



Dialogue on
Globalization

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**Report of the Session
"G-20 Civil Society Views on WTO"
at the WTO Public Forum 2006**

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Abstract: The G-20 group of developing countries, which was established ahead of the Cancun Ministerial in 2003, had generated great interest and raised expectations among poor countries in the South. Despite attempts to divide this alliance of G-20, the group has gained strength and is now universally recognised as an essential interlocutor mainly in the agricultural negotiations. The G-20 alliance of WTO members played a major role in placing a united voice of the South in the ongoing multilateral trade negotiations. With the suspension of the current Doha negotiations, the G-20 will play a decisive role concerning the possible resumption of the negotiations.

The civil society organizations from G-20 countries also played an important role in raising the concerns of the poor and thereby influencing the positions of the G-20 on agricultural negotiations in the WTO. Both at the Cancun Ministerial in 2003 and at the Hong Kong Ministerial in 2005, the civil society's role was crucial in influencing the outcome.

Since G-20 will continue to be an important player in trade negotiations, the role of civil society also remains important. Therefore, in order to better understand the existing mechanism through which the civil society organisations from G-20 countries are engaged in multilateral trade negotiations, the objectives of the panel discussion were threefold: First, to highlight the G-20 civil society perspectives on the G-20 position in the WTO, on their respective governments' position and on their power to influence them at present. Second, to identify the main challenges, the G-20 civil society organizations are facing in the dialogue with their governments, other WTO groupings and inside the G-20 grouping itself. Third, to discuss the role and perspective of G-20 civil society organizations in influencing the G-20's and their respective government's positions in the WTO of the XXIst Century in order to strengthen the voice of the people in developing countries.

The panellists were representatives of the three main players of the G-20, which are Brazil, India and South Africa. The opening statements were commented by *Ricardo Melendez-Ortiz*, Chief Executive of the International Centre for Trade and Sustainable Development (ICTSD). The panel discussion was moderated by *Thomas Manz*, Coordinator of the Dialogue on Globalization Programme of the Friedrich-Ebert-Foundation (FES) in Berlin, Germany.

1 Summary of the main points raised by each panellist

Thomas Manz, Coordinator of the Dialogue on Globalization Programme, Friedrich-Ebert-Foundation (FES), Berlin, Germany

Thomas Manz summarized the importance of the G-20, stating that it was broadly recognized that the emergence of the G-20 marked a change of power relations in global trade. With the existence of the G-20, developing countries, he stated, had been better represented in the negotiations and the EU and US had not been able to dominate the negotiations any more as before. He pointed out that the G-20 was successful in joining the voices of the South and raised the question of what had been the role of civil society in the establishment of G-20 and how it could influence the agenda and political strategies of the governments of the G-20 countries. Concerning the suspension of the negotiations of the Doha Round, he mentioned that there might be a difference of perceptions between the official positions of the governments of developing countries, which mainly expressed disappointment, and the views of civil society, which partly reacted with satisfaction. Moreover, he raised the question of what were the expectations that G-20 civil society had from the suspension of the negotiations and what role it

could play in the resumption of the negotiations. He pointed out that part of the civil society organizations perceived the suspension of the Doha Round as an opportunity for a "change of mindset", for building up a new framework for global trade that might better respond to the interests of developing countries, and to rethink the structure of the global economy. Other civil society organizations, he mentioned, concentrated its advocacy work on providing information and knowledge to improve the negotiation position of developing countries, and saw the current time-out as an opportunity to increase the pressure on developed countries to respect the special needs of developing countries.

Umberto Celli Jr., International Trade Law and Development Institute, São Paulo, Brazil

Umberto Celli pointed out that civil society in Brazil was highly complex and heterogeneous, which made it very difficult to identify the perceptions of civil society in Brazil. Given this constraint, he tried to identify general views and expectations of civil society. If the G-20 achieved to negotiate within WTO in such a way that it led to the creation of jobs, generation of wealth, increase in exports and the distribution of wealth

in Brazil, he stated, then civil society would not oppose.

