

The Government is committed to promoting global security and prosperity, to reducing global poverty and to combating the threats posed by international terrorism and instability.

The 2004 Spending Review will:

- **build on the 2000 and 2002 Spending Reviews to deliver seven consecutive years of real terms growth in planned defence expenditure, the longest such period for over twenty years, allowing continued investment in defence modernisation;**
- **provide additional resources of £450 million in 2006-07 and £560 million in 2007-08 to enable departments to strengthen the UK's Counter Terrorism and Resilience capabilities. By 2007-08 the UK's planned investment in this area will be over £2 billion, more than double the pre-September 11th 2001 level;**
- **increase development spending to nearly £6.5 billion in 2007-08, reaching a ratio of official development assistance (oda) to Gross National Income (GNI) of 0.47 per cent. The Government wishes to continue the rate of growth achieved in 2007-08, which would mean it would rise to 0.7 per cent of GNI by 2013. If the UK's proposal for the International Finance Facility is agreed, the equivalent of an 0.7 per cent oda/GNI ratio could be achieved by 2008-09; and**
- **provide additional resources for the Foreign and Commonwealth Office (FCO) so that it can continue to play a leading role in an uncertain global environment.**

6.1 The UK is an outward-looking nation with a pivotal role to play in global politics carrying out the Government's aim of promoting stability and prosperity around the world. In an increasingly inter-connected world, the successful delivery of the Government's foreign, defence, development and security policy is an essential foundation for the Government's wider objective of building a strong economy and a fair society with opportunity and security for all. This chapter describes the steps the Government is taking through the 2004 Spending Review period, including:

- sustaining the investment in the UK's Armed Forces to ensure they can continue to adapt to changing international threats;
- improving the UK's resilience to, and ability to deal with, a terrorist attack;
- developing conflict-prevention;
- tackling global poverty and achieving the Millennium Development Goals (MDGs); and
- working effectively with international partners to address issues such as trade, development, security and the global environment.

INTERNATIONAL STABILITY, DOMESTIC SECURITY

6.2 The UK's domestic security and prosperity depend upon international stability. The Government is committed to combating the threats posed to the UK's interests by conflicts within and between states and by international terrorism.

Investing in the UK's Armed Forces

6.3 The UK's Armed Forces are at the forefront of the Government's efforts to deliver security and prosperity, and have consistently risen to the challenges set them. The capacity to deliver effective military force for peace support and intervention operations, alongside NATO and European allies, is a key component of the Government's security policy.

6.4 **The 2004 Spending Review demonstrates the Government's continued commitment to defence. It provides for planned spending by the Ministry of Defence to grow by an average of 1.4 per cent per year in real terms over the three Spending Review years to 2007-08, with total planned defence spending £3.7 billion higher by 2007-08 than in 2004-05.** This increase builds on the substantial additional investment provided in the 2000 and 2002 Spending Reviews, and represents seven consecutive years of real terms growth in planned defence expenditure – the longest such period for over twenty years.

6.5 This extra investment will enable the Ministry of Defence to implement the vision set out in the 2003 Defence White Paper, *Delivering Security in a Changing World*, to harness new and emerging technologies and to deploy flexible fighting forces capable of even greater levels of precision.

6.6 The Ministry of Defence has already started to reap the benefits of modernisation, and in line with Sir Peter Gershon's Efficiency Review, has committed to making further efficiency gains, worth over £2.8 billion in the three years to 2007-08. The 2004 Spending Review sustains the Defence Modernisation Fund, first set up in the 2002 Spending Review, and expands it in both size and scope, thereby enabling continued modernisation.

Military operations

6.7 Following deployment of some 46,000 personnel to the Gulf in 2003, British Armed Forces played a pivotal role in the international coalition. Following the formal handover of sovereignty, British troops continue to help provide stability and security for the Iraqi people. UK civilian contributions to the reconstruction of Iraq – led by the Foreign and Commonwealth Office (FCO) and Department for International Development (DFID), with contributions from across Whitehall and the private sector – have been central to the rebuilding of Iraq's political, physical and administrative infrastructure.

