Oxford Handbooks Online

The Role of the Brics in the WTO: System-Supporters or Change Agents in Multilateral Trade?

Brendan Vickers

The Oxford Handbook on The World Trade Organization
Edited by Martin Daunton, Amrita Narlikar, and Robert M. Stern

Print Publication Date: May 2012
Subject: Political Science, International Relations, Political Economy
Online Publication Date: Nov 2012 DOI: 10.1093/oxfordhb/9780199586103.013.0013

Abstract and Keywords

This article explores the evolving role of Brazil, India, and China (BIC) in their twin roles as system supporters and change agents in multilateral trade. All three, while still presenting themselves as members of the developing world, have come to acquire an unprecedented influence in the World Trade Organization (WTO). Their rise offers several new opportunities for the trading system, but also poses serious and unanticipated challenges. There are two reasons for studying the WTO diplomacy of the BICs: economically, the three have captured large shares of global trade; and politically, their growing voice in the WTO is reshaping at least some of the rules of the game. After a brief overview of the trade policies of the BICs, the article investigates the impact of the rising powers on the WTO along three fronts: rule making, rule enforcement, and coalitions. While all three countries show greater activism in the organization, activism does not equate with leadership.

Keywords: Brazil, India, China, multilateral trade, World Trade Organization, diplomacy, world trade, trade policies, coalitions, rule making

12.1 Introduction

AT the dawn of the twenty-first century, a profound shift of economic and political power from West to East is reshaping international relations. Goldman Sachs's 'BRIC' quartet—Brazil, Russia, India, and China—has become shorthand for the relative rise of the emerging economies as the 'new titans' of the global economy (compared to the economic downturn and slower growth prospects of the high-income economies).[1] With impressive growth rates, expanding consumer middle classes and rapid wealth accumulation, China is projected to become the world's largest economy before 2030, while India could surpass the US by 2050. Collectively, by 2032 the BRIC economies could exceed output in the Group of 7 (G7) industrialized nations.[2] The renewed dominance by 2050 of China and India reflects the rebalancing of the world economy to where it was in earlier centuries, before the Industrial Revolution.

Of all the BRICs, the pace of China's expansion has been the most spectacular. China's accession to the World Trade Organization (WTO) in 2001, preceded by enormous unilateral liberalization in the 1990s, has been the biggest opening of an economy (p. 255) the world has ever seen. China has rapidly become the 'workshop of the world': a high-growth economy and investment behemoth, with a globally competitive position in manufacturing, especially processing trade. In 2009, China's total exports were more than $1.2 trillion, overtaking Germany as the world's largest exporter of goods. By 2010, China surpassed Japan to become the world's second largest economy. Given the size of its trade, coupled with concerns over the value of currency and large trade surplus with many countries especially the US since 2004. China has become an increasing target of WTO complaints .

The remaining BRICs have also experienced exponential growth in their output and trade, which has ranked well above the world average. This includes India's exports of software and business services, Russia's sale of oil and natural gas, and Brazil's pre-eminent position in global agricultural and agro-industrial markets. By value, world exports and imports each grew an average 12 per cent per annum from 2000 to 2008 (when the financial crisis struck), but within that Brazil's exports grew 17 per cent and imports 15 per cent, and India's exports 20 per cent and imports 24 per cent in the same period.[3] That said, Brazil and India still account for only 1 per cent and 1.5 per cent of world trade, while Russia's share of world trade is closer to 2 per cent.[4]

This chapter explores the evolving role of Brazil, India, and China—the BICs—in the WTO system, both as leaders of developing country coalitions and individually in their own right. Russia, formally joined the WTO in December 2011 after an eighteen year accession journey. There are two compelling reasons for this enquiry into the BICs' WTO diplomacy. From an economic perspective, the BICs have captured a large and growing share of world trade, which extends from merchandise trade to exports of commercial services. This is reflected in their increasingly favourable balance of trade and payments (mirrored by a deterioration of the US trade balance), coupled with vast foreign currency reserves. The scale of these surpluses—over $3 trillion for China, while Brazil and India hold hundreds of billions of dollars—has caused concerns about global economic imbalances and calls by the G20 Leaders' Forum (distinguished from the trade coalition of the G20 within the WTO) for more balanced global growth. The recent proliferation of regional trading agreements involving the BICs as key players, particularly East Asia's growing number of China-centric free trade agreements (FTAs),[5] have also raised concerns as to whether these new regional initiatives will undermine the established WTO system.

From a political perspective, the rise of these economies from the margins of the world economy has radically reshaped the rules of the game in global trade. There has been a shift of systemic influence from the traditional 'Quad' powers in the previous (p. 256) Uruguay Round (i.e. the US, EU, Canada, and Japan) to an emerging bloc of powers in the Doha Round that includes the US, the EU, and the BICs in various permutations. Compared to its predecessor, the General Agreement on Tariffs and Trade (GATT), the balance of power in the WTO is more multipolar, even multicultural. While it is a credit to the WTO that it has been able to facilitate and accommodate the rise of new powers, this gravitational shift in the governance and management of the world trading system has serious repercussions for the efficient functioning, inclusiveness and future relevance of the organization. As Narlikar cautions:

> No good deed goes unpunished: the WTO's timely responsiveness in accommodating the new powers at the heart of its decision-making has produced new inefficiencies, has heightened its proclivity to deadlock, and has exacerbated disengagement and disillusionment among all its stakeholders.[6]

This chapter therefore explores the evolving role of the BICs in their twin roles as system-supporters and change agents in multilateral trade. The chapter proceeds in three steps. The first section describes the trade policy evolution of the BICs as 'recent globalizers'. Understanding their domestic situations and political economies provides greater insights into their role and behaviour in the WTO, particularly China, as a relative newcomer to the trading system. The second section analyses the impact of the BICs on global trade governance, by focusing on three key areas of the WTO system: rule-making, rule-enforcement and coalition-formation. The chapter concludes by calling for a stronger leadership role from the BICs in multilateral trade, while respecting their vast development challenges.

12.2 The Trade Policies of the BICs

Substantial trade and investment liberalization by the BICs since the 1980s, have been the hallmarks of the second wave of economic globalization. Yet the BICs have pursued different pathways to prosperity. In the case of Brazil and India, domestic reform was crisis-induced, whereas China has gradually and autonomously integrated into the world economy. That reform dynamic appears to have stalled, as BIC governments adopt various stimulus packages and industrial policy measures to address their development challanges following the 2008 financial crisis.

