported the following strategy for Iraq:

In addition to setting up a UN organized committee to plan elections in January 2005, Italy will:

1. Help designate a new Iraqi government that is “credible”

2. Within the first 3 weeks of June, seek a UN security council resolution that would legitimize the new Iraqi government following the transfer of power, thus ending foreign occupation. The resolution would also facilitate a new relationship between international forces and the Iraqi interim government.

3. Help establish by September, an assembly representing all groups of Iraqi society

4. Help organize by the end of the year an International Conference that will contribute to maintaining the stability of democracy in Iraq as well as other countries in the Middle East.

Berlusconi stated that his government’s ultimate goals are peace in the region, Iraqi liberty and prosperity, reintegration of Iraq into the international community and stabilization of the country socially and economically. However, at the G8 foreign ministers meeting on May 14, Foreign Minister Franco Frattini stated that once a legitimate Iraqi government is established in 2005, Italy will only keep troops in Iraq if that legitimate government invites Italy to remain for security or stabilization purposes. Italy, he stated, will not “remain against the will of a legitimate government.”

**Objective 2: Strengthening ties and peace with the Middle East**

In a joint press conference held in July 2003, Prime Minister Berlusconi and President Bush stated they were “encouraged by signs of progress toward peace in the Middle East” with a focus on ties between Israel and Palestine. Italy has made numerous efforts in maintaining relationships with Middle Eastern countries. Minister Frattini has stated that his country is committed to “combating terrorism, which poisons life in Israel and represents a threat to the entire world.” Italy hopes to foster dialogue among Middle Eastern countries and has offered to host negotiations and peace conferences that would protect these countries from outside influences and allow open discussion. Italy also recognizes that such negotiations must include Syria and Lebanon in order to be effective.

Italy has encouraged Israel to loosen restrictions on Palestinian travelers as well as to stop the construction of the Israeli security fence. Italy continues to condemn all acts of terrorism in the region. Recently, Communications minister Maurizio Gasparri and the Israeli Deputy Prime Minister, Ehud Olmert signed a new agreement on communication infrastructure, computer and network security in order to provide reliable and efficient services for both countries. The countries believe that they will both benefit from the increase in networks, and the exchange of information.

Italy remains committed to developing, diversifying and modernizing the economies of numerous Middle Eastern states and states in the Mediterranean region. Finally, Italy continues to promote national reconciliation in Algeria, to increase business with Libya in sectors other than oil and gas and is committed to the alleviation of Jordan’s debt.

**Objective 3: Technology and Economic Growth**

One of Italy’s prime internal objectives is restoring economic growth. Like other large European economies, Italy’s economy is continuing to experience the effects of the global slowdown. The
true challenges to the Italian economy remain structural, especially in the realm of pensions, labour market immobility and bureaucratic interference in the economy. On the world stage, however, Italy is looking to boost investment and general interest in its economy. The Italian government is especially concerned with promotion of Italy as a centre for the high-tech industry and will most likely promote this avenue of growth at the G8 summit.

A key component of the Italian focus will be high-speed or broadband internet access, which the Minister for Innovation and Technology, Lucio Stanca, has made his personal priority, particularly in the Mezzogiorno, Italy’s traditionally under-developed southern regions. The government of Silvio Berlusconi announced a 1.5 billion investment to connect the Mezzogiorno to the rest of the Italian high-speed network and European resources as a whole. This investment comes at a time when Italy is showing the fastest growth in high-speed connections of any European nation. Access to broadband services nearly doubled in the period July, 2003 to January, 2004, from 2.8% of the population to 4.8%. In both absolute and relative terms, Italy is second in Europe only to France, and is the leader in Europe for the development of broadband services other than DSL (Dedicated Service Line).

The focus of the government initiative is to broaden the usage of high-speed connections from personal and commercial usage to employment in education, scientific and public administration. In the same aforementioned six-month period, the number of Italian schools with Internet access increased from just 20% of the overall number to 84%. Italy is now investigating various means to utilizing the broadband services to increase access to e-government services, particularly through television. The main challenge, of course, remains those regions that are underdeveloped, like the Mezzogiorno. Nevertheless, the Italian government and its representatives will view internet access and increased government support of communication technology throughout the developed world as key to the resumption of investment and healthy growth in all G8 economies.

Related to the issue of broadband, both Minister Stanca and the Minister of the Economy and Finance, Giulio Tremonti, will be pressing for greater initiatives to boost hi-tech investment in a more general sense. The main focus of the MEF (Ministry of the Economy and Finance) and of Minister Tremonti is “growth before stability.” Although the issue of growth is of great importance for all G8 nations, Italy’s push has specific resonance among the two other Continental economies, Germany and France. Italy would like to broaden international initiatives to increase investment in developed economies, particularly in the information and research and development sectors. This comes on the heels of a report suggesting that Italy is an attractive destination for global capital flows, particularly from other developed nations, but that its share of world investment has been declining over the past fifteen years. Outside of the European Union, Italy is likely to receive support from the other G8 nations, although it is improbable that Russia, Canada and the United Kingdom, whose economies are growing above trend, will play much of an active role in promoting any Italian plans or initiatives.

The most opposition to any mention of “growth before stability” is likely to come from the European Commission delegation. Their concerns may range from discomfort at the thought of economic initiatives being taken by member states outside of the EU paradigm to outright hostility, given that France and Germany have both violated the budgetary deficit rule of the Stability and Growth Pact (SGP). Italy, who is suspected of having broken the same rule but has yet to be declared in violation of the SGP by ECOFIN, will have much more flexibility in such growth proposals at the Sea Island Summit. It is for these reasons that Minister Tremonti and the Italian delegation will remain focused on growth through investment rather than straying into discussions on exchange rate levels, government spending or any other non-private stimulus to the world economy.
**Objective 4: Market Regulation and Capital Flows**

Although the Italian government was not the initiator of the proposal to simplify and cheapen remittances, it is a strong proponent of the plan. In a bid to underline the Berlusconi government’s staunch support for the American-led War on Terror, Minister Tremonti is likely to lead the European initiative for more transparency and regularity in this sector of international capital flows. In April, he noted the need for a greater regulation and regularity, given that immigrant remittances often exceed Official Development Aid (ODA). Italy’s support, however, is more than just a show of solidarity with President Bush and his foreign policy. After Great Britain, Italy is the country of origin of the second largest volume of remittances coming from the European Union. In 2003, immigrants working in Italy sent home 3.8 billion, or 22% of the European total.

