

ROSA LUXEMBURG STIFTUNG BRUSSELS OFFICE

# UNPACKING TRADE & INVESTMENT

# 2


THE WTO  
CHESSBOARD:  
QUEENS VS PEASANTS



# UNPACKING TRADE & INVESTMENT

## 2 The WTO chessboard: queens vs peasants

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The Nairobi Ministerial Declaration<sup>1</sup> (NMD) of the tenth WTO ministerial has thrown into sharp focus the changing dynamics of the developing countries vis-à-vis the US, EU and the other developed countries.

At Nairobi, the US, EU and other developed countries have managed to snatch back the initiative at the WTO from the BRICS and the developing country blocs, which the latter held for a decade from the Cancun Ministerial in 2003 to Bali Ministerial in 2013<sup>2</sup>. This paper will elaborate on the different blocs of countries and their competing interests at the WTO, and explore the reasons for some the changing dynamics in the post-Doha period.

In terms of strategic interests, the main blocs of countries in the WTO are the European Union, G-33, G-20, G-90, G-10, the Cairns Group, Asian Developing Members, Africa Group and the African Caribbean and Pacific countries, Least Developed Countries (LDCs), Mercosur, ASEAN, APEC, Cotton 4, and the BRICS.

In addition, smaller sectional and regional interest groups include the Small and Vulnerable Economies (SVEs), Low Income Economies in transition, Paragraph 6 countries, Article XII countries, Friends of Fish, Tropical Products, Friends of Ambition (NAMA), the NAMA 11, 'W 52' sponsors, Joint Proposal (in intellectual property) countries, and the FANs (Friends of Anti-Dumping) who seek to strengthen the rules on application

of anti-dumping measures. While this is not an exhaustive list and the sectional interests vary from time to time, this list captures most of the groups within the WTO<sup>3</sup>.

As individual countries go, the United States of America (US) continues to be the most dominant force in the WTO, as it has been since its inception. The EU remains a close and consistent ally of the US and other developed countries. Additionally, Brazil, China and India have also often led their individual interests in the ministerial negotiations. These countries retain significant influence in the WTO regardless of their positioning within different groupings at different points in time, especially after the Doha ministerial round.

1 [https://www.wto.org/english/thewto\\_e/minist\\_e/mc10\\_e/mindecision\\_e.htm](https://www.wto.org/english/thewto_e/minist_e/mc10_e/mindecision_e.htm)

2 <http://scroll.in/article/777647/dont-buy-the-spin-the-wto-talks-in-nairobi-ended-badly-and-india-will-pay-a-price>

3 For a more exhaustive list of the different blocs in the WTO see [https://www.wto.org/english/tratop\\_e/agric\\_e/negoti\\_groups\\_e.htm](https://www.wto.org/english/tratop_e/agric_e/negoti_groups_e.htm)

## DIFFERENT BLOCS IN THE WTO:

**EU**

THE FANs  
FRIENDS OF  
ANTI-DUMPING

AFRICA GROUP  
AND THE AFRICAN  
CARIBBEAN AND  
PACIFIC COUNTRIES

**APEC**

LOW INCOME  
ECONOMIES  
IN TRANSITION

**G90**

PARAGRAPH 6

**G20**

**SVEs**  
SMALL AND  
VULNERABLE  
ECONOMIES

**G10**

**USA**

**BRICS**

ARTICLE XII

'W 52'  
SPONSORS

**CAIRNS  
GROUP**

**ASIAN  
DEVELOPING  
MEMBERS**

**MERCOSUR**

**ASEAN** FRIENDS  
OF FISH

**NAMA** FRIENDS OF  
AMBITION

JOINT PROPOSAL  
(in intellectual  
property)

**G33**

TROPICAL  
PRODUCTS

The G-20, or the Group of 20, is a bloc comprised of developing countries that was established on August 20, 2003, before the Cancun ministerial. It is often confused with the G-20 major economies, yet it is different not only in that the Group of 20 includes only developing countries, but also because the number twenty denoted the date of its formation, rather than the number of countries that initially joined it, as there are 23 countries who are part of this bloc. Initially led by Brazil and India, the G-20 was one of the most important groupings in the WTO between the Cancun (2003) and the Geneva (2009) ministerial meeting. The G-20 originally stood for the reduction of developed countries' farm subsidies and tariffs. At the Geneva meeting in 2008, Brazil finally broke ranks with India on the SSM, or 'Special Safeguard Mechanism', and this was the beginning of the end of the G-20 grouping.