12.2.1 Brazil and India's Crisis Reforms

Like most developing countries (and strongly informed by dependency theorizing that originated in Latin America), Brazil pursued heavy industrial policies of import-substitution and protectionism from 1930 until the end of the 1980s. This strategy (p. 257) initially led to rapid industrial development, especially during the two decades of military rule, but at the cost of soaring external debt and hyperinflation. The debt crisis and stagnation of the 1980s, coupled with the transition from authoritarianism to democracy and the emergence of new political elites, provided the catalysts for pro-market reforms in Brazil. Significant unilateral liberalization during the Collor presidency, particularly from 1991–3, was later complemented by President Cardoso's ‘Plano Real’ macroeconomic stabilization plan.[7] Although the political left won the 2000 and 2006 elections, the Lula government maintained economic policies of greater fiscal discipline and relatively liberalized trade whilst also prioritizing South trade and investment cooperation.

External liberalization and relative openness to foreign direct investment (FDI) and services (more so than China and India) have vastly improved the efficiency of the Brazilian economy and allowed it to profit from favourable global economic conditions, particularly high international commodity prices. The country has emerged as an agricultural powerhouse, with almost unlimited arable land and water, a highly productive agricultural sector, and competitive capacity in transport, storage, distribution, and logistics for farming exports. This explains Brazil's active participation in the Cairns Group of agricultural exporters and its vociferous leadership of the G20 in the WTO.

India shared Brazil's inward-looking trajectory, although Brazil was far more accommodating of foreign investment to develop local industries. For nearly four decades after its independence in 1947, India remained virtually a closed economy. India's post-colonial development strategy was strongly informed by the notion of self-reliance, with little attention to external trade. Notwithstanding piecemeal reforms during the late 1980s, India's marginal growth of around 3 to 5 per cent—the so-called ‘Hindu rate of growth’—was insufficient to support a rapidly expanding population. Confronting an extreme balance of payments crisis, in 1991 India launched an ambitious reform programme consisting of short-term stabilization measures alongside longer-term structural reforms.[8]

In a complete paradigmatic shift to policy-making under the ‘permit Raj’, India reduced tariffs and other trade barriers, scrapped industrial licensing, reduced taxes, devalued the rupee, rolled back currency controls and opened the Indian market to foreign investment. These reforms have been credited with boosting India's economic performance over the past two decades.[9] Indeed, as an emerging global power in IT and business services, India has strongly supported services trade liberalization in the WTO, specifically mode four of the General Agreement on Trade in Services (GATS) regarding better access for the temporary movement of workers and in various areas, including health, education, and call-centres.

In the case of Brazil and India, market-oriented trade reforms were clearly induced by severe macroeconomic crises. Significant autonomous liberalization at home also coincided with the latter years of the GATT's Uruguay Round (1986–94). However, these shifting domestic political economy realities were somewhat removed from Geneva's (p. 258) multilateral process, where Brazil and India remained cautious participants and reluctant supporters of the round's ambitious agenda. Indeed, both were leaders of intransigent ‘Third Worldist’ coalitions, such as the Group of 10 (G10) that resisted an inclusion of trade in services within the GATT.[10]

India's positions shifted over time, reflecting changing economic structures (such as the services sector boom, which has driven India's emergence in the world economy) which completely altered its domestic imperatives.[11] From being a vehement opponent of intellectual property rights and services during the Uruguay Round, India later softened its stance on Trade-Related Aspects of Intellectual Property Rights (TRIPS)—largely under duress from the US (Super 301), but also for extracting reciprocal concessions[12]—and is today one of the leading proponents for liberalizing trade in services in the Doha Round. A newly democratized Brazil also adopted a more pragmatic approach to reciprocal bargaining, given the country's competitiveness in agricultural exports.

12.2.2 China's Strategic Integration

In contrast to Brazil and India's crisis reforms, China has reformed gradually and autonomously since Deng Xiaoping articulated Beijing's ‘open door’ policy in 1978. During the 1980s and 1990s, China progressively liberalized its trade and FDI regimes, gradually reforming its closed, centrally planned and non-market economy. China's economic boom is historically based on the production and export of manufactured products, with significant investments made by technologically advanced transnational corporations from the developed world and neighbouring Asian countries.[13] This resulted in significant output expansion, particularly ‘processing trade’: components produced among several East Asian countries, but assembled in and exported from China to the West. Today, expert account for 40 per cent of China's GDP. Ahead of joining the WTO, Beijing accelerated the reform process—including further unilateral liberalization, restructuring of state-owned manufacturing industries, and greater recognition of private enterprise and trading rights—in order to instil confidence about its reformist intentions among its WTO interlocutors.[14] An enlightened cadre of leaders clearly used China's WTO accession in 2001 to accelerate, consolidate and lock in domestic reforms.

China's accession to the WTO, negotiated over 15 years on strictly commercial terms, was unprecedented. It also coincided with the launch of the WTO's maiden trade round, the Doha Development Agenda (DDA) in 2001, with calls on China to exercise greater systemic leadership by offering additional concessions, above and beyond its WTO (p. 259) ticket. This coincidence of pressures partly explains China's defensive posturing and largely bystander role during much of the Doha Round.

China's commitments in the WTO are on a par with most developed countries. In many cases, they even exceed the commitments expected of existing members at its stage of economic development.[15] Formal entry came at a very heavy price for China, reflected in the range of 'WTO-plus' and 'WTO-minus' obligations contained in its Accession Protocol.[16] Notwithstanding its tremendous and socio-economic challenges as a developing country, China was, right from the outset, treated differently from its peers. The WTO Agreement places no limits on the terms of accession that the WTO can offer to applicant countries, which must be negotiated bilaterally. China reluctantly agreed, under international pressure, to be treated as a 'non-market economy' in anti-dumping cases against its exports until the end of 2015. Under this arrangement, Chinese exports may be subject to safeguards with a lower trade impact threshold ('market disruption') than normal safeguards applied to other WTO members ('serious injury'). China also agreed to unique product-specific safeguards that could be used against its exports for 12 years (curtailing its right to retaliate),[17] and to submit to annual compliance reviews over the first ten years. These transitional mechanisms are set to lapse soon.