Italy’s forcefulness on the issue likely stems from accusations in 2003 that it, together with Switzerland, was failing to monitor and shut down remittance and money laundering systems that were financing terrorism. In October, 2003, the United Nations named Italy specifically for its failure to end the operations of several companies blacklisted by UN agencies and restrict the movements of individuals known to be involved in the financing of terrorism. Although Italian officials deny any intransigence on the part of their official structures, Minister Tremonti and the Berlusconi government are keen to maintain a high profile in anti-terrorism initiatives that garner support from both European nations and the United States.

In addition to the fight against terrorism, the Italian government is also promoting the use of proper remittance systems as a cornerstone of development policy. The Italian government has recognized that the irregularity of the remittance structures implies that they are both inefficient and costly. The classic example given is that of Al Barakaat Bank, which was accused of funneling millions of dollars to Al Qaeda through Somalia. The fragility of the systems and the bluntness of current regulatory and combative measures meant that a freeze on the operation left 750,000 Somalis without means of transferring money home, perhaps the most important source of foreign currency for the Somali public. Italy would like to establish effective structures within which immigrants have access to a secure system of international transfers. It is hoped that an initiative of this sort will lower the costs of remittances and will provide governments with better tools to monitor international capital flows. Given Italy’s strategically important location as the destination for migrants from those nations where remittance systems have replaced any form of official bank structures, Minister Tremonti is particularly keen about garnering international support for this objective.

By shifting the focus of the summit onto international financial issues, Italy will avoid media coverage of its lacklustre performance in internal regulatory issues and the disastrous implosion of Parmalat, the disputes surrounding Prime Minister Silvio Berlusconi’s media empire and a series of banking scandals that left the President of the Republic, Carlo Azeglio Ciampi, warning of a potential nationwide loss of confidence in the financial markets. Minister Tremonti will pursue this objective further by raising the issue of so-called offshore tax havens.

Although many of the flaws that led to the 11 billion hole in Parmalat’s accounts occurred in Italy itself, a major contributing factor was the laxity of banking regulations and oversight in the Cayman Islands, a nation well-known for its welcoming attitude toward offshore companies. Minister Tremonti has stated that regulators’ efforts cannot be fully effective so long as they live within the contradiction of a “local pathology” and a “global asymmetry.” Although the Italian government has stated that it will pursue initiatives at both the national and European level to increase regulation of corporate structures and improve market efficiency, Minister Tremonti will also seek to devote at least some of the agenda at the Sea Island Summit to discussion of measures aimed at increasing transparency in offshore tax havens. Italy has often pursued regional forums, particularly with Mediterranean and Persian Gulf nations, to combat money
laundering and other financial malfeasance. Within this forum, however, it is likely to encounter some resistance from the European Union, whose representatives will be keen to present a unified stance, particularly on financial and economic issues, as well as from Great Britain. Great Britain has already been chastised for the continuance of offshore activities on the Channel Islands and on the Isle of Man, and is unlikely to actively support Italian initiatives that might impact on its traditional regulatory structures.

**Objective 5: Peace support in Africa**

Italy will push for the development of peace processes and security initiatives in Africa. Italy has played an active role in negotiations regarding Somalia’s interim government institutions under the auspices of the Intergovernmental Authority on Development (IGAD) peace initiative.

Italy supports the Organization of a Peace Conference for the Region of the Great Lakes on security, democracy, human rights and regional economic development, to be held in Dar as Salaam in November 2004.

The Italian government also recently committed to organizing courses for the training of future African peacekeepers at UN Staff College in Turin. Rome will be committing 615,000 euros to fund courses that will run in the first half of 2004.

Italy will press the issue of G8 resource commitment in supporting peace initiatives in Africa during the Sea Island Summit

Michael Erdman, Mary Gazze and Bob Papanikolaou
G8 Research Group
Canada
Political Data*119

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
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<tr>
<td>Prime Minister</td>
<td>Paul MARTIN</td>
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<td>Minister of National Defense</td>
<td>Dominique PERBEN</td>
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Parliament: National Legislature
House of Commons: 301 members elected from individual constituencies; Senate of 112 members appointed by the Prime Minister.

*119 Address by Prime Minister Paul Martin on the Occasion of a luncheon hosted by the CORIM, the CERIUM, the Institut, d’études internationales de Montréal à l’UQAM, and the Montreal International Organization. May 10, 2004. Montreal, Quebec.
G20 Mexican Secretariat Web Site: www.hacienda.gob.mx/g20-2003/background.html
G20 German Secretariat Web Site: www.hacienda.gob.mx/g20-2003/background.html
www.fin.gc.ca/news04/04-023e.html
www.fin.gc.ca/news04/04-033_e.html
www.theglobeandmail.com/servlet/ArticleNews/TPPrint/LAC/20040529/ELECMART29/TPNational/
www.ic.gc.ca
www.globeinvestor.com
Speech by the Prime Minister. Notes for an address by Paul Martin, Prime Minister of Canada and Co-Chair of the Commission on the Private Sector and Development- Luncheon Address. March 1, 2004 at the United Nations Headquarters in New York. pm.gc.ca
Economic Data

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<td>Foreign Aid (ODA, 2002)</td>
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Main Exports (2002): Automotive Products 23.9%, Machinery & Equipment 23.1%, Industrial Goods 16.9%, Energy Products 12.3%, Forestry Products 8.9%

Main Imports (2002): Machinery & Equipment 29.7%, Automotive Products 23.1%, Industrial Goods 19.3%, Consumer Goods 13%, Agriculture & Fish Products 6.1%

Major Trading Partners:
Exports (2002): US 84.8%, EU 3.7%, Japan 2.4%, UK 1.4%
Imports (2002): US 71.5%, EU 7.3%, UK 3.3%, Japan 2.9%

Summit Objectives for Canada

**Objective 1: New Partnership for Africa’s Development and Private Sector Development**

At the Sea Island Summit, Canada will likely push for the continuation of G8 involvement in African development through attempting to build on the foundation laid at the 2002 Kananaskis summit. The Canadian delegation will assert that in order to make progress in Africa, democratic institutions must be coupled with a strong private sector to increase the effectiveness of development efforts directed at eliminating poverty. Canada has also asserted continuously that the AIDS epidemic must be dealt with to provide a workable environment for African development. Focus has been placed on the provision of affordable, generic drugs for afflicted African nations, as well as financial aid for related infrastructure. Canada will push for other G8 members to match its progress in this initiative. Canada has also expressed interest in achieving the eradication of polio, which complements the World Health Organization’s goal to eliminate the disease globally by 2008.

