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THE G-20 : ITS ORIGIN, EVOLUTION, MEANING AND PROSPECTS

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Contents

Contents **3**
Tables **4**
Foreword **5**
Background to the Creation of the G-20 .... **6**
2 Origins of the G20 .... **8**
2.1 Reactions to the joint United States-European Union Proposal 8
2.2 The rise of the G-20 and the differences between their proposal and that of the United States and the European Union 10
I. Domestic Agricultural Support: August 2003 Proposals, US-EU and G-20 .... **10**
2.3 Chronology and factors contributing to the creation of the G-20 13
3. The Cancun Ministerial Conference and the G-20 .... **17**
4. The G-20 after Cancun **21**
4.1 From Cancun to the Framework of Geneva (September 2003 to July 2004) 21
4.2 The framework of July 2004 26
Reduce the Final Bound Total AMS in the range of […]% - […]%. Product-specific AMS shall be capped at their respective average levels during the period […]. 26
4.3 The G-20 after the July Framework 31
4.3.1 The G-20 Ministerial Meeting in New Delhi, March 2005 31
4.3.2 The G-20 Agenda for Hong Kong 32
4.3.3 The Process of Choosing the new WTO General Director and the G-20 37
5. Final Comments **39**
6. Bibliography **48**

Tables

Table 1 Domestic Agricultural Support: August 2003 Proposals, US-EU and G-20 **10**

Table 2 Market Access : August 2003 US-EU and G-20 Agricultural Proposals **11**

Table 3 Export Subsidies : August 2003 US-EU and G-20 Agricultural Proposals **12**

Table 4 Others : August 2003 US-EU and G-20 Agricultural Proposal **13**

Table 5 Domestic Support: Proposals of the Derbez Text and July 2004 *Framework* **26**

Table 6 Market Access: Proposals of the Derbez Text and the July 2004 *Framework* **27**

Table 7 Export Subsidies: Proposals of the Derbez Text and the July 2004 *Framework* **28**

Table 8 Others:Proposals of the Derbez Text and July 2004 *Framework* **28**

Table 9 Main Components of the G-20´s Agenda for Hong Kong **33**

Table 10 Trade Preferences-- a comparison of the AU/ACP/LDC position and the development of the G-20 position **45**

Table 11 Positions of the G-20 and G-33 in Special Products and Special Safeguard Mechanisms; development of the G-20 position **47**

Foreword

The Doha round of WTO negotiations is progressing with greater difficulty than many of the protagonists had hoped. It was already becoming apparent prior to the Cancun Conference (2003) and particularly in Cancun itself that many countries of the South were no longer prepared to accept the proposals negotiated by the world's most powerful states. The world's poorest countries, grouped together in the G-77, acted with astounding self-confidence. The great novelty of the Doha round, however, was the formation of the group that has come to be known as the G-20, set up on the basis of a Brazilian initiative in the run-up to the Cancun Conference.

Nelson Delgado and Adriano Soares have produced a detailed and well-informed study examining the emergence and development of the G-20. In their report, the authors note that the G-20 is a complex phenomenon that does not lend itself to oversimplified generalisations. The G-20 does not represent a new bloc of resistance to the ruling powers of the world economic order - the G-20 is too closely connected to the interests of free trade for that. The G-20 is not a rebellion against the WTO and its leading powers; what it wants to achieve is a change of emphasis and greater influence over the negotiations. Nor is the G-20 simply the attempt of countries previously confined to the status of also-rans to share at the top table with the most powerful negotiators. The authors put aside such a simplified interpretation in favour of a more sophisticated approach. They see the formation of the G-20 as a watershed moment, not just because it brings together the big players of the South (China, India, and Brazil) but also because it brings new considerations to the dynamics of the talks. The claim of the Doha Round to be a "development round" has been taken up by the G-20 and employed as a critical argument against the proposals of the USA and the EU. The hesitant dismantling of export subsidies for agricultural products has made the northern bloc more than vulnerable to such criticism.

The countries united within the G-20 certainly have their own conflicting interests. Brazil, as the biggest agricultural exporter, is primarily interested in expanded market access, while for India protectionist issues lie at the centre of its agricultural agenda. The particular achievement of the new group is in balancing such divergent interests; or at least in beginning to attempt to do so, for the G20 is certainly not a conflict-free zone and its future remains uncertain. The complex character of the G-20 sets it apart from alliances such as the Cairns Group, which aimed solely to represent the interests of agricultural export nations.

This study by Nelson Delgado and Adriano Soares distinguishes itself with an approach that takes the complexity and contradictions of the G-20 seriously, resulting in a sophisticated analysis that goes beyond mere praise or damnation.

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THE G-20 : ITS ORIGIN, EVOLUTION, MEANING AND PROSPECTS[1]

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Background to the Creation of the G-20

Any analysis of the Fifth WTO Ministerial Conference in Cancun, which was held on September 10-14th, 2003, and of the creation of the G-20 itself – which was one of the most important outcomes of that Conference – should begin with what is referred to as the "Doha Mandate", established in the Ministerial Declaration of Doha, Qatar, in November 2001. This mandate represents a commitment, previously established by the WTO member countries, to govern the direction of the international negotiations to be conducted at Cancun, a commitment that was eventually to be used as a powerful political weapon by the developing countries, particularly by the spokesmen for the G-20.

Concerning agriculture, the Ministerial Declaration states in paragraph 13: "we commit ourselves to comprehensive negotiations aimed at: substantial improvements in market access; reductions of, with a view to phasing out, all forms of export subsidies; and substantial reductions in trade-distorting domestic support. We agree that special and differential treatment for developing countries shall be an integral part of all elements of the negotiations (...), so as to be operationally effective and to enable developing countries to effectively take account of their development needs, including food security and rural development. We (...)confirm that non-trade concerns will be taken into account in the negotiations as provided for in the Agreement on Agriculture." (WTO, 2001).

Thus, with respect to agricultural negotiations, the Doha Mandate expressed a clear commitment for the WTO member countries to reduce **all** forms of export subsidies, with a view to their progressive **elimination**. As for the two pillars of international agricultural negotiations, as sanctioned in the WTO Agreement on Agriculture, the commitment, although more tenuous, affirmed the need for "**substantial** improvements "in access to markets and for "**substantial** reductions" in domestic support measures which cause distortions in the international market.

It mentions also that preferential treatment for "developing" countries will be a key part of the negotiations, with a view towards duly considering their needs for food security and rural development.

This means that, in spite of the fact that the demands of the developing countries in this area were not fully addressed in the "Doha Mandate", it nonetheless became an unequivocal **political mandate** to push for the implementation of the agreed commitments,

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[1] We would like to thank Flavia Antunes and Alexandre Aldor for their help in gathering documents and other information and in transcribing the interview tapes. May 2005.
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[3] Director for the Americas Region at Action Aid International and Thematic Coordinator for the Right for Food

and it became recognized as such by the different players on the stage of international trade negotiations on agriculture.[4]

Thus, beginning with the Doha Ministerial Conference, pressure arose in the international political scene for the support of the so-called **Doha Development Agenda**, as is manifest by the various claims that measures adopted by the rich countries were incompatible with this agenda, and the recurring argument of the NGOs and developing countries that the negotiation proposals of the developed countries did not reflect the agenda for development established at Doha.

However, the United States and the European Union continued to act as though the political mandate and "development agenda" of Doha did not exist. First, in approving the new American farm act (Farm Security and Rural Investment Act of 2002) in May 2002, the president of the United States substantially increased domestic subsidies for agricultural products, notably for cotton, wheat, corn, soy beans, rice and sorghum, particularly significant for those states which were critical in national elections. MITTAL (2002) commented ironically: " at the WTO Ministerial in Doha, Qatar, in November 2001, the United States reconfirmed its anti-subsidy position. But, only six months later, it gave a generous 80% increase in support for its farm sector, in an act that would make even the Europeans blush".

In June 2003, it was the European Union's turn to ignore the Doha Mandate, when, in reforming its Common Agricultural Policy, which, besides being late, maintained export subsidies at a high level and succeeded in de-linking from production volume a large part of the subsidies behind exports to the EU, classifying such subsidies in the Green Box and significantly reducing the Blue Box. With respect to market access, there were no meaningful changes. The Union's lack of ambition to modify the Common Agricultural Policy to fit the " development agenda of Doha" was one of the most notable and commented upon characteristics (SOARES, 2004, pages 36-38).

Secondly, neither the United States, nor the EU, made any meaningful effort to approve a document of "modalities", which would govern the ongoing agricultural negotiations scheduled for the September 2003 WTO Ministerial Conference in Cancun.[5] The inability of the WTO member countries to agree-in the special sessions of the Agricultural Committee, which were specifically held for this purpose-on the modalities for agricultural negotiations by March 31st, 2003 (as stated in the Doha mandate) was considered a violation of the mandate itself[6]. This situation accentuated the existing tensions between the

[4] For more details, see SOARES (2004), chapter one.

[5] The "modalities" are documents that outline the protocol for negotiations and define objectives and goals, both quantitative and non-quantitative. They define the methodology and the objectives of the negotiation, as well as the extent and the intensity of the process, and the form and depth of the results to be obtained. It should be noted that the level of ambition in negotiations, which are governed by a modalities document, is much higher then when the parties present only so-called frameworks, which do not state quantitative goals but only general elements, which the parties feel, should direct the negotiations. Because it was not possible to negotiate a modalities document, the Ministerial Conference at Cancun was preceded by the presentation of a frameworks proposal by the US-EU jointly, and then one by the G-20 in response, as we shall see later.

[6] A more detailed account of the failure to negotiate modalities for agriculture can be found in SOARES (2004), Chapter 2..

United States, the EU, and the developing countries in the WTO, because it appeared that only with great difficulty would the agricultural protectionist block be broken up and would a development program, which satisfied the Doha Mandate, be implemented, thus alleviating some of the imbalances in the relations between the richer and the poorer countries, which were so pointedly sanctioned in the agreements established in the Uruguay Round and in the creation of the WTO.

2 Origins of the G20

2.1 Reactions to the joint United States-European Union Proposal

After June 2003, when the negotiations on the agricultural modalities broke down, negotiations, both formal and informal, to further what was established in Doha, intensified in Geneva. There was a "mini-ministerial", held on June 21-22 at Sharm-El-Sheik in Egypt, but without any results, owing to the delay in the announcement by the EU of the changes to its Common Agricultural Policy. The EU member countries only reached an agreement on June 26th, when the reforms were announced. At this time, there were increased expectations that the mini-ministerial in Montreal, Canada, at the end of July 2003, would move the agricultural negotiations forward. But what actually happened was the outright abandonment of the idea to arrive at full modalities. As a result, while in Montreal, several countries – including Brazil, according to interviews with the Brazilian negotiating team – requested that the United States and the EU search for a common position on agriculture to make it easier for the negotiations to get started.[7]

Thus, the United States and the EU began a series of bilateral meetings in order to try to reach a common position for a proposal for agricultural negotiations. The joint US-EU proposal was announced on August 13th. The reaction to the proposal was very negative, in that it was seen to be an attempt to reconcile the positions of the two big powers, acknowledging the issues sensitive to each, while not paying the slightest attention to the commitments assumed in the Doha Mandate and its development agenda. With this in mind, the joint proposal had its objectives for market access limited by European sensitivities, its objectives for domestic support reduction constrained by American sensitivities, and its objectives for export subsidy elimination limited by the issues sensitive to both the USA and EU. Moreover, the joint US-EU text created a new category of developing country (an act which could be interpreted as an attempt to divide the developing countries), called "significant net food exporting countries" or "SNFECs", for which the requirements for preferential treatment should be modified.

The reactions to this proposal were immediate. Several countries expressed their dissatisfaction with the discarding of the essential points of the Doha agenda and the feeling that the United States and the EU not only were not making any new concessions to the developing countries, but were presenting a decidedly anti-development posture, in a politically arrogant manner for a negotiating round which had been announced as a"development round". As Brazil's Foreign Relations Minister, Celso Amorim stated later (AMORIM,2003/2004, page 29), "the deal between Brussels and Washington constitutes a

[7] See SOARES (2004), Chapter 2.

step backwards, which, if accepted by the rest of the countries would result in an unjustifiable sacrifice of the objectives of the Round, including its fundamental theme" (proposal for reform).

At an informal meeting of the agriculture delegation heads on August 14th, 2002, the Brazilian ambassador, Seixas Correa, gave an evaluation of the joint US-EU proposal, in which he lamented the fact that the pursuit for full modalities (including timeframes and specific formulas) had been dropped, further asserting that the proposal fell well short of the Doha Mandate.[8] According to the Brazilian ambassador:

1) With respect to domestic support, the US-EU proposal once again is limited to a reconciliation of the differences between the two great powers: the Blue Box is resuscitated, and there is no mention of regulating the Green Box;
2) With respect to market access, the Brazilian position disagrees with: a) the suggestion to increase tariff quotas, with minor cuts in tariff rates as compensation and b) the maintenance of the "special safeguard" (Article 5 of the Agriculture Agreement);
3) With respect to subsidies, the Brazilian position differs from the US-EU approach to export subsidies, as Brazil reiterates its support for the elimination of all export subsidies;
4) Brazil expressed its indignation with the proposal to review the applicability of preferential treatment for "significant food exporting countries", pointing out that it has also no basis in the Doha development agenda , or even in the rationale of the WTO itself. [9]

The Brazilian representative concluded: "in view of the technical, political and conceptual problems that I have pointed out, Brazil will have great difficulty in considering the joint text, in its present form, as a basis for the Doha agricultural negotiations."