Given these onerous conditions, which in the view of some analysts 'violate fundamental WTO principles',[18] China has demonstrated a remarkable willingness to play by the rules of the game, including dispute settlement. China has bound all its tariffs (compared to India's two-thirds) and significantly reduced the incidence of tariff protection. As a result, China's average tariff level for industrial products has dropped to 9.6 per cent from the pre-accession level of 42.9 per cent, whereas the country's average tariff level for agricultural products now stands at only 15.6 per cent as compared to the pre-accession level of 54 per cent (see Table 4). China, furthermore, agreed to fully enforce the provisions of the Agreement on Trade-Related Investment Measures (TRIMs) and TRIPS upon accession, and is prohibited from imposing any export duties except for those items listed in the Protocol's Index. Although China has implemented the bulk of its accession commitments in timely fashion, some WTO members complain that Beijing is lagging behind in key areas, including intellectual property rights, services, and subsidies or has violated its obligations by restricting exports of rare minerals.[19] When comparing the BICs' tariff profiles and obligations, it becomes evident that China's 'WTO-plus' commitments have considerably constrained Beijing's negotiating space and bargaining chips in the Doha Round. Nonetheless, China's decision to join the world's most important rules-based economic organization, even on onerous terms, is widely regarded as critical for China's 'peaceful development'.[20] (p. 260)

Table 4 Bound and applied MFN tariffs for the BICs

Country	Year	Tariff binding coverage in % (all goods)	Simple average final bound (all goods)[a]	Simple average applied tariff (manufactures)	Simple average applied tariff (agriculture)	Simple average applied tariff (all goods)	Trade weighted average (all goods)[b]	Maximum MFN applied duties
Brazil	2010	100	31.4	14.2	10.3	13.7	10	35
India	2010	73.8	48.7	10.1	31.8	13	6.9	289
China	2010	100	10.0	8.7	15.6	9.6	4.1	65

Source: International Trade Statistics ⟨http://www.wto.org⟩

(a) Simple average of *ad valorem* duties

(b) 2009

12.3 The Role of the BICs in the WTO

The global ascendancy of the BICs in the WTO has been most pronounced on three fronts: rule-making, rule-enforcement and coalition-building. The following section explores their growing voice, agency, and influence in these three critical areas of the WTO system.

12.3.1 Rule-making

Historically, rule-making in multilateral trade was an exclusive and opaque enterprise, initially conducted only among the principal suppliers of products and largely centred on the traditional Quad: the US, EU, Canada, and Japan.[21] Under this ‘club model’ of diplomacy, many developing countries were excluded from the inner locus of bargaining, presenting the GATT—and later the WTO—with serious participatory and legitimacy deficits. Brazil and India however, have a long history of active participation in multilateral trade, reflecting their recognized status as leaders of the developing world. Their participation dates back to 1947, when both were original contracting parties to the GATT. Even with historically small shares of world trade, Brazil and India were vociferous participants in the GATT's ‘Green Room’ gatherings and corridor diplomacy, which continued into the WTO. They played a leading role in calling for greater fairness of process and outcomes in the trading system, particularly special and differential treatment (SDT) for developing countries.[22]

(p. 261) Compared to the ‘rich man's club’ of the GATT, the BICs have today moved to the front line of rule-making in the WTO, particularly during the Doha Round. A combination of growing confidence as a result of strong economic growth and trade performance, along with institutional adaptation and learning in the WTO (specifically by Brazil and India, and more recently China),[23] has contributed to their greater voice and agency in the organization. Their rising activism is often framed in terms of developmental concerns, specifically rebalancing the trading system's ‘asymmetry of economic opportunity’[24] more in favour of developing countries. There have been two major repercussions for rule-making in the WTO, namely agenda-setting and efficiency.

12.3.1.1 Agenda-setting in the WTO

Agenda-setting in multilateral trade is no longer the sole preserve of the developed country majors in the WTO. Since the Seattle Ministerial Conference in 1999, which failed to launch the ‘Millennium Round’, developing countries have shown themselves able and willing to block negotiations under the WTO's consensus rules. In other words, the rise of the BICs is moderating the ‘structural power’ of the developed countries over the trade regime, namely to set the agenda.[25] Led by the BICs, the formation of the G20 at Cancún in September 2003 formally signalled a ‘new politics of confrontation’ between the North and the South.[26] Although Brazil and India invited opprobrium from the US by being categorized into the ‘won’t do’ countries,[27] the emergence of the G20 was an important moral and political victory for developing countries. It significantly strengthened their bargaining power vis-à-vis the North, while shifting the terms of the agriculture negotiations towards the G20's well-researched 'middle ground' position on market access, domestic support, and export subsidies. 'As such', conclude Narlikar and Tussie, 'it was not simply a blocking coalition (despite the use of a strict distributive strategy), but in fact a proactive agenda-moving one'.[28]

Whereas Brazil and India have consistently been vociferous champions of developing country interests since the heyday of the GATT, China has only recently shifted from being a low-key actor in the Doha Round negotiations to taking a firmer stand on the side of developing countries.[29] At the July 2008 talks in Geneva, China chose to exercise its influence visibly when it joined India in blocking the consensus that was being negotiated, by refusing to concede on the 'Lamy Package', which proposed a compromise on numbers for agriculture and non-agricultural market access (NAMA). Following the collapse of that meeting, the Brazilian and Indian Foreign and Trade Ministers proclaimed: 'One thing we can celebrate is that rules here are no longer made by the rich countries. They have to take us into account, and that will continue to be so.'[30] Admittedly, this countervailing agency is still largely 'negative' (i.e. the ability and willingness to block an agreement). The BICs still have a long way to go in transforming their veto- (p. 262) player status into that of agenda-setters, so as to 'positively' (re)shape global trade governance to support their development. The role of the BICs in facilitating greater flexibility for developing countries in the TRIPS and Public Health negotiations is widely touted as an outstanding example of this positive agency

This changing configuration of bargaining power is reflected in the shift of systemic influence from the established 'Quad' powers in the Uruguay Round (i.e. the US, EU, Japan, and Canada) to an emerging bloc of powers around the US, EU, Brazil and India, and now China. The old Quad has been replaced by new core groups that take the shape of the Group of 4 (G4),[31] the Five Interested Parties (FIPS),[32] the Group of 6 (G6),[33] the Group of 7 (G7) and most recently the Group 11 (G11).[34,35] Brazil and India, along with the US and the EU, have consistently constituted all permutations of these key consensus-building groups.[36] It is worth noting that these changes are fairly recent, having occurred in tandem with the Doha Round negotiations: until as late as 2001, India had led the Like-Minded Group, a coalition whose agenda included improving the transparency and inclusiveness of the WTO for developing countries.

However, informal small group bargaining has not settled developing countries' demands for an inclusive process and legitimate outcomes, even with the BICs as their interlocutors. Efficiency still remains troubling too, since almost all past 'G-efforts' have resulted in collapse or failure. Substituting the old Quad with a new G7 to reflect the WTO's ground-level multipolarity—as was done in the July 2008 talks—was effectively a return to the de facto 'principal supplier principle'. This led to considerable dissatisfaction on the part of many small developing countries, and threw the legitimacy of any proposed solution via this mechanism into doubt.[37] Others are more perturbed by the apparent 'cooptation' of Brazil and India into the steering club that governs the WTO, and are sceptical that this will presage a more development-friendly trading architecture. Indeed, writes one critic: 'It is paradoxical that the G20, whose formation captured the imagination of the developing world during the Cancún Ministerial, has ended up being the launching pad for India and Brazil's integration into the WTO power structure.'[38] Brazil's initial decision to accept the Lamy Package's proposed agriculture and NAMA compromises in July 2008, which threw the unity of the G20 into question, was seen as vindicating these fears.