G-20 backed the 'Special Safeguard Mechanism' (SSM)<sup>4</sup> and 'Special Products' (SP) in the past. It had also backed the issue of public stockholding for food security purposes, until the Bali ministerial meeting (2013). It has maintained an aggressive position on the need to review domestic support to agriculture, and against the 'Blue Box' subsidies, in order to ensure a cutback of domestic agriculture support that developed countries provide to their farmers, in order to reduce subsidies. In these aspects, the position of the G-20 has been somewhat closer with that of the G-33. Besides South Africa and China, the other prominent members of the G-20 include Indonesia, Philippines, Nigeria, Pakistan, Mexico, Venezuela, Tanzania and Zimbabwe. However, since the Bali ministerial, some of the G-20 countries (notably Brazil and Argentina) have been more open in their criticism of G-33 positions.

<sup>4</sup> [https://www.wto.org/english/tratop\\_e/agric\\_e/negs\\_bkgrnd11\\_ssg\\_e.htm](https://www.wto.org/english/tratop_e/agric_e/negs_bkgrnd11_ssg_e.htm)

The G-33 consists of 48 developing countries who have common interests in SSM, SPs, Public Stockholding and Special and Differentiated treatment (S&D). The G-33 emerged as the most powerful counter to the US, EU and other developed countries between 2004 and 2010. There is no clearly identified date of its establishment as a bloc, but it was active even before the Hong Kong ministerial. This group is also referred to as the 'Friends of Special Products' and has been the proponent of many proposals on public stockholding, SSM and SPs. The prominent members include India, Indonesia, China, Pakistan, Philippines, Kenya, Korea, Nigeria, Nicaragua, Turkey, Uganda and Venezuela. Dissension in the unified G-33 positions occurred just prior to the Bali ministerial, and there was a lack of unanimity on key proposals – for example, Pakistani opposition to the Indian proposal on public stockholding.

The G-90 is the largest grouping in the WTO, with 70 WTO member countries of the Africa Group, the African Caribbean and Pacific (ACP) and the Least Developed Countries (LDCs) as members. Even within these three groups, there is considerable divergence of views on many issues. ACP increasingly lends support to the EU both directly and indirectly on many issues, especially on S&D, while the LDCs have been more consistent in their demands, especially before and during the Bali ministerial, where the LDC package was negotiated. Like the G-20, the G-90 also emerged as a bloc after the Cancun ministerial, with 64 of the 90 countries in the group as WTO members. The primary purpose of the G-90 was to highlight the issues of countries that are arguably the poorest and with the least voice in the global trading system, including small island states, landlocked countries, and LDCs.

The LDCs are a bloc of 48 countries from the UN's designated list, recognized by the WTO. Of these, 34 countries are members of the WTO and constitute the LDC bloc. The LDCs remain committed to 'Duty-Free, Quota-Free' (DFQF) access for their products to developed country markets, especially the US and EU. Although commitments on DFQF have been made since the Hong Kong ministerial, the reality on the ground remains quite different.

The overwhelming perception amongst LDCs remains that a DFQF regime that would truly benefit them is still far from reality. The LDC bloc made its presence felt at the Bali ministerial, where they negotiated the LDC package, which was crucial for the outcome, as without it the Trade Facilitation Agreement (TFA)<sup>5</sup> would not have come through.

G-10 is a grouping of countries with protectionist interests in agriculture and includes Switzerland, Norway, Japan, Korea, Israel, Taipei and Iceland as prominent members. With a strong defensive interest in agricultural negotiations, the G-10 opposes the proposal to review the green and blue box subsidies, as that would be detrimental to their dominant export positions in agriculture. Though it has espoused the elimination of export subsidies in the past, it has always linked such support to outcomes in Non-agricultural market access (NAMA) negotiations and has not conceded to developing country demands on capping tariffs in agricultural negotiations.