Social organizations were also quite critical of the joint American/European proposal. The organization TWN (Third World Network) took a hard line, pointing out that the joint proposal simply tried to reduce the differences between the two great powers, disregarding completely their multilateral obligations. The proposal basically ignored the imbalances existing in the Agreement on Agriculture, refusing to recognize the need to correct them, as well as discrediting the commitment to give preferential treatment to developing countries.

TWN (2003) also stated: "the objective of the joint US-EU text appears to be the perpetuation of their protectionist practices and the promotion of their agricultural sectors, rather than reforming the global agricultural system, for the benefit of developing countries, or of the system itself." As a consequence, the TWN supports the non-acceptance of this proposal as a basis for agricultural negotiations, and suggests that the developing countries present their own proposal of modalities.

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[8] MRE (2003),pages 4-6

[9] The Brazilian ambassador asked: "what is the legal or institutional basis that the proponents have to establish such a category?"(MRE, 2003) page 5.

2.2 The rise of the G-20 and the differences between their proposal and that of the United States and the European Union

On August 20th, 2003, a group of 17 countries – three more countries were added to the group in later days – presented another framework proposal to direct the agricultural negotiations, as an **alternative** to the joint US-EU proposal. This group, which came to be known as the G-20 , consisted of the following countries: South Africa, Argentina, Bolivia, Brazil, Chile, China, Colombia, Costa Rica, Cuba, El Salvador, Ecuador, The Philippines, Guatemala, India, Mexico, Pakistan, Paraguay, Peru, Thailand and Venezuela. Its proposal was generally very well received by the delegations of several of the developing countries, as well as by the developed countries that were part of The Cairns Group.[10]

The starting point of the G-20 position was, in the first place, a response to the position of the United States and the EU, specifically that the G-20 would not negotiate the points contained in the joint proposal, and secondly, the confirmation of commitment to the mandate and the development agenda of Doha. Thus, the G-20 text can be regarded as an alternative text, whose objective is to obtain greater commitments on the part of developed countries to the Doha mandate.

We present below a comparison of the framework proposals of the US-EU and the G-20, showing the main differences between them. [11]

I. Domestic Agricultural Support: August 2003 Proposals, US-EU and G-20

US-EU Proposal	G-20 Proposal
Reduce the most trade-distorting domestic support measures in the range of [] %	(i) Reduce all trade-distorting domestic support measures in the range of []% - []%, on aproduct specific basis. The difference between the upper and lower limits shall be no greater than [ ] % points. Products which benefited from levels of domestic support, above the average**,** during the period [....] shall be subject to the upper levels of reduction Regardless of the percentage reduction applied in each case, a first cut of not less than [%] of such reduction shall be applied to all trade distorting domestic support measures within the first 12 months of the implementation period. (ii) For products benefiting from domestic support which are exported and which have accounted, on average over the last [...] years, for more than [%] of world exports of that product the domestic support measures shall

[10] As a reminder , The Cairns Group is composed presently of the following countries: Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Fiji, The Philippines, Guatemala, Hungary, Indonesia, Malaysia, New Zealand, Paraguay, Thailand and Uruguay. Of these 18 countries, 10 joined the G-20.

[11] Based on SOARES(2004), Exhibit 3, pp. 48-53

	be subjected to the upper levels of reduction, with a view to elimination.
Continuation of the Blue Box with some new criteria.	Elimination of the Blue Box (elimination of Article 6.5 of the Agreement on Agriculture).
Reduction of ( ) % in the *de minimis* (Article 6.4 of the Agreement on Agriculture)	Reduce *de minimis* by [ ]%for developed countries The sum of AMS support and *de minimis* shall be subject to a cut of at least [ ]%
No mention of the Green Box (status quo maintained)	Green box direct payments (paragraphs 5 to 13 of Annex 2 of the AoA) shall be, as appropriate, capped and/or reduced for developed countries. Additional disciplines shall be elaborated and agreed upon
	Broadening of the exceptions for developing countries for rural development (The scope of art. 6.2. of the Agreement on Agriculture shall be expanded, so as to include focused and targeted programmes.)

Note: the symbol ( ) indicates a numerical value to be agreed later.
Sources: WTO Document Job (3)/157 Joint EU-US Paper and WTO Job (03)/162 Agriculture – Framework Proposal www.wto.org

II. Market Access : August 2003 US-EU and G-20 Agricultural Proposals

US-EU Proposal	G-20 Proposal
Blended formula for all countries, as follows: a) ( )% of tariff lines subject to ( )% average cut with a minimum cut of ( )% , for lines sensitive to imports, market access to be guaranteed by a combination of tariff reductions and tariff quotas; b) ( )% of tariff lines subject to the Swiss formula with a coefficient of ( ); c) ( )% of free access tariff lines.	Blended formula for the developed countries , as follows: a) ( )% of tariff lines subject to a cut of ( )%. To combat escalating tariff, a coefficient of ( ) to be applied to the tariff of a processed product, to be greater than for non-processed product; b) ( )% of tariff lines subject to the Swiss formula with a coefficient of ( ); c) ( )% of free access tariff lines. The average cut for the first two items above should be no less than ( )% and substantially greater than the average cut for the first item.
For tariff lines which exceed a maximum of ( )% , the countries should reduce them back to the maximum or provide for market access through tariff and quota reductions.	For tariff lines which exceed a maximum of ( )% , the countries should reduce them back to the maximum.
Maintain the special safeguard for	Eliminate the use of special safeguard for

developed countries.	developed countries.
The developed countries should provide access to their markets of a minimum of ( )% of products from developing countries through a combination of Most Favored Nation approach and preferential access.	Free access for tropical and other products.
Special safeguard for developing countries in sensitive tariff lines.	Special safeguard for developing countries in sensitive tariff lines; range of which to depend on impacts of access.
Developing countries to benefit from preferential treatment including smaller tariff reductions and longer implementation terms.	Developing countries to benefit from preferential treatment including smaller tariff reductions and longer implementation terms, and by the establishing a Special Products category. The formula for developing countries tariff cuts to include: a) all the tariff lines subject to an average cut of ( )%, with a minimum of ( )%; b) no commitments to further expanding the tariff reductions and quotas.

Notes and Sources: as before

III. Export Subsidies : August 2003 US-EU and G-20 Agricultural Proposals

US-EU Proposal	G-20 Proposal
Strive for parallelism (that is, commitments for reductions should be established in a way coordinated with different areas of export support) between export subsidies, export credits, and food aid.	No use of parallelism.
Members commit to eliminate in ( ) years export subsidies in the following products of special interest to the developing countries: ( ) . For the rest of the products, there will be quantitative and budgeted reductions.	Members commit to eliminate in ( ) years export subsidies in the following products of special interest to the developing countries: ( ) .The members commit to eliminate in a period of ( ), years export subsidies for the rest of the products.
Distorting components of export credits in the above listed products will be eliminated. Disciplines will be applied to prevent trade flow shift caused by food aid and state company regulation.	Export credits, insurance and guarantee programs, and food aid programs should be disciplined.

Notes and sources : same as before

IV. Others : August 2003 US-EU and G-20 Agricultural Proposal

US-EU Proposal	G-20 Proposal
Concerning preferential treatment, the disciplines should be modified for developing countries that are "significant exporters of food".	No differentiation among developing countries. Consideration to be given to the erosion of the preferences and interests of the LDCs and new members.

Notes and sources : same as before

In addition to the attempt of the US-EU to divide, as respects preferential treatment, the group of the so called developing countries, and the demand of the G-20 to establish a category of special products for developing countries for market access, the principal differences in the two positions were in the pillars of (1) **domestic support**, where the G-20 suggested a reduction in all domestic support measures (not just the measures which caused the most distortions), the elimination of the Blue Box and the reform of the Green Box (which remained basically unchanged in the US-EU proposal), a reduction in the *de minimis* only for the developed countries, and a broadening of the exceptions for the developing countries, in order to support policies favoring rural development in those countries; and (2) **export subsidies**, where the G-20 proposed the elimination of export subsidies for **all** products, and not just for those products "of particular interest to developing countries", as in the joint US-EU proposal. The G-20 position on the elimination of all export subsidies is considered, almost unanimously, as the most striking and unifying feature of the group, to the point where the Brazilian negotiators considered the G-20 to be an alliance of countries against agricultural subsidies.

2.3 Chronology and factors contributing to the creation of the G-20

Since the GATT Uruguay Round, which began in 1986 and gave rise to the WTO, Brazil participated in the process of international agricultural negotiations as a member of the so-called Cairns Group, which was a group of both developed and developing countries, which were net agricultural food product exporters. The main negotiating objective of the group was to liberalize the agricultural trade, with particular attention given to accessing the markets of the United States and the EU. Due to its centrist characteristics, the sustaining social base of The Cairns Group was the agribusiness interests in those countries. These interests have had a growing influence on Brazilian policy in the WTO, both in the 1980's and during the Fernando Henrique Cardoso administration. This position kept Brazil – at least throughout this period – apart from India and other developing countries, which supported the position that market access was a much less relevant issue; rather, they strongly emphasized the reduction of domestic support in the United States and the EU, the creation of "flexibilities" through preferential treatment, in order to implement policies for development, and the fight against rural poverty and food security.[12]

[12] One such proposition which was discussed in the Committee on Agriculture was the creation of a "Development Box" or "Food Security Box". For more details on this proposition, see, for example, DELGADO and MALUF (2002).

With impasses arising in the Committee on Agriculture in the process of producing a document of modalities, some initiatives were taken in March 2003, which turned out to be important for the formation of the G-20 in August. [13] First, when the document pertaining to market access, signed by 75 countries (including the EU, India and many developing countries) was presented, the Brazilian representatives in Geneva began to fear that, what was possibly emerging here was the beginning of a powerful protectionist bloc, led by the EU and with the participation of various developing countries, including India, which had traditionally been an important player in international trade negotiations since the creation of GATT.

This perception apparently brought on, in the opinion of some diplomats, a shift or change in the position of Brazil, which decided that it was necessary and that it should prepare itself to eventually bring its position closer to that of India, despite the Indian position in the modalities debate, a position which was quite critical of what it considered an "excessive ambition" for market access on the part of some countries which would benefit only exporting countries. As a result, the Brazilian representation in Geneva researched Indian agriculture, in order to assess the impact on Brazil, should the Indian proposals about safeguards and special products for developing countries be adopted. The conclusion reached was that market access concessions for developing countries would not lead to increased costs for Brazil, so that, essentially, "our export interests would not be affected."[14] This position of the Brazilian representation in Geneva – emphasizing that market access concessions to developing countries would not harm Brazil's export interests, and supporting the position that special attention be given to the pillar of subsidies - was accepted by the government in Brasilia.

According to the opinion of one of the diplomats interviewed, Brazil's decision to change its position as a traditional member of The Cairns Group, with the agreement and backing of the Brazilian agricultural industry, to one of a protagonist and leader in the creation of the G-20 can be attributed to three main factors: (1) the fact that the country was a *global trader* and had achieved an image, both internal and external, in The Cairns Group, of excellent technical and political consistency towards substantive reform of the WTO Agreement on Agriculture; (2) the circumstances of the negotiating process, which, with the launching of the joint US-UE proposal, indicated the possibility of joint action on the part of these two players to isolate Brazil and neutralize The Cairns Group[15] ;(3) the change in Brazil's government which, although it did not significantly change the country's action path, served to reconfirm that Brazil would be an assertive and bold force in the WTO agriculture negotiations.[16]

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[13] Our description that follows is based on interviews conducted with diplomats by Adriano C. Soares in conjunction with his Masters thesis (SOARES, 2004, Chapter III)

[14] According to a diplomat interviewed in SOARES (2004), p. 93 b.

[15] At this point, Brazilian minister Celso Amorim stated afterwards: "it foreshadowed the re-issuance of the Blair House agreement…the occasion was helpful in breaking up the traditional "bi-polar" dynamic of the GATT/WTO system, whereby the pre-negotiated agreements between the Americans and the Europeans became inevitable consensuses". (AMORIM, 2003/2004, p. 32)

[16] Brazilian diplomat interviewed by one of the authors in December 2003. Later, while in Cancun, minister Amorim, in a meeting with Brazilian NGOs, observed: " Between Cairns and India, we will stick with India" (Cancun notes from one of the authors)

The country's new spirit was certainly founded on the determination of the Lula government to promote a greater link with the developing countries, particular those of major regional importance (such as South Africa, China, India, and Russia). And this appeared to be confirmed by the President's trips to South Africa, India, and China, soon after he took office, and by the G-3 (Brazil, South Africa, and India) Foreign Ministers' Summit Meeting held in Brasilia in May 2003.