Canada has already partnered with the UK to further the NEPAD initiative under the auspices of the International Commission for Africa. This British initiative, led by UK Chancellor of the Exchequer Gordon Brown, was created to further the developments made at the 2002 Kananaskis summit through the encouragement of the discovery of new African economic and development opportunities. Canada is represented on the Commission by Minister of Finance Ralph Goodale, who asserted that Canadian participation “… continues Canada’s leadership role in assisting Africa. It also represents a chance to build on the progress made at the 2002 G8 summit in

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120 Unless otherwise noted see; The Economist, “Country Briefings,” available at [www.economist.com/countries](http://www.economist.com/countries).
123 Ibid.
Ralph Goodale explained, “There is no question that aid is essential to eliminating poverty. That’s why Canada has been a leader in aid to Africa. However, unless you have a dynamic private sector no amount of aid can sustain an economy.” Canada has recently extended by 10 years the Least Developed Country Tariff. This action will benefit the 34 African nations which are included in the program, which extends to the 48 Least Developed Countries. The program provides duty-free access to the Canadian market for most products outside of certain agricultural goods. The Canadian Debt Initiative also created the opportunity in the 2004 Budget for a debt moratorium for Rwanda and the Democratic Republic of the Congo, in addition to Ghana, Madagascar and Zambia. Canadian debt relief has also targeted Ethiopia, Senegal, Tanzania and Benin, whose debts have all been, or are in the process of becoming eliminated. Canada has clearly made an effort to free up funds in least-developed countries, particularly those in Africa, by eliminating debt service payments. Canada will likely call on other members of the G8 to do the same.

Canadian Prime Minister Paul Martin is also expected to pioneer a new approach to development: increasing the efficiency of remittance payments currently flowing from the developed world to the developing world, in addition to the development of the private sector through the creation of small business. The first idea is manifested in a proposal to lower the transaction costs for remittances sent from immigrants in Western countries to family members in their country of origin. The total amount of remittances sent currently exceeds foreign aid provided by developed countries by vast amounts. In facilitating improved channels for remittance payments to travel through, Canada is attempting to increase the effectiveness of money already being sent to the developing world, which in turn is already speeding private sector development and improving the quality of life in developing nations. These innovative approaches to international development can be attributed to the UN report on the Commission on Private Sector and Development authored by Paul Martin and former Mexican President Ernest Zedillo, “Unleashing the Private Sector.”

The second aspect of the Canadian initiative is a direct response to the recommended actions of the Commission’s Report on Unleashing Entrepreneurship. It calls for the establishment of a brokerage fund to support both small and medium enterprise growth by linking the private sectors of the developed and developing world. This effort is expected to result in an increase in access to market information, technology and financing in developing countries. In establishing links between the private sectors in developing and developed countries, developing countries will reap the benefits enjoyed by private institutions and actors in the developed world, strengthening linkages between actors as well as strengthening the private sector in developing countries as well. Canada’s commitment to this initiative is emphasized by the joint initiative created by Canada and the UN to convene a task-force of experts from both the public and private sectors attempting to examine the grassroots brokerage structure of the private sector of developing countries, and to recommend an organization structure to develop and deliver the brokerage role

in an attempt to decrease the costs of doing business in developing markets, thus increasing market access.\(^{127}\)

At the summit, Canada will present itself as a leader in the development of Africa yet again, particularly in combating the AIDS epidemic. In passing the Jean Chrétien Pledge to Africa Act (Bill C-9) on May 13, 2004, Canada became the first country in the world to create legislation permitting pharmaceutical manufacturers to provide lower cost drugs to least-developed and developing countries. The stimulus of this legislation was the need for a means to provide low-cost drugs to Africa to combat the HIV/AIDS epidemic.\(^{128}\) Although this was a project of former Prime Minister Jean Chrétien, current Prime Minister Paul Martin has sustained this effort to ease the AIDS epidemic in Africa. The Honourable Bill Graham, Canadian Minister of Foreign Affairs stated that “Canada is very proud to be the first country to take concrete action to implement this important decision, which will go a long way toward improving global health. We encourage other countries to follow suit by taking steps to address the public health problems facing developing countries.”\(^{129}\) It is likely that Canada will use the G8 summit to encourage other members to implement similar legislation. Bill C-9 is a response to the decision of the WTO made on August 30, 2003 on the Agreement of Trade-Related Aspects of Intellectual Property Rights and Public Health. This decision empowered developed countries to authorize the production of a reduced-cost version of a patented drug by someone other than the patent holder if the reduced-cost version of the drug is for export to a developing country that lacks the ability and capacity to manufacture a similar drug. This decision allows countries to remain committed to the upholding the multilateral trading system without negatively impacting the lives of people in developing countries. Canadian Minister of International Trade, the Honourable Jim Peterson explained that Canada is “… showing our WTO partners that a novel WTO decision can effectively be implemented.”\(^{130}\) This break-through legislation will provide Canada with solid proof that can be used to persuade other G8 members that the disputes which continue to pervade regarding intellectual property rights do not interfere with the African development initiative.

In addition to furthering Canadian initiatives to provide low-cost pharmaceuticals for AIDS treatment, the eradication of polio will also be on the Canadian agenda. Polio has been eliminated in all but six countries since a vaccine was developed 50 years ago. It is expected that Canada will take advantage of what the World Health Organization has described as “an unprecedented opportunity to stop polio transmission forever.” Canada will likely attempt to secure funds for immunization and education programs in countries such as Nigeria, India and Pakistan, where it is believed that the polio vaccine is harmful, consequently frustrating efforts to eradicate the disease.\(^{131}\)

To further NEPAD, Canada must exploit its partnership with the United Kingdom when calling for increased G8 participation in African development. Canada’s role as a middle power requires a strong partner, which can be found in the delegation from the United Kingdom. Given the UK’s position as a staunch American ally, the two countries together have the opportunity to work

\(^{127}\) Speech by the Prime Minister. Notes for an address by Paul Martin, Prime Minister of Canada and Co-Chair of the Commission on the Private Sector and Development- Luncheon Address. March 1, 2004 at the United Nations Headquarters in New York, pm.gc.ca


together in convincing the United States, as well as European Union, of the necessity of the issue. It will be essential to draw upon the importance of resolving the AIDS crisis, as well as the need to make current aid projects more effective in order to make Canada’s development priorities palatable to the other G8 members. Canada’s ability to minimize the amount of additional money required to make its proposals successful, such as the development of the private sector with current aid, easing the flows of remittance payments, and the passing of legislation enabling the provision of low-cost AIDS medication, will also work in its favour.

