

## **G8 Reform: Expanding the Dialogue**

An Overview of the G8's Ongoing Relationship with the Emerging  
Economic Countries and Prospects for G8 Reform

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## The Group of Eight

The Group of Eight (G8) is comprised of the eight leading industrialized democracies in the world: Canada, France, Germany, Italy, Japan, Russia, the United Kingdom, and the United States. Together, these eight states account for 48% of the global economy and 49% of global trade, hold four of the United Nations' five Permanent Security Council seats, and boast majority shareholder control over the International Monetary Fund (IMF) and the World Bank. The G6 (Canada and Russia excluded) originally met in Rambouillet, France in 1975 to discuss the economic impact of the OPEC oil crisis and the end of the US-dollar gold standard regime. In 1976, they were joined by Canada, with Russia gaining membership in 1998. Each year the leaders of these states meet at an annual summit in what is the most powerful and intimate meeting of global leaders anywhere in the world. Unlike other multilateral meetings, leaders at the G8 Summit meet privately behind closed-doors; there are no aides or intermediaries and there are few scripts of protocols. For some, the G8 is a concert of powers operating the most relevant center for global governance, with its flexibility and dynamism making it far more effective than the post-1945 institutions, namely the United Nations (UN). For others, the G8 is an unelected 'committee that runs the world,' an epicenter of global capitalism and neo-colonialism. In the past the G8 has discussed and made joint commitments on a variety of issue areas that relate to the international economy, nuclear disarmament, peacekeeping, terrorism, energy, development, climate change, and regional security.

While there are disagreements over its intentions, few deny the reach and scope of the G8's influence and control. While originally conceived as an economic gathering, the G8 Summit has now become a major arena for international action on HIV/AIDS, weapons of mass destruction (WMDs), terrorism and global trade. Past G8 Summits have produced such landmark agreements as the 1995 reform of the World Bank and IMF, the 1999 Enhanced HIPC Initiative for debt relief, and the 2001 Global Fund for HIV/AIDS, Malaria and Tuberculosis.

But with increased prestige comes increased scrutiny. Since the 2001 Summit in Genoa, alternative-globalization advocates have made the G8 Summit a central focus in their debates over the economic and environmental responsibilities of the North to the South. Their concerns have also raised bold new questions concerning issues of accountability and transparency in globalization and have succeeded in shifting the G8's attention towards global poverty, the Millennium Development Goals and the African continent. The agenda for the 2005 Gleneagles Summit, dominated by African Development and Climate Change, would have been highly improbable even ten years ago and is evidence of the G8's responsiveness to critiques over its legitimacy and policy-focus.

Unlike the United Nations or North American Treaty Organization (NATO), there is no permanent secretariat, staff or headquarters for the G8. Instead, the Group of Eight is maintained through the cooperation and coordination of national bureaucrats primarily in the foreign affairs and finance ministries of member-states. The Presidency of the G8 rotates on an annual basis. This year the United Kingdom holds the G8 Presidency, followed by the Russian Federation in 2006 and Germany in 2007.

## Executive Summary and Introduction

The G8 as an institution has a lot of power, not because it represents a majority of the world's population, but because it is comprised of members from wealthy countries who can alter and create policies that affect the rest of the world. The G8 has come under continuous criticism for not being an inclusive or representative body. There have been calls for the G8 to reform, or to dismantle entirely to allow other multilateral organizations to take its place. Many see the G8 as an archaic cold war institution that does not reflect the current global situation.<sup>1</sup> Furthermore, the G8 does not include the two most populous countries in the world China and India and all of the member states are highly industrialized countries from the "North" with no representation from the Middle East, Latin America, or Africa.

For its part, the G8 has taken some actions to address these concerns. Since the 2001 Genoa Summit, whenever dealing with a regional issue, such as African development, the G8 has extended invitations to a selective number of leaders from the particular region. In fact, since 2002, leaders from Africa have been invited to meet for short discussions with the G8 leaders during each summit. At the 2004 Sea Island Summit, the United States also extended this invitation to leaders from the Middle East to contribute to the creation of a "Broader Middle East Initiative." In 2003 at the Evian Summit, French President Jacques Chirac also invited the leaders of four emerging countries: China, India, Mexico and Brazil to participate in the G8's dialogue. On 28 March 2005, Tony Blair followed President Chirac's lead by extending an invitation to attend this year's summit in Gleneagles, Scotland to the four leading emerging countries and South Africa. More commonly, the hosting G8 country has invited leaders or ministers from other institutions to different Ministerial Meetings. In the past, the President of the European Commission, the World Bank, the International Monetary Fund (IMF) and the Secretary-General for the United Nations have been asked to participate in these meetings and have been involved in some of the discussion at certain summits.

This report specifically focuses on the involvement of the G8 member states in the G8 expanded dialogue process and it looks at the possibility of G8 expansion from two perspectives. First, it provides a brief summary of the views of each of the G8 member states towards reforming the G8. It also describes the official foreign policy of each of these countries towards other institutional reforms such as the Group of Twenty (G20) and a Leaders' 20 (L20) as well as addresses bilateral relations between the G8 countries and the five emerging economic countries of the developing world. By analyzing the degree of support that each G8 country has given to these organizations in the past, one is in a better position to predict whether or not the G8 might extend membership to other states in the near future.