Elsewhere, the stake which Brazil's agribusiness leaders had in the exclusively liberalizing strategy of The Cairns Group, appeared to be at greater risk, with the launching of the joint US-UE proposal. The apprehension with which the Brazilian agribusiness sector regarded the softening of the traditional Brazilian approach to market access led to initial resistance, on the part of some of the agribusiness players, to the formation of the G-20. However, at least part of the private sector—despite its inherently liberalizing posture—came to realize that the desire for market access should be more flexible to make viable the alliances needed to confront the retrogression inherent in the American and European proposal. Thus, the agribusiness leaders ended up supporting the G-20, and were represented at the Cancun negotiations by the Minister of Agriculture (SOARES, 2004, pp. 102-104).[17]

With an open dialogue established between Brazil and India, the Brazilian negotiators sought to bring Argentina into the process immediately, because they perceived they could not conduct this effort alone, and also in order to gain credibility among the proponents of trade liberalization, both inside and outside of Brazil.[18] The Argentine presence was considered so important that the negotiations with the Indians for the development of an alternative *framework* began with a proposal developed by Argentina. According to a diplomat interviewed, once the proposal had been worked up, the Indian representative sought out a high ranking Chinese official and thus brought China into the group. And, from this point, the Brazilian negotiators convinced the Latin American participants to join the group. Afterwards, other countries came into the group, and on August 20th, 2003, the 17 country agricultural framework was presented. Three more countries were added to the group—during the long preparation period from Geneva to the Cancun Conference—which thus became known as the G-20.[19]

[17] It should be noted that since 2002 some agribusiness leaders came to recognize and alert their peers to the fact that The Cairns Group strategy was materially weakening. A case in point is that of Pedro Camargo Neto—ex president of the Brazilian Rural Society and Trade Secretary in the Ministry of Agriculture—who in a paper published that year (CAMARGO NETO, 2002) said that simultaneous progress in agricultural reform in the three pillars (market access, domestic support, and export subsidies) would be virtually impossible; and that he supported the view that the focus of agricultural negotiations should be on the accelerated elimination of all export subsidies. His conclusion was premonitory: "(a) the priority for the accelerated elimination of export subsidies should find ample support from countries which do not use export subsidies.. Brazil should lead a meeting for countries potentially interested in joining forces for such a strategy".

[18] According to the diplomat interviewed: "This coalition, this exceptional circumstance of having the governments of Brazil and Argentina as allies, is a factor, which perhaps is just as important as the change in government in Brazil. I think that these two things have to be considered together".

[19] Note how Minister Amorim, coordinator of the G-20 and its spokesman at Cancun commented on the formation process: " from a small nucleus, consisting of Argentina, Brazil, and India, came a proposal which closely resembled the structure (but not the contents, obviously) of the joint US-UE document. The key issue in the preparation for negotiations was reaching a consensus on preferential treatment in the area of market access, where the defensive positions of the Asian developing countries, such as India and China, needed accommodation. But an important unifying element from the beginning was the repudiation of the damaging effects caused by distorting trade subsidies." (AMORIM, 2003/2004, p. 32)

The main factors behind the creation of the G-20 can be summarized as follows (SOARES, 2004, pp. 109-110):

1. In the domestic arena:

(a) The intention of the Lula government to align with the leading regional developing countries and the renewed political spirit of the country fostered a political climate conducive to the decision, unprecedented in WTO history, for Brazil to lead an alliance of developing countries which could draw up and defend an alternative proposal to what was put forth by the United States and the European Union.

(b) This proposal did not alter the hard core of the traditional Brazilian position (market access, reduction of domestic support measures, and elimination of export subsidies), nor did it go against the agribusiness interests that supported it. But it was more flexible, and shifted the emphasis from the first pillar to the other two; and allowed new points of interest (preferential treatment, rural development, and family agriculture) to be added to the Brazilian position, although they carried little political weight.[20]

2. In the international arena, three things should be pointed out:

(c) the presentation by the United States and the EU of a framework proposal, which ignored the Doha mandate and its development agenda, and their refusal to negotiate it;

(d) the inability of the Cairns Group to develop a proposal offering a political alternative to the joint position of the US and EU;[21]

(e) The decision of Brazil and India to start a dialogue which would lead to an alternative proposal which, by making their original positions more flexible, would bring together the leading regional developing countries.[22]

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[20] Under the Lula government, family agricultural organizations came to have greater access to information and to the official spheres of agricultural negotiations, joining up with NGOs and research organizations to follow such negotiations and have an impact on them. The role of the Agricultural Group REBRIP (Brazilian Network for the Integration of the People) created in 2002 was outstanding in this regard. The presence of the Minister of Agrarian Development in the Brazilian delegation in Cancun and his active participation there contributed to a more friendly attitude on the part of the family agriculture organizations and NGOs towards the G-20.

[21] Minister Amorim endorses this assessment: " The Cairns Group…showed hesitation in countering the new agreement of the big parties" (AMORIM, 2003/2004, p.32). Evidently, the willingness of Canada and Australia to discuss the joint US-UE document further isolated The Cairns Group from the rest of the developing countries, who were very irritated with the position presented. (interview with a Brazilian diplomat in 2003).

[22] We need to remember that the emphasis of the initial G-20 proposal was on the elimination of export subsidies and the substantial reductions in domestic support, issues on which the interests of its members were united in a solid and unequivocal way. Concerning market access, the G-20 proposal had to reconcile the "offensive" interests -- particularly of Argentina, Brazil, and the rest of The Cairns Group members who joined the G-20—with the more "defensive" interests, like those of India. The same occurred with respect to preferential treatment, especially in the area of special products, where India and Pakistan wanted stronger language, while Argentina wanted more subtle language.

There are two other important observations to be made: (i) if the United States and the EU had not made the political mistake of arrogantly launching an anti-development proposal, completely out of step with the intentions of the Doha mandate, it would have been difficult for the G-20 to have been formed;[23] (ii) the G-20 proposal assumed status as a powerful and legitimate rhetoric, because of its demand for full conformity to the reform mandate and development agenda of Doha.[24]

3. The Cancun Ministerial Conference and the G-20

We begin our discussion by considering the initial proposal for the Cancun ministerial declaration, prepared by the ambassador of Uruguay, Carlos Perez del Castillo, President of the WTO General Council. He delivered his presentation in Geneva on August 24th, 2003, for the purpose of overcoming the impasse, created by the presentation of two alternative framework proposals, one by the United States and the EU, the other by the G-20, and enabling the Cancun negotiations to get underway[25] .

Despite being announced as highlighting the points of convergence in the two proposals, Perez del Castillo's text was intensely criticized by the developing countries, particularly those in the G-20, for two main reasons. First, with respect to agriculture, the document reflected basically the contents of the US-UE proposal, almost entirely disregarding the G-20 text. Participating in the informal session of the General Council on the 25th of August, the Brazilian representative, ambassador Seixas Correa, declared that Castillo's proposal was incompatible with the Doha mandate on agriculture, since "it did not require what is necessary from the developed countries, who represent the major sources of distortion in world agricultural trade" (MRE, 2003, p. 24)[26] .

Secondly, Perez del Castillo's document included four annexes, which addressed individually the so-called Singapore themes, namely trade and investment, competition and

[23] As another diplomat expressed in an interview:" they didn't leave us any alternatives. In making that joint proposal, they were saying the following: it remains for you to toughen up, basically that was it…their offhanded ness helped us a lot…we reached a point where non negotiation looked better than a very bad negotiation". And it was probably such a set of circumstances that explains how it was possible to form the G-20 so quickly (one week). According to the same diplomat—and this had to be the prevailing view of the majority of the developing countries at that time—if the joint US-UE proposal had been accepted, the process for agricultural reform would have been set back some 15-20 years.
[24] According to Minister Amorim, "the distinctive mark (of the G-20) from its inception was its firm commitment to the direction of agricultural reform in the Doha mandate". He added later: " the G-20+ heard an echo in public opinion, not for criticizing the WTO, but rather for its defense of the mandate of the Doha Declaration and of a liberalizing and reformist agenda". (AMORIM, 2003/2004, page 31-32).
[25] Our analysis here is based on prior works, SOARES (2004) and SOARES and DELGADO (2004), which can also be consulted.
[26] Castillo's text is virtually the same as the joint US-UE proposal with respect to the pillars of market access and export subsidies. Concerning domestic support programs, it is more conciliatory. It follows the American-European document with respect to the reduction of aggregate support measures and the maintenance of the Blue Box, while approaching the G-20 document relative to the reduction in the *de minimis* and the exemption of the developing countries from this reduction. SOARES (2004) provides a more detailed comparison of the three proposals.

trade policy, transparency in government procurement programs, and facilitation of trade.[27] According to Amorim (2003/2004, p 30) the document "included a proposal, presented at the eleventh hour, by Japan, South Korea and the EU", explicitly introducing these highly controversial items into the negotiating agenda for Cancun, even though there was no previous agreement, among the member countries, for this, and despite the fact that there existed strong, open opposition, on the part of the developing countries, particularly those in Africa and Asia, to the intention of the developed countries to include them. With this "surprise", the developing countries' view that the Perez del Castillo text was highly partial to the developed countries was reinforced.

As a result of this assessment, Brazil did not accept the Perez del Castillo text for use as a basis for any aspect of the negotiations in Cancun, and the G-20 requested that its *framework* proposal be also circulated as an official document at the Ministerial Conference.

With these impasses in place, the Fifth WTO Ministerial Conference began in Cancun, Mexico, on September 10th, 2003, and was concluded on the 14th of that month by its president, the Foreign Relations Minister of the host country, Luis Ernesto Derbez. The negotiations began in a troubled atmosphere, both inside and outside the Convention Center, among throngs of NGOs, journalists, activists from social movements, business representatives, as well as the official negotiators (ministers and diplomats) from the 148 member countries.

After the initial speeches and statements had been delivered by most of the ministers present, president Derbez nominated ministers as moderators for the discussions among the diverse countries and groups in the five subject areas of the negotiations: agriculture, access to non-agricultural markets (NAMA), development issues, the Singapore themes, and other issues (SOARES & DELGADO, 2004, p.15). Concerning the agricultural negotiations, Minister Derbez, apparently accepting the G-20's request, declared that the conference would not have just one base document, but would consider the three existing documents, resisting, according to AMORIM (2003/2004, p. 30), "strong insistence (especially by the United States)" that the Castillo text be used as the official point of reference for the negotiations.

After this came the informal, discussion meetings conducted by the moderators. At the same time, the "game" of exerting political pressure to disrupt the alliances of the developing countries, commenced. There were complaints of pressure from the United States on the Central American countries to back out of the G-20, as well as from the European Agricultural Commission on African countries, in an effort to prevent the formation—the negotiation for which was underway at the conference—of a coalition of countries, consisting of the African Union, the ACP (Africa, Caribbean, and Pacific) and the LDCs (less developed countries) (SOARES & DELGADO, 2004, p. 15). These pressures were evidently unsuccessful, although they increased enormously the tension and rumors in the Convention Center. But the G-20 held together, and was an effective

[27] They were called the Singapore Themes because they were first introduced at the WTO Ministerial Conference held in Singapore in 1996.

protagonist at the Conference. The coalition was formed in the end, becoming known as the "G-90", and had a significant influence on the outcome of the Conference[28] .

In addition to the meetings conducted by the moderators, the G-20 participated in ministerial level meetings with the EU, the United States, and, eventually, with both, in an effort to overcome the negotiating impasse which had arisen before the Conference. But this did not happen (AMORIM, 2003/2004, p. 30). In this environment of disputes, consultations, and the inability to find solutions, the Conference President decided to present, on the afternoon of September 13th, with the Secretary's backing, a new draft version of the Ministerial Declaration, which sought to serve as a starting point for obtaining the closing document of the Cancun Conference.

The Derbez document was roundly criticized by most of the delegations and represented a new frustration for the G-20 and G-90, in that it reiterated, with some changes, the narrative and contents of the first Ministerial Declaration draft prepared by Perez del Castillo. Concerning agriculture, according to the G-20 coordinator, Minister Amorim
"the countries most interested in agricultural reform regard the paragraphs on the subject, although incorporating some of the features requested by the G-20, as still quite unsatisfactory". (AMORIM, 2003/2004, p. 30).

In reality, the Derbez text—like Castillo's—contained very weak commitments in the three pillars, requiring only a minimum of concessions to be made by the developed countries, and so could be easily characterized as a distortion of the Doha mandate agenda. Of note, the text maintained: the possibility of prolonging the Peace Clause—in an even stronger form than had been proposed by Castillo—the continuation of the Blue Box, the market access proposal made by the US-EU, and non-elimination of all export subsidies, but just for products listed for that purpose. By way of compensation, it introduced some changes to the Castillo text, along the lines of what the G-20 had proposed, as, for example, the coefficient for restricting escalating tariffs, the mechanism for restricting domestic support for specific products, and the revision of the Green Box criteria.[29]

Despite all this, the G-20 did not reject the Derbez text outright. According to Amorim (2003/2004, p. 30), its members "(a) pointed out its shortcomings and, in reality, prepared themselves…for what was shaping up to be a long and difficult negotiation." Nevertheless, the soup was spilled, as it were, and as Amorim himself said, by the treatment of the Singapore themes in the Derbez text. The draft not only maintained these themes as subjects for negotiation at the Conference, but advanced them further than the Castillo text. It removed all the "hang-ups" that remained, and proposed an agreement on modalities which should be adopted by the General Council, for negotiation on investments (which corresponded to a multilateral *framework* of investments) and decided to start negotiations on government procurement and facilitation of trade, using as a starting point the modalities suggested in annexes D and E, respectively, of the Castillo text.(SOARES & DELGADO, 2004, p. 16).

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[28] In one of the meetings of the Brazilian delegation in Cancun, Minister Celso Amorim stated very clearly that the global strategy of Brazil was founded on two pillars: (1) without agriculture, the negotiations do not go forward, and (2) to keep the G-20 together (one of the author's notes from Cancun).
[29] For a more detailed comparison of the Castillo and Derbez texts, see SOARES (2004).

