

Strategic Alliances and Evolving Influence: The Role of Brazil, India and China in Shaping Global Trade Through the WTO

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Abstract: This article delves into how developing countries can effectively advance their interests by leveraging strategic alliances and multilateral negotiations within the World Trade Organization (WTO) framework, emphasizing the roles of Brazil, India, and China in the Doha Development Agenda. By closely examining the influence these nations have wielded through alliances like the G20, this study explores their efforts to address crucial issues, including reducing agricultural subsidies, enhancing non-agricultural market access, and improving trade in services. Through these alliances, developing countries have collectively pushed back against entrenched trade inequities, showcasing both their strengths and limitations within the multilateral trading system. The research highlights how these strategies reveal a significant shift, as developing nations now command a larger presence in shaping global trade norms. At the same time, it exposes the inherent trade-offs these countries face: balancing their pursuit of national economic interests with their advocacy for a more equitable global trade structure. This analysis underscores the complex dynamics of power, negotiation, and compromise within the WTO, illustrating how developing countries must navigate the dual imperatives of self-interest and global equity to sustain their long-term influence on the multilateral stage.

Keywords: Developing Countries, World Trade Organization (WTO), Doha Development Agenda, Strategic Alliances, Global Trade.

1. Introduction

In recent decades, developing countries have played an increasingly important role in the global trade landscape, particularly their participation under the framework of the World Trade Organization (WTO). This essay examines how three of the most influential developing countries, Brazil, India and China, are utilizing the multilateral trading system to advance their interests, particularly through the participation of strategic alliances such as the G20. By analyzing the unique contributions, challenges and limitations of these three countries in the WTO negotiations, particularly in the context of the Doha Development Agenda, we can gain a deeper understanding of the evolving role of developing countries in the global trading system and its implications for a fairer trading system.

2. Developing Countries in Global Trade

Many of the WTO agreements state the need for assistance from other countries as well as international institutions in areas including technical barriers to trade (TBT) and trade policy review due to the fact that poorer countries and least developed countries (LDCs), due to their weaker institutional capacity, have difficulty in building strong institutions, which hinders their effective integration into the multilateral trading system [1].

However, having sufficient capacity to capitalize on the development opportunities offered by international trade is extremely challenging. Inadequate human and material resources, backward infrastructure in many developing countries, as well as limitations in the functioning of institutions responsible for international trade, can make it difficult for developing countries to benefit fully from the economic development potential of international trade.

A study by Michalopoulos, which analyzed in depth the trade policies and market access of 42 developing countries to assess their degree of integration into the world trading system, concluded that, despite the progress in trade expansion in the 1990s, market access barriers, such as agricultural protection and non-tariff barriers, persisted [2]. While developed countries, represented by the United States and the European Union, played a leading role in the Uruguay Round in the late 1980s, developing countries such as India and Brazil took a more proactive as well as progressive negotiating role in the Doha Round at the beginning of the twenty-first century [3].

In 2003, Brazil, India and China joined with other developing countries to form the “G20 of Developing Countries” (distinct from the G-20 of major economies) to promote agricultural reform. By demanding that developed countries cut agricultural subsidies and tariffs, the G20 sought to make developing countries' agricultural products more competitive in the global marketplace, arguably the first time that developing countries had joined together to make strong demands on developed countries' agricultural policies.

India has also led developing countries to create alliances such as the G-33 (the Friends of Special Products in agriculture) and NAMA-11 (Non-Agricultural Market Access 11), in which the G-33 advocates that developing countries can classify certain agricultural products as "special products" (SPs), and thus obtain exemptions or lower tariff reductions in trade liberalization negotiations. This undoubtedly promotes an agenda in their own interest, together with other developing countries.

3. Brazil and India in Roha Round

In addition to its major contribution to the formation of the G20 Alliance of Developing Countries, Brazil filed a lawsuit with the WTO in 2002 alleging that U.S. subsidies to cotton producers violated WTO rules, which was also funded and legally supported by Brazilian agribusiness associations (such as ABRAPA and UNICA). In 2005, the WTO Dispute Settlement Body ruled for agricultural products, which undoubtedly marked the first time that a developing country had succeeded in challenging a developed country's agricultural subsidies, and the U.S. was therefore required to reform its cotton support program.