(p. 263)

12.3.1.2 Efficiency in rule-Making

The second major impact of the BICs' global ascendancy in the WTO relates to the efficiency of rule-making. Greater multipolarity through an altered balance of power has complicated collective action at the global level and made the system prone to deadlock.[39] Though the WTO has demonstrated its institutional maturity by incorporating the BICs at the core of its decision-making, these changes have not improved the efficiency of new rule-making. If anything, more diversity in the Green Room has increased the difficulty of reaching consensus, and has improved the legitimacy of the WTO only marginally at best.

The BICs have not shied away from using their new seats at the 'high table' to vociferously champion the WTO's trade and development objectives, acting as credible veto-players under the organization's consensus rules. This has largely taken the form of distributive, rather than integrative, diplomacy.[40] From the BICs' perspective, developed contries continue to make demands for further market opening in the areas of industrial tariffs and services, while refusing to make reciprocal concessions in agriculture. The BICs have raised their objection to the steady erosion of the DDA's development mandate and hence refused to join what they regard as the 'skewed' consensus of the traditional rule-makers. In doing so, The BICs are unfairly credited for the continuous deadlock in the negotiations and the failure to conclude the Doha Round. While the established powers in the WTO continue to call upon the new powers, particularly China, to exert their growing influence over developing countries, specifically Brazil and India, to conclude the DDA, they too have abdicated their responsibilities to provide systemic leadership.

The BICs have all placed heavy emphasis on agriculture as the centrepiece of a developmental deal in the WTO's DDA. For exporters like Brazil, this means reducing—and ultimately eliminating—the raft of domestic policies and support structures that grossly distort international trade. For countries with large rural subsistence communities, including China and India, rural development, food security, and people's livelihoods are the overriding concerns. Both are very legitimate objectives. As part of the Group of 33 (G33), India—together with China—has backed exempting 'special products' in agriculture from commitments, and the creation of a Special Safeguard Mechanism (SSM), which would temporarily allow developing countries to raise their tariffs in terms of a price fall or import surge. Indeed, it was a trenchant stand-off between the US and India (supported by China) over the trigger for this remedy that provided the proximate cause for the collapse of the July 2008 negotiations in Geneva.[41] Developed countries, which (p. 264) had previously called for Chinese leadership as a counterweight to Brazil and India, now blamed China for the collapse of the negotiations. During the Geneva negotiating endgame, the social stability of China's 740 million farming population weighed more heavily on Beijing than actual agricultural trade. China's support for the SSM, as part of the G33, was therefore intended to send a strong signal to Chinese farmers that Beijing had not left them behind in the WTO.

India's behaviour in the Doha Round, particularly in agriculture, thus reflects continuity with its long history of naysaying in the GATT/WTO.[42] This is hardly surprising, since India's farming sector supports the livelihoods of 65–70 per cent of the country's population.[43] Brazil's trajectory in the WTO system, while, overall, similar to the Indian one during the early part of the DDA, showed signs of developing a more conciliatory dynamic in the July 2008 talks. Brazil is reported to have (unsuccessfully) urged its allies within the G20—especially China and India—to compromise on the issue of the SSM and accept the deal that was on offer, which included a cap on US domestic subsidies at $14.5 billion.[44] Brazil's behaviour in the WTO reflects the country's long-standing diplomatic tradition, typical of middle powers, to engage in mediation and bridge-building.[45] This is underpinned by a clear desire to strengthen multilateralism, in which Brazil's own development interests are embedded. In this respect, Brazil's negotiating behaviour in the WTO has been the most integrative of all the BICs.

Still reeling from its 'WTO-plus' accession commitments, this notion of bridge-building initially appealed to China too. As a newcomer to the WTO, Beijing suggested that it would be more appropriate for China to serve as an intermediary between developed and developing countries, while reserving further liberalization. On the one hand, this positioning gave China some temporary respite to implement its accession obligations, while also preoccupying itself mainly with 'learning' the norms and rules of the game.[46] On the other hand, China's reticence in the DDA created an image problem for Beijing as a somewhat detached, if not disinterested, actor, whose reluctance to exercise influence over the developing world was contributing to the parlous state of play in the Doha Round.

However, as Chin observes: 'While China has not tried to take a strong leadership role inside the Doha Round, it would also be inaccurate to call it a passive actor.'[47] Since acceding to the WTO, Beijing has been quite active in advancing a series of proposals for reforming the rules, operational norms and rule-making bodies of the WTO, often speaking on behalf of developing country interests. China has made more than 100 (p. 265) proposals altogether in the Doha Round, either alone or through cooperation with other developing countries.[48] In 2003, just two years after acceding to the WTO, China had become the most active developing country (followed by India) and the third most active WTO member, after the EU and the US, in its submissions to the WTO.[49]

12.3.2 Rule-enforcement

The second major area where the impact of the BICs is pronounced is rule-enforcement through the WTO's dispute settlement mechanism (DSM). The BICs have not shied away from enforcing their rights through this system. Brazil and India, followed by Mexico, have historically been the most active developing country litigants in the DSM. After initial years of restraint and substantial investment in developing WTO-related legal capacity, China's recent confidence with trade litigation—increasingly acting as a sole plaintiff—suggests that Beijing is steadily learning to play the dispute settlement game.

Although many developing countries still consider the DSM to be an onerous and costly exercise to settle trade disputes, the security and predictability of the system has worked to the advantage of both big and small members. Notwithstanding the recent upsurge in developing country cases filed at the WTO, the established powers—especially the US, EU, and Canada[50]—are by far the most frequent users of the DSM. While *developed* versus *developed* country cases have been declining, the opposite is evident for *developing* versus *developing* country cases. South–South litigation has grown from 11 per cent (1995–9) to 26 per cent of the total cases (2000–8).[51] Although China has only lodged disputes against the US and the EU, Chinese manufacturers have in recent years been the target of a spate of trade disputes, trade remedies and safeguard actions by developing countries. This partly reflects domestic adjustment pressures in the wake of the BICs' global ascendancy.