The African and Asian countries reacted to this vigorously and with indignation. The Derbez text disregarded entirely the declarations of more than 70 developing countries against the initiation of negotiations on the Singapore themes (AMORIM, 2003/2004, pp. 30-31; KHOR, 2003). Many developing countries—especially the G-20 and the G-90—were openly critical of both the agricultural issues, where the substantial concerns of the developing countries were ignored, and also of the premature and illegitimate launching of negotiations on the Singapore themes.[30] Most of the international NGOs rejected the Derbez proposal as inadequate and inconsistent with the Doha mandate, challenging the process of how the document was prepared. On the other hand, the United States and the EU reacted favorably. The United States considered the document constructive, and the European Union, despite some provisions which crossed "certain red lines" which the EU had established, said that it was prepared to use the document as a basis for negotiations at the Conference (SOARES & DELGADO, 2004, pp. 17-19).

After the intense criticism directed to his document by several developing countries, including the G-20, President Derbez arranged meetings with select groups of countries in order to try to overcome the impasses in the time remaining until the end of the Conference. Virtually no progress was made (KHOR, 2003, and SOARES & DELGADO, 2004). That being the case, he then called for a meeting with 30 ministers on the morning of September 14th, in order to address all the pending issues. The discussion began with the Singapore themes. Here, the Europeans showed willingness, somewhat belatedly, to modify their position, dropping negotiations on investments and competition and confining initial negotiations to the topics of trade facilitation and government procurement programs AMORIM, 2003/2004). But this change in the EU's position was also unable to produce any consensus: South Korea did not accept the removal of any of the themes from the negotiating agenda, while the G-90 maintained its opposition to all of the themes. Concluding that if there was no consensus on the Singapore themes, there would be no consensus on the topics in the negotiation agenda, Minister Derbez decided to terminate the Conference.

Although the deep discord over the Singapore themes could have been viewed as the immediate cause for ending the Conference, there were clearly more extensive reasons for the collapse of Cancun (SOARES & DELGDO, 2004). Beyond the mandate developed at Doha, the factors which formed the background to the Cancun Conference were developed over a long process, which widened the differences between the key positions of the developed and developing countries and prevented the reaching of an agreement at Cancun. These factors were built by a series of fundamental steps in the area of agriculture, an area considered by all as critical to making the Conference (and the Doha Round itself) viable, and yet which undermined the possibility of the parties most directly involved in the

[30] The African countries were able to introduce, through the proposal of Burkin, Benin, Faso, Chad, and Mali, the cotton issue to the Conference's agenda, with a request to eliminate in 3 years the domestic support measures and export subsidies of the United States and EU, and to establish a compensation mechanism for losses to African farmers during the transition period (until all the domestic support measures and export subsidies were eliminated). (WTO, 2003a). The arrogance with which the United States and the EU addressed the cotton issue and the little weight given to it in the Derbez text, were additional reasons for the growing distrust and anger shown by these countries, and, according to Amorim (2003/2004, p. 31) these factors were devastating to "the hopes of the sub-region (and of African hopes in general) that Cancun would lead to solid advances in matters of vital interest to them". Along with the arbitrary introduction of the Singapore themes to the negotiating agenda, these developments "were crucial in clarifying the circumstances which led to the definitive hardening of positions, which in turn was cited as the reason for terminating the Conference."

disputes to reach an consensus: (1) the lack of feasibility of the timeframes established for agricultural modalities; (2) the reforms to the CAP and the Farm Bill, which were antagonistic and insufficient in view of the mandate and development agenda of Doha ; (3) the anti- development proposal by the United States and European Union for agricultural negotiations, which caused (among other reasons) the creation of the G-20; (4) the G-20 framework proposal; (5) the indifference of the Castillo proposal, and later the Derbez ministerial declaration proposal, to the demands of the G-20 and G-90, and their complete adherence to the American and European negotiating positions, which further increased the distrust and frustration, on the part of the developing countries, with the way the negotiating process was conducted and the ministerial declarations produced.

It is interesting, for our purposes, to point out the assessment of the Cancun Conference made by the Brazilian minister, Celso Amorim, coordinator and spokesman for the G-20. In his opinion, what distinguished Cancun from previous WTO conferences, and those of GATT before it, was the "demonstration of the capacity of the developing world to stand up to pressures through pro-active and organized actions, in defense of the negotiating mandate of the Round" (AMORIM, 2003/2004, p. 31). In the minister's opinion, this was made possible as a result of the "the re-drawing of the map of the correlation of powers ", which can be attributed to three factors: (1) the strengthening and broadening of the NGOs ability to influence the work of the Round, through "growing articulation of government delegations, especially those of relatively less developed countries, but also of those which were more interested in agricultural reform", (2) " the capacity of the African countries to become mobilized and coordinated, particularly the relatively less developed countries…in order to incorporate issues, of interest to them, into the WTO agenda"; and (3) the rise of the G-20, "perhaps the most significant factor in the alignment of forces which emerged from Cancun", with its distinctive mark, since its inception, of being "firmly committed to the agricultural reform of the Doha mandate".

4. The G-20 after Cancun

If we consider the period beginning with the collapse of the Cancun Ministerial Conference in September 2003 and ending with the G-20 Ministers' Meeting in New Delhi, India on March 18-19, 2005, we can summarize a number of events which we consider more pertinent in characterizing the context which affected (and was affected by) the actions of the G-20 as an important player in multilateral agricultural negotiations.[31]

4.1 From Cancun to the **Framework** *of Geneva (September 2003 to July 2004)*

1. Soon after Cancun, the United States embarked on a unilateral offensive to negotiate bilateral or sub-regional trade pacts, creating the understanding that it was putting a higher priority on bilateral agreements than on multilateral ones. The most noteworthy agreement it effected was the June 2004 Central American Free Trade Area, which included the United States, Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua, with the Dominican Republic joining later. At this time, the United States also initiated

[31] The narrative below up to the July 2004 framework is based on SOARES (2004) and the bibliography referenced there.

negotiations for the signing of another free trade pact with Bolivia, Colombia, Ecuador and Peru.

It seemed clear that the American offensive had two main objectives. First, it aimed to divide the bloc of developing countries participating in the Free Trade Area of Americas - FTAA, especially in view of the differences between Brazil/Mercosul and the United States over the concept and objectives of this free trade area, differences which had grown since the Miami Ministerial Conference in November 2003. Secondly, it sought to break up and demobilize the G-20; and it appeared to be partially successful, since in October 2003 the number of the G-20 members, which had risen to 22 countries in Cancun, had declined to 18, with the defection of Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, and Peru, the very countries that were negotiating free trade pacts with the US, as noted above.

2. In the period approaching the next WTO meeting after Cancun, i.e. the meeting of the General Council on December 15th, 2003, the G-20 resumed its political initiative with a ministerial meeting in Brasilia on December 12th. Seventeen member countries participated: South Africa, Argentina, Bolivia, Brazil, Chile, Cuba, Egypt, The Philippines, India, Indonesia, Mexico, Nigeria, Pakistan, Paraguay, Tanzania, Venezuela, and Zimbabwe. There were four other invitees: Ecuador, a representative from Caricom, the WTO Director, Supachai Panitchpakdi, and Pascal Lamy, European Commissioner for Agriculture.

The purpose of the meeting was to reaffirm the unity of the group, and the presence of Panitchpakdi and Lamy verified the relevance of the G-20 as a player in agricultural negotiations and at the same time helped relieve the pressures from the United States. Moreover, at the meeting the G-20 (i) reaffirmed its commitment to a multilateral trade system and to the mandate and development agenda of Doha; (ii) insisted on the resumption of the WTO negotiations, with the proviso that "any negotiating framework, to be viable, had to be consistent with the Doha mandate" (COMMUNICADO, 2003) and (iii) sought to signal its intent to consolidate and expand its range of alliances, recognizing the need to address the issue of trade preferences and find a solution to the cotton problem, as well as pointing out areas of agreement with the G-90 (African Union, ACP, and group of LDCs).

3. In January 2004, the United States seemed to signal a change in its unilateral position, which appeared to have become so predominant in the post Cancun period, when its Trade Representative, Robert Zoellick, sent a letter to all the WTO member countries, reaffirming the relevance of the Doha Round to the global multilateral system. He suggested that the focus of the renewed negotiations should be on the market access pillar, with the hope that export subsidies would be eliminated, domestic subsidies would be reduced, that access to markets would be broadened, and that the notion of special products for developing countries would be accepted, even if in a limited way. With respect to the Singapore themes, negotiations should address only the facilitation of trade issue, the one most acceptable to all the developing countries. Finally, Zoellick proposed that a WTO Ministerial Conference be held in December 2004 in Hong Kong (MRE, 2004a). Despite the fact that it was acting at a general level, the United States abandoned the arrogant tone which it had used before, during and after Cancun, and, apparently sought to prevent the isolation of the United States and dismiss possible accusations that it was undermining the

multilateral system, by trying to demonstrate its willingness to revive and advance the WTO agricultural negotiations.

4. In March 2004 negotiations finally resumed in Geneva. Three events stand out in the period up until May:

First, Brazil´s suggestion, made in the Special Session of WTO Committee on Agriculture, that the countries try to resume interaction with each other, led to the G-20 meetings with the United States, the EU, the G-33, the G-10 [33] , The Cairns Group and the African Group. A consequence of these meetings was the commitment to establish, by August 2004, a new *framework* to govern the agricultural negotiations. In these meetings, the G-20 reaffirmed its support for elimination of all export subsidies, for reduction of domestic support in the Yellow and Blue Boxes, and acknowledged that negotiations on market access would be the most complex.(MRE, 2004b). Finally at the end of April or the beginning of May, the United States invited the European Union, Australia, Brazil, and India to a meeting in London, in order to discuss possible solutions to the agriculture mess. This group initially came to be known, rather ironically, as the "nG-5", or the "non-group of 5", the idea being that it was a group only for discussion purposes and did not represent a new alliance. Later, it came be called, curiously, "FIPs", that is, "five interested parties".

Secondly, the EU - perhaps following the behavior of the Americans - sent a communication to the to all the WTO members in the beginning of May. In this communication, Pascal Lamy (Trade Commissioner) and Franz Fischler (Agriculture Commissioner) accepted that export subsidies should be eliminated, provided that it was accompanied by the elimination of other forms of export support, mostly used by the United States, and were disposed to accept that the G-90 countries did not have to make concessions in the Round. This last point caused some G-90 countries to show flexibility, which in turn caused the NGOs to actively protest against the recurring European tactic to create divisions among the developing countries (ACTIONAID et al, 2004).

Thirdly, at the beginning of May the G-20 put forth a document which strongly criticized the *blended formula* proposal for reducing tariffs, which was contained in both the US-UE joint text and the Derbez text's treatment of the market access pillar. In the opinion of the G-20, this formula went against the Doha mandate, since it tended to heavily favor the developed countries: it permitted the bigger tariffs to undergo lesser cuts, did not address the tariff peaks used by the developed countries, and it indicated greater tariff cuts for the developing countries (G-20, 2004a).

5. On May 13th and 14th, an OECD Ministerial Conference took place, and taking advantage of this situation, a "mini-ministerial" of the WTO also occurred. This meeting was important because, for the first time, the United States and the EU agreed to discuss an alternative proposal to the *blended formula* for market access. Both suggested that the G-20 present this alternative (SOARES, 2004, p. 76).

[33] A group of food importers, also known as the "friends of multifunctionality".

The G-20 proposal of a *framework* to establish modalities for market access--called the *tiered approach*[34]—was released on May 28th. The more important elements in this approach were:(1) broad (no a priori exceptions) and progressive reduction in tariffs (the higher tariffs would be subject to the larger cuts);(2) flexibility to deal with the sensitivity of certain products; (3) neutrality in relation to diverse tariff structures; (4) conversion of non "ad valorem" tariffs to "ad valorem" tariffs (the conversion methodology to be developed and agreed by the members); (5) fight against escalating tariffs; (6) establishment of special products for developing countries; and (7) the elimination of the special safeguard in Article 5 of the Agreement on Agriculture and its replacement with a special safeguard for developing countries (G-20, 2004b).

6. The proposal was discussed in June at a special session of the WTO General Council, but no agreement was reached. Soon thereafter the meetings of the G-20 Continued - with the participation, in one of them, of the Director General and the President of the Agriculture Committee , and the Minister of Guyana, representing the G-90. There were meetings of FIPs during the Eleventh Ministerial Conference of UNCTAD (held that month in Sao Paulo) where an attempt was made to clarify the points which needed political agreement and reiterating the principal themes and areas of concern. At this same time, the WTO arbitration panel announced Brazil's victory in its case (made at the end of 2002) against the United States subsidies for cotton—a result not politically insignificant, since it justified the arguments which Brazil and the G-20 had been using in Geneva in the agricultural negotiations[35]. (SOARES, 2004) pp. 77-78).