The Cairns Group (formed in Cairns, Australia) is perhaps the oldest bloc in WTO negotiations. It includes agricultural exporting countries with deep offensive interests in agricultural trade liberalization and market access, which have grouped together since the Uruguay Round talks. Prominent members of the Cairns Group are Australia, Brazil, New Zealand, Canada, Costa Rica, Chile, South Africa, Uruguay and Vietnam. The Cairns Group was marginalized in the period between the Cancun and Bali ministerials, with the stalemate in the Doha talks and the emergence of the G-20 (post-Cancun). However, in the run-up to the Bali ministerial, the Cairns Group again re-emerged as a powerful bloc within the WTO. It is likely to be a dominant voice in the WTO into the future, especially for those areas where the interests of the bloc converge with those of the US and the EU. The Cairns Group has competing interests with developing countries, especially on the Public Stockholding issue and the SSM. Post-Nairobi, the Cairns Group has again re-emerged as a key negotiating bloc within the WTO.

## NEGOTIATING DYNAMICS IN THE WTO FROM DOHA TO BALI:

After the Doha Round was concluded in 2001, ministerial meetings were conducted in Cancun (2003), Hong Kong (2005), Geneva (2009 and 2011), Bali (2013) and Nairobi (2015). The breakdowns in negotiations at Cancun and Hong Kong were sought after for address in Geneva (2004)<sup>6</sup>. The failure to make progress after the Hong Kong ministerial meeting in December, 2005 came to be addressed in Potsdam (2007) and repeated negotiations in Geneva, including discussions involving trade ministers, in 2004, 2006 and 2008. The Cancun ministerial was a watershed moment in the trade negotiations, with a number of blocs emerging from the developing countries to challenge the 'transatlantic hegemony' of the US and the EU. The G-20, the G-33 and the LDCs emerged as a serious challenge to the developed countries at the Cancun negotiations.

In order to understand the role of the emergence of the different blocs, it is important to unpack the key roles played by some countries in the run-up to the Cancun negotiations. The G4 – Brazil, China, India and South Africa – spearheaded the process to call for the postponement of the Singapore issues (government procurement, trade facilitation, trade and investment and competition policy) until such time that the Doha Round was concluded as a single undertaking. While India had been vocal in defending the interests of developing countries, it was the Brazilian trade minister, Celso Amorim, who took the lead in initiating the G-20 to counter the EU and US<sup>7</sup>. The issue at hand in Cancun was the attempt by the US and EU to derail the Doha agenda on agriculture reform in order to protect domestic subsidies in developed countries. While Brazil and other Latin

American countries had supported Africa and Asia in trade negotiations in the past, this was never a formal arrangement until after Cancun. President Lula's leadership and the rise of the developing country economies (Brazil, China, India and South Africa), in what would subsequently be labelled as 'BRICS', led to the formalization of a stronger stewardship of the developing countries at the WTO. Russia, however, amongst the BRICS economies, remains an outlier in this, with ambiguous positions on many of the issues of concern to other developing countries.

A nationalistic government in India at the time of Cancun, the visionary leadership of President Lula in Brazil (especially in matters of South-South co-operation), the dramatic rise of the Chinese economy and an increasingly vocal South Africa in the new world order were all factors that allowed these countries to come together and challenge the EU/US hegemony in the decade from Cancun to Bali. Even though Brazil had offensive interests in agricultural exports and was a long-time member of the Cairns Group, the four countries managed to bury their differences to ensure a united front against the US and the EU until the Bali ministerial. The Chinese were late entrants in their unambiguous support for developing countries, as they had offensive interests in the Singapore issues and would benefit from new issues, but are not in a position to let go of the domestic support in agriculture and special and differentiated treatment for developing countries. Though less vocal about it, the Chinese have also endorsed India's position on public stockholding issues.

6 [https://www.wto.org/english/tratop\\_e/dda\\_e/dda\\_package\\_july04\\_e.htm](https://www.wto.org/english/tratop_e/dda_e/dda_package_july04_e.htm)

7 <http://thewire.in/2015/12/29/news-of-dohas-death-may-be-premature-but-india-china-must-fight-to-save-the-day-17950/>

Simultaneously, the formation of the LDC and G-33 blocs at Cancun ensured that developing country solidarity was intact well until the run-up to the Bali ministerial. G-33 and G-20 both accommodated the concerns of African countries by championing the cause of the Cotton 4 countries, viz. Benin, Burkina Faso, Chad and Mali, against the domestic subsidies of the US, since it also affected cotton exports from India and Brazil. Similarly, there was unity amongst developing countries on the single undertaking framework

for the Doha round negotiations and the need for continuing the special and differentiated treatment (S&D) for developing countries, which was agreed upon by consensus amongst all member states. Even in issues like public stockholding, which affected fewer developing countries, the leadership of Indonesia, India and other proponents within the G-33 had ensured consensus and support across developing countries, even in the Bali ministerial.