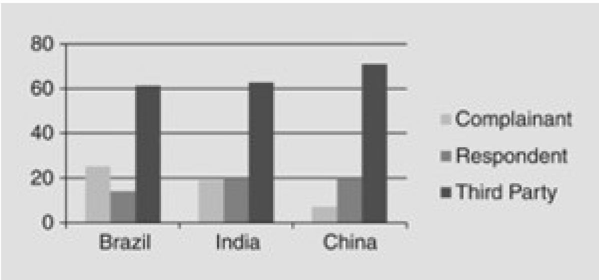

Figure 5 The BIC's involvement in the WTO's DSM (as of January 2012)

While the number of cases filed by *developed countries* against *developing countries* has also been on the decline, there are emerging signs of future contestation. Trade and climate change are an area where the rules are still unclear. Recent industry policy measures by the BICs to stimulate green technology industries, especially wind and solar power, has raised the ire of some developed countries.[52] Conflicts over currencies and current account imbalances are another source of tension. In recent years, China's exchange rate policy has become a major decision in several developed countries, most notably the US. Beijing's intervention in the currency (p. 266) markets to boost Chinese exports is regarded by the US as a major contributor to the US–China trade imbalance, which reached $252 billion in November 2010. Both the US House of Representatives and the US Senate have passed similar bills that would treat an undervalued currency as an unlawful subsidy. That would open the passage for trade remedies, including tariffs on Chinese goods. But there are broader protectionist concerns too. During 2011, Brazil's Finance Minister warned that the world economy was in the midst of a 'currency war' as countries (particularly the US and China) manipulated their exchange rates to boost exports and recovery from the global recession, which Brazilian authorities claimed could ultimately spark a trade war.[53]

Within the actual DSM, Brazil is the most accomplished developing country player, in terms of being the quantity of cases brought and the cases systemic implications. Brazil has participated in 25 cases as complainant, 14 cases as respondent, and 65 cases as a third party (see Figure 5).[54] Brazil has won landmark cases against the US on cotton, and the EU on sugar. Brazil's case against US upland cotton subsidies is one of the best examples of how developing countries have used the WTO's judicial function to level the playing field, at least to some extent. Brazil's succesful engagement with the WTO's legal order is largely due to the rise of pluralist cooperation between the private sector, civil society, and the government on trade matters.

Brazil's judicial activism is followed by India's—India has participated in 19 cases as complainant, 20 cases as respondent, and 73 cases as a third party. Having only joined the WTO in 2001, China's regular appearances in the DSM are noteworthy. China has participated in the DSM eight times as complainant, 20 times as respondent, and an unprecedented 88 times as a third party. Unlike its defensive negotiating position in the Doha Round, the cases that Beijing has brought against the EU and US allow China to occupy a more offensive role in the WTO system.[55]

(p. 267) China's traditional preference is to settle trader disputes through bilateral consultations without litigation (such as the circuit case). But Beijing is now more prepared to defend its interests using WTO litigation.[56] Some of these disputes, such as China's export restrictions of raw materials (under appeal) are landmark case in WTO jurisprudence. For Chinese officials, third party participation has also offered a valuable opportunity, with little or no risk, to learn the norms and rules of the dispute settlement game, and to draw important tactical and strategic lessons, with an eye to future disputes.[57]

Given the growing prominence of developing countries as plaintiffs against developed countries, the BICs share an interest in a well-functioning DSM to safeguard their interests. The Doha Ministerial Declaration of 2001 mandated negotiations to improve and clarify the dispute mechanism. China and India have been quite active in this review, with proposals that aim at restraining Northern countries from using the DSM to ‘harass’ Southern members that lack human and financial resources for lengthy litigation. Consistent with its normative framings in multilateral trade, the Indian proposals have largely pertained to special and differential treatment for developing countries in the DSM. China has proposed limiting the number of cases against developing countries to no more than two per year, and the defrayal of costs where a developed country has lost a case. These DSM reform proposals position China as an active and constructive new member, working inside the new institution.[58]

12.3.3 Coalition-formation

The third area of pronounced BIC activity in the WTO is coalition-formation. Developing countries have long used coalition strategies to strengthen their bargaining power through joint positions and collective representation in the GATT and later the WTO.[59] During the Uruguay Round, Brazil and India led the G10, which resisted the inclusion of trade in services within the GATT. India later led the Like-Minded Group, supported by Brazil, which opposed launching a new trade round until the implementation difficulties of developing countries were adequately addressed.

The Doha Round has seen the proliferation of a range of new issue-based alliances, led by the BICs and other large developing countries. These include Indonesia's leadership of the G33, with China and India in tow, and South Africa's role in coordinating the NAMA-11, which counts Brazil and India as members, while China has endorsed many of the group's positions. Reflecting their industrialization ambitions, the BICs have used the (p. 268) NAMA-11 to call for greater ‘policy space’ in the formula for industrial tariff liberalization; but this has also had the effect of reducing multilateral pressures to open up their industrial goods markets vis-à-vis each other, where some of the highest barriers to South–South trade remain. Of all these coalitions, old and new, the G20 has been the most iconic.

Since its establishment at the time of Cancún in 2003, the G20 has aimed to achieve a more ambitious outcome in the agriculture negotiations, by reducing farm subsidies and trade restrictions in the US and the EU. The G20 has been a formidable alliance, unifying agricultural exporters with liberalizing interests (e.g. Brazil and South Africa) and food importers with sections of their populations dependent on subsistence farming (e.g. China and India). Compared to the more ideological and rigid bloc-type coalitions of the GATT years, which usually splintered during the negotiating endgame,[60] the G20 has broadly survived the politics of the Doha Round, notwithstanding some defections prompted by bilateral pressures from the established powers. This is not to deny the existence of intra-coalitional tensions. Indeed, India's preoccupation with developmental concerns perhaps indicates its greater alignment with the G33, rather than with the G20. This divergence of interests between the coalition members was apparent during the July 2008 talks in Geneva, when Brazil was prepared to accept the terms of the Lamy Package. Brazil attracted considerable flak from many developing countries for taking this position and breaking ranks from the rest of the G20. Several efforts were subsequently made to cover up the rift in the aftermath of the July talks.

Narlikar draws an important distinction between the coalitional behaviour of Brazil and India, within and beyond the WTO,[61] which partly explains the G20's conundrum. Brazil has used its position of leadership and trust in coalitions to facilitate compromise with the outside party. This reflects the country's conception of its middle power role, as a natural mediator and bridge-builder. So, for example, at important junctures in the Doha Round negotiations, Brazil tried hard to persuade its coalition partners in the G20 to make compromises in favour of a deal, particularly the Lamy Package at Geneva in July 2008. In contrast to Brazil's more integrative proclivities, India's distributive ‘Just Say No’ diplomacy and leadership of the same coalitions has led it to commit to Third Worldist positions and makes it harder for it to make concessions with the outside party. Successful coalition leadership has contributed greatly to India's newfound veto power, but the particular form that this coalition leadership takes has, paradoxically, also undermined its agenda-setting power in the system.