6.8 British forces have also been instrumental in helping to bring stability to Afghanistan. Together with forces from seventeen other countries, the UK is currently contributing to the International Security Assistance Force to support the new Afghan Interim Authority with the provision of security and stability in Kabul. Between 2001-02 and 2004-05, the Government has provided £4.4 billion to meet the extra costs of the military conflicts in Iraq and Afghanistan and its international obligations.

Combating the terrorist threat

6.9 Protecting the UK and its people from terrorism in all its forms is more important now than ever. The Government remains committed to improving the UK's resilience to, and capability to deal with, a terrorist attack. This requires action across all departments and is a key government priority. Departments have responded flexibly to meet the changing security demands placed on the UK since September 11th 2001 to ensure core funding for intelligence, military operations and police, and investment in counter-terrorism capability. After September 11th the Government provided additional total resources from the Reserve of £775 million over 2001-02 and 2002-03. Budget 2002 allocated a further £61 million and Budget 2003 a further £332 million from the Capital Modernisation Fund. The additional funding enabled departments to respond to immediate pressures such as the need to improve protective security at embassies and the need for the emergency services to enhance their search and rescue capability. It also enabled departments to reprioritise resources to respond to the threat from international terrorism, for example the shift in effort required by both the Metropolitan Police Service and the Military.

6.10 Building on the work done in the 2002 Spending Review, counter-terrorism has been a key theme of this Spending Review. To make sure that the UK invests in the right capabilities, a process was put in place last autumn for ministers to agree the priorities which would be needed to deliver the UK's cross-departmental Counter-Terrorism Strategy. The focus was on the work needed across all departments: to prevent terrorism by tackling its underlying causes; to pursue terrorists and those that sponsor them; to protect the public and the UK; and to prepare for the consequences of an attack.

6.11 The resulting agreed cross-departmental priorities have driven investment decisions on counter-terrorism in this Spending Review and will guide departments as they set their detailed budgets. This Spending Review provides about £450 million of extra resources in 2006-07 and about £560 million in 2007-08. In total, **spending on counter-terrorism and resilience across departments will be over £2 billion by 2007-08, compared to £1.5 billion in 2004-05, and less than £1 billion a year before 11th September 2001.**

Table 6.1: Additional resources for counter-terrorism and resilience

	£ million	
	2006-07	2007-08
Intelligence ¹	122	192
Emergency planning ²	20	20
Counter-terrorism ³	310	350
Total	452	562

¹ Total DEL. Full resource budgeting basis, net of depreciation.

² Provided as an increase to Formula Spending Share for local authorities through the EPCS (Environmental Protective and Cultural Services) block.

³ Resource DEL plus Capital DEL. Indicative additional provision across a range of departments. Subject to final internal departmental allocations. Figures not available on a Total DEL basis as they depend on final allocation decisions.

Box 6.1: Counter-terrorism and Resilience - additional resources provided in the 2004 Spending Review

Intelligence – additional funding of £122 million in 2006-07 and £192 million in 2007-08 for the expansion of the Security and Intelligence Agencies. This will enhance the ability of the intelligence agencies to collect, analyse and act upon intelligence to seek out and disrupt terrorist activity. This builds on the substantial extra investment provided in the past two Spending Reviews.