**Objective 2: G20**

For the Canadian Government, the success of the Sea Island Summit will be influenced by the Canadian delegation’s ability to enhance the stature of the G20. When the creation of the G20 was announced on September 25, 1999 by the G7 Finance Ministers, it marked the fulfillment of the commitment made by G7 leaders at the June 1999 Summit at Köln “…to establish an informal mechanism for dialogue among systemically important countries within the framework of the Bretton Woods institutional system.” The institution represents a meeting of the industrialized countries of the G8 with the emerging market economies of Argentina, Australia, Brazil, China, India, Indonesia, Mexico, Saudi Arabia, South Africa, Korea and Turkey, in addition to representatives from the European Union as well as the Managing Director of the IMF and the President of the World Bank, as well as the Chairpersons of the International Monetary and Financial Committee and Development Committee of the IMF and World Bank. The inaugural chairperson of the G20 was then Canadian Minister of Finance Paul Martin, Canada’s current Prime Minister.

The G20 has become a focal point for Prime Minister Martin’s foreign policy. This institution is regarded by the Canadian government as an opportunity for the G8 and the large emerging economies throughout the world to create new initiatives and amend old approaches to the international financial and monetary system. Mr. Martin intends to forward the idea of an evolved G20. He has stated that although “the G8 is very important,” upon examining “the problems confronting us in this day and age, global woes that know no countries and know no borders, things like SARS, AIDS, the greenhouse effect and global terrorism, it is obvious that there are limits to what the G8 can do, since its grasp is too narrow.” He has proposed that the G20 convene at the Head of State level, as Mr. Martin is “convinced that a meeting of the G20 leaders can make a significant contribution by galvanizing our efforts at the multilateral level and giving impetus to a better sense of direction to our institutions working in the field of global governance.”

While the elevation of the G20 from a meeting of Ministers of Finance to the level of Heads of State is feasible, Canada intends to make this proposal a reality at the Sea Island Summit. This initiative is important to Canada as it would not only create an institution that can respond appropriately to the problems of a globalized world, but also acts to increase the number of players making important decisions, diluting the influence of some of the more powerful G8 members. Due to its economic weight and broader membership, the G20 possesses a greater degree of legitimacy as well as presents a broader range of influence than the more exclusive G8.

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135 Website of the German Presidency of the G20. www.g20.org/public/
For this proposal to be successful, Canada will have to convince the United States at Sea Island that broadening the scope of the G20 will be a beneficial endeavour. The support of the United States in regard to this endeavour is imperative, as Canada views its participation, as well as that of China, as crucial to the success of an empowered G20. Canada must also obtain the support of the European Union to further the initiative.\textsuperscript{136} This should be significantly easier, as Germany assumed the presidency of the G20 in January 2004.\textsuperscript{137} While the validity of the initiative must be impressed upon German Finance Minister Hans Eichel, Canada has the opportunity to create an ally in Mr. Eichel on this issue, thus creating the impetus for the European Union to fully support this Canadian issue.

\textbf{Objective 3: Energy}

Canada is growing increasingly concerned about the increasing price of gas, despite its position as a major oil producer. Paul Martin stated that while at Sea Island, he intends, “to raise with my counterparts, the heads of state of the other G8 nations, the necessity of really asking OPEC to increase production because fundamentally we are very, very concerned about this.” Canadian capabilities to produce increased amounts of oil are hindered, as the private sector dictates production and export levels, thus limiting the ability of the government to influence the actions of Canadian energy firms. OPEC will be pressured to increase production beyond its current offer to raise production, as well as the independent offer from Saudi Arabia to increase its output. As high gas prices are a crucial issue in the June 28 Canadian federal elections, Martin is expected to be very forceful in forwarding his agenda to reduce the price of oil. This effort will likely be assisted by US President George W. Bush; Americans are also reeling from the high gas prices.\textsuperscript{138}

\textbf{Objective 4: Weapons of Mass Destruction}

Canada has maintained a firm commitment to monitoring and dismantling WMD, particularly in the former Soviet Union. It has declared a $1 billion commitment over the next ten years towards disarmament and non-proliferation in Russia, as part of its participation in the G8 Global Partnership Against the Spread of Weapons of Mass Destruction. This commitment confirms this area as one of Canada’s highest Non-Proliferation Arms Control and Disarmament priorities. As of May 7, 2004, Canada has contributed $4 million to IAEA projects to strengthen nuclear and radiological security in Russia as well as $65 million to plutonium disposition.\textsuperscript{139}

As stated by James Wright, Assistant Deputy Minister, Global and Security Policy in Ottawa in April 2004, “New and important work in support of non-proliferation is being promoted through the G8 process in advance of the this year’s Sea Island Summit. The Global Partnership Program has new partners and is developing ideas to expand its reach in support of disarmament and non-proliferation.”\textsuperscript{140} Wright reiterated Canada’s commitment to IAEA action with respect to the dismantlement of WMD.

\textsuperscript{136} Office of the Prime Minister of Canada: News. Speech by the Prime Minister. May 10, 2004. Montreal, Quebec. www.pm.gc.ca

\textsuperscript{137} Website of the German Presidency of the G-20, www.hacienda.gob.mx/g20-2003/background.html


\textsuperscript{140} “Remarks to the Proliferation Security Initiative Operational Experts Working Group Meeting,” Department of Foreign Affairs and International Trade www.dfa-ftmaeci.gc.ca
As well, Canada strongly supports a resolution that will help confront the proliferation challenge, as demonstrated by its participation in an open debate on draft Resolution 1540 on the non-proliferation of WMD in a General UN Assembly meeting.  

Canada further demonstrated its concern in this area through its Sustainable Development Strategy 2004-2006 as implemented by the Department of Foreign Affairs and International Trade. Through this project, Canada will further aid Russia and the IAEA by devoting more effort towards the disarmament of WMD.