## DEVELOPMENTS POST-CANCUN AND THE UNRAVELLING OF DEVELOPING COUNTRY POSITIONS:

In order to understand the restoration of the 'hegemony of the transatlantic powers' within the WTO and the situation that developing countries find themselves in now, it would be important to outline the role that the key blocs and countries played in this<sup>8</sup>. Additionally, it is critical to discuss the role of the WTO Secretariat and the Director General (DG), Roberto Carvalho de Azevêdo, who can largely be credited with restoring the traditional balance of power within the WTO and playing a key role in both the Bali and Nairobi ministerials.

Elected in May 2013, Azevêdo was seen as the candidate of the developing countries, riding on the goodwill that Brazil under President Lula had managed to garner as a champion of developing country interests and a key player in BRICS. There was nothing in Azevêdo's conduct that could suggest otherwise, when he took over as the DG of the WTO. As the Brazilian Permanent Representative to the WTO since 2008, Azevêdo had championed the developing country positions in the Doha Round negotiations. Speaking on behalf of G-20 countries in 2011, for instance, Ambassador Azevêdo reminded the delegates that, 'Agriculture will be the key determinant

of the level of ambition in all other areas of the negotiation and the benchmark for the end-game in terms of the landing zones', clearly linking additional demands in NAMA to increased market access in agriculture. Rejecting the notion that Doha still contained 'unfinished business' areas such as NAMA and services, he went on to say that, 'we never accept such a proposition... Either we have a single undertaking or we don't'<sup>9</sup>.

Azevêdo's subsequent volte-face, which managed to ensure the complete marginalization of developing country interests at the WTO, was possible because of the support that he received from the Brazil government, enabling him to pursue this agenda. Azevêdo's rise in the WTO coincided with political transition in Brazil, with President Lula being replaced by Dilma Rousseff as President. While the ruling Workers' Party (PT) managed their third term in succession, the reduced majority of PT ensured that many of the right of centre parties were, with entrenched neo-liberal interests, now embedded in government. Although it has been often argued that in backing DG Azevêdo to make the WTO 'relevant', the Brazilian government was backing one of their own to succeed in reviving the WTO, this analysis is at best simplistic.

8 <http://www.epw.in/journal/2016/11/insight/what-happened-nairobi-and-why.html>

9 <http://www.epw.in/journal/2016/11/insight/what-happened-nairobi-and-why.html>

The changing constellation of Brazilian domestic politics corresponded with the ascendancy of Azevêdo at the WTO. The Ministry of Agrarian Reform (MDA), which oversees the land reform program as well the public procurement programs, a critical ministry to undertake pro-poor reforms, was largely marginalized. There was even an attempt to merge it with the Ministry of Agriculture and Supply, which oversees agri-business, and which emerged as a more influential voice within the government in the post-Lula years. The changing internal dynamics ensured agribusiness interests within Brazil were considerably strengthened, while those of the domestic programs including public stockholding were side-lined. The ripple effect from this was felt in Brazil's negotiating positions at the WTO.

This allowed Azevêdo to lean the WTO Secretariat towards the interests of developed countries and led to the G-20 becoming almost completely defunct, especially after the Bali Ministerial. Even though Brazil supported the developing country position on SSM right until the Cancun ministerial, it is now one of the opponents on the grounds that it will restrict market access. Its position on the public stockholding issue is also closer now to the Cairns Group than that of the G-33.

The ACP group has been gradually moving away from other developing country positions. It is currently advised and navigated by a former Deputy Trade Representative of the US and is now virtually an echo chamber of US and EU positions. For instance, in the run-up to Bali the ACP tinkered with and weakened developing country positions on agriculture, even as it pushed for the TFA. As a grouping of former colonies of EU countries, it has repeatedly fallen out with developing country positions.