Compared to Brazil and India, China has not actively sought leadership of developing country coalitions, even if it was a founding member of the G20. Despite all the high expectations of it from developing countries in the WTO immediately after its accession, Beijing maintained a low profile in Third Worldist coalitions until July 2008, when it sided with India against the US. China's supportive, yet backseat, role in Southern (p. 269) coalitions partly reflects the fact that Beijing actually shares an interest with the US and the EU in seeking greater access to large developing country markets—including Brazil and India—for its manufactured exports, rather than delaying full external economic liberalization. China has thus adopted a ‘two-hand policy’,[62] balancing its own interests as a leading importer and exporter with the enduring ideological legacies of the Maoist period, namely Third Worldist foreign policy self-identification.[63]

While lending broad declaratory support to developing country partners, Beijing has carefully picked its own WTO battles. China has been fairly vociferous on one matter, namely special treatment for the group of recently-acceded members (RAMs). As previously noted, China's accession commitments were very demanding. Compared to Brazil and India, China's bound rates are very close to applied rates, leaving little room—or ‘water’ in ‘WTO-speak’—to undertake further reforms so soon after acceding to the system. China has therefore been reserved about additional trade liberalization under the DDA, explaining that it is a developing country that can hardly meet its own people's needs, risking internal peace and stability. Instead, Beijing's mandarins have requested that China be treated as a new member on the basis of the ‘four L's’—namely ‘less’ requests, ‘lower’ obligations, ‘longer’ transition periods, and ‘later’ liberalization.[64] By insisting on no further concessions, China approximates somewhat India's distributive negotiating behaviour in the WTO.

China has been fairly active in another area, namely the Friends of Anti-Dumping Negotiations (FANs) (which also counts Brazil as a member). As the world's most popular anti-dumping target, facing hundreds of such cases, China has lived to regret the ‘non-market economy’ arrangement of its WTO Accession Protocol. The FANs group thus seeks to strengthen anti-dumping rules to limit arbitrary practices on the part of investigating authorities. Meanwhile, Beijing has also used its ‘non-market economy’ status as a bargaining chip with other governments, insisting they recognize China as a market economy in return for development aid and the preferential trade deals its Asian neighbours are eager to establish.

12.4 Conclusion

Acting alone or in concert, the BICs have clearly emerged as major players in the WTO system. Their growing voice, agency, and influence have been most pronounced in three key areas of global trade governance, namely rule-making, rule-enforcement and coalition-formation. Paradoxically, however, this shift towards greater multipolarity in the WTO, and the inclusion of the BICs at the high table of the Doha negotiations, have not resulted in greater buy-in from the members of the organization—developed or developing. Among the multiple causes for the stasis in the WTO's Doha negotiations is an evident leadership vacuum: neither the established leaders nor the emerging ones, (p. 270) represented by the BICs, are willing to take on the responsibilities of leadership and contribute to the provision of the public good of free multilateral trade.

As Brazil, China, and India, as well as other large developing countries, steadily grow their shares of world trade in goods and services, and hence their interests in an open and stable world economy, these rising powers must assume greater leadership responsibilities in the WTO. This leads to the normative and policy questions of whether these countries, led by the BICs, are able and willing to provide leadership and share the task of exercising a global geopolitical role—or whether their own domestic issues and challenges will take priority.

With regard to the latter, the BICs are still poor and their development challenges large. About 150 million Chinese still live under US$1 per day. Moreover, the gains of global trade growth–measured by trade in sophisticated high-value and high technology content–still accrues largely to the North. The overriding priority for the Chinese authorities is sustaining economic growth and preserving the social and political order. Part of the challenge is to rebalance the country's growth, namely making the Chinese growth path more consumption-led and less export- and investment-driven, which exacerbates overcapacity and risks overheating.[65] China's 1.3 billion consumers potentially provide the country with a major source of internal growth. Stimulating greater domestic demand could also transform China into one of the world's largest importing countries, with important ramifications for the country's bargaining power internationally. Importing countries, as opposed to exporters, generally hold the balance of advantage in international economic relations.[66] Moreover, for the BICs to strengthen their growth prospects and competitiveness, 'second-generation' trade policy reforms may also loom large on the horizon. These are often more difficult to implement than 'first-generation' reforms, since they intrude deeply into domestic trade-related regulations and institutions.[67] How to address these second-generation reforms—unilaterally, regionally, or multilaterally—is likely to determine the BICs' future approach to a post-Doha agenda.

Looking ahead, the ascendancy of these new powers, particularly China, has generated some anxieties for the multilateral trading system. Rising powers are historically revisionist, some even revolutionary, given their subordinate status as rule-recipients of the status quo.[68] After years of obeying Deng Xiaoping's dictum of restrained foreign policy as the best means of advancing its peaceful rise, an emboldened Beijing now appears more comfortable about brandishing its strengths and achievements. Without a (p. 271) clear understanding of China's long-term strategic intentions in the WTO, and compounded by its largely passive role in the DDA negotiations, China's rapid rise and weight as an economic powerhouse has stirred uncertainty as to whether Beijing will behave as a responsible WTO citizen, or disrupt and threaten the system.[69] China's support for India at the July 2008 talks was thus interpreted by some commentators as an 'aggressive challenge', intended to impair the functioning of the multilateral trading system.[70] Within that context, 'non-cooperation' with the established powers—or the refusal to join the consensus of the traditional rule-makers—was regarded as troublesome. Others point out that Beijing's willingness to negotiate and promote reform from within the established institutional order should be appreciated as an affirmation of the international trading regime and China's commitment to 'peaceful development', rather than China behaving as an active disabler of multilateralism.[71]

Thus far, Brazil, China, and India have all revealed themselves to be 'system-supporters' to varying degrees, with Brazil being the most regime-confirming.[72] China's position is more nuanced, reflecting its newfound assertiveness in international relations. On the one hand, Beijing has broadly played by the rules of the game, even hosting the 2005 Hong Kong Ministerial Conference, where improved progress was made compared to Cancún. More recently, China and the US have agreed to pursue China's inclusion in the plurilateral Government Procurement Agreement (GPA), bringing China further into the fold. Beijing is presently revising its offer to include all levels of public procurement, namely central, provincial, and local government. On the other hand, China poses key challenges to the world trading regime, ranging from its distributive strategies in the later stages of the DDA negotiations and consistent refusal to make concessions on grounds of having surrendered much in the accession process, and leadership of the RAMs coalition, to its manipulation of its exchange rates to boost exports.

Importantly, however, none of the BICs have behaved as radically revisionist powers. They are certainly beyond status quo, having sought to advance the WTO's trade and development objectives, while championing moderate reform of the international regime. Reflecting this balance between system-supporters and change agents in multilateral trade, the BICs have articulated alternative visions of 'developmentalism', which go hand in hand with a commitment to the cause of 'Third Worldism' (albeit in quite a different form from that of the 1970s). These ideas do not represent a wholesale, revolutionary challenge to the system so much as advance the cause of international reform.

References

Bello, Walden. 2005. The Real Meaning of Hong Kong: Brazil and India Join Big Boys' Club. *Focus on the Global South*. 22 December.

Bergsten, C. Fred. 2008. China and the Collapse of Doha. *Foreign Affairs*, 27 August. Available from ⟨**http://www.foreignaffairs.com/articles/64917/c-fred-bergsten/china-and-the-collapse-of-doha**⟩. Accessed on 7 November 2011.