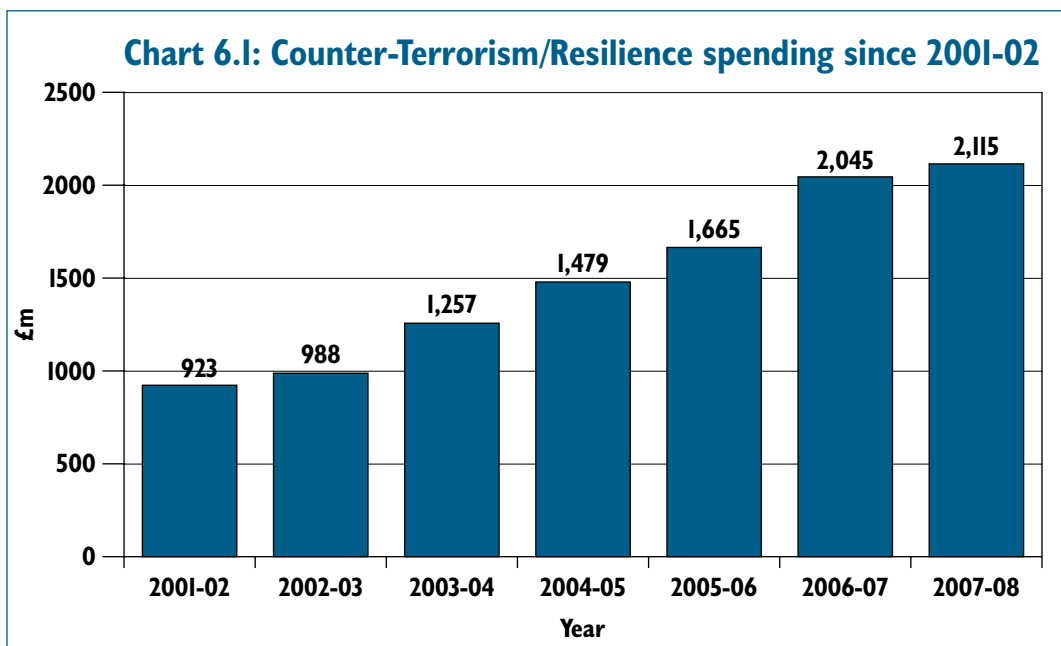
Emergency Planning – £20 million extra per year from 2005-06. This will double to £40 million per year the contribution the Government previously allocated to the Civil Defence Grant and will allow local authorities to carry out emergency planning in response to the threat from international terrorism.

Counter-Terrorism – additional funding of about £310 million in 2006-07 and £350 million in 2007-08 for a range of essential counter-terrorism capabilities including:

- the Fire Service's New Dimension project, which will enhance search and rescue capability, and their Firelink project, which will deliver an improved and interoperable radio communications system;
- enhanced capability for the police to deal with chemical, biological, radiological and nuclear incidents including Personal Protective Equipment;
- HM Revenue and Customs work on improving security at ports;
- Foreign and Commonwealth Office security enhancements at UK embassies overseas; and
- Home Office work on enhanced border controls.

The Home Secretary will agree with ministers across departments what resources they will allocate from their 2004 Spending Review settlements to deliver the UK's Counter-Terrorism Strategy before they finalise their departmental budgets.

6.12 Chart 6.1 shows total spending by departments on counter-terrorism and resilience since 2001-02. It reflects the additional resources allocated and reprioritised by departments to meet the threat from international terrorism since September 11th, for example investment by the Fire Service in decontamination and search and rescue equipment. It excludes core military and police spending.



Counter-Terrorism Pool **6.13** In addition to the resources provided in the 2004 Spending Review, **the Government plans to create a Counter-Terrorism Pool for 2005-06. Resources will be set aside within the Departmental Expenditure Limit (DEL) Reserve which will be match funded from within departments' budgets to create a pool of up to £100 million.** This will be used to fund one-off pressures which emerge outside of the Spending Review.

Conflict Prevention

6.14 Since the end of the Cold War, conflicts around the world have increasingly taken place within states rather than between them. More numerous crises of a wider range and over a wider geographical area mean that the global security environment is more uncertain than it was five years ago. Weak and failing states are a growing problem for the stability of several regions in the world – in recent years, conflicts in Africa have caused more deaths and displacements than natural disasters such as famine or flood, with one in twenty of all deaths in Africa attributable to war. Conflict is clearly identified as a major cause of poverty, resulting in increasing numbers of displaced persons, rising disease rates, unsustainable external debt and damage to valuable natural resources. States weakened by war not only provide potential havens for terrorist groups and criminal networks, but their internal conflicts often overspill into neighbouring states, spreading instability and suffering more widely across regions.

Conflict Prevention Pools **6.15** The Global Conflict Prevention Pool and the Africa Conflict Prevention Pool, established following the 2000 Spending Review, have enabled the Government to act more effectively to reduce tensions between or within states before they spill over into violence. The pools bring together the conflict-related activity of the Foreign and Commonwealth Office, the Ministry of Defence and the Department for International Development to develop conflict prevention strategies and manage conflict prevention programmes.