This case has greatly enhanced Brazil's position in international trade and enabled it to act as a “representative of developing countries” in solidarity with other developing countries, especially cotton farmers in West Africa. It can be said that this victory has not only brought direct benefits to Brazil's agricultural sector, but has also provided an example of how other developing countries can use the dispute settlement mechanism to advance their interests, encouraging them to take similar action in the WTO [4].

However, the benefits remained largely centered on Brazil's own agricultural interests and did not reach more cotton farmers in other developing countries, who did not gain much of substance in the

process. As Hopewell points out, the C-4 countries (Referring to Benin, Burkina Faso, Chad and Niger joined together in 2006 to form the “C-4” organization, which works to promote fair trade in the global cotton market) in West Africa were marginalized in the process [5]. Although the Brazilian government provided \$19 million in economic assistance to the C-4 and other African cotton producers, this appears to be dwarfed by the \$750 million in damages that Brazil received in the lawsuit and does not promote fairness and inclusiveness in the multilateral trading system.

It is certain that Brazil has enhanced its position and influence in international trade through active negotiation as well as litigation in the WTO. These endeavors have not only enhanced Brazil's international prestige, but has also given it more leverage in negotiations with developed countries. However, in line with realism's assertion of the primacy of national interests, the Brazilian government's strategy in dispute settlement also demonstrates that it prioritizes its own national interests rather than simply representing the common interests of developing countries more broadly.

One of India's notable contributions in the WTO was its success in influencing some of the issues in the Doha negotiations at the 2001 Doha Ministerial Conference, where India's leadership was particularly notable in opposing the initiation of negotiations on the Singapore issues and in facilitating the renegotiation of the unresolved implementation issues of the Uruguay Round. The Singapore issues, which were initially proposed at the Singapore Ministerial Conference in 1996, included four areas: trade facilitation, competition policy, investment and transparency in government procurement. Developing countries were concerned that, particularly in the areas of investment and competition policy, these issues could limit their autonomy in formulating domestic policies, thereby affecting their ability to protect their industries and promote economic development [6].

India and other developing countries opposed the initiation of negotiations on the Singapore issues and instead pushed for a renegotiation of the unresolved implementation issues of the Uruguay Round. According to Panagariya, India's high-profile performance in the final moments of the 2001 Doha Ministerial Conference was crucial in winning the clear consensus clause on the Singapore issues and enhancing its prestige among developing countries [7].

At the Cancún Ministerial Conference in 2003, India, Brazil and other developing countries further strengthened their position on Singapore issues by forming the G20 Alliance. The G20 formally emerged as a response to Northern countries such as the U.S.-EU, and demonstrated its commitment to the Doha Development Agenda and its goal of creating a fair and market-oriented trading system through fundamental reforms by advocating a framework proposal for an alternative to agricultural liberalization [8]. The G20 proposal involves specific reforms in the three pillars of domestic support, market access and export subsidies, which undoubtedly demonstrate the key interests of developing countries in agriculture.

With regard to non-agricultural market access (NAMA) for industrial products, India has taken a protectionist stance. According to da Conceição-Heldt, this is due to the fact that certain industrial sectors in India, such as the automotive, rubber and plastics industry sectors, are dependent on FDI, and that further reductions in tariff rates in the industrial sector may result in corresponding foreign competition [3]. Therefore, the position of the Government of India in the industrial sector is to maintain the current tariff rates in order to protect these non-competitive industries.

In contrast to the industrial sector, India has taken a relatively liberalized stance in the services sector. This is most likely due to the fact that the services sector is crucial to the Indian economy, especially the export of software and business services. Since the 1990s, India has reduced tariffs and trade barriers by removing industrial licenses and opening its markets to foreign investment, particularly in the IT and technology sectors. For example, the Indian government has supported the upgrading of temporary labor mobility and flexibility in areas such as health and education in the GATS (the General Agreement on Trade in Services, a multilateral agreement under the framework of the WTO, aims to regulate and promote international trade in services). Similarly to Brazil, the

Indian government's position in the WTO negotiations is far from being singularly pro-developing-country coalition, but also largely flexible in its use of double standards to protect its own interests.

4. China in WTO negotiation

In the Doha Round negotiations, the reform of the blue box policy (blue box policy is a concept in the WTO Agreement on Agriculture on domestic support, mainly referring to those direct payments under production restrictions) has become a focal point, and although it is considered to be less trade-distorting than the market price support and input subsidies in the yellow box, it still has the potential to have some trade-distorting effects. Many WTO members are therefore concerned that blue box policies may become a key instrument for distorting subsidies.