He referred to the development of G-20, which consisted of 23 members after Peru and Ecuador had rejoined the group. He pointed out that the G-20 was perceived with a clear perspective as a group with alternative suggestions for agricultural negotiations. Its very first paper, he stated, was delivered in WTO and remains the central document of the group. According to his view, the G-20 was focusing on the three main pillars of the Agreement on Agriculture: First, domestic support, where a substantial reduction in developed countries was called for. Second, market access, where mainly developed countries were urged to come up with further concessions. Third, the elimination of export subsidies in developed countries.

He pointed out that over a very short period of time the group was able to gain the legitimacy it needed to move ahead with its proposals. This legitimacy, he clarified, was based on the facts that the G-20 countries comprise 60 % of world population, 70 % of world's rural population and 26 % of world agricultural exports. He stated that the July 2004 framework agreement was a confirmation of this group's leverage and marked the end of the EU and US monopoly over WTO negotiations, which was, thus, a landmark. He added that civil society started to look at this group as a possibility and alternative to conduct negotiations in a different way, not only to favour the interests of developed countries. Thus, it was a turning point and made the role of this group much more visible.

However, he also mentioned that the group was very fragile because it had to balance the different interests inside the group. Brazil and India, he gave the example, were fairly industrialized and, thus, very different from the other members of G-20. He pointed out that this explained the various attempts of the US and EU to divide the group along the lines of the very well known game in international relations, called "split and win". He added that this game did not work, referring to the G-20 declaration in the preparation for the Hong Kong Ministerial.

He expressed his disappointment about the meagre results of the conference which led to frustration by G-20 civil societies, not only in Brazil. He emphasized that it was remarkable that the cohesion of the group continued, nevertheless, which was demonstrated in a joint document by the G-20, G-33, LDCs and African Group on agriculture, which stated the need for

an agreement in this sector. Market opening in developing countries, he argued, should take into account the social and economical realities in the different countries and should not lead to de-industrialization of the developing group.

He mentioned that after the suspension of the round, the Brazilian government took the initiative to get together the key players in Rio, including the G-6. Although both the EU and the US, he stated, tried to play the same game of monopolizing the negotiations such as during the Uruguay Round, it did not work. He referred to the G-20 Rio Declaration which condemned any such initiative but also mentioned the differences between Brazil, which favoured strongly the opening of agricultural and market access, and India, which favoured the protection of vulnerable groups in agriculture. Taking into account that fragility of the group, he expressed the fear that it would be very hard to sustain the cohesion of the group if the negotiations were suspended for a long time.

He concluded by emphasizing that Brazilian civil society would favour negotiations if they led to growth and development, which were both immediate demands of the civil society.

Mzukisi Qobo, Research Associate, South African Institute of International Affairs (SAIIA), Braamfontaine, South Africa

Mzukisi Qobo started by mentioning that South Africa was one of the key players in establishing G-20, which however, he regarded as a byproduct of a deeper interaction between the G-3. The G-3 or IBSA, he explained, was formed by India, Brazil and South Africa and constituted high level political interaction between the members on issues that covered not only trade but also global governance issues. He also expressed his admiration that the G-20 had a longer lifetime than it was predicted and proved itself as global player in multilateral trade talks. As an example he mentioned the July 2006 Mini-Ministerial, where it was the G-20 that put forward a clear proposal which served as a framework for agriculture. He noted that the G-20 had often been viewed by civil society as a voice of conscience and as an engine of developing countries in the negotiations, which guaranteed also G-20 civil society a genuine representation in global trade talks. He reiterated the previous speaker's views that civil society was not homogeneous, that there were rather a diversity of opinions and views regarding the role of WTO as well as on the role of the G-20 in WTO.