6.16 The pool arrangements have facilitated dialogue with key international partners on issues such as building African peace support capacity. Through the Africa Conflict Prevention Pool, the UK has provided critical support for peacekeeping and stabilisation in Burundi, Liberia and Sierra Leone. The pool approach to these problems is widely respected by international partners and is being emulated by the Dutch, Norwegian and Swedish governments.

6.17 In light of the success of the innovative approach taken by the pools and the positive external evaluation, this Spending Review maintains their funding at current levels and supports steps to further improve their performance. Over the 2004 Spending Review period, the Conflict Prevention Pools will reduce spending on low priority commitments and deploy resources more effectively. Departments will improve coordination between work funded from the pools and other related work, for example, developing early warning systems to enable quicker intervention to prevent conflict from erupting, and improving Britain's capacity to deal with post-conflict issues such as reconstruction.

TACKLING GLOBAL POVERTY

6.18 The UK is firmly committed to the long-term goal of tackling global poverty and achieving the internationally agreed MDGs, including halving poverty, combating HIV/AIDS, Malaria and other diseases, and achieving universal primary education by 2015. The Government is determined that the UK remains at the forefront of the international community's efforts to deliver effective and sustainable development through bilateral and multilateral means.

Overseas aid 6.19 The UK remains committed to the United Nations (UN) target for overseas aid of 0.7 per cent of GNI. **By 2007-08, total UK aid will rise to nearly £6.5 billion a year, representing 0.47 per cent of GNI, a real terms increase of 140 per cent since 1997.** The Government wishes to continue to raise aid at the rate of growth achieved in 2007-08, which would mean that total UK overseas development assistance (oda) would reach 0.7 per cent of GNI by 2013.

6.20 The Government believes that aid must be as effective as possible by being predictable, untied and coordinated with budget support to developing countries. Recipient countries also have a key role to play. Policies must be pursued that are transparent and free of corruption, to enable the opening up of investment and trade to benefit all. Since 2001 all UK aid funds have been untied and are no longer required to purchase goods and services from UK suppliers. The Government continues to play an important role in encouraging similar untying by other international donors, with increasing support. Building on the commitments of the 2002 Spending Review, the Government will continue to ensure that at least 90 per cent of UK bilateral aid goes the world's poorest countries from 2005-06 onwards.

The challenge of 2015 6.21 The United Nations Development Programme's Human Development Report 2003 warned that, although progress is being made globally on reducing poverty, most developing countries are not expected to meet most of the MDGs by the target year of 2015. On current trends, the targets of reducing child and maternal mortality will not be met in most regions. The first MDG target year of 2005 for eliminating gender disparity in primary and secondary education will also be missed. One of the major reasons for the lack of progress is the need for sustained resources to underpin all these goals for simultaneous investment in health, education, sanitation and economic development. To overcome the gap in funding needed to kickstart the MDGs in time for 2015, the Government has proposed the International Finance Facility (IFF).

The International Finance Facility 6.22 Fiscal constraints mean that many donors will not be able to reach 0.7 per cent oda/GNI in the short term, requiring a new approach to be taken to raising the required resources needed to meet the MDGs. The IFF proposal has been designed to deliver the necessary funding to achieve the MDGs by front-loading aid, in parallel with progress towards 0.7 per cent, allowing developing countries to invest in sustainable long term poverty reduction strategies. By raising the resources needed to tackle the causes as well the symptoms of poverty, in tandem with providing sustainable debt relief and achieving a freer and fairer global trade agreement, the IFF has the capacity to provide a lasting solution to the needs of the developing world.

6.23 The additional resources raised by the IFF would help achieve the MDGs by making funds immediately available for education, health, economic development, debt relief and building trade capacity within the same period of time. In 2002 donors made a series of historic commitments to increase aid funding at the UN conference for financing development at Monterey. The IFF will lock in the political commitment of donors to the Monterey pledges.

