

MEMORANDUM

To: Trade ministers of the G-20 group of WTO Member countries

From: Atul Kaushik, Director, CUTS Geneva Resource Centre

Subject: Why G-20 unity is necessary at this crucial juncture of the Doha Round of negotiations?

Date: 21/06/2008

We are submitting this memorandum keeping in view the crucial role that G-20 group of WTO Member countries should continue to play for developmental outcomes of the Doha Round of negotiations by the WTO Members.

The G-20 group comprises of countries that have divergent economic and trading interests. This fact is not a hidden. This was known to the world at the time of its inception at Cancun during the fifth WTO Ministerial Conference held in September 2003. The situation remains the same today. Among the large countries of G-20, the diverse interests of India and Brazil on agricultural trade liberalisation have always been a subject of discussion. Many people wonder how India and Brazil have common position in agriculture. China made significant commitments in its process of accession to the WTO. China, therefore, was the least assertive. The other two big countries – South Africa and Argentina being members of the Cairns Group have offensive interests on agriculture similar to Brazil.

Despite these divergences, the G-20 has progressed well. It gained strength with every new challenge that came its way. This is a reflection of growing maturity of the alliance members and realisation of the importance of Southern solidarity. Although the joint US-EU proposal on agriculture released on 13th August 2003 was the immediate reason behind the formation of G-20, over the years the group has worked in the larger interests of Southern countries to achieve the following three broad objectives:

- To end the hegemony of developed country members on decision making in the multilateral trading system;
- To enable Southern countries to be proactive by presenting their own trade agenda, particularly on agriculture, rather than always reacting to the proposals of the North; and
- To ensure pro-developing countries outcomes in the Doha Round, with ‘development’ as a central element.

While the G-20 has been fairly successful on its first two goals, the outcomes will be known to us only when the Doha Round is concluded. However, the fulfillment of the third objective is the *raison d’être* of existence of the G-20. It is more important from the perspective of Southern stakeholders as it directly affects their businesses and concerns. We have recently witnessed this in case of Brazil when its powerful agribusiness sector urged their government to step away from an alliance with China and India in WTO talks beginning from 21st July 2008 and to concentrate on securing an immediate deal on farm trade.

Last year too (in June 2007) in the aftermath of the failure of the crucial G-4 talks at Potsdam in Germany, the Brazilian farmers were quick in blaming India for being the main cause for the collapse of WTO talks. The Brazilian Confederation of Agriculture and Livestock (CNA), which represents the agriculture, cattle raising, fishing, forestry and primary agribusiness activities, then termed India as the major complicating element in the Doha Round of negotiations because of its resistance to market access expansion and demands on services.

Brazilian farmers' organisations may be right in expressing their concerns as agriculture is the most productive sector of the Brazilian economy. But if Brazil takes its own independent line in agriculture negotiations it would be a serious jolt to the G-20 unity and also the collective Southern voice. Had G-20 not been formed and had it not taken such a cohesive stance, the Doha Round would have been over much earlier with developed countries bulldozing all the developmental concerns of the South. It became apparent to Brazil early on in the life of G-20 that it had to work in tandem with other developing countries in order to achieve its own offensive interests in agriculture. This was clear from its reaction to the formation of G-33, a grouping organised around defensive agricultural interests. Given that there was an overlap between the G-20 and the G-33 members, Brazil took G-33 positions seriously and worked with them to forge a grand alliance of developing countries in favour of the development mandate in the Doha Round. Here it is worth mentioning that in case of agriculture all issues of interest to developing countries, be they special products or special safeguard mechanism or export subsidies or restraining the use of domestic support or the issue of cotton subsidies were taken seriously and found space in various texts of chair of the agriculture negotiations only because of the unity of G-20 and G-33 alliances, which ensured that developed countries could not ignore them.

If we may recall, the August 2003 joint EU-US agriculture proposal was a virtual death knell to the development dimension of the Doha Round. It was clearly an attempt to reconcile the positions of the two big powers, acknowledging the issues which were sensitive to each, while not paying the slightest attention to the commitments made in the Doha Ministerial Declaration and its development agenda. With this as an aim, the joint proposal had its objectives for market access limited by European sensitivities, for domestic support reduction constrained by American sensitivities, and for export subsidy elimination limited by issues sensitive to both. This was a repeat of Uruguay Round situation by the developed countries, who assumed that Southern countries could once again be fooled with hollow promises or made to join in their chorus in the name of consensus building.

The G-20 alliance has done a formidable job of keeping its flock together not only on agriculture but also by taking a pan-developing country view in other areas. It is a no-brainer that the attempt by developed countries to introduce a strong anti-concentration clause in NAMA (non agricultural market access), whereby developing countries' flexibility in industrial market access would have been severely constrained, was diluted by a constant pressure from some key G-20 members. It is an evidence of their maturity that Brazil and India have agreed on both extension of higher protection on geographical indications as well as disclosure of country and source of origin of biological resources and traditional knowledge used in patents despite Brazil's problems on the former. This maturity has to prevail till the end game.

The close cooperation between the G-20 and the G-33 is the main strength of developing countries in the ongoing Doha Round of negotiations. The chair of the agriculture negotiations has taken the G-20 proposal as a basis of drafting the agriculture text. This in itself is a significant victory for developing countries.

The Doha Round of negotiations have now reached a crucial juncture where any sluggishness or impatience on the part of any developing countries would undo all the hard work done till now. We have waited for seven years to reach this position of strength where issues of interest of developing countries are being recognised and getting priority. Few more months or may be a year would not do much harm to us. It is India and Brazil, who spearheaded the G-20 alliance against the onslaught of the EU and the US just prior to the Cancun Ministerial. It is they who engineered the fact that there has been a metamorphosis from the Uruguay Round vintage North-North QUAD into a new North-South QUAD of USA, EU, Brazil and India so that developing countries are duly represented in the core negotiating group, defying all speculation of any possible split. We need to keep a little more patience so that ultimately developing countries come out triumphantly with ‘delivering on development’ as the core outcome of the Doha Round!