The Doha Round which was stalled at that moment, he stated, was launched under the rubric of "development", but the development dimension had become watered down with time. Since a number of issues which were quite critical for developing countries, he mentioned, were left unresolved by the Uruguay Round, such as implementation and agriculture, the Doha Round put agriculture at its core. He added that development concerns went well beyond agriculture and also included S&D treatment. Concerning the civil society views on the current state of the negotiations he stated that the WTO was not immune from the crisis of the global governance mechanism, which became clear again at the IMF / World Bank meeting in Singapore. Nevertheless, he mentioned that the multilateralism was the only framework within which to manage the global system, which recognized interdependence and was necessary to discipline the interplays of power. On the other hand, he pointed out that the global governance system had asymmetries and inequalities of powers as well as that the agenda setting process favoured the triad of the EU, US and Japan.

His tentative conclusions were that, if the global governance system was weak, development challenges would persist. He added that the ugly state of WTO in its current form did not favour in any way the developing countries, but that WTO was the only forum where the interplay of powers in trade could be disciplined. The G-20 coalition, he stated, could have a moral and intellectual leadership in the negotiations and could be a powerful voice for development, since it comprised a diversity of countries. He summed up by suggesting three considerations for G-20 at WTO: First, to push for a greater balance between relative costs and benefits of trade rules with greater regard of development interests. Second, to examine the development impact and to weigh the costs of implementation appropriately. Third, to emphasize the concerns around domestic policy space and flexibility which allow developing countries to contain policy measures. While rules were necessary, he stated, they needed to have more sensitivity to the developmental challenges that most of the countries especially in Sub-Saharan Africa were facing.

Pradeep S. Metha, Secretary General, Centre for International Trade Economics & Environment (CUTS International), Jaipur, India

Pradeep S. Metha focused more on the procedural aspects, the G-20 countries are facing in WTO and on the role and challenges of civil society in the G-20 countries. He mentioned that every country had its own interest and while the political glue was important, the rules of the jungle actually did prevail in WTO. In the history of the world, he continued, the dividing rule ("split and win") was a common practise. He stated that the recent IMF / World Bank meeting in Singapore marked a challenge concerning the movement in the global institutional architecture. He pointed out that agriculture was the entry point of the G-20, and India and Brazil hold the group together despite their conflicting offensive and defensive interests. While the G-20 was pushing for a change of the status quo, he added, there were always winners and losers on both sides.

In the G-20, he mentioned, India, Brazil and South Africa, together with a small number of countries, were looking at something that can be done together. He suggested looking at the history of trade regulation itself to realize that most of the countries were not in the role to understand what trade liberalization meant. There were some figures of the World Bank which analyzed the effects of trade liberalization on a general level, he added. Remarkably, while civil society was equally unaware of this process before, he pointed out that this had changed in the last decade. Even the poorest government had resources and a very large civil society was much more aware and played a stronger role of advocacy, he added.

While in former times NGOs only worked in the social sector, such as health, water and education, he mentioned that the knowledge and dialogue on economic policy issues was increasing on a high level in a large number of countries. He noted that one cannot speak on behalf of the civil society as a whole, since it comprised a large number of views and opinions. He gave the example that at the bottom there were organizations that thought that the "WTO is a monster and should not be there" and that India was only to loose, while other groupings focused more on advocacy and tried to reform the WTO without questioning the organization itself. He emphasized that civil society became a force that could no longer be ignored and argued

with greater authority based upon evidence, than it had been the case in the past.

He added that there were civil society alliances as well, both global and legal alliances. The challenge for civil society was, he continued, not to ignore the challenges, to fight for equity and to consider what was at the core. He pointed out that the G-20, comprising 23 countries, had the responsibility to find responses to the needs of the people on various issues and had the scope to learn from the people in other member countries to lobby their governments to overcome poverty. He mentioned that the civil society had the responsibility to assure that the benefits of trade liberalization were distributed equally among the people. Developing countries could no longer be kept out of the decision-making process, he concluded, and the challenge was to find the adequate design of the WTO process, that guaranteed that also the views of the civil society were heard in the discussion.