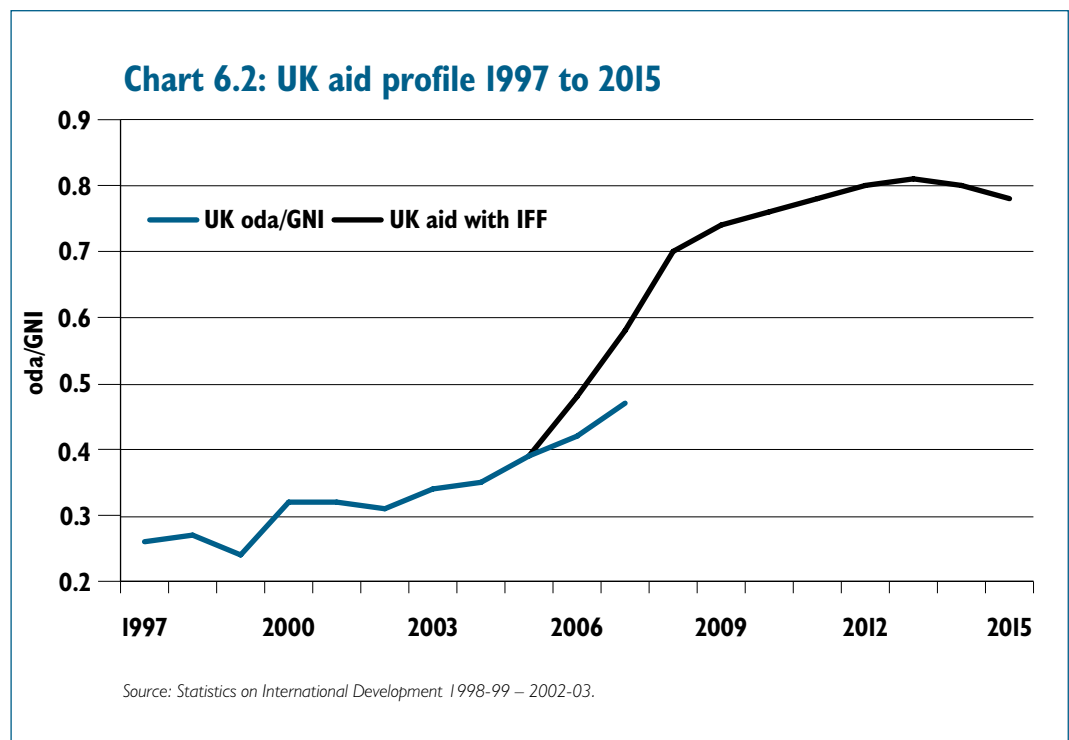
6.24 The IFF is a financing mechanism specifically intended to:

- provide the predictability and critical mass of untied aid needed for simultaneous and sustainable investment in developing systems across sectors;
- leverage in additional money from the international capital markets by issuing bonds, based on the legally-binding long-term commitments from donor countries;

- be responsible for repaying bondholders using future donor payment streams; and
- disburse resources by way of grants or debt relief through existing multilateral and bilateral mechanisms.

6.25 The Government is working closely with the international community to take the IFF forward. Since the launch in January 2003, developing countries, emerging markets, international institutions, NGOs, faith groups and business have all strongly endorsed the IFF and urged donors to implement the proposal.

6.26 Chart 6.2 illustrates the record investment in the development budget since 1997, including the rise to 0.47 per cent of GNI by 2007-08. The chart also shows how the IFF would increase the aid funds received by developing countries from the UK beyond 2007-08. Total UK aid flows with the estimated disbursements from the IFF, excluding the debt service elements, could reach 0.7 per cent as early as 2008-09, front-loading aid up to 2015 to reach the MDGs. By the time the disbursements end, the continued growth of conventional oda would ensure that there would be no reduction in the level of development assistance received by developing countries from the UK.



Millennium Development Goals **6.27** Despite the lack of progress in meeting the MDGs, there have been positive achievements over the last few decades in tackling poverty such as falling adult illiteracy and a rise in life expectancy. It is important that these successes are built upon and reproduced. Over the next two years the international community will undertake several assessments that will feed into the UK's development agenda, including the 2005 UN review of progress towards the MDGs.