The most important occurrence during this period was the presentation of a *framework* proposal, drawn up by the WTO Director General (Supachai Panitchpakdi and the President of the Council General (Shotaro Oshimi) known as the "Oshima-Panitchpakdi Proposal". According to this proposal, negotiations with respect to the Singapore themes would be limited to the issue of facilitation of trade, while investments, competition, and government procurement would not be included in the work program of the Doha Round. Concerning agriculture, the main components of the proposal for each of the negotiating pillars are summarized below (SOARES, 2004) pp. 78-79).

a) Market access: the only approach that would be used would be the *tiered formula* (supported by the G-20 in 2004) in accordance with two basic criteria: (i) the tariff cuts would be made by means of *bound rates*, with all member countries, except the LDCs, participating. In spite of this, preferential treatment for the developing countries would be a key part of the pillar; and (ii) tariff cuts would follow the principle of progressiveness, while there would be flexibility for special products and broadening of market access for all products. The number and criteria to define the bands and the type of reduction for each band would be subject to negotiation, while the criteria for products sensitive to developing countries are established in the text. The treatment of escalating tariffs would be handled by

[34] The literal translation in Portuguese is an approach "in layers" or "in rows", but we will continue to use the English term.

[35] The political dividends from this decision were reinforced by another Brazil WTO victory in August 2004, this time in the sugar panel against the European Union.

criteria to be negotiated, as would the agriculture special safeguard. With respect to preferential treatment, developing countries would be subject to lesser reductions in each band of the tiered formula, and be able to designate some products as special and use the special safeguard in the Agreement on Agriculture. Products from the tropical regions would have the most liberalization.

b) Export subsidies: the Oshima-Panitchpakdi proposal reaffirmed the commitment to abolish all export subsidies, in conformance with the Doha mandate. But it re-established the proposal in the joint US-UE *framework* that parallel action would be required for the elimination of export subsidies and other export related measures which had effects similar to those caused by subsidies. Thus export subsidies would be eliminated in accordance with *schedules* to be negotiated. The same would occur with elements which distort export credits and guarantees, food support programs which do not conform to criteria which should be established, and the distorting effects of state trading companies.
The process for eliminating export subsidies will be implemented by the negotiation of modalities, product lists, and progressive annual reduction amounts. The developing countries will get preferential treatment in the form of longer implementation timeframes.

(c) Domestic support: the text establishes the principle of harmonization, through which the largest domestic support programs would be subject to the largest cuts, with the developing countries having preferential treatment. In order to reduce domestic support globally, a *tiered formula* would be negotiated, according to which the sum of the total Aggregate Measure of Support (AMS), the volume of *de minimis*, and of the amount (to be negotiated) of support measures allowed by the Blue Box, would be reduced. Finally, the text suggests revision of the criteria used in the Green Box .[36]

7. The annex on agriculture in the in Oshima-Panitchpakdi text was reviewed by the G-20 at a meeting held on July 20th, 2004 (MRE, 2004c). The proposal was accepted by the group as a starting point for the resumption of negotiations, although there were significant areas of disagreement:

- the text was much more detailed with respect to the priorities of the developed countries (Blue Box, sensitive products), while specification of the priorities of the developing countries was left for the future;- while formulating suggestions on differentiated import taxes, monopoly power of state companies, and geographic indication, the text extrapolates the requirements of the Doha mandate;- the tariff cuts and specific product disciplines should be applied to all products and not just to lists of products;- the substitution of the present Blue Box criteria should be highly detailed and transparent; in order to assure that the new criteria will in fact be less distorting and less linked to production;- the developing countries should remain exempt from the commitments to reduce *de minimis*;

[36] The cut in total AMS will be effected through a *tiered formula* (to be negotiated), at the same time AMS per product will be limited. The *de minimis* will be reduced by a percentage (also to be negotiated),with no distinction made between developed and developing countries. As for the Blue Box, the text suggests the revision of Article 6.5 of the Agreement on Agriculture to establish criteria for payments directly linked to production limitations, or unlinked to production. Once the process of reduction is implemented, payments linked to the Blue Box will not be able to exceed a level of agricultural production, to be determined.

- concerning market access, the G-20 took exception to the lack of balance in the text: sensitive products (benefiting the developed countries) were addressed with much detail, while special products (of interest to the developing countries) were addressed only generally. The principle of proportionality has to be applied in this area.- Where the report addressed export support, there was concern over the treatment of export credits;- there was disagreement over the inclusion of the language "non trade concerns" in the treatment of the Green Box.

4.2 The **framework** *of July 2004*

After two days of General Council negotiations in Geneva, the WTO member countries finally reached, on July 31,agreement on a *framework* of modalities text which would govern the continuation of the negotiations of the Doha Round, which were interrupted at the Ministerial Conference in Cancun when the Derbez ministerial declaration draft was rejected. Pointing out that the July *framework* would only deal with negotiations on the facilitation of trade issue (of the Singapore themes), we present below a comparison between the Derbez text and the *framework* of July 2004, with respect to the three agriculture negotiating pillars (SOARES, 2004, Exhibit 6, pp. 116-120).

I. Domestic Support: Proposals of the Derbez Text and July 2004 *Framework*

Derbez Text	July 2004 Framework
	Principle of harmonization (the greater the support, the greater the cut).
Reduce the Final Bound Total AMS in the range of […]% - […]%. Product-specific AMS shall be capped at their respective average levels during the period […]. .	Reduction of the global AMS + *de minimis*+ Blue Box by means of a tiered formula. Reduction of the AMS for specific products by means of *tiered formula*.
Reduction of ( )% in the *de minimis*. Developing countries not required to reduce *de minimis*.	Reduction of ( )% in the *de minimis*. Developing countries which use almost all of the *de minimis* for rural development purposes not required to make reductions,
Maintenance of the Blue Box with some new criteria.	Maintenance of the Blue Box with some new criteria, but limited to5% of the value of agricultural production or AMS.
The Green Box should be revised so that the measures contained in it do not have distorting effects , or do not minimize such effects.	The Green Box should be revised so that the measures contained in it do not have distorting effects , or do not minimize such effects.

Notes: the symbol "()" indicates a numerical value to be agreed later.
Sources: WTO Documents *Job (03)/150/Rev.2, September 2003 and WT/L/579 02 August 2004* www.wto.org

II. Market Access: Proposals of the Derbez Text and the July 2004 *Framework*

Derbez Text	July 2004 Framework
Application of a blended formula to developed countries: * ( )% of the tariffed lines subject to an average cut of ( )%, with a minimum cut of ()%. For lines sensitive to imports, market access will be assured by a combination of tariff reductions and tariff quotas. * ( )% of the tariff lines subject to the Swiss formula with a coefficient of ( ). *( )% of free access tariff lines.	Single approach (for both developed and developing countries) through use of *tiered formula*. Tariff reductions through *bound rates* All members (except the LDCs) to take part in the tariff reduction process, but preferential treatment to be taken into account. Application of the progressiveness principle (larger cuts to be made by countries with higher tariffs) Flexibility for sensitive products; for the developed countries the maximum of tariff lines to be declared to approximate the present *out-of-quota tariff* rates. Combination of tariff reductions and tariff quota reductions acceptable. Market access to be expanded for all products.
Escalating tariffs to be addressed by the use of a coefficient ( ) for the reduction in the tariffs for processed products whose tariffs are bigger than those of the primary products.	Escalating tariffs to be addressed by a formula to be negotiated.
For tariff lines which exceed a maximum of ( )% the developed countries should reduce them to the maximum amount or provide substantial access through a process of requests and offers, including tariff quotas.	
The special safeguard of Article 5 of the Agreement on Agriculture still in negotiation.	The special safeguard of Article 5 of the Agreement on Agriculture still in negotiation.
The developed countries to provide market access of at least ( )% for products from developing countries, through the most favored nation principle and preferential access. All products from the tropical regions are particularly included.	Products from the tropical regions to have unrestricted market access.
Creation of special safeguard for developing countries.	Creation of special safeguard for developing countries.
Developing countries to benefit from preferential treatment, including smaller	Preferential treatment for developing countries through lesser cuts in each tariff

tariff cuts and longer terms for implementation. The formula to be used to include: * ( )% of tariff lines subject to ( )% of average cut with a minimum cut of ( )%. For such lines sensitive to imports, market access to be assured by a combination of tariff reductions and quotas. Special products can be designated in this category. * ( )% of the tariff lines subject to the Swiss formula with a coefficient of ( )%. * ( )% of the tariff lines to be maintained in a range of 0 to 5%.	band and longer implementation periods.
	No commitments for LDCs for tariff reductions.
	Developing countries can designate special products.

Notes and Sources: same as before

III. Export Subsidies: Proposals of the Derbez Text and the July 2004 *Framework*

Derbez Text	July 2004 Framework
Strive for Parallelism.	Strive for Parallelism.
The members commit to eliminating in ( ) years export subsidies of products of particular interest to developing countries. A list of these products will be drawn up in order to develop *schedules*. The elimination of export subsidies for these products will occur over a period of ( ) years.	Elimination of all export subsidies, in scheduled time frames to be agreed. Scheduled elimination of the distorting features of export credits and guarantees, and of the distorting practices of state trading companies, and of some food support measures.
Quantitative and budgeted reductions for the rest of the products.	

Notes and Sources: same as before

IV: Other: Proposals of the Derbez Text and July 2004 *Framework*

Derbez Text	July 2004 Framework
The Peace Clause (Article 13 of the Agreement on Agriculture) to extended for ( ) months.	

Notes and Sources: same as before.

The most significant difference between the two proposals is that the July *framework* finally adopted, after almost of year of negotiations, the commitment to eliminate **all** export subsidies—therefore incorporating a fundamental demand identified with the G-20—not only just for "products of special interest to developing countries", as the United States and the European Union wanted in their joint pre-Cancun *framework*, and which was included in the Castillo and Derbez texts. The inclusion of the elimination of all export subsidies in the July *framework* was an important gain for the G-20, and it appeared to reflect the acknowledgement that the group was a new player to be reckoned with in international agricultural negotiations.

In addition to this, other G-20 demands were incorporated into the July *framework*, thus distinguishing it from the Derbez text: (1) the adoption of the *tiered formula* with respect to domestic support , in which the countries which provided the most support should make the most reductions; (2) the introduction of stiffer criteria for cutting domestic support, such as specific measures by product ; (3) substitution of the *blended formula* in the US-UE proposal—and which had been part of all the *frameworks* up to this point—for the *tiered formula* of the G-20, with progressiveness in the area of market access; (4) the possibility that the developing countries could designate special products, which could be subject to preferential treatment; and (5) the non-extension of the Peace Clause, again countering the long standing demand of the Europeans and the Americans (SOARES, 2004, pp. 120-121).

However, these G-20 gains came at a cost, i.e. concessions to the developed countries. The most important of these concessions, as we compare the July *framework* with the original G-20 *framework*, deal with (i) domestic support—with the maintaining of the Blue Box, instead of its elimination, and with more flexible treatment of the Green Box, in contrast with the original G-20 proposal—and with (ii) market access, where "flexibility" for tariff cuts for "sensitive products" was introduced (such a category was demanded by the developed countries) and the development of a formula to address escalating tariffs was maintained in the negotiating agenda (a step backwards from the Derbez text, which generally followed the original G-20 proposal).

A comparison of the Derbez text, the July *framework*, and G-20´s proposed *framework* in 2003 seems to suggest that, at the July 2004 negotiations in the WTO General Council, the G-20 adopted a more pragmatic approach, basically focused on agriculture, making concessions (Blue Box and sensitive products) in order to obtain what it considered to be advances in the modalities for agricultural negotiations (abolition of all export subsidies, the *tiered approach*, special products). Even so, the G-20 was increasingly led to take a position on non-agricultural issues, in order to broaden its support in the agricultural negotiations.

The most obvious example here was the Singapore themes. Before and during Cancun, Brazil, for example, was not opposed to the opening of negotiations in this matter.[37] But faced with the hard line position of the African countries, Brazil ended up adopting a similar position. Thus, in October of 2003, soon after Cancun, Minister Amorim stated that

[37] Minister Rossetto, in a meeting with NGO representatives in Cancun, commented, reflecting the official position, that "the Brazilian government is not opposed to the discussion of this matter" (one of the author's notes from Cancun).

one of the circumstances on which the “renewal of productive negotiations in Geneva” depended was that the proponents of the Singapore themes do not again insist on “opening negotiations in areas which clearly were not mature or ready for that” (AMORIM, *2003/2004, p.36).* Clearly, the *G-20’s* apparent support for the African position would have been a factor in the making the original position of the United States (and especially that of the EU) more flexible on these issues, influencing the decision to include in the July *framework* only the facilitation of trade issue—politically the *lightest* issue-- in negotiations on the Singapore themes.

Although the Brazilian government regarded the July *framework* as a victory, the international NGOs expressed quite a different perception. According to SOARES (2004, p. 81), Oxfam regarded the advances as modest; ActionAid considered the language in areas crucial to the developing countries, such as special products and cotton, very weak, while at the same time too many concessions had been made to the rich countries with respect to sensitive products and the Blue Box. The NGO Iatp also concluded that there was an imbalance between the few gains made by the developing countries and the substantial ones won by the rich countries. Summing up these assessments, BELLO and KWA (2004) regarded the *framework* as a “great triumph for the trade superpowers”.