The main precipitating factor in the US and EU positions on all the pillars of the Doha round were negotiations on what are being called the

'mega-regional' agreements that are being negotiated by US, EU and other developed countries. These are the Trans-Pacific Partnership (TPP), the Transatlantic Trade and Investment Partnership (TTIP) and the Trade in Services Agreement (TISA). While it is not possible to go into the details of the mega-regionals in this paper, suffice it to say that the outcomes of these agreements have been used by the US and EU as a major negotiating chip vis-à-vis the developing countries to push the WTO out of the Single Undertaking principle of the DDR (Doha Development Round). The argument that has been used is that the WTO as an institution would be pushed to irrelevance once the TPP, TTIP and TISA come into force, and the onus therefore was on developing countries to ensure that the WTO remained relevant.

The mega-regionals benefit the developed countries as they do not involve any cuts in domestic agricultural subsidies, protect monopolies in the US and EU for their domestic industries, and allow the creation of bodies like the Investor-state Dispute Settlement (ISDS) mechanism, which would allow trans-national corporations to sue nation states in arbitration bodies that fall outside the national jurisdiction. Further, a mega-FTA like the TPP significantly promotes the interests of the US pharmaceutical industry by extending patent monopolies in various ways and curtailing the possibility of competition from generic medicines. While ensuring continued windfall profits for Big Pharma, the TPP provisions on IP protection would make access to affordable medicines a distant dream.

With the TPP awaiting ratification and steady progress achieved at TISA negotiations, how far the bargaining chip of mega-regionals holds up for developed countries now hinges on the fate of TTIP, which has seen considerable domestic opposition within the EU and increasing tensions between negotiating countries, especially between the US and France, over concerns of TTIP's impact on domestic industry.

# THE POST-NAIROBI SCENARIO AT THE WTO

The Nairobi Ministerial Declaration, which was unprecedented in many aspects in its constructive ambiguity, has the potential to throw the WTO into negotiating chaos. The US and EU declared the end of the Doha Round post-ministerial, and subsequent statements both in Geneva at the negotiations, including in the General Council and outside, have tried to push the negotiations towards the introduction of new issues even before addressing the negotiations on the unfinished agenda of the DDA (Doha Development Agenda).

The US has repeatedly maintained that the Nairobi meeting ended the Doha Development Agenda negotiations, and demanded 'new approaches' to discuss agriculture and other areas.

New approaches, according to the emerging US positions now, would imply termination of special and differential treatment flexibilities for developing countries, particularly China, India, Brazil, South Africa and Indonesia (among others).

Developing countries, on the other hand, have maintained that there is nothing in the NMD that concludes the DDA, and the remaining issues need to be negotiated first before new issues are considered<sup>10</sup>. To them, Doha was not just a set of issues but a set of principles and a negotiating framework with the Single Undertaking as the main pillar, without which the talks at the WTO cannot move forward. The main operative part of the NMD text<sup>11</sup> that creates this ambiguity is in paragraphs 30-34, which read as follows:

**30.** *We recognize that many Members reaffirm the Doha Development Agenda, and the Declarations and Decisions adopted at Doha and at the Ministerial Conferences held since then, and reaffirm their full commitment to conclude the DDA on that basis. Other Members do not reaffirm the Doha mandates, as they believe new approaches are necessary to achieve meaningful outcomes in multilateral negotiations. Members have different views on how to address the negotiations. We acknowledge the strong legal structure of this Organization.*

**31.** *Nevertheless, there remains a strong commitment of all Members to advance negotiations on the remaining Doha issues. This includes advancing work in all three pillars of agriculture, namely domestic support, market access and export competition, as well as non-agriculture market access, services, development, TRIPS and rules. Work on all the Ministerial Decisions adopted in Part II of this Declaration will remain an important element of our future agenda.*

**32.** *This work shall maintain development at its centre and we reaffirm that provisions for special and differential treatment shall remain integral. Members shall also continue to give priority to the concerns and interests of least developed countries. Many Members want to carry out the work on the basis of the Doha structure, while some want to explore new architectures.*

<sup>10</sup> <http://www.southcentre.int/analytical-note-may-2016-2/>

<sup>11</sup> [https://www.wto.org/english/thewto\\_e/minist\\_e/mc10\\_e/mindecision\\_e.htm](https://www.wto.org/english/thewto_e/minist_e/mc10_e/mindecision_e.htm)