6.28 The UN will hold a major summit on progress on the Millennium Declaration in September 2005. The UK will also report on the targets set by the 2003 Rome Declaration on Harmonisation. Multilateral organisations such as the UN, the World Bank and regional development banks manage significant aid resources and enhance the effectiveness of all

development assistance by their activities. The UK will remain a key partner in these institutions, and will continue to be a major donor. The Government aims to significantly increase size of the UK contribution to the International Development Association (IDA), the concessional arm of the World Bank, in the upcoming replenishment negotiations.

Delivering debt relief **6.29** Debt relief is predictable, untied and counter-cyclical, and is therefore a good form of development assistance for the poorest countries. The UK fully supports the cancellation of debt through the Heavily Indebted Poor Countries (HIPC) Initiative. The Initiative has already provided over \$70 billion of relief to the 27 countries that have reached Decision Point, when a country begins to benefit from debt relief. The Government believes that more needs to be done, and successfully pushed at the recent G8 Summit for the extension of the Initiative for another 2 years, which will enable a further ten countries to receive debt relief.

6.30 However, the UK believes that the HIPC debt relief alone has not ensured a sustainable debt level for the world's poorest countries. The UK will therefore be seeking international support for further measures to relieve countries committed to the MDGs and poverty reduction of their debt burden, including options such as up to 100 per cent multilateral debt relief. The UK will seek to ensure that any further debt relief is securely and fully financed alongside our continued support to non-indebted low-income countries that are also struggling to reach the MDGs.

HIV/AIDS **6.31** The rising level of HIV/AIDS around the world is stunting the pace of development in Africa and is an increasing threat in other parts of the world. Two out of three infected people – 28 million – live in sub-Saharan Africa, contributing to a reduction in average life expectancy across the continent to 47 years. The disease rate is also rising in other regions of the world.

6.32 The Government launched the Call for Action on World AIDS Day in 2003, setting out how the UK will tackle the global challenge of HIV/AIDS in the years ahead. This will involve strengthening international commitment to action on HIV/AIDS and the coordination of a single AIDS plan in affected countries. The UK will also support the World Health Organisation's 3x5 Initiative. **This Spending Review announces that UK spending on HIV/AIDS related programmes will rise to at least £1.5 billion over the next three years.** This will include increasing funding to the Global Fund to fight AIDS, TB and Malaria and providing £116 million to UN agencies.

Trade and investment **6.33** The Government believes that the key to reducing poverty in developing countries is long-term growth generated through trade and investment. But in order for poor countries and their populations to realise concrete benefits from trade, they need to be equipped with the tools and capacity to be at the heart of it. Infrastructure such as roads, ports, and efficient customs are pre-requisites for increasing trade. More importantly, healthy and well-skilled populations are the essential building blocks for production on which trade is based. The role of the private sector in this will be crucial. The Government believes that richer countries must stand ready to help poor countries invest in better health, education and the other important infrastructure that will allow them to trade and grow. The role of aid will be central to this, combined with measures such as the IFF and debt relief. In addition to the severe capacity constraints they face, the subsidies and trade barriers maintained in rich countries prevent poor countries from selling their goods. This stops them trading and growing their way out of poverty. In agriculture alone, trade barriers stop developing countries from earning up to \$75 billion a year. The Government is therefore also committed to reducing these barriers to trade, for example by reforming the Common Agricultural Policy (CAP), both for the benefit of poorer countries and for the UK economy and people. In opening their own economies, developing countries face a complex set of challenges. This makes it important that any trade reforms they make are carefully sequenced and integrated into their own

development and poverty reduction strategies. If supported appropriately, trade has the potential to lift millions out of poverty. The World Bank has estimated that agreement of the Doha Development Agenda (DDA) could result in global gains of over \$500 billion, with over two thirds going to developing countries.

Box 6.2: The Commission for Africa

Africa's record in moving towards the Millennium Development Goals has been poor. The majority of sub-Saharan African countries are failing in half or more of the goals. This underlines the need for urgent and concerted action to reverse these trends. While traditional impediments to development such as famine and conflict still remain, new obstacles such as HIV/AIDS further restrict progress.