**Objective 5: Trade**

At the Sea Island Summit, Canada is expected to pursue a resolution to lingering trade disputes with fellow G8 members. These issues, the softwood lumber dispute and the ban on beef exports to the US, as well as the ongoing conflagration regarding European vessels exceeding fishing restrictions are all regional issues which Paul Martin will attempt to rectify before the upcoming federal election.

In accordance with the United Nations Agreement for the Implementation of the Provisions of the United Nations convention on the Law of the Sea of December 10, 1982 relating to the Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks (referred to as UNFA). UNFA, among other functions, “reiterates obligations of States to control the fishing activities of their vessels on the high seas. The most innovative aspect of the agreement is the right of States to monitor and inspect vessels of other state parties, to verify compliance with internationally agreed fishing rules of regional fisheries organizations such as the Northwest Atlantic Fisheries Organization (NAFO) and the International Commission for the Conservation for the Conservation of Atlantic Tunas (ICCAT).” This agreement, as well as the amendments to the Coastal Fisheries Protection Regulations (CFPR) “enable Canada to apply the enforcement procedures of the Agreement to all UNFA parties whose fleets fish in the NAFO area.” The May 3, 2004 amendments to the CFPR enabled Canada to fight foreign state over fishing, particularly on the Nose and Tail of the Grand Bank of Newfoundland outside 200 nautical miles. The primacy of this issue in relation to Canadian trade disputes is emphasized by the announcement made by the honourable Geoff Regan, the Minister of Fisheries and Oceans, with the Minister of Foreign Affairs, the Honourable Bill Graham, on May 6 2004 that Canada is taking action in response to illegal fishing by foreign fleets on the Nose and Tail of the Grand Banks. Analysis suggests that in 2003, foreign fleets took about 15 000 tonnes of protected fish from these areas. The Government of Canada has committed an additional $15 million dollars to enhance Canada’s enforcement and surveillance program in the NAFO Regulatory Area to stop illegal over fishing and to provide financing for Canadian initiatives to change international fisheries governance.

According to Prime Minister Paul Martin, the issue of foreign fishing within the Canadian 200-mile limit is “very, very important in terms of Canada’s governance.” Martin has stated that he will discuss foreign over-fishing by European ships within the 200-mile nautical limit during the

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142 Ibid.
143 Fisheries and Oceans Canada. United Nations Fish Agreement. May 2004. [www.dfo-mpo.gc.ca/media/backgrou/2004/hq-ac45a_e.htm](http://www.dfo-mpo.gc.ca/media/backgrou/2004/hq-ac45a_e.htm)
Summit. In his statement, Martin noted that Europeans are compliant in working with him on reaching an agreement, and that he has requested an exclusive meeting during the 2004 Sea Island Summit.146

The longstanding disputes regarding softwood lumber and Canadian beef exports may also be touched upon by Martin at the Sea Island summit. During a federal-provincial ministerial meeting in Ottawa on May 17, 2004, International Trade Minister Jim Peterson highlighted the ongoing disagreement between Canada and the US concerning softwood lumber trade. The ministers agreed to renew discussion with the US to reach a reasonable and workable solution to this long-standing dispute.147

Martin has indicated that he will seek discussion with Bush concerning the ongoing softwood lumber disputes during the Summit, as well as the issue of the border ban against Canadian cattle and beef. Despite Bush’s promise that the US would begin to work towards eliminating the ban on Canadian cattle, the failure of setting a specific date has resulted in a lack of any progress.148 Although Martin recognizes that there has been some progress in the area, he is eager to see considerable progress, hopefully achieved through his interactions with Bush during the 3-day Summit at Sea Island.149

Courtney Brady and Orsolya Soos
G8 Research Group

146 Ibid.
147 “Ministers agree to go back to US on Softwood Lumber,” Department of Foreign Affairs and International Trade www.dfa-it-maeci.gc.ca.
148 “G8 meet not crucial for Martin,” The Globe and Mail www.globemail.com
149 “PM progresses international agenda at G-8 Summit,” Liberal Party of Canada www.liberal.ca
Russia
Political Data

<table>
<thead>
<tr>
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Parliament: National Legislature
Two-chamber legislature; lower house, the State Duma, 450 seats, elected on a territorial basis; upper house, the Federation Council, 178 seats, two from each of Russia’s 89 republics and regions.


Economic Data\(^{150}\)

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<td>Export Value (2002)(^{151})</td>
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<td>Import Value (2002)(^{152})</td>
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Main Exports (2002): Oil, fuel and gas 53.8%, Metals 13.9%, Machinery and equipment 9.4%, Chemicals 6.9%.

Main Imports (2002): Machinery and equipment 27.3%, Food and agricultural raw materials 17.0%, Chemicals 12.6%, Metals 4.8%.

Major Trading Partners:
Exports (2002): Germany 7.5%, Italy 6.9%, Netherlands 6.7%, China 6.3%.
Imports (2002): Germany 10.7%, Belarus 6.7%, Ukraine 5.3%, US 4.8%.

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\(^{150}\) Unless otherwise noted see; The Economist, “Country Briefings,” available at www.economist.com/countries.


\(^{152}\) Ibid.
Summit Objectives for Russia

Objective 1: Sustainability of Economic Growth

Given that President Putin recently overwhelmingly won the general election, it is evident that the Russian citizenry are happy with the government’s actions to increase the economic integration of Russia into global economy. It is clear that Mr. Putin will endeavor to further push the sustainability of Russia’s economic growth as a central priority.

Mr. Putin will presumably focus on the following three themes:

(A) Increased Institutional Reforms to Eliminate Corruption

Since the Evian Summit, Mr. Putin has taken concrete steps to minimize corruption within Russia. It is essential that in order to achieve sustained economic growth and a healthy economic environment that corruption be minimized and finally eliminated. Foreign and domestic firms must comply with a set of standard international business norms and regulations. Russia will tremendously benefit from a firm commitment to institutionalized business rules since foreign investment in Russia will be stimulated and Russia will increase economic growth substantially.