Branstetter, Lee, and Nicolas Lardy. 2006. China's Embrace of Globalization. NBER Working Paper 12373. Cambridge MA: National Bureau of Economic Research.

Bridges Weekly Trade News Digest. 2008. Doha: Close, but Not Enough. 12 (27) 7 August. Available from ⟨**http://ictsd.org/i/news/bridgesweekly/18040/**⟩. Accessed on 7 November 2011.

Chin, Gregory. 2009. Reforming the WTO: China, the Doha Round and Beyond. In *Leadership and Change in the Multilateral Trading System*, edited by Amrita Narlikar and Brendan Vickers. Leiden: Martinus Nijhoff, and Dordrecht: Republic of Letters Publishing.

Chin, Leng Lim and Jiang Yu Wang. 2009. China and the Doha Development Agenda. Working paper prepared for the BRICS and the Doha Development Round project of the North–South Institute. Available from ⟨**http://www.nsi-ins.ca/english/pdf/China%20at%20Doha.pdf**⟩. Accessed on 7 November 2011.

Cooper, Andrew F. 1997. *Niche Diplomacy: Middle Powers after the Cold War*. Houndmills: Macmillan.

Draper, Peter, Philip Alves, and Razeen Sally, eds. 2009. *The Political Economy of Trade Reform in Emerging Markets*: *Crisis or Opportunity?* Cheltenham: Edward Elgar.

Eichengreen, Barry et al., eds. 2008. *China, Asia, and the New World Economy*. Cambridge: Cambridge University Press.

Elsig, Manfred. 2006. Different Facets of Power in Decision-Making in the WTO. NCCR Working Paper 23, September.

Goldman Sachs. 2003. Dreaming with the BRICs: The Path to 2050. Global Economics Paper 99, October.

Goldman Sachs. 2007. *BRICs and Beyond*. Goldman Sachs Global Economics Group.

Huang, Zhixiong. 2008. Doha Round and China's Multilateral Diplomacy. Available from ⟨**http://www.siis.org.cn/Sh_Yj_Cms/Mgz/200802/9780199586103LJML.pdf**⟩. Accessed on 7 November 2011.

Hurrell, Andrew, and Amrita Narlikar. 2006. The New Politics of Confrontation: Developing Countries at Cancún and Beyond. *Global Society* 20 (4):415–33.

Ismail, F. 2009. Reflections on the WTO July 2008 Collapse: Lessons for Developing Country Coalitions. In *Leadership and Change in the Multilateral Trading System*, edited by Amrita Narlikar and Brendan Vickers. Leiden: Martinus Nijhoff, and Dordrecht: Republic of Letters Publishing.

Jones, Kent. 2010. *The Doha Blues. Institutional Crisis and Reform in the WTO*. Oxford: Oxford University Press.

Kennedy, Paul. 1987. *The Rise and Fall of the Great Powers: Economic Change and Military Confrontation from 1500 to 2000*. New York: Random House.

Lardy, Nicholas. 2002. *Integrating China into the Global Economy*. Washington, DC: Brookings Institution Press.

Lawrence, Robert Z. 2008. China and the Multilateral Trading System. In *China, Asia, and the New World Economy*, edited by Barry Eichengreen et al. Cambridge: Cambridge University Press.

(p. 273) Marconini, Mario. 2009. Brazil. In *The Political Economy of Trade Reform in Emerging Markets*: *Crisis or Opportunity?*, edited by Peter Draper, Philip Alves, and Razeen Sally, 146–69. 2009. Cheltenham: Edward Elgar.

Narlikar, Amrita. 2003. *International Trade and Developing Countries: Bargaining Coalitions in the GATT and WTO*. London: Routledge.

Narlikar, Amrita. 2007. All's Fair in Love and Trade? Emerging Powers in the Doha Development Agenda Negotiations. In *The WTO after Hong Kong. Progress in, and Prospects For, the Doha Development Agenda*, edited by Donna Lee and Rorden Wilkinson. London: Routledge.

Narlikar, Amrita. 2010a. *New Powers: How to Become One and How to Manage Them*. New York: Columbia University Press, and London: Hurst.

Narlikar, Amrita. 2010b. New Powers in the Club: The Challenges of Global Trade Governance. *International Affairs* 86 (3):717–28.

Narlikar, Amrita, and Diana Tussie. 2004. The G20 at the Cancún Ministerial: Developing Countries and their Evolving Coalitions. *The World Economy* 27 (7):947–66.

Narlikar, Amrita, and Brendan Vickers, eds. 2009. *Leadership and Change in the Multilateral Trading System*. Leiden: Martinus Nijhoff, and Dordrecht: Republic of Letters Publishing.

Odell, John. 2000. *Negotiating the World Economy*. Ithaca, NY: Cornell University Press.

Panagariya, Arvind. 2008. *India: Emerging Giant*. Oxford: Oxford University Press.

Pearson, Margaret M. 2006. China in Geneva: Lessons from China's Early Years in the World Trade Organization. In *New Directions in the Study of China's Foreign Policy*, edited by Alastair Iain Johnston and Robert S. Ross. Stanford: Stanford University Press.

Ray, Amit Shovon, and Sabyasachi Saha. 2009. Shifting Coordinates of India's Stance at the WTO. In *Leadership and Change in the Multilateral Trading System*, edited by Amrita Narlikar and Brendan Vickers. Leiden: Martinus Nijhoff, and Dordrecht: Republic of Letters Publishing.

Sally, Razeen. 2008. *Trade Policy, New Century: the WTO, FTAs and Asia Rising*. London: Institute of Economic Affairs.

Sally, Razeen. 2009. Trade Policy in the BRIICS: A Crisis Stocktake and Looking Ahead. ECIPE Policy Brief 3. Brussels: European Centre for International Political Economy (ECIPE).

Sheng, Ding. 2010. Analyzing Rising Power from the Perspective of Soft Power: A New Look at China's Rise to the Status Quo Power. *Journal of Contemporary China* 19 (64): 255–72.

Strange, Susan. 1988. *States and Markets*. New York: Basil Blackwell.

Wilkinson, Rorden. 2006. *The WTO: Crisis and the Governance of Global Trade*. London: Routledge.

WTO. 2009. World Trade 2008, Prospects for 2009; WTO Sees 9% Global Trade Decline in 2009 as Recession Strikes. Press release, Press/554, 23 March. Available from **⟨http://www.wto.org⟩** Accessed 16 June 2010.

Zheng, Yongnian, and Qingjiang Kong. 2009. China in the WTO: From Accession to the Doha Failure. EAI Working Paper 147, 27 March. Singapore: East Asian Institute (EAI).