The Commission for Africa (www.commissionforafrica.org), launched by the Prime Minister in February, provides an opportunity for all those committed to development in Africa – governments, faith groups, non-governmental organisations, academics and business in Africa and internationally – to come together to address the challenge of meeting the MDGs in Africa.

The Commission will look at what has worked and where more could be done to support Africa's development, in particular by the international community. It is for Africa to shape its own future, and the Commission will work in support of African processes and institutions including the New Partnership for Africa's Development (NePAD), the African Union (AU), and the United Nations Economic Commission for Africa (ECA).

More than half the Commissioners are African and the work of the Commission will involve as many Africans and African organisations as possible. Drawing on the individual Commissioners' expertise and influence, the Commission has the opportunity to make a real difference.

Africa is high on the agendas of the 2005 UK Presidencies of the G8 and the EU, and the UK will use the Commission's report and findings in both fora.

At the first meeting of the Commission in London on 4 May 2004, the Commissioners decided to cover a range of themes, including the economy, natural resources, governance, peace and security, human development, and culture, heritage and participation. The Commission will also look at the cross-cutting themes of HIV/AIDS, migration and gender.

In parallel to the work of the Commission, the UK will continue to support both the G8 Africa Action Plan (AAP), which aims to foster enhanced partnerships with African countries, and African-led peacekeeping operations such as the AU missions in Burundi in 2003 and Sudan in 2004. The UK recognises the importance of an African-owned peace and security agenda, and that African peacekeeping provides a cost-effective alternative to UN interventions.

The Spending Review will allow the Government to build upon the record progress announced at the 2002 Spending Review and increase UK bilateral aid to Africa from £1 billion per year to at least £1.25 billion per year by 2007-08.

EFFECTIVE INTERNATIONAL POLICY-MAKING

6.34 The UK works with a range of international partners to address issues that cross national borders, including economic, trade, development, security and environmental issues.

Effective diplomacy

6.35 The UK's ability to engage with countries around the world and with international organisations such as the EU, the UN and the WTO is key to delivering the Government's objectives of global prosperity and security. The FCO's diplomatic work is central to this. Recent diplomatic successes include:

- convincing the Libyan Government to relinquish their Weapons of Mass Destruction capability;
- delivering UK objectives on the EU Constitutional Treaty; and
- securing agreement to UN involvement in post-conflict Iraq.

6.36 This Spending Review maintains funding for the FCO's global network and provides extra resources to improve security at overseas posts. Over the Spending Review period, the FCO will develop a more flexible structure, with a greater focus on policy priorities as well as geographic areas, to enable it to continue to support the Government's international objectives. The Spending Review also builds on the increases in funding for the British Council and BBC World Service delivered in the 2002 Spending Review. This should enable them to strengthen their important work providing impartial news, cultural and educational services around the world.

Box 6.3 Engaging with the Islamic world

This Spending Review period supports a number of initiatives to increase engagement with the Islamic world:

- **FCO will strengthen its understanding of Islamic countries and communities, and establish programmes to promote peaceful reform;**
- **the British Council will build on existing work and encourage educational reform across the Arab world (particularly in relation to English, ICT and citizenship education) in order ultimately to facilitate economic growth; and**
- **the BBC World Service will further develop Arabic radio and online services and engage the Wider Islamic World through increased research and regional production centres.**

European Union 6.37 The UK's membership of the EU is central to the Government's objective of building a strong economy and a fair society with opportunity and security for all. The Government works with EU partners across the full range of domestic and international issues. The UK Presidency of the EU in the second half of 2005 will be an important opportunity to set the agenda on issues such as economic reform, development, trade liberalisation, environmental protection and asylum and immigration.

The G8 6.38 The UK's membership of the G8 group, alongside the US, Canada, Japan, Russia, Germany, France and Italy, enables the Government to play a key role on international economic issues and to advance its objective of global prosperity. Over the past six months, the G8 has been pursuing the 'Agenda for Growth', aimed at bolstering job creation and productivity growth throughout the G8 and ensuring each member plays its part in delivering balanced and sustainable global growth.

6.39 The G8 is supporting economic reform in the broader Middle East and North Africa. At the Sea Island Summit in June 2004 the G8 committed to a 'Partnership for Progress and a Common Future', establishing a 'Forum for the Future' for continued dialogue within the region.