These authors described the role played by Brazil and India, leaders of the G-20 and members of FIPs, in the development of the *framework*. According to Bello and Kwa, the United States and the EU learnt how to deal with G-20, by giving up trying to break the group up, and bringing its leaders into the group of Five Interested Parties (FIPs), where the main decisions on the *framework* would be made. The authors point out that Brazil achieved its main objective, the elimination of export subsidies, while India got the maintenance of some of its tariffs. Thus, the two countries agreed to a *framework* that did not respond to the interests of the majority of the developing countries, whose markets continued to be flooded by the dumping practices of the United States and the European Union. The authors cited among the losers: the African cotton producers, the G-33, and most of the developing countries affected by the language on NAMA and services.
As the authors saw it, Brazil and India put themselves in a very vulnerable position by agreeing to participate in FIPs, where the United States and the EU would negotiate on some of the interests of the two countries, in order to advance their own interests, thus fracturing the unity of the South, which had been in place since Cancun. Actually, the decision making process for the negotiation of the *framework* and the role of FIPs had already been criticized by several parties, who pointed out that it was a mistake for Brazil to be part of FIPs. In the opinion of a Brazilian agribusiness leader, FIPs represented a step backwards, even in relation to the criticized WTO “*green rooms*” , where at least there were 30 countries participating, as opposed to just five. Negotiators who were interviewed commented further that, although Brazil represented the G-20 in FIPs, its participation could have generated some dissatisfaction within the group[38] . Also mentioned was Argentina’s possible displeasure with the concessions made by Brazil in relation to the Blue Box[39]

[38] From an interview with negotiators of a G-20 member country.
[39] From an interview made by the authors with a Brazilian agribusiness leader.

Other players also regarded the role of FIPs negatively. An African activist interviewed by the authors considered FIPs as illegitimate, since it excluded the G-90 in the decisions taken in trade negotiations, as well as perpetuating the non-transparent practices of the WTO. According to the person interviewed, “Brazil and India are defending in FIPs the interests of their agribusiness oligarchies, not the interests of the poor”. Another African interviewed said that FIPs did not represent the majority of the WTO members and that its role was to serve only itself[40].

Although the G-20 countries generally did not criticize FIPs openly, nor the participation of Brazil and India in it, the ministerial declaration of Delhi appeared to indicate dissatisfaction with the decision making process while affirming the need for a “bottom-up” approach, and for a participative negotiation process (G-20, 2005).

In summary, the decision making process which resulted in the July 2004 *framework* had negative consequences with respect to the evaluation of the participation of Brazil and India in FIPs. Because the framework did not respond sufficiently to the issues important to the G-33 and G-90, it can be said that the leadership of Brazil and India and even of the G-20, in relation to the rest of the developing countries was also affected. There was no doubt that the reputation of the G-20, especially that of Brazil and India, was substantially diminished in the view of the society at large.

We should point out, however, that some groups already had a more skeptical view of the G-20, even before the *framework* process. According to Bullard (2004), the international federation of peasants, Via Campesina, considered the G-20´s position as a thinly veiled force to promote the interests of agribusiness and agricultural exporters, with little connection to the peasants. Via Campesina would have refused to sign the joint declaration against the attempts of the United States and the EU to break up the G-20, since, in its opinion, the liberalizing proposals of the G-20 only worsened the plight of the small farmer.

4.3 The G-20 after the July **Framework**

4.3.1 The G-20 Ministerial Meeting in New Delhi, March 2005

After the meetings of the General Council in Geneva on the 27th and 28th of July 2004, the negotiations continued on in Geneva and in meetings of the various groups. The moment which stands out most during this period, in terms of the development and positioning of the G-20, was its ministerial meeting which took place in New Delhi, India on the 18th and 19th of March, 2005.

For the very first time, a ministerial meeting of the G-20 was accompanied by public demonstrations, promoted by organizations of Indian peasants. Some 25,000 Indian peasants took to the streets of New Delhi to demonstrate their opposition to the WTO agricultural negotiations. Taking advantage of the meeting’s occurrence, a group of NGOs, consisting of ActionAid International, Oxfam, REBRIP, Rmalc, Cysd, Gene, Campaign,

[40] From an interview with a Kenyan NGO activist.

Irft, and the Center for International Concerns again tried to get the attention of the G-20 ministers, as they had done in June 2004 at the UNCTAD Ministerial Conference in Sao Paulo.

These NGOs and networks prepared a manifesto for the ministers which recognized the gains made by the G-20 in strengthening developing countries and in preventing the adoption of decisions contrary to the Doha Mandate (ACTIONAID et al, 2005). Nevertheless, reiterating what had been expressed in public before, they stated their skepticism as to whether all the possibilities concerning development issues had been adequately dealt with in the *framework* approved in July 2004. In the opinion of the NGOs, the July *framework* sanctioned the maintenance of the agricultural status quo in relation to market access and domestic support, while at the same time making demands on the developing countries to open up their markets in agriculture, services, and industry.

With this as background, the NGOs demanded that the G-20 maintain a tough position in the agricultural negotiations. Specifically, they requested that (1) the removal of all export subsidies take place as quickly as possible ("in short order"); (2) the abolition of all the distorting forms of domestic support which lead to dumping; (3) opposition to any agreement which calls for tariff reductions in the developing countries, while maintaining export subsidies and distorting domestic support measures in the North; (4) the G-20 strengthen its position on preferential treatment, to include a formula for accessing markets, special products and mechanisms for special safeguards, with consideration given to food security and human development. The NGOs also requested that the members of the G-20 resist the tactics of the rich countries to try to trade concessions in NAMA and services for concessions in agriculture. They also showed themselves to favor a genuinely transparent and inclusive negotiating process and thus rejected mechanisms such as FIPs. Finally, they appealed to the G-20 to strive to develop joint proposals in partnership with the G-33, AU, ACP, and LDCs.

It can be noted, finally, that in an effort to broaden the dialogue with other players, the G-20 had invited the coordinators of other groups, involved in agricultural negotiations, to participate in parts of their ministerial conferences. At the December 2003 Ministerial (Brasilia), the coordinator of the G-90 and the European Trade Commissioner were present. At the June 2004 Ministerial (Sao Paulo), the WTO Director General, the WTO coordinator on the Committee for Agriculture, a representative of the G-90, and NGO representatives, all participated. The March 2005 Ministerial in New Delhi included the presence of coordinators of the G-33, the African Group, LDCs, the ACP, and Caricom.

4.3.2 The G-20 Agenda for Hong Kong

Using the G-20 Ministerial Declaration, adopted in March 2005 in New Delhi, we can update the group's political agenda for Hong Kong. Naturally, the group's tactical agenda for the Sixth WTO Ministerial Conference includes some of the objectives formulated by the group when it was established on August 20th, 2003. But, as we shall see in the Exhibit below, the original positions became more focused, since the main objective was to construct a text of modalities for Hong Kong, using the July 2004 *framework* as a starting point.

Exhibit 1: Main Components of the G-20´s Agenda for Hong Kong

Main Objective for Sixth Ministerial Conference	Adoption of a text of Modalities (Ministers of the G-20 indicate their intention to develop a first draft by June 2005)	
Negotiating Process	Confirm the necessity of a "bottom up" approach and a participative negotiating process	
Agricultural Issues	General	Need for a progress evaluation in July 2005; Reiterate preferential treatment as key in all elements of negotiation; Be aware of the need to approach the *framework* topics in an appropriate order, to obtain progress in the three pillars.
	Cotton	Re-confirm text of the *framework*; Require the sub committee on cotton to speed up its work to have a first draft in July 2005; Reiterate the need to provide urgent development support in view of decline in prices; Satisfaction for the decision of the cotton panel is shown;
	Market Access	Conversion to *ad valorem* equivalents (AVEs) is crucial to completing key modality: the tariff reduction formula[41]; Reconfirm the need to explain how the conversion methodologies treated the non *ad valorem* tariffs (NAVs); Affirm the need to bind all the NAV tariffs in *ad valorem* terms; Reconfirm that the formula for tariff reduction is central to the market access pillar and such a formula should be negotiated before addressing flexibility; Reiterate that the formula should embrace elements of progressiveness, proportionality and

[41] A negotiator who was interviewed confirmed that the delay of the EU in making the conversion to AVEs could jeopardize the possibility of finalizing modalities in Hong Kong. He also confirmed that this issue was key for the miniministerial scheduled for Paris in May 2005.

		flexibility[42] ; Affirm the relevance of preferential treatment in this pillar; Emphasize the concepts of special products and safeguard mechanisms and reiterate the commitment to work with the G-33 to effect these mechanisms; Reiterate the need to eliminate the escalating tariffs and the special safeguard (Article 5 of the WTO Agreement on Agriculture); Reiterate the need to honor commitments to develop modalities for the full liberalization of products from the tropical regions; Note the re-introduction of non-tariff barriers by developed countries, as being harmful to the exports of developing countries; Acknowledge the relevance of the erosion of preferences for some developing countries and recommend that this issue be solved according to the July *framework*. Require that the scope of development be strengthened through (i) expansion of access to products crucial to the beneficiaries of preferences; (ii) effective use of the present preferences; and (iii) additional financial aid and capacity building.
	Domestic Support	Affirm the need to determine the base periods, as well as the initial and final numbers for distorting domestic support measures; Point out that significant reductions will be necessary to deal with inflated baselines; Affirm that such reductions will be complemented by additional rules for the Blue and Green Boxes in order to avoid the movement of distorting support measures from one Box to

[42] Progressiveness: bigger cuts in the higher tariffs; Proportionality: developing countries have lesser reduction commitments than the developed countries and there is neutrality with respect to tariff structures; Flexibility: the sensitivity of certain products will be taken into consideration, without compromising the general objective of increasing market access;

		the other; Reiterate that any change in the Blue Box rules will be contingent upon agreements on additional criteria which will cause the Blue Box measures to be significantly less distorting than the present; Reiterate that Green Box revisions should assure that exceptions to commitments for direct payment reductions should not cause any, or only minimal, distorting effects on production; Reiterate that the Green Box should be revised to accommodate genuine programs for rural development, agrarian reform, fight against poverty, and that the implementation of the Green Box should take into account the special circumstances of the developing countries: Reiterate the relevance of the *de minimis* for support of poor farmers in developing countries and, moreover, be aware of any attempt to reduce it.
	Export Subsidies	Observe that the recent re-introduction of export subsidies for member countries runs counter to the spirit of the Doha mandate and, moreover, seek a commitment to freeze all export subsidies; Affirm that a key decision in this area is setting a date for the abolition of all export subsidies; a term of 5 years is proposed; Note that rapid progress in this area will facilitate progress in other areas of agricultural negotiations; Reaffirm the need for new disciplines for export credits and export guaranty and insurance programs; Reiterate the provisions of July 2004 with respect to preferential treatment, state companies, and countries that are net importers of food

		(NFIDCs);
	Related Areas	Point out the special needs of the LDCs; emphasize the need for LDCs to achieve gains in all the pillars; Acknowledge that the interests of small and vulnerable economies should be effectively considered, but without the creation of a new category of countries; Suggest that the interests of recently joined members be reconciled;
Strengthening of the Dialogue		Emphasize the present dialogue among the various groups and stress the importance of the presence of Caricom, the G-33, LDCs, ACP, and the African Group; as well as the significance of coordination between the G-20 and these groups to assure the approach to development in this Round. Warn against attempts to create divisions within the groups, including through categorizing the countries. Note that there was a sharing of views in other areas of the Doha agenda considering the interconnection to *single undertaking*.

Source: G-20 Ministerial Declaration, New Delhi, March 19th, 2005

Following the practice since the Uruguay Round, the specific agenda of the G-20 focused on the three pillars of the Agricultural Agreement: market access, substantial reduction of domestic support measures, and the elimination of all export subsidies. If we analyze the statement in detail, we can see that the group is trying to define more precisely the items of the *framework* that are in its interest, as well as indicating its perception of the course of the negotiations.

With respect to agricultural issues, we can point out that, concerning cotton, the G-20 reiterated the text of the *framework*—amply criticized in 2004, as being insufficient—but sends a positive signal to the interested African countries when it suggests broader support and rapid response from the sub-committee. With respect to domestic support, the G-20 ministers put a lot of attention on the Blue Box. They clearly express their concern that the July *framework* might be interpreted as a means of creating a swelling in the Blue Box and a migration of subsidies to it. The ministers emphasize the need for provisions to assure that the support measures in the Blue Box revision will be less distorting than the present measures. Moreover, they indicate their desire to achieve a substantial revision to the Green

Box. Finally, the group indicates that it considers reductions in the *de minimis* for developing countries to be unacceptable.

In relation to support for exports, the group looks to build on the text of the *framework*, reinforcing the need to establish a deadline for abolishing all export subsidies, and suggesting a period of five years. In a clear message to the rich countries, the group states that progress in this area will facilitate progress in the others. Once again, the G-20 is making clear that it is making demands with respect to export subsidies, to the point of signaling that progress in this area will make the group more flexible in those areas where the rest of the countries are making demands.

Our attention is drawn to the broadening and deepening of the market access proposals in the statement. The group is pressing for the conversion of all tariffs to ad valorem equivalents, as a condition for continuing the negotiations to arrive at the modalities. The G-20 reaffirms its position that the tariff reduction formula is central to this pillar and should contain elements of progressiveness, proportionality and flexibility. The group again states its commitment to special products and special safeguard mechanisms and reaffirms its intention to work with the G-33 to make such measures effective.

Perhaps the most concrete action the G-20 is taking in order to broaden the coordination with other groups of developing countries, is the following. The group acknowledges the issue of erosion in preferences and recommends some measures to solve this, sending a message to the ACP and the African Group. The ministers also make more explicit references to the LDCs, showing more desire for a dialogue to achieve greater coordination among developing countries. Finally, the G-20 reiterates its known positions: abolition of the safeguards of Article 5 of the Agricultural Agreement, elimination of escalating tariffs, etc.