Zoellick, Robert B. 2003. America Will Not Wait for the Won't-Do Countries. *Financial Times*. 22 September. (p. 274)

Notes:

(1) *The Economist*, The New Titans, 16–22 September 2006; see Goldman Sachs 2003.

(2) Goldman Sachs 2007.

(3) WTO 2009.

(4) International Trade Statistics, from ⟨http://www.wto.org⟩.

(5) Eichengreen et al. 2008; Sally 2008. There is no mistaking Asia's new China-centric character. China has signed FTAs with ASEAN, Pakistan, and Singapore in Asia and has promoted closer economic cooperation through ASEAN13 (China, Japan, and Korea).

(6) Narlikar 2010b, 724–5.

(7) Marconini 2009.

(8) Ray and Saha 2009.

(9) Panagariya 2008.

(10) Narlikar 2003.

(11) During the 1980s, the contribution of services to India's GDP remained quite modest, at 35–40 per cent. Clearly, it was difficult for Indian policymakers to foresee the service-led growth that the country is experiencing currently (Ray and Saha 2009, 107).

(12) Ray and Saha 2009.

(13) It is estimated that foreign-invested enterprises account for more than 50 per cent of China's foreign trade and around 80 per cent of its processing trade.

(14) Lardy 2002; Branstetter and Lardy 2006.

(15) Lardy 2002.

(16) WTO-plus provisions are additional obligations above those in the WTO; WTO-minus provisions are reductions in the normal WTO obligations, specifically with respect to China.

(17) This included an additional safeguard provision for textiles and apparel.

(18) Lardy 2002.

(19) The US maintains a restriction on hi-tech exports to China because of the latter's lack of respect for intellectual property rights.

(20) Sheng 2010.

(21) Wilkinson 2006.

(22) Narlikar 2007. Narlikar argues that in the GATT, developing countries started out by demanding fairness of outcomes and moved on in the Uruguay Round to emphasize fairness of process. Adapting to the lessons from both these campaigns, they have in more recent times demanded fairness of both process and outcomes.

(23) Hurrell and Narlikar 2006.

(24) Wilkinson 2006.

(25) Strange 1988.

(26) Hurrell and Narlikar 2006.

(27) Zoellick 2003.

(28) Narlikar and Tussie 2004, 962.

(29) Chin 2009.

(30) Bridges Weekly Trade News Digest 2008.

(31) The G4 consists of the EU, US, Brazil, and India.

(32) The FIPS consists of the EU, US, Brazil, India, and Australia.

(33) The G6 comprises the EU, US, Japan, Australia (representing the Cairns Group), Brazil, and India.

(34) The G7 consists of the EU, US, Australia, Japan, Brazil, China, and India.

(35) The G11 consists of the EU, US, Canada, Japan, Australia, China, India, Brazil, Argentina, South Africa and Madritius.

(36) To ensure greater transparency and inclusiveness, WTO negotiations are conducted through a concentric circles approach: the first circle involves the WTO majors in various configurations (e.g. G4, G5, G6, and recently G7); the second circle is constituted as a 'Green Room', which accommodates about 30–45 trade ministers; and the third circle encompasses bodies that are open to all participants (e.g. the Trade Negotiation Committee, Heads of Delegation meetings, etc.) Elsig 2006.

(37) Ismail 2009.16.3

(38) Bello 2005.

(39) Narlikar and Vickers 2009.

(40) Negotiation strategies vary across a spectrum, ranging from distributive (i.e. value-claiming) to integrative (i.e. value-creating). Distributive strategies include tactics such as refusing to make any concessions, threatening to hold others' issues hostage, issuing threats and penalties or worsening the other party's best alternative to negotiated agreement (BATNA). Integrative strategies comprise attempts to widen the issue space and explore common solutions, i.e. strategies designed to expand rather than split the pie (Odell 2000).

(41) The US insisted that SSM remedies should be triggered when imports surged by an average of 40 per cent over a three-year period, while India advocated a 15 per cent

threshold. China eventually indicated that it could accept something between 20 and 35 per cent, but was not able to persuade the US and India.

(42) Narlikar 2003.

(43) Ray and Saha 2009.

(44) See Washington Trade Daily, 28 July 2008. It was reported that Brazil was canvassing support for the Lamy Package, although this was opposed by India, South Africa, and Argentina. Brazilian Foreign Minister, Celso Amorim, was reported to have stated that Brazil was willing to press ahead, notwithstanding the differences within the G20 and Mercusor on the Lamy Package.

(45) Cooper 1997.

(46) Pearson 2006.

(47) Chin 2009, 136.

(48) See 'Official: China has always played active role in WTO talks', Xinhua News Agency, 28 July 2008.

(49) Cited in Chin 2009, 136–7.

(50) The US leads the pack in the DSM, acting as the complainant in 96 cases, the respondent in 110 cases, and a third party in 80 cases. The EU is hard on its heels, with 82, 70, and 98 cases respectively.

(51) Jones 2010, 126. Over the same time period, *developing* versus *developed* country cases rose from 14 per cent to 30 per cent of the total.

(52) The US government has recently complained to the WTO about the Chinese government's subsidies to its export-oriented clean energy manufacturers (mainly solar and wind industries), which Washington claims violate WTO rules banning subsidies to exporters.

(53) 'Brazil warns of looming "trade war" ', *Financial Times*, 19 January 2011.

(54) The DSM figures for Brazil, India, and China are drawn from the WTO: ⟨http://www.wto.org⟩.

(55) Chin and Jiang 2009.

(56) Zheng and Kong 2009; Chin and Jiang 2009.

(57) Chin 2009.

(58) Chin 2009.

(59) Narlikar 2003.

(60) Narlikar 2003.

(61) Narlikar 2010a.

(62) Huang 2008.

(63) Chin 2009.

(64) Chin and Jiang 2009, 8.

(65) A reliance on exports and investments has caused China's domestic consumption to fall to 35 per cent of GDP, the lowest of any major economy, down from 45 per cent a decade ago.

(66) Chin and Jiang 2009.

(67) Sally 2009. Second-generation reforms include services regulation, regulation of food safety and technical standards, intellectual property protection, public procurement, customs administration, and competition rules.

(68) Kennedy 1987.

(69) Lawrence 2008.

(70) Bergsten 2008.

(71) Chin 2009; Sheng 2010.

(72) See Narlikar 2010a. The BICs have played by the WTO's dispute settlement rules, subjected their trade policies to peer review, and proposed a series of constructive reform measures to strengthen the system. The latter range from improvements to the functioning of the WTO's rule-making and dispute settlement bodies, to more equitable representation of developing countries in the WTO Secretariat.

Brendan Vickers

Brendan Vickers is Head of Research and Policy in the International Trade and Economic Development division of the Department of Trade and Industry in South Africa, and a Research Associate of the Department of Political Sciences, University of Pretoria, South Africa. He writes in his personal capacity.