(B) Increased Measures to Support Stable Economic Growth and Development

Mr. Putin will be expected to showcase Russia’s commitment to mitigating the negative effects of economic growth by focusing on the implementation of social reforms and the expansion of the business sector. First, in order to address the problems of crime, poverty and poor infrastructure, the Russian government will be required to put in place reforms that will minimize these problems. By implementing reforms, favorable conditions for domestic business and foreign business will increase. Second, the Russian economy remains dominated by large enterprises that are primarily monopolistic in nature. Russia must diversify between large, medium and small sized enterprises in order to offer foreign firms greater opportunity within the country. The implementation of social reforms and the expansion of business sector will seek to substantially mitigate the negative effects of economic reform, thus enhancing sustained economic growth.

(C) Favorable Global Economic Situation

Mr. Putin will support practices that will ensure a favorable global economic stability in order to acquire the injection of foreign capital. Mr. Putin’s main economic goal is to increase domestic income levels while supporting economic growth. The latter can only be accomplished by courting foreign investment from the United States, Germany and Great Britain.

Objective 2: Fighting terrorism

A spokesperson for Russia’s Ministry of Foreign Affairs, Alexander Yakovenko, in an interview regarding upcoming G8, noted that Russia is to emphasize increasing the effectiveness of joint efforts on combating terrorism through a series of documents, particularly those concerning transport and bio-terrorism.153

Russia has made substantial contributions to the efforts of the G8 countries to fight international terrorism, with Russia’s anti-terrorism experience and willingness to eradicate a problem that hinders stable economic development in the country. The Russian Federation continues to abide by various accords of the G8 Summit in Evian in 2003, including Russia’s advancement in the

153 counter.rambler.ru/top100/
prevention of terrorists from obtaining MANPADS (Man Portable Air Defense Systems). Russia played an active role during the NATO-Russia Council on Terrorism that took place in April 2004. President Putin also emphasized and supported the role of the UN Security Council Counterterrorist Committee in addressing the threat of international terrorism: “Terrorism is a challenge to security and economic future of the planet. The Committee should become a real and effective instrument to fight this threat.”

Russia is greatly concerned about the situation in the Republic of Chechnya, especially after the May 9 terrorist attack in Grozny that claimed the life of the Chechen President Akhmad Kadyrov. Chechnya’s top separatist field commander Shamil Basaev has already claimed responsibility for the explosion. However, the incident is viewed by many as a failure of Putin’s Chechen Policy.

During the 2004 Summit in Sea Island, President Putin is expected to discuss the following issues regarding the measures for the combating of terrorism:

a. Prevention of domestic terrorism (with particular attention to the situation in the Republic of Chechnya);

b. Development of an enhanced legal framework (including extradition and denial of protection under the political offense clause);

c. Improvement of cross-border sharing of national security intelligence information;

d. Co-operation on internet related crimes (child pornography) and accelerated operational action with regard to tackling attacks on computer networks;

e. Addressing the issue of Georgia emerging as a source of international terrorism for Russia (terrorist training camps), and hence highlighting the issue of the financing of terrorism;

f. Effective use of advanced investigative technologies;

At the international levels Russia has discussed its domestic approaches to combat terrorist finance, as well as ongoing bilateral and multilateral cooperation, including support for the anti-money laundering work of the Financial Action Task Force (FATF), United Nations sanctions against individuals and groups associated with al Qaida, and United Nations measures against all terrorists. The United States and Russia have agreed to push for the establishment of a new FATF-style regional body designed to stop terrorist financing in Central Asia. “The working group, co-chaired by US Deputy Secretary of State Richard Armitage and Russian First Deputy Foreign Minister Vyacheslav Trubnikov, said that such an institution could be one of the key tools in fighting terrorism in the Central Asian Region.” In this manner the regional crime could become an integral part of a global effort to suppress the financing of international terrorism. During the G8 Sea Island Summit President Putin is likely to bring to discussion the following topics:

a. The policy to strengthen counterterrorism cooperation by increasing intelligence sharing

154 www.gazeta.ru/cgi-bin/newsarc.cgi?lenta=intnews&day=20&month=02&year=2004#307344
155 www.cdi.org/russia/275-3.cfm
156 www.gazeta.ru/intnews.shtml?186915
157 Adam Ereli, U.S. State Dept, Apr 1
158 Xinhua, Apr 1
b. Disruption of international narcotics trade and curbing the spread of weapons of mass destruction.

c. The domestic approaches to combat terrorist finance

d. The support for the anti-money laundering work of the Financial Action Task Force (FATF) and creating such body in Central Asia

e. United Nations sanctions against individuals and groups associated with al Qaida, and United Nations measures against all terrorists

**Objective 3: Non-proliferation act and WMD**

The question of the dismantling of nuclear weapons and nuclear submarines is on the top list of the discussions of Mr Putin at the coming Summit. The G8 members will be reminded of their agreement at the 2002 Kanansks summit to allocate in the course of 10 years $20 billion towards the elimination of nuclear, bacteriological and chemical weapons of mass destruction, produced by the former Soviet Union and presently kept in Russia and the CIS countries. Russia is growing increasingly worried about terrorists getting their hands on nuclear materials; based on the fact that a couple years ago Chechen fighters were caught spyng on supposedly secret nuclear sites. The growth of al-Qaeda and its alleged links in Chechnya have increased that threat. Russia needs more funding on the elimination of WMD from the G8 members as global terrorism is rapidly growing along with its threats. So far Russia remains the main creditor for the destruction of chemical weapons, and gets little help form other members of G8. Russia annually spends $160 million on the destruction of WMD and this year it will spend $184 million, according to the director of the security and disarmament department of the Russian Foreign Ministry, Mikhail Lysenko. So far this year the British government has allocated $21.5 million for the dismantling of two Russian nuclear submarines, Britain’s Trade and industry official said at the news conference in London.

**Objective 4: Situation in Iraq and Middle East Settlement**

According to Alexander Yakovlenko, special attention at the meeting will be paid to the expansion and enhancement of common approaches by the G8 to the situation in Iraq and Afghanistan as well as to a Middle East settlement. In the context of the building up of the efforts to prevent the spread of weapons of mass destruction it is borne in mind to discuss the problem of strengthening the appropriate international regimes, including their regional aspects. Russia’s purchases of Iraqi oil industry and water supply will be discussed during G8 summit. Washington also counts on Putin building a pipeline to Murmansk, reducing Russia’s dependence on Middle Eastern oil. Alexei Yakovlenko argues that Russia shares the overall goal of the initiative to assist the countries of the region with modernization. However, Moscow presumes that carrying out reforms is a matter of, the countries of the Greater Middle East (GME) themselves, whereas the task of G8 is to render these states possible assistance in accordance with their wishes, Yakovlenko said.