**33.** *Mindful of this situation and given our common resolve to have this meeting in Nairobi, our first Ministerial Conference in Africa, play a pivotal role in efforts to preserve and further strengthen the negotiating function of the WTO, we therefore agree that officials should work to find ways to advance negotiations and request the Director-General to report regularly to the General Council on these efforts.*

**34.** *While we concur that officials should prioritize work where results have not yet been achieved, some wish to identify and discuss other issues for negotiation; others do not. Any decision to launch negotiations multilaterally on such issues would need to be agreed by all Members.*

The phrasing of the NMD does not specify who or how many of the countries were in favour of the continuation of the DDR versus how many countries were blocking the consensus. But the sub-text makes it clear that it was only a handful of developed countries who negotiated hard in an attempt to prematurely conclude the round. The fact that India and China, who had been leading developing country negotiations, were complicit in the drafting of the NMD by agreeing to join the exclusionary G-5 process, has led to considerable anger and bitterness with other developing country allies, making the road harder for a united position on many of the Doha issues.

Amongst the BRICS countries, with the deepening of the crisis in Brazil, it is likely that the unfettered support that Brazil has been extending to the developed countries and the WTO Secretariat to push the US and EU agenda is likely to continue. China, which was the only country in the G-5 that persisted with the continuation of the DDR in the Green Room discussions at Nairobi, is now likely to take a more nuanced position. It stands to gain significantly from the new issues across the areas of investment, e-commerce, competition policy, government procurement and liberalization in services and regulatory rules in the services sector. On the other hand, the soft underbelly of Chinese vulnerability is found in the domestic agricultural subsidies that they continue to employ, and the potential loss of

benefits under them if the S&D mechanism is done away with or the SSM for developing countries not clinched. South Africa, on the other hand, while pushing for the SSM and S&D, continues with the perception that they did not get enough flexibility in the tariff cuts in the NAMA framework and they would need to make very steep reductions. The US has used the notifications for South Africa under the African Growth and Opportunity Act (AGOA) to make them climb down on their positions. Domestic opinion in South Africa is veering around to the fact that the benefits under AGOA are now far less than the costs South Africa is having to pay by losing out on domestic policy space. This dynamic is likely also to influence post-Nairobi South African positions.

India, which has been a key player until the NMD, has offensive interests only in the services sector, and stands to lose the most amongst developing countries if the new issues are taken up without the DDR being concluded satisfactorily. The fact that it broke ranks with the developing world to join the G-5 discussions which drafted the NMD has led to considerable disenchantment amongst its developing country allies. To build back the credibility it enjoyed as one of the leaders of the developing country positions will be a difficult battle for India. Similarly, in the two areas that it did manage to secure partial concessions from the developed countries – public stockholding and the SSM - the wording

of the NMD, which creates only a work program with no definite outcomes, will tie down India on multiple fronts. The post-Nairobi negotiations will thus see India start from a position of considerable weakness<sup>12</sup>.

Many developing countries see the capitulation of India at the WTO, in two ministerials in a row now, also as a sign of the deepening Indo-US ties on all other fronts, which is having a bearing on India's positions at the WTO. The geopolitical realities of Asia and the distrust between the US and China, which is leading to India emerging as a partner of choice for the US, is seen as driving India further away from its traditional allies at the WTO, even though it is to the detriment of India's domestic interests across all fronts. It remains to be seen how these competing interests will be balanced by the Indian government in the months to follow. The fact that the US did not settle bilateral disputes with India (especially in the solar panels case) and chose instead to use the dispute settlement mechanism has hardened the Indian position domestically on making any further concessions to the US. It has also led to India filing complaints in the WTO against the US in retaliation. However, whether India can sustain this aggression in the context of US support on a number of other fronts, including the membership at the Nuclear Supplier Group (NSG), is still unclear.

The Cairns Group is likely to push for the aggressive reform of agriculture in all areas, total trade liberalization, as well as pursue the developed country line on S&D and SSM. There is unlikely to be a change in the ACP position on this and the ambiguity in their stances, veering towards the EU positions on agriculture and the DDA. There are different zones of power within the Africa Group, and it is unclear how resentment about the NMD process will affect their positions in the continuing negotiations. So far, as a grouping the Africa Group has been unable to pursue their stated positions to their logical conclusion because of the different zones of influence amongst negotiating countries. The Tunisian and Moroccan positions are led by the French, while South Africa has influence over the South African Customs Union (SACU) countries.