Ricardo Melendez-Ortiz, Chief Executive, International Centre for Trade and Sustainable Development (ICTSD), Geneva, Switzerland

Ricardo Melendez-Ortiz reflected in his commentary on the role of civil society in G-20, how civil society looked at the talks and at the G-20 with the larger interest of the South. He started by defining the G-20 as a "bargaining coalition with communality in very specific aspects of agricultural negotiations". He confronted this definition with the wishful thinking of some in civil society that the G-20 had to be more or should aim at encompassing a comprehensive proposition on global trade negotiations. He added that agriculture was a central issue in the Doha negotiations and that the role of G-20 should not be minimized, but that it was important to put it into a realistic view.

Concerning the negotiations, he pointed out that G-20 turned itself in the driver's seat of the multilateral system and had since played a fantastic role there. He referred to the origin of the G-20, mentioning that it emerged as a tactical response within the negotiations by a number of critical actors of developing countries who were concerned about possible collusion of positions in agriculture between the EU and some developing countries which would be highly perverse to their interests and contrary to the spirit of the Doha Development Agenda. Then in the run-up to Cancun, he added, the EU and US came into agreement on lowering ambition in market access and agricultural subsidies, while India, Brazil

and others reacted with a common paper, which became known as the "G-20 common position". In this sense the G-20, he added, contrasted with all other groups, such as the G-33 for example. He pointed out that at its origin the G-20 was reactive and tactical and there was very little civil society participation in its formation and genesis. The G-33 was a completely different case, stemming from the grassroots movements that responded to the farming crisis in Southeast Asia in the late nineties. As to a political dimension, differences were also important.

Referring to the previous speakers he mentioned that the IBSA group had some larger political aims than the G-20. He noted that the G-20 was a coherent group, had legitimacy and a high level of recognition in capitals, which even led to a formal coordination process at ministerial level and made the G-20 a very structured alliance as a bargaining group. Within the group, he added, there were members of different groupings with different positions; e.g. in agriculture, there were eight offensive coalitions, which were the Cotton 4, G-7, Cairns Group, G-10, G-33, Recently Acceded Members, the Small and Vulnerable Economies and G-20. He emphasized that within the G-20 there were countries with different views on all issues where the G-20 had common positions, which arised from their membership in other groupings, such as the ACP, LDC, African Group, or even Cairns Group. The G-20, he recognized, had managed to navigate its differences in a very deliberate manner which required a lot of political work. He raised the question of whether civil society participated in this activity and stated that it did mainly by its analytical capacity.

The G-20, he pointed out, marked a major shift in the power relations of trade negotiations and was the focus of attacks; some members decided to drop from the group, such as Colombia. He stated that it was very difficult to dissociate whether G-20 was responsible for the suspension of talks and what part civil society played. However, he added that the G-20 had played a major role in the new geography of trade negotiations, but so had other groups, such as the G-33 particularly.

He stated that there were discussions by civil society and academics about G-20 and the larger interests of developing countries. Instead of romantic views, he suggested that they should call for a common position of developing countries in negotiations. However, he raised the question whether this was possible in the WTO of today,

the world markets of today and the structure of civil society of today.

He concluded by giving the example of the agricultural negotiations, where more than 20 functional groups with different offensive and defensive interests – also among developing countries – were bargaining. Thus, he doubted if it would be possible to reunite these groupings again on specific issues, whereas Hong Kong and the G-110 position showed that this was possible on broad political aims. He suggested that the role of civil society should be in each country to entice better trade policy formulation processes that better articulate multi-stakeholder interests and channel them to international negotiations, and to back up developing countries' positions particularly by providing sound and solid consultative and analytical capacity.

2 Summary of the discussion

There were interventions of the audience on particularly two issues: First, one speaker mentioned that the G-20 development agenda was an important part of the current Doha negotiations and that it reduced the asymmetries of the negotiations. She added that in the NAMA-11 group, Brazil and Argentina could interchange with trade unions regarding the formula calculations of the negotiations and called for a closer interchange between trade unions and governments to evaluate the social costs that came out of negotiations.