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G8 Research Group

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159 RIA Novosti, Mar 23  
160 Australia Broadcasting Corporation, Apr 23  
161 RosBusinessConsulting, Feb 24  
162 Dan Chapman, Atlanta Journal Constitution, Feb 6
**European Union**

**Political Data**

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
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<tr>
<td>European Commission President</td>
<td>Romano PRODI</td>
</tr>
<tr>
<td>Vice-president Administrative Reform</td>
<td>Neil KINNOCK</td>
</tr>
<tr>
<td>Vice-President Relations with the European Parliament, Transport and Energy</td>
<td>Loyola DE PALACIO</td>
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<td>Competition Commissioner</td>
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<td>Agriculture and Fisheries Minister</td>
<td>Franz FICHLER</td>
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<td>Entreprise and Information Society Commissioner</td>
<td>Erkki LIIKANEN</td>
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<tr>
<td>Internal Market Commissioner</td>
<td>Frits BOLKESTEIN</td>
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<td>Research Commissioner</td>
<td>Philippe BUSQUIN</td>
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<tr>
<td>Development and Humanitarian Aid Commissioner</td>
<td>Poul NIELSON</td>
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<tr>
<td>Enlargement Commissioner</td>
<td>Guenter VERHEUGEN</td>
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<td>External Relations Commissioner</td>
<td>Chris PATTEN</td>
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<td>Trade Commissioner</td>
<td>Pascal LAMY</td>
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<tr>
<td>Health and Consumer Protection Commissioner</td>
<td>David BYRNE</td>
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<tr>
<td>Education and Culture Minister</td>
<td>Vivian REDING</td>
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<td>Budget Commissioner</td>
<td>Michaele SCHREYER</td>
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<tr>
<td>Environment Minister</td>
<td>Margot WALLSTROEM</td>
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<tr>
<td>Justice and Home Affairs Minister</td>
<td>Antonio VITORINO</td>
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<td>Employment and Social Affairs Minister</td>
<td>Stavros DIMAS</td>
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<tr>
<td>Regional Policy Commissioner</td>
<td>Jacques BARROT</td>
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<tr>
<td>Economic and Monetary Affairs Commissioner</td>
<td>Joaquin ALMUNIA</td>
</tr>
<tr>
<td>Current President of the European Union</td>
<td>Bertie AHERN</td>
</tr>
</tbody>
</table>

**Economic Data**

- **GDP:** As of January 1, 2003 (Millions of Euros)
  - EU 25: 9716086.6
  - EU 15: 9280361.9
- **Population:** As of January 1, 2003 (1,000)
  - EU 25: 380351.4
  - EU 15: 454552.3
- **Unemployment:** As of January 1, 2003
  - EU 25: 9.1%
  - EU 15: 8.1%

**Summit Objectives for the EU**

**Objective 1: Peace, Security and Justice**

2004 marked the end of the first phase of the European Union’s Tampere programme. The programme sought to strengthen the mobility rights of EU citizens within the union; and, to create the foundation upon which a common policy in immigration and asylum may be constructed, in

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163 www.europa.eu.int/comm/commissioners/index_en.htm
164 Eurostat: europa.eu.int/comm/eurostat/newcronos/queen/display
which third party nationals are granted a minimum of rights and freedoms within the boundaries of the union. The program also aims to create a commission that will be operational by 2005, to oversee increased cooperation of national governments on the maintenance of the union’s borders and encourage mutual recognition of judgments across the Union for all of its citizens and companies, and will further national legislation in the area of trans-national crime and terrorism to ensure an enhanced fight against crime. The next step is the application of European Commission and EU directives and legislation on the area of transnational crime and terrorism.165

The European Union would now like to focus on the greater harmonization of the fundamental characteristics of legal systems within the Union. In particular, it would like to extend initiatives to standardize the guarantees and protection of rights and freedoms across all 25 member states. It is hoped this institution will lead to greater cooperation on the issues of asylum and immigration between all member states.166 Given that the United States will be pressing for greater uniformity in the production of passports and sharing of information, the European Union will seek to present a common front, along with France, Germany, Italy and Great Britain. Proposed initiatives have included a common European Union citizenship and passport, both of which would involve enhanced security procedures in an international forum.167

On December 12, 2003, the European Union reaffirmed its strong commitment to the special transatlantic relationship that exists between the EU and Canada and the United States. It welcomed the American initiatives for strengthening the bond and expressed its desire to utilize the relationship as “a force for good in the world.” In particular, the European Union would like to focus on transatlantic security, organized crime, failed states and WMD. Finally, the EU-NATO partnership is seen as key to the stability of the European region and the preservation of peace in the Balkans.168 Given the current reconciliatory mood between Germany, France and the United States, the European Union will focus on using the transatlantic relationship to present a common foreign policy front to the summit in the important realm of security and peace.

The ultimate goal of the Union’s initiatives through the transatlantic relationship and the harmonization and cooperation programmes is to create a Europe that is an “Area of Peace, Security and Justice.”169

The European Union’s initiatives in the realm of peace, security and justice, however, will not be entirely cohesive. The harmonization programmes do not apply to Denmark, which maintains the option to exempt itself from European Union initiatives of this type, and to the United Kingdom and Ireland, whose common law systems are viewed as incompatible with the Continental systems based on the Napoleonic Code. As well, the United Kingdom and the Republic of Ireland are not members of the Schengen Agreement. Therefore, programmes that seek to harmonize immigration and passport controls for the Union will not apply to these member states, one of which maintains permanent representation at the G8.170

Finally, Europol is working to expand its cooperation network both across the Atlantic and to the east of the Union as well. It has signed numerous treaties and memoranda of understanding and cooperation with states in Eastern Europe and the Former Soviet Union as well as with states in

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165 europa.eu.int/comm/trade/issues/sectoral/agri_fish/pr110504_en.htm
166 Ibid.
167 Ibid.
168 ue.eu.int/uedocs/cmsUpload/transatlantic_dec_en.pdf
169 www.europarl.eu.int/comparl/libe/elsj/zoom_in/42_en.htm
170 ue.eu.int/cms3_fo/showPage.asp?lang=en&id=249&mode=g&name=

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Latin America. Europol is also working together with the United Nations, after having reaffirmed its commitment to the fight against organized crime in March of 2004.\textsuperscript{171}

**Objective 2: Middle East Peace Initiative**

The EU has already committed resources to numerous initiatives to promote legal and judicial reform at the national and grassroots level in the Arab world. The EU will look to further these efforts at the Summit.\textsuperscript{172}

The European Council approved the “EU Strategic Partnership with the Mediterranean and the Middle East” on 26 March 2003 with the aim of fostering cooperation and partnerships to promote peace, prosperity and progress in the region. The EU plans to draw on its positive experiences with the Barcelona process. The Council plans to formalize the Middle East document in June 2004.