As a grouping, the Asia Group has also been largely ineffectual other than the fact that some of the leading Asian economies also lead the G-33 positions on behalf of the 48 member countries.

The post-Nairobi discussions at Geneva are yet another make-or-break moment for the WTO. But unlike in the post-Cancun scenario, the breakdown of trust between the developing countries will need to be addressed before the two core areas of their interest are secured, namely the continuation of the DDR (and the Single Undertaking principle enshrined in it), and not bringing new issues to the table before the DDR is concluded.

The situation remains grim for the possibility of developing countries coming together to stave off the threat of a US and EU takeover of the WTO to push new issues, establish plurilateral negotiations as a 'new approach' of doing business in the absence of consensus, and burying the Doha round by postponing any decision on the DDR issues. Benefits under AGOA will ensure that African countries are unlikely to stand up against the US. The political uncertainty in Brazil and the ascendancy of the right-wing political parties strengthens their pro-US hawkish positions in the WTO. In any case, the negotiations in the WTO will now be more closely handled by the Brazilian Foreign office, which is headed by a former Wall Street banker. The developing countries in the TPP are in no position to oppose new issues, as most of these issues are already in the TPP. If Indonesia and Philippines join the TPP, as is likely to happen now, G-33 will lose two key states. Finally, China has offensive interests in the new issues and is likely to back the US. All of the above leaves India vulnerable, with a high chance of being isolated at the WTO, and with a much-reduced moral authority over other developing countries, as it joined the exclusionary G-5 process that finalized the NMD<sup>13</sup>.

To repeat a cliché, the WTO is headed for 'interesting times' in the year to come, before the dust settles on the Nairobi Ministerial Declarations and the implications of what that holds finally becomes clearer to all negotiating sides.