In the Doha Round, one of China's main influence contributions was its participation as a core member of the G20 and its promotion of the reform of the blue box policy. Specifically, China supported a strict limitation of blue box policies to achieve substantial reduction in trade-distorting domestic support. The main objective of blue box reform is to reduce trade distortions by cutting agricultural subsidies in highly subsidized developed countries such as the EU and the United States. For developing countries such as China, the reduction of these subsidies in developed countries would benefit them by improving agricultural competitiveness in international markets, increasing production and raising exports.

Specific proposals made by China in the negotiations include maintaining the 5 percent cap on the blue box policy, while calling for a reduction in the level of overall trade distorting support (OTDS) within the blue box policy. In addition, China has considered forcing highly subsidized members to further reduce their support through a tiered and coordinated reduction approach without reducing the Blue Box policy, for example, by adopting specific “90-80-70-60” or “80-60-40-20” formula [9].

Unlike Brazil and India, China does not seem to have begun to play a more significant role in WTO negotiations until 2008 [10]. This is most likely because against the backdrop of the global financial crisis that devastatingly hit most developed and new market economies in 2008, China realized that it was time to shift the focus of its economic development away from its ongoing export expansion strategy. In contrast, Brazil and India entered the core negotiating circle of the WTO after the 2003 Cancun Ministerial Conference and played a proactive role in the Doha Round.

Since China is both a major manufacturing exporter and has a large domestic agricultural population, it needs to find a balance between protecting its domestic market and promoting openness to the outside world when it comes to market access for industrial goods and agricultural subsidies. China became a founding member of the G20 along with other developing countries in the Doha Round, asking developed countries to liberalize agricultural trade, but at the same time facing the demands of its own economic development. As Gao puts it, it seems that it is difficult for China to take a clear position on its own interests in the negotiations [11].

China faces pressure in the WTO to reduce its agricultural subsidies to achieve a fairer trading environment. Although Chinese trade negotiators have stated that, as a developing country, China's subsidy policies are designed to support its large agricultural population, this position has not always been accepted internationally.

In particular, during the trade friction between the United States and China, the United States raised strong objections to China's agricultural subsidy policies, arguing that these subsidies gave China's agricultural products an unfair competitive advantage in the international market [12]. This dispute has forced China to weigh the protection of domestic agriculture against the promotion of opening to the outside world, and to try to negotiate a mutually acceptable solution. It can be seen that while promoting opening up, China must also be careful in handling the issue of agricultural subsidies to avoid triggering opposition and trade frictions in other countries.

5. Conclusion

In the Doha Round of WTO negotiations, Brazil, India and China, as the core representatives of emerging economies, not only fought for the key interests of developing countries in the global trading system, but also demonstrated their independent diplomatic negotiating power in the international arena. By confronting the United States in the cotton subsidies case, Brazil demonstrated its mastery of the multilateral dispute settlement mechanism, while at the same time consolidating its domestic agricultural interests. However, despite its symbolic solidarity with developing cotton farmers, Brazil's prioritization of interests reflects national self-orientation, with regional interests such as those of West Africa being marginalized in the game due to resource mismatches.

Similarly, India's strategy of parallel protection of industry and liberalization of services in the multilateral negotiations at the WTO not only reflects its fine-tuned consideration of priorities in different sectors of the economy, but also further ensures its competitiveness in the global market for services, while safeguarding its own fragile interests in the industrial sector.

China's position in the Doha Round is more complex, as it needs to reconcile the demands of its large agricultural population with the need for greater openness in the globalization process. As a core member of the G20, China has tried to demonstrate multilateral cooperation in pushing developed countries to cut agricultural subsidies, while at the same time having to strike a balance between preserving domestic market protection and deepening global engagement.

It can be said that the negotiation strategies of the three countries not only reveal the growth and limitations of developing countries' power in the multilateral framework, but also reflect the prioritization of interests and strategic compromises among countries. To be sure, by defending and advancing their respective interests in the multilateral system, Brazil, India and China offer corresponding lessons for further equality and inclusiveness of developing countries in the international trade landscape, both in positive and negative terms.

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