Umberto Celli reacted to this statement by reaffirming that in Argentina and Brazil not only trade unions but also other actors of civil society played an important role in formulating and expressing critical views on the Doha negotiations. He pointed out that the entities representing G-20 civil society were very much divided in the industrial sector. In the agricultural sector, he added, civil society views also differed quite a lot and the perception was that only the agribusiness lobby had a voice. He added that some actors of civil society regarded the role of G-20 as too limited and wanted it to look also at other areas such as services, while other actors criticized that the G-20 went too far.

Ricardo Melendez-Ortiz added that the NAMA-11 group was very different from the G-20 group in its structure and objective and that civil society needed to get a better understanding of the positions and results of trade negotiations.

The second intervention focused on the procedures of participation between civil society and WTO. The speaker stated that the WTO needed

to become an organization with a human face and, thus, needed to involve civil society more actively in the discussion on issues on global governance. She added that civil society should look more closely on regional conventions and called for efforts to provide actors of civil society with guidelines or a handbook on how to participate effectively in conferences of big organizations, such as the WTO.

Mzukisi Qobo reacted to this statement by mentioning that civil society participation must start at national level in order to be effective on global level as well. He gave the example of South Africa, where an institutionalized mechanism existed to reach consensus on trade policies and trade negotiations between different actors, including civil society. Since other actors tried to limit the space for civil society, he added, the engagement had to take place at every level in order to be effective.

3 Conclusion

The objectives of the working session were to highlight the G-20 civil society perspectives on G-20 and the WTO, and to identify the main challenges for G-20 civil society. The presentations of the panellists and the successive discussion could be summarized by the following five observations:

First, G-20 was successful in coalescing the voices of the South in the ongoing multilateral trade negotiations. Moreover, the G-20 managed to stay together despite of differing interests inside the group itself. This success made civil society groups look at G-20 as a possibility and alternative to conduct negotiations in a different way. However, it became clear that in some countries, such as Brazil, the voice of the agribusiness lobby groups was heard more loudly than the voice of small farmers.

Second, G-20 civil society is not homogenous, but rather a very heterogeneous and highly complex entity, comprising a wide range of perspectives. This became clear again after the suspension of the Doha Round negotiations, when some actors praised it as success and others were calling for a fast resumption of the talks. This makes it extremely difficult to talk about civil society views and expectations in a general manner.

Third, in order to be effective at global level, G-20 civil society groups have to start at national level to lobby their interests. While a decade ago, most of the NGOs were active only in the social sector, they are now much more aware of trade and economic issues and play a stronger role of

advocacy. South Africa was mentioned as an interesting example of how this interaction between civil society and other stakeholders in trade policy could work.

Fourth, it was mentioned that G-20 civil society had the responsibility to assure and enable that the benefits of trade liberalization were distributed equally among the people. Thus, its role should be to back up the developing countries' positions particularly by providing sound and solid consultative and analytical capacity.

Fifth, the discussion showed, that there should be closer interchange between civil society groups and their governments as well as multilateral organizations, such as the WTO. In this re-

gard, it was called for a more structured procedure for this kind of interchange.

4 Recommendations on what should be the future role of the WTO

The single most important recommendation was that WTO should provide for a more structured and institutionalized procedure to include actors of civil society in the discussion of multilateral trade issues. It was suggested to work on guidelines or a handbook on how this interaction mechanism could look like. As precondition for a higher degree of civil society engagement, it was mentioned that the WTO procedures should become more transparent and inclusive.

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About the WTO Public Forum:

The World Trade Organization (WTO) hosts once a year a Public Forum (formerly Public Symposium) to discuss current WTO-related topics. Participants come from governments, parliaments, civil society, the business sector, academia and the media. Most of the time during the Public Forum is reserved for governments, civil society and parliamentarians to organize their own events in the form of work sessions on key subjects. This year, the theme of the Public Forum was "What WTO for the XXIst Century?"

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