12 <http://thewire.in/2015/12/25/the-ugly-american-and-compliant-indian-17894/>

13 <http://www.southcentre.int/analytical-note-may-2016/>

# INDEX OF ACRONYMS

<b>ACP</b> African, Caribbean and Pacific	<b>GSC</b> Global Services Coalition	<b>RoO</b> Rules of Origin
<b>ACTA</b> Anti-Counterfeiting Trade Agreement	<b>GSP</b> General Preferential Scheme	<b>RTA</b> Regional Trade Agreement
<b>AGOA</b> African Growth and Opportunity Act	<b>GSP+</b> General Preferential Scheme Plus	<b>RVC</b> Regional value chain
<b>AGP</b> Agreement on Government Procurement	<b>GVC</b> Global Value Chain	<b>S&amp;D</b> Special and Differentiated Treatment
<b>AMS</b> Aggregated Measures of Support	<b>ICESCR</b> International Covenant on Economic, Social and Cultural Rights	<b>SACU</b> South African Customs Union
<b>AoA</b> Agreement on Agriculture	<b>ICS</b> Investor Court System	<b>SAP</b> Structural Adjustment Program
<b>APEC</b> Asia-Pacific Economic Co-operation	<b>ICSID</b> International Centre for Settlement of Investment Disputes	<b>SCM</b> Subsidies and Countervailing Measures Agreement
<b>ARA</b> Advisory Referendum Act	<b>IIA</b> International Investment Agreements	<b>SDG</b> Sustainable Development Goals
<b>ASEAN</b> Association of Southeast Asian Nations	<b>IMF</b> International Monetary Fund	<b>SDT</b> Special and Differential Treatment; also S&T
<b>BIT</b> Bilateral Investment Treaty	<b>IFC</b> International Finance Corporation	<b>SOE</b> State-Owned Enterprises
<b>BRICS</b> Brazil, Russia, India, China, and South Africa	<b>IP</b> Intellectual Property	<b>SP</b> Special Products
<b>CAP</b> Common Agricultural Policy	<b>ISDS</b> Investor-State Dispute Settlement	<b>SPP</b> Sustainable Public Procurement
<b>CDS</b> Credit Default Swaps	<b>ITA</b> Information Technology Agreement	<b>SPS</b> Agreement on the Application of Sanitary and Phytosanitary Measures
<b>CETA</b> Comprehensive Economic and Trade Agreement	<b>ITUC</b> International Trade Union Confederation	<b>SSG</b> Special Safeguard
<b>CSI</b> Coalition of Services Industries	<b>JEC</b> Joint EPA Council	<b>SSM</b> Special Safeguard Mechanism
<b>DDA</b> Doha Development Agenda	<b>LDC</b> Least Developed Countries	<b>SUNS</b> South North Development Monitor
<b>DDR</b> Doha Development Round	<b>LVC</b> Local value chain	<b>SVE</b> Small and Vulnerable Economies
<b>DFQF</b> Duty-Free, Quota-Free	<b>MA</b> Market Access	<b>TAFTA</b> Transatlantic Free Trade Agreement
<b>EAC</b> East African Community	<b>MAI</b> Multilateral Agreement on Investment	<b>TBT</b> Agreement on Technical Barriers to Trade
<b>ECIPE</b> European Centre for International Political Economy	<b>MERCOSUR</b> Southern Common Market <i>Mercado Común del Sur (es)</i>	<b>TFA</b> Trade Facilitation Agreement
<b>EGA</b> Environmental Goods Agreement	<b>MFN</b> Most Favoured Nation	<b>TFEU</b> Treaty of the Functioning of the EU
<b>EAHC</b> East African High Commission	<b>MTA</b> Mega Trade Agreement	<b>TiSA/TISA</b> Trade in Services Agreement
<b>EPA</b> Economic Partnership Agreement	<b>NAFTA</b> North American Free Trade Agreement	<b>TNC</b> Transnational Corporations
<b>ESF</b> European Services Forum	<b>NAMA<sup>1</sup></b> Friends of Ambition; also	<b>TPP</b> Trans-Pacific Partnership
<b>FAN</b> Friends of Anti-Dumping	<b>NAMA<sup>2</sup></b> Non-Agricultural Market Access	<b>TRIMS</b> Agreement on Trade-Related Investment Measures
<b>FAO</b> Food and Agriculture Organization	<b>NATO</b> North Atlantic Treaty Organization	<b>TRIPS</b> Agreement on Trade-Related Aspects of Intellectual Property Rights
<b>FET</b> Fair and Equitable Treatment	<b>NIEO</b> New International Economic Order	<b>TTIP</b> Transatlantic Trade and Investment Partnership
<b>FTA</b> Free Trade Agreement	<b>NMB</b> Nairobi Ministerial Declaration	<b>UDHR</b> Universal Declaration of Human Rights
<b>FTAA</b> Free Trade Area of the Americas	<b>NSG</b> Nuclear Supplier Group	<b>UNECA</b> United Nations Economic Commission for Africa
<b>FTAAP</b> Free Trade Area of the Asia-Pacific	<b>NTB</b> Non-Tariff Barriers	<b>UNEP</b> United Nations Environment Program
<b>GATS</b> General Agreement on Trade in Services	<b>OECD</b> Organisation for Economic Co-operation and Development	<b>UNCITRAL</b> United Nations Commission on International Trade Law
<b>GATT</b> General Agreement on Tariffs and Trade	<b>OPEC</b> Organisation of Petroleum Exporting Countries	<b>UNCTAD</b> United Nations Conference on Trade and Development
<b>GFC</b> Global Financial Crisis	<b>OTC</b> Over the Counter	<b>UPOV</b> International Union for the Protection of New Varieties of Plants
<b>GDP</b> Gross Domestic Product	<b>OWINFS</b> Our World Is Not for Sale	<b>VCLT</b> Vienna Convention on the Law of Treaties
<b>GVC</b> Global Value Chain	<b>PAP</b> Processed Agricultural Product	<b>WTO</b> World Trade Organization
<b>GI</b> Geographical Indication	<b>RCC</b> Regulatory Cooperation Council	
<b>GM/GMO</b> Genetically Modified/ Genetically Modified Organism	<b>RCEP</b> Regional Comprehensive Economic Partnership	
<b>GEMC</b> Group of European Mining Companies	<b>RMI</b> Raw Material Initiative	
<b>GPA</b> Agreement on Government Procurement		

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# **UNPACKING TRADE & INVESTMENT**

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