In summary, in its tentative agenda for Hong Kong, the G-20 reaffirms specific positions consistent with its original mandate, although it is quite clear that the market access pillar has gained moderately in importance. Concerning general issues, the paucity of attention shown to debating other (that is, non agricultural) issues is clear. The declaration also states that the group will try to deepen the dialogue and look to coordinate positions with the other developing country groups. It is clear to us that the G-20 is trying to regain the leadership among and/or the confidence of the rest of the developing countries, which had diminished as a result of the G-20´s role in the negotiations of the July *framework*.

4.3.3 The Process of Choosing the new WTO General Director and the G-20

Another relevant factor in the trade negotiation situation after the July *framework*, which one should address briefly, is the process for choosing the new WTO Director General. Initially the candidates presented were Carlos Perez del Castillo, of Uruguay, Jayen Cuttaree, of Mauritius, and Pascal Lamy, of the European Union. Brazil presented also the candidacy of Luiz Felipe Seixas Correa, its ambassador to Geneva.

All the candidates were important people in the WTO negotiations. It was Castillo who prepared the first draft of the ministerial declaration of Cancun, as we have seen, which so displeased the G-20 that it rejected the text as a basis for negotiations. Cuttaree was a strong supporter trade preferences, from which his country benefits in its relationship with the European Union. Pascal Lamy had been European Trade Commissioner for several years, and was a hard line defender of European agricultural interests, in the area of maintaining subsidies and protectionism. Evidently, according to a negotiator interviewed, these candidates were too far removed from the Brazilian position, causing the country to present the candidacy of Seixas Correa.

Itamaraty (the Brazilian Foreign Office) embarked on an intensive diplomatic effort to find support for Seixas Correa´s candidacy, but, in initial consultations with WTO members held on April 15th, 2005, the Brazilian was marked as the candidate with the least support, and so his candidacy was withdrawn. The rest of the candidates remain in the contest, with a decision expected in May 2005.

Certainly, the defeat of the Brazilian candidate has or will have implications for Brazil and even for the G-20, even though the candidacy was promoted exclusively by Brazil and not by the group. People interviewed on this matter expressed their perplexity at the launching of the Seixas Correa´s candidacy without a more solid articulation of the South American countries, pointing out that the lack of support from Brazil's neighbors, especially Argentina, was an important factor in the candidate's defeat. It was a delicate political situation: Brazil counted on the support of India and China, but not on that of its own neighbors. In an interview with the paper *Valor Economico*, ambassador Rubens Ricupero commented that the candidacy of Seixas Correa was "90% audacity and only 10% realism, and it won´t do to repeat this in the Doha negotiations", further adding that "they sacrificed for nothing the inventor of the G-20", in reference to the key role played by ambassador Seixas Correa in Geneva in the creation of the group (VALOR ECONOMICO, 2005).

In this context, a possible consequence of the defeat is the weakening of Brazil's leadership position in the G-20, because the rest of the members of the group will certainly notice this failure of Brazil to demonstrate its regional leadership (persons interviewed expressed this concern). At the same time, perhaps we can interpret the defeat as a indication that the power of the dominant parties in international trade to influence the WTO members continues to be strong after Cancun (interview with a G-20 member negotiator).

In the reconfiguration of WTO alliances that occurred at the Cancun Conference, the G-20 emerged as a new and important player on the global trade negotiations scene, in addition to the United States and the EU. The defeat of the Brazilian candidate could mean, logically, a moderation of the depth and loyalty of the WTO members to the G-20. In the end, although the candidacy of Seixas Correa was not on behalf of the G-20, he was, as Ricupero said, "the inventor of the G-20" and all acknowledged Brazil as the leader of the group, a circumstance, which was reinforced symbolically by the support from India and China. On the other hand, the need and /or opportunity that other players sensed to defeat Brazil-and evidently the G-20 too-appears to suggest that the country has entered into a period where the level of negotiation, dispute, and decision making will be more complicated and difficult. The defeat of the Seixas Correa candidacy, then, demonstrates that in this new level of involvement any action should be preceded by great skill, political maneuvering and consultation, which apparently were lacking in this episode.

5. Final Comments

1. The big news which the G-20 brought to the stage of international negotiations was the very fact of its establishment; that is, that a bloc of peripheral or developing countries, united in proposals and strategy, could be created to influence the direction of international negotiations in a central area (not just a marginal one) in the continuation of the Doha Round of the WTO. Although this possibility had materialized on some occasions in the Post World War II period, it seemed impossible (and unnecessary), in the opinion of many international analysts and politicians, for it to be re-launched, after the resumption of the American hegemony in the 1980´s, the globalization of financial markets, and the big conservative revival movement associated with it.

The issue of economic development was always the "Achilles Heel" of international trade negotiations since the 1947 Havana Conference, where GATT was born, since the interests of the developing countries were generally left out of international trade agreements signed since then[43]. All attempts to change this situation—as for example the formation of UNCTAD in the beginning of the 1970´s—did not lead to meaningful results. More recently, the GATT Uruguay Round, which begun in the 1980´s, along with the creation of the WTO and the signing of an impressive number of agreements, in both "old" and "new" areas, reconfirmed and worsened this tradition of exclusion, and reinforced even further the imbalances between the developed countries and the developing countries, in benefiting from the results and consequences of these agreements.

One of the factors which explains this troublesome situation is that the peripheral or developing countries demonstrated that it was impossible, for a variety of reasons, for them to build political unity, which would enable them to moderate, or even challenge the power of the United States and EU in shaping international agreements, which up to now had been in reality the result of "bilateral" negotiations[44]. The crucial importance of this issue suggests the first general observation about the creation of the G-20. Regardless of what our assessment might be, the G-20 can only be perceived as an exercise to build unity among developing countries in order to propose alternatives for the international trade negotiations agenda, aiming to obtain results that were more adequate for their condition as developing countries. An important point relative to the G-20 is that the unity was

[43] For this, see DELGADO (2000)

[44] The importance of the fragmentation of these countries, in determining the results of international negotiations up to the present, is expressed with remarkable frankness by Ernest H. Preeg, who was a member of the American delegation in the Kennedy and Uruguay Rounds of GATT: " The split in solidarity of the developing countries was key not only to the development of the negotiation results, but also as a sign of the change in economic philosophy taking place in the world and which reached its dramatic moment at the end of the decade. The division of the countries between the G-10 and the G-48 was revealing. Latin America was split down the middle, with Chile , Colombia, Jamaica, Mexico, Trinidad and Tobago, and Uruguay in the G 48, while Argentina, Brazil, Cuba, Nicaragua, and Peru stayed with the hardliners. Among the Asian countries, India was alone in the G-10, while ten Southeast Asian countries were among the stronger supporters of the G 48 *draft* " (PREEG, 1995, p. 3).

established by using a rhetoric in which the idea of development and "the development agenda of Doha" had an undeniable, legitimizing and demanding strength, whether or not we like the concept of development used. What this rhetoric sets in motion is the idea that these countries can develop, or not, in the global economic system and it clearly acknowledges, in the forum of the WTO, that there exist, in one form or another, deep rooted and significant, divergent interests between the developed countries and the developing ones. Thus, the G-20 was in fact a bold step, which although confined to agriculture, which is probably the most feasible area for such an experiment, looks like it could be possibly extended to other areas. Obviously this is not everything, but nor is it just a trifle, in these gloomy times of neo-liberal globalization, where the space to maneuver, in the view of many, appears to have disappeared completely.

2. Next, let us reflect a little more on the limitations and prospects for the G-20. As we show in the text, the G-20 was formed as an anti-export subsidy alliance—this was the common demand of all its members—in response to the growing obstacles created by the United States and the EU in the path of agricultural negotiations which would advance the Doha mandate and its development agenda. The climax of this American and European attitude was the release, on August 13th, 2003, of their joint proposal for a *framework* to govern the agricultural negotiations at the Cancun Conference. The explicit anti-development nature of the proposal, and the arrogance of the two major players behind it, indicated to the developing countries, the social movements, and the development NGOs that they were facing a situation where, once again, the commitments assumed in the WTO were going to go to the "dead letter file" and that the negotiation results were going to be obtained bilaterally, in the manner of the Blair House agreement, which was decisive in closing the Agreement on Agriculture of the Uruguay Round, an agreement which accommodated and gave security to the interests of the United States and the EU, while at the same time adopting liberalizing language which made the Agreement look supposedly favorable to all the countries.

Pressured by this politically disastrous maneuver on the part of the United States and the EU, the developing countries participating in the agriculture negotiations were able to form an alliance and quickly produce an alternative proposal—which came to be known as the G-20 proposal—and publicly release it a week later. We showed how the G-20 was organized through Brazil's initiative—with the understanding reached with India a key element—and Brazil became its spokesperson from the outset and especially at Cancun. In addition to the political mistake committed by the United States and Europe, we put forward the case that the actions of Brazil and its subsequent leadership are attributed to two main factors.

First, was the immobilization of The Cairns Group—in which Brazil participated since the preparation for the Uruguay Round—whose previous protagonist position depended on the United States maintaining its aggressive posture towards market access and trade liberalization. With the change in the US position, emphasis on the sole note of market access lost political force and jeopardized the unity of the position negotiated by The Cairns Group.

Secondly, at the beginning of the Lula government, great expectations for change arose, both inside and outside of Brazil. Despite the heavy influence which agribusiness had on the farm negotiations, it was hoped that it would be, in some way, subordinated to the idea of building a development project for the country. At the same time, the new government indicated that it had decided to move closer to the developing countries on the world scene, especially the regional leaders, and that it intended to strengthen Mercosul as an international player. The idea presented at that time by Minister Celso Amorim and by the International Advisor to the President, Marco Aurelio Garcia, was that the national development project and the government's foreign policy were underway and being built together, each to influence and be influenced by the other. If we combine the country's legitimacy as an agriculture negotiator developed by the Brazilian delegation in Geneva, the renewed political spirit generated by the new government, and the support and sympathy, both within and outside of Brazil, which the Lula government had at the time, we can form a rough picture which enables us to understand the Brazilian initiative and the leadership it assumed in the creation and activity of the G-20.

At the Cancun Conference, the G-20 reached the pinnacle of its prestige, since the unfurling of events and results there—such as resistance to the pressures of the United States and the EU, the maintenance of the group's unity, and the rejection of the ministerial *drafts* excessively serving the interests of the developed countries—appeared to indicate that the G-20 was turning, or could turn, itself into something like a significant counterweight to the overwhelming domination of the interests of the developed countries in the WTO. In fact, the G-20 and its spokesman, through its exemplary conduct at the Conference, left Cancun as the veritable *darlings* of both the Brazilian and international development NGOs, which supported overtly or otherwise the performance of the group and vigorously opposed the attempts of the Americans to break it up.

This recognition did not come for free: the G-20 left Cancun as an important player in international agricultural negotiations, a player which, as we have seen, the United States tried to neutralize through its unilateral offensive immediately after Cancun; but later, the US decided, or was forced, to accept the G-20 as an inevitable player in the Doha Round. In the same way, the position of Brazil as an international player also strengthened from Cancun and this circumstance undoubtedly influenced the effectiveness of Brazil's performance in two important, tough and difficult regional negotiations, i.e. FTAA and the EU-Mercosul Agreement.

From Cancun on, the evaluation of the G-20 and Brazil's performance takes on more complexity, and it is in this context that we should consider its limitations and prospects. The most important turning point post-Cancun was the approval in Geneva of the so-called July 2004 *framework*, which served as a basis to develop a text of agricultural modalities to govern the negotiations in Hong Kong. With the July 2004 *framework,* the G-20 became the object of significant criticism from the international development NGOs, even the ones that supported the group at and immediately after Cancun.[45] Generally, these NGOs considered the *framework* to be more favorable to the interests of the developed countries, as a result of concessions in the Blue Box, market access, and sensitive products; and by the

[45] At least two NGOs had been critical before this: the Focus on the Global South, and, principally, the Via Campesina, which, because of its opposition to the WTO and its agricultural policies, already had reservations about the G-20 since its inception.

fact that the commitments obtained for cotton and special products were weak and not very concrete.

For certain reasons, Brazil and India also became objects of NGO criticism, relative to the negotiation of the *framework* . The criticism was directed towards the decision of the two countries to accept participation in the so-called “nG5”, or FIPs (Australia, Brazil, the United States, India, and the EU) where the *framework* proposal had been previously drafted. According to the assessment of some NGOs, Brazil and India had agreed to make concessions to the United States and EU, in return for their acknowledgement of the main demands of both countries; elimination of export subsidies (Brazil) and the maintenance of some of the tariffs (India). This accommodation was made to the detriment of the African countries (cotton) and other developing countries (a weakening in the commitments for special products). Even if this assessment is considered somewhat exaggerated, the position taken by Brazil and India was a political error, which could yield important consequences, since it raises suspicions about the integrity of their performance, threatens their legitimacy within the G-20 and outside it (possibly affecting the unity of the group) and represents the acceptance of the non transparent processes of negotiation and decision making within the WTO, practices of which the G-20 itself disapproved.