6.40 The G8 also has an important role to play in tackling global poverty and the Sea Island Summit agreed to extend the HIPC Initiative to the end of 2006. The UK will hold the G8 Presidency in 2005 and the Prime Minister has said that this would be a 'Development Presidency'. The Commission for Africa and its report will make a key contribution to this. Tackling climate change will also be a priority for the UK Presidency.

**International
financial
institutions**

6.41 The Chancellor's role as Chair of the International Monetary and Financial Committee and UK Governor of the IMF, alongside the Secretary of State for International Development's role as Executive Director for the World Bank, enables the UK to advance its international financial and development objectives. The UK will continue to work closely with partner countries to strengthen IMF surveillance of the international economy, support poverty reduction in low-income countries, strengthen the frameworks for the prevention and resolution of financial crises, implement internationally-agreed codes and standards for good economic policy making, and combat money-laundering and terrorist financing. The UK is working to ensure the implementation of reforms to the international financial architecture to ensure a more stable global economy.

Trade

6.42 International trade has been a major driver of global growth and prosperity over the last fifty years. Barriers to trade have fallen significantly but some products, particularly in agriculture and labour-intensive sectors such as manufacturing, remain subject to high levels of protection. Despite these major reductions, protectionism continues to be a barrier to lifting developing countries out of poverty.

6.43 There are significant potential gains for both developing and industrialised countries from further trade liberalisation. Openness to trade for all countries is a key driver of productivity. The UK economy benefits from membership of the EU Single Market and EU countries negotiate collectively to secure freer and fairer trade with the rest of the world. Movement on agriculture is key to achieving a good agreement and the EU needs to take the lead in reducing agricultural barriers. The CAP costs EU taxpayers around €50 billion per year. The EU has, as a result of reforms in which the UK played a leading role, already taken steps to tackle trade-distorting domestic support, but more needs to be done. The Government is working to secure EU agreement to further agricultural reform so that border protection, such as tariffs and quotas, is substantially reduced and export subsidies are no longer an issue for world trade.

6.44 Negotiations on the Doha Development Agenda World Trade Organisation (WTO) Round restarted in Geneva in February 2004 following the breakdown in WTO negotiations in Cancún in 2003 and the Government remains fully committed to achieving a successful trade round that will allow all countries to share in the benefits of liberalisation. With enough political will a framework agreement can be reached this summer that will allow detailed negotiations to continue in 2005.

Working to protect the global environment

International sustainable development 6.45 Sustainable development is key to the Government's objectives of international prosperity and security. The UK's international leadership on sustainable development is widely acknowledged and climate change will be a central theme of its EU and G8 Presidencies in 2005. The Government has revisited the commitments that were made at the World Summit on Sustainable Development (WSSD) in 2002, to make the link between environmental management, poverty eradication, trade, development and sustainable patterns of consumption and production, and to direct the resources to achieve these goals. As a result of the Spending Review:

- Defra has extended its PSA targets to measure progress towards internationally agreed commitments to tackle climate change and towards the Government's WSSD commitments on sustainable consumption and production, chemicals, biodiversity, oceans, fisheries and agriculture.;
- the FCO has a new PSA Objective: "Sustainable development, underpinned by democracy, good governance and human rights" to complement its existing PSA target on sustainable development. The Global Opportunity Fund for transitional economies and key developing countries supports progress on key global priorities such as climate change. Introduced in the 2002 Spending Review, it will be extended and be worth £60 million in each year of the 2004 Spending Review period. This provision is four times what FCO spent on such programmes two years ago; and
- DFID's aims to reduce global poverty are focussed on meeting the internationally agreed Millennium Development Goals, which include ensuring environmental sustainability. The UK is the fourth largest donor to the Global Environmental Facility (GEF) with a contribution of £118 million over the current replenishment round over 2002 to 2006, including an additional voluntary contribution of £15 million as a signal of Britain's commitment to dealing with global environmental issues. Negotiations on the 4th replenishment of the GEF will begin in 2005 and resources allocated to DFID in this Spending Review will support the outcome of that process.