After extensive consultations with the countries of the region the EU has shaped the following key perspectives; that partnership should be a cornerstone of the strategy; differentiation and the requirements of individual countries in the region should be taken into account; that the question of Iraq should be taken into account; emphasized that existing structures like the Euro-Mediterranean Partnership be built upon; shared security concerns; progress towards democracy and respect for human rights; and, a commitment to long term engagement in the region of a practical nature.

The EU emphasizes that progress on the resolution of the Middle East conflict cannot be a precondition for initiating urgently needed reforms in the countries of the region. As well, the EU plans to follow up G8 discussions on the MEPI at the EUUS Summit on 26 June 2004 and at the NATO Summit in Istanbul on 28-29 June 2004. The promotion of strong transatlantic ties with the US to tackle concerns in the Middle East is therefore a prerequisite.\textsuperscript{173}

The EU is focussed on creating a “common zone of peace, prosperity and progress,” and is concerned that US policy is overly focussed on democratic reforms. The EU seeks to maintain a complimentary but distinct approach to the Middle East in relation to the US position.\textsuperscript{174}

On 3 May 2004 the European Commission released 160 million Euro to the International Reconstruction Fund Facility for Iraq. The funds will be used to deliver key public services, reduce poverty, strengthen governance, and promote respect for internationally recognized human rights and civil society.\textsuperscript{175}

In January 2004 the EU allocated 31.75 million Euro to humanitarian aid targeted at vulnerable populations in Iraq. The monies are geared towards restoring and delivering public service; improving livelihoods, reducing poverty; and strengthened governance, civil society, and human rights.\textsuperscript{176}

\textsuperscript{171} www.europol.eu.int/index.asp?page=news&language=
\textsuperscript{172} www.al-bab.com/arab/docs/international/gmep2004.htm
\textsuperscript{173} www.auswaertiges-amt.de/ww/en/aussenpolitik/regionalkonzepte/nahost/eu_partnerschaft_html
\textsuperscript{174} www.euobserver.com/index.phtml?sid=9&aid=14895
\textsuperscript{175} europa.eu.int/comm/external_relations/iraq/news/ip04_584.htm
\textsuperscript{176} europa.eu.int/comm/external_relations/iraq/news/ip04_3.htm
Objective 3: Trade

The EU has committed to completion of 50% of the Doha Round by 2004. It would like to expand opportunities for developing nations to increase their trade with its member states through the Doha Round of WTO talks. In particular, it is seeking to use trade in agricultural goods as a springboard for this policy of development through trade. The objective is to open its markets to trade without compromising the Union’s strict regulations regarding health and safety. Trade negotiations must be based on the principle of “strict parallelism.” In other words, Europe is ready to discuss the reduction or elimination of its agricultural tariffs, the average of which is 10.5%, only if other nations, particularly those of the developing world, agree to follow the lead of the Union in liberalizing their own restrictions on trade. These conditions apply to developed nations as well. The Union’s press releases and policy single out such non-tariff distortions as the US’s “food aid” and Canada’s state controlled monopolies or marketing boards as barriers to the European commitment on talks on freer trade. The EU’s participation in talks on trade liberalization will therefore be contingent on the appetite of other G8 nations to discuss their own trade restrictions.177

Part of the initiative for development through trade includes a provision for the world’s 49 poorest nations. EU representatives will likely demand that other developed nations grant duty and quota free access to imports from these poorest LDCs and that the same provision be applied to at least 50% of the imports from the remaining nations classified as developing. The Union has already implemented this policy and will now seek to pressure other nations into following suit.178

The European Union is also including industrial goods in its plan for trade liberalization, although its proposals for this class of products are less ambitious than those for agricultural goods. In particular, the EU would like to reduce the volatility of tariff and non-tariff barriers, calling for a reduction in tariff peaks and an end to tariff escalation. It calls for a “meaningful liberalization” of the trade in industrial goods from the developing world, but does not quantify what such a policy shift would entail. The Union is also calling for a specific initiative to reduce the tariffs and barriers placed on textiles and footwear. The EU would like to extend its tariff exemption for goods from the 49 poorest LDCs to industrial goods produced in these nations. The Union will also seek to eliminate those tariffs that are below an as-of-yet unspecified floor. The Union claims that these two steps will be taken unilaterally as a gesture of the Union’s commitment to the use of trade to encourage development in the poorest regions of the world.179

Another interesting proposal by the Union is the accelerated reduction of tariffs on goods identifies as “environmental goods” from developing nations. Such a step, it is claimed, would strengthen the bond between economic development and environmental protection and would thus inextricably link sustainable development to the trade policy of the Union. The dual nature of this proposal, however, and the limited time devoted to the issues of trade and sustainable development at the summit, mean that the Union may find its proposals falling by the wayside due to time constraints, rather than an unwillingness to discuss the issues.180

The EU looks towards the G20 for progress on market access issues, but expresses disappointment with regard to the lack of serious consideration of the Singapore Issues by other WTO members.181

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177 europa.eu.int comm trade issues sectoral/agri_fish/pr110504_en.htm
178 Ibid.
179 europa.eu.int comm trade issues sectoral/industry/tnnb/index_en.htm
180 Ibid.
Finally, the European Union will likely seek to promote Russia as a member of the World Trade Organization at the G8 Summit and will seek to increase cooperation with the Russian delegation within the context of any trade discussions. The European Union concluded its negotiations with Russia on bilateral market access, a key step to Russia’s accession to the World Trade Organization. The signing of the document was completed amid much fanfare and was touted as a sign of increased economic cooperation between Russia and the European Union. It is therefore likely that the European Union will seek to engage Russia as a party sympathetic to its stance on trade liberalization at the Sea Island Summit.¹⁸²

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¹⁸² europa.eu.int//comm/trade/issues/bilateral/countries/russia/pr210504_en.htm