3. The main point or issue which is raised in these criticisms by the NGOs is the extent to which the G-20—and particularly Brazil and India—is interested in creating the circumstances for making its interaction with other groups of developing countries viable, so that progress can be made in defining (a) common proposals for development and (b) joint strategies, which would enable relatively coordinated action on the part of the diverse countries and blocs of the South. This is the dilemma which will probably determine the future prospects of the G-20: to establish an action strategy to look for support from the rest of the developing countries or blocs of the developing countries for its demands, or to build interaction with these countries or blocs, which would allow more coordinated action towards realizing their different objectives, using a common platform as a starting point.

An important factor, which will affect the solution to this dilemma, is the strength of agribusiness interests in the formulation of the G-20’s agenda. This is a matter which is especially worrying and relevant to Brazil. As the Lula government evolves, it would appear that the political weight of agribusiness and the Ministry of Agriculture (closely tied to it) is increasing, because the formulation of an alternative national development program, in which family farming and rural development would become more relevant, has been dropped. In reality, a bitter political battle exists, sometimes openly, many times behind the scenes, between the Ministry of Agriculture (representing agribusiness) and the Ministry of Agrarian Development (responsible for agrarian reform and family farm policy) in many areas, including that of international trade negotiations. The political pendulum seems to be swinging more towards agribusiness and the Ministry of Agriculture, which created a Secretary of International Relations and has demonstrated its desire to influence more and more the agricultural negotiations conducted by Itamaraty (the Foreign Office of Brazil). Apparently, with respect to the central issue of special products and special safeguards mechanisms, the Ministry of Agrarian Development wants to formulate proposals, but is running into open opposition from the Ministry of Agriculture, which does not want this topic on Brazil’s external agenda, a position with which Itamaraty agrees. Everything suggests that, in contrast to what happened when the G-20 was established, the market access pillar will again be more important on Brazil's external agenda, reverting more to the position previously supported by The Cairns Group.

Another noteworthy and important factor, which is linked to the point above, is whether or not the agenda of the G-20 can be expanded beyond agriculture. Since Cancun and especially in the negotiations on the July *framework*, the issue of access to non-agricultural markets (NAMA) has come to occupy, along with agriculture, a central position in WTO negotiations. The position of the G-20 with respect to this matter has been requested by the NGOs and international networks (ACTION AID ET ALII, 2005). At the New Delhi Ministerial, the topic was discussed by the ministers, but more for the purpose of stating positions and looking for minimal coordination on the subject, rather than for developing a joint group position. Despite this, after the sharing of views on NAMA at New Delhi, Argentina, Brazil, and India presented a joint paper on the topic in Geneva (interview with G-20 member country negotiator).

The differences among those countries that agreed to free trade areas with the rich countries and the rest of the G-20 members made it much more difficult to reach a consensus on the non agricultural issues. For example, Mexico had already granted the United States access to NAMA and Services under the scope of NAFTA , and so was unwillingly to participate in a move to oppose the developed countries desire for NAMA. Even though the ministers of the G-20 regarded dialogue on the other topics as just a laconic exchange of views , such a dialogue seems inevitable, since it is hard to imagine that it would be possible to maintain a coordinated position on agriculture, without at least seeking to have a minimum of coordination in the course of the negotiations on other topics.

In sum, the G-20 remains an action group focused principally on agriculture, but which is gradually becoming involved in the discussion of other topics of the Doha agenda, because of the importance of cross negotiations and for the sake of the principle of a *single undertaking*. The expansion of this dialogue and the possibility of significantly broadening the political agenda of the G-20 face great difficulty, because of (i) the wide diversity of member country interests, and (ii) the involvement of the agribusiness interests among the G-20 members and their importance in establishing this agenda.

4. Finally, it is interesting to conclude this paper with a brief review of the agendas supported, since Cancun, by the African countries and the rest of the developing countries, such as the G-33, in order to ascertain, in a first and rough approximation, the differences and the possibility of reconciling their agendas with that of the G-20, something we consider to be yet another relevant factor in solving the dilemma referred to earlier.

4.1 The G-20 has five African members: South Africa, Egypt, Nigeria, Tanzania, and Zimbabwe. The first two represent "offensive" interests in the liberalizing of agriculture, while the others have "defensive" interests. South Africa has been a strong protagonist since the creation of the G-20, and Egypt also was one of its first members. On the other hand, African activists who were interviewed were unanimous in saying that they did not identify any protagonist action on the part of Nigeria, Tanzania, or Zimbabwe[46]

[46] Interviews with NGO activists from Kenya and Senegal.

During the same period in which the G-20 arose, the majority of the African developing countries preferred to construct a joint proposal involving the African Union (AU), the ACP (Africa, the Caribbean, and Pacific) and the less developed countries (LDCs). The joint declaration of the countries in the AU/ACP/LDCs, which for a time was called the G-90, emphasized, among other things, the following demands: greater market access, reduction of the tariff peaks and escalating tariffs; a program to improve the supply capacity of agricultural products in these countries; solving the issue of non tariff barriers; free access (without tariffs or quotas) for products of the LDCs; and the ability to choose special products themselves (WTO, 2003b). This declaration, however, differed from the G-20's in two areas (WTO, 2003b):

* The vital importance of trade preferences for the countries of AU/ACP/LDC was reiterated, and the countries demanded that the continuation of these preferences be assured, by means of flexible rules and conditions based on development needs. They requested that the agriculture framework include compensatory mechanisms for the erosion of preferences;

* Concerning export subsidies, it embraced the European proposal to eliminate all export subsidies on products of interest to the African countries, in that African countries should designate which products these are.

With respect to export subsidies, the difference in the respective positions is obvious, in that the G-20 supported the elimination of all export subsidies, opposing the European proposal to eliminate only a list of products. In this issue, it would appear that the European Union was successful in offering a proposal, which would have avoided a greater approximation to the African countries in the G-20.

Concerning the key issue of trade preferences, we can observe in Exhibit 2 below a comparison of the AU/ACP/LDC position with the G-20's initial and evolved position.

The Exhibit shows the development of the G-20 position on trade preferences, which are essential for the African countries. However, even its most recent position is quite far apart from the initial proposal of the AU/ACP/LDC. Another point that separates the groups is the issue of cotton. For some African countries (Benin, Chad, Togo), cotton has become the central issue, since they have been seriously affected by American and European subsidies. These countries have submitted several proposals on cotton, generally more extensive than those of the G-20[47].

As we can see, the move towards convergence and coordination appears to be developing. However, the majority of the African countries have an agenda with a clear focus (preferences, cotton) while the focus of the G-20 is on the elimination of export subsidies.

[47] Authors' notes from the Cancun and Geneva negotiations.

Exhibit 2: Trade Preferences-- a comparison of the AU/ACP/LDC position and the development of the G-20 position

Position of AU/ACP/LDC in Cancun	Continuation and assurance of trade preferences for the countries of the AU/ACP/LDC; Development of compensation mechanisms for the erosion of preferences.
Initial position of the G-20	The issue of trade preferences should be solved (*addressed*) , conditions to be determined.
Position of G-20 in December 2003	The ministers acknowledge the situation faced by countries dependent on preferences and, according to conditions to be determined, are willing to consider some approach to deal with the issue.
Position of the G-20 in June 2004	The erosion of preferences issue should be fully considered in the negotiations
Position of the G-20 in March 2005	Acknowledges the relevance of the erosion of preferences issue for some developing countries and recommends that this issue be solved in accordance with the July framework. Requests that the measure of development be strengthened by (i) expansion of market access for those products crucial to the beneficiaries of preferences; (ii) effective use of the present preferences; and (iii) additional financial support and capacity building.

Sources: *Consolidated African Union/ACP/LDC Position on Agriculture*. WTO, 13/09/2003: G-20 *Joint Proposal* 20/08/2003; *G-20 Ministerial Declaration*. Brasilia, December 2003; *G-20 Ministerial Declaration.* Sao Paulo, June 2004; *G-20 Ministerial Declaration.* New Delhi, March 2005.

It can be said, then, in summary, that the views of the G-20 and the AU/ACP/LDC coincide with respect to substantial reduction in domestic support measures but only partially with respect to the elimination of export subsidies. Concerning the latter, the G-20 was always striving for the elimination of all export subsidies, but accepting that the elimination proceed faster for a list of products of greater interest to developing countries—which was a position acceptable to the AU/ACP/LDC.

An activist from a Kenyan NGO pointed out, in an interview with the authors, the structural differences between the two groups, in that most of the African countries are food importers. He stated that, in view of the poverty levels and underdevelopment of agriculture in many of these countries, the African focus was on the protection, promotion and strengthening of its agricultural sector, aligning these countries more closely to the approach of the G-33. On the other hand, the African countries have a long history of producing commodities, whose prices have been in a pronounced decline. In the negotiations, the African countries are demanding market access for these commodities and the maintenance and/or increase in preferences, a position which the G-20 opposes. The activist interviewed sees great commonality in the interests of the AU, ACP and LDCs, but states that the range for common interests between these groups and the G-20 is limited, although some common strategies may be possible.[48]

A Senegalese activist, who was interviewed, pointed out, on the other hand, that the levels of poverty in Africa makes the demand of these countries for preferential treatment legitimate. Such legitimacy could be a potential political force, in that direct opposition to the position of the African countries would be considered politically incorrect. In this way, the G-20 could see Africa as a key ally in justifying its proposals and in receiving support when it threatens the markets of the United States and the EU. According to this activist, the message from the G-20 to the African countries should be: “If you support me, we will make the United States and EU give way, benefiting us both”. He also affirmed that the G-90 and G-20 were aware of the fact that they needed each other, but finding areas of common interest remained a challenge. Considering the levels of poverty in countries like India, Brazil, and China, and in the G-90 countries, this activist sees the fight against poverty as possible common agenda item.

In addition to the differences between the interests of the G-20 countries and those of the AU/ACP/LDC, we should also consider the strong pressure exerted by the United States and European Union to keep these groups apart. According to KWA (2004), the persistent tactic of the EU and the United States to put the developing countries into “more” and “less” developed categories is part of their effort to maintain this separation.

Certainly, the degree of ambition with respect to trade preferences still divides the countries of the AU/ACP/LDC and the G-20, as well as the differences over cotton. There is, however, convergence of opinion with respect to domestic support and export subsidy elimination. In these two areas, the G-20 agenda embraces the interests of the African countries. But this acknowledgement alone is not enough. It is essential to accept the importance of coordination and dialogue between the AU/ACP/LDC and the G-20 to confront the tactics used by the US and EU to divide the developing world. As KWA (2004) puts it, “based on past experience, when the developing countries are broken up as a bloc, the United States and the EU get their way, often at no cost”.

4.2 The G-33 is a group of some 40 countries, formed around an agenda whose key elements are the establishing of special products and special safeguard mechanisms. It is a group whose main objective is the maintaining and/or strengthening of the developing countries’ capacity to maintain and/or increase their measures to support and protect their agricultural sectors (especially small scale agriculture), food security and rural development (SOARES, 2004). Several members of the G-33 are also members of the G-20, such as Indonesia (leader of the G-33), Pakistan, Nigeria, The Philippines, Venezuela, etc.

Although since the beginning the G-20 has included special products and special safeguard mechanisms as part of its proposed agenda, the main difference from the G-33 is the degree of ambition of ambition in these areas. The G-20 is laconic in its proposals, in contrast to the depth of the proposals of the G-33 in these areas, as can be seen in the Exhibit below.

[48] Interview with a Kenyan NGO activist.

Exhibit 3: Positions of the G-20 and G-33 in Special Products and Special Safeguard Mechanisms; development of the G-20 position

Position of the G-33 in Cancun	a) developing countries should have the flexibility to designate ()% of the tariff lines as special products, not subject to tariff cuts or new quota commitments; b) a special safeguard mechanism should be established for use by developing countries as a means of protection against artificially cheap imports, subsidized at the point of origin; c) products designated as special should also have access to the special safeguard mechanism.
Initial position of G-20	Developing countries should benefit from preferential treatment—including lesser tariff reductions and longer implementation terms—as well as from the establishing of a category of special products, according to conditions to be negotiated. Under conditions to be negotiated, special safeguard mechanisms should be established for developing countries.
Position of G-20 in June 2004	Reference is made to the market access proposal made by the G-20 in Geneva, where, among other things, special products and special safeguard mechanisms are identified as being necessary ingredients for establishing an agriculture *framework* for developing countries.
Position G-20 in March 2005	The concepts of special products and special safeguard mechanisms are emphasized and the commitment to work together with the G-33 to effect such mechanisms is reiterated.

With respect to the relationship between the G-20 and the G-33, one can see the evolution of the G-20 position, as it steadily comes closer to that of the G-33, although significant differences remain. Overall, the most important point is the change in posture evident in the last ministerial declaration of the G-20, where it is explicitly stated that the G-20 will work together with the G-33 to effect special products and special safeguards.

The narrowing of the gap between the G-20 and the G-33 can be explained, at least partially, by the presence of the G-33 leaders in the G-20. Certainly, Indonesia, The Philippines and the others ended up strengthening their positions on these matters inside the G-20[49]. We should point out that the strengthening of the G-20 language with respect to special products was also requested by the NGOs in their two notes to the G-20 (ACTIONAID and ALII, 2004b, and ACTIONAID and ALII, 2005). Considering the significant number of African members of the G-33 (Kenya, Uganda, Zambia, Tanzania, Nigeria etc.), one can state that the approximation of the G-33 and the G-20 to each other indicates an increase in the areas of common interest between the African countries and the G-20.

[49] Authors' notes from an interview with an Indonesian negotiator

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