The second part of this report looks at the five countries that are most likely to be asked to join the G8 in the near future. Brazil, China, India, Mexico and South Africa already

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<sup>1</sup> Tom Barry. "Foreign Policy: In Focus," Vol 17, No.9 July 2002. Date of Access: 18 June 2005. <[www.fpif.org](http://www.fpif.org)>.

have a history of being invited to previous summits. While the standard of living in each of these countries is not on par with the rest of the G8, this report suggests that each of these emerging economic countries could bring a unique and fresh perspective to the G8 and increase the legitimacy of the institution as a more representative and inclusive decision-making body.

Over the last few summit cycles there has been sustained efforts, beginning at the 2002 Kananaskis summit and continuing in 2003 at Evian and this year at Gleneagles, to engage in dialogue with civil society and international non-governmental organizations (INGOs). This report, however, does not provide a historical analysis of the relationship between civil society and the G8 member-countries at, or during, the Summits. Instead, this report focuses solely on the attempts of the G8 nations' to expand the dialogue with other member states.

Looking ahead to the Gleneagles Summit, this report proposes that the emerging economies can contribute to the two key themes that will be discussed at the summit: Africa Development and Climate Change. Expanding the membership of the G8 to include these emerging economies seems unlikely in the near future, however, because of conflicting views among the G8 countries and the inability of the emerging economic countries to demonstrate a commitment to democracy and free markets while maintaining a standard of living equal to those of the current member-states. While some of the G8 countries have embraced institutional expansion such as the G20, and to a lesser extent the L20, whether real dialogue on reform emerges at the G8 Gleneagles Summit remains to be seen.<sup>2</sup>

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<sup>2</sup> The co-editors of this report would like to thank: Mary Albino, Bentley Allan, Michael Erdman, Stefan Gamunu Kahandaliyanage, Kevin Keane, Anthony Navaneelan, Barb Tassa, Olga Sajkowski, Jonathan Scotland, and Orsolya Soos for their editing efforts.

## The Group of Twenty and The Leaders' Twenty

The Group of Twenty (G20) forum of finance ministers and central bank governors was formally created at the 25 September 1999 meeting of the G7 Finance Ministers in Washington, D.C.. This international forum represents 19 countries, the European Union and the Bretton Woods Institutions (the International Monetary Fund) and the World Bank). It was created “as a new mechanism for informal dialogue in the framework of the Bretton Woods institutional system, to broaden the dialogue on key economic and financial policy issues among systemically significant economies and to promote cooperation to achieve stable and sustainable world growth that benefits all” (G7 1999). The G20 strives “to promote open and constructive dialogues on key global issues, with clear focuses on how to meet the globalization challenges, how to facilitate balanced and orderly development of the world economy, and how to accelerate reforms in the international financial architecture.”<sup>3</sup> During its first two two years of existence the G20 was chaired by then Canadian Finance Minister Paul Martin and was launched in Berlin in December 1999 when its first ministerial meeting was held. The G20 member states are: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United Kingdom, the United States and the European Union.

While the G8 and G20 have been relatively effective at meeting their objectives since they were established, a proposal has been put forth to consider the creation of a new institution, the Leaders' 20 (L20), which would encompass the leaders of the top twenty economic countries (the same membership of the G20). The L20 is currently conceived of as being only a deliberative body for free and frank informal exchange, and as a directional body, breeding consensus on priorities, policies, principles and norms within the international system. There has been much debate, however, over how an L20 might be structured and whether its purpose might be expanded to a more permanent policy making forum, possibly even superceding the G8 and effectively creating a new institution for global governance.<sup>4</sup> At present, whether an L20 meeting will take place in the near future, what this meeting will look like and for what purpose it will be intended have yet to be fully conceptualized.

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<sup>3</sup> Zhou Xiaochuan, “Greetings from the Finance minister of China,” G20 Official Website, 2005 China. Date of Access: 18 June 2005. <[www.g20.org/index.htm](http://www.g20.org/index.htm)>.

<sup>4</sup> John Kirton, “From G7 to G20: Capacity, Leadership and Normative Diffusion in Global Financial Governance,” International Studies Association Annual Convention, March 1-5 2005, Hawaii. Date of Access: 18 June 2005. <[http://www.g8.utoronto.ca/scholar/kirton2005/kirton\\_isa2005.pdf](http://www.g8.utoronto.ca/scholar/kirton2005/kirton_isa2005.pdf)>.

## **PART ONE**

### **Expanding the Dialogue: The Group of Eight**

#### **Canada**

Canada has been, and continues to be, extremely supportive of the creation of the “Group of 20” that includes emerging economies in the dialogue of the G8 countries. Prime Minister Paul Martin has played an important role in developing the G20 summit since his tenure as Finance Minister under former Prime Minister Jean Chretien. With overt endorsement from both of the last two Prime Ministers, Canada has made it clear that it unequivocally supports the inclusion of emerging economies in the G8 dialogue

More recently, Canada has promoted the creation of a new Leaders’ 20 (L20) that would see the heads of government from the G20 states engaged in dialogue on important global political issues. The L20, like the G20, is envisaged by Prime Minister Paul Martin as a complement to the G8 and not as a replacement, for the respective roles of the G8 and the L20 would differ. Together they would create a comprehensive approach to international debate and dialogue that would be more effective and inclusive than the G8 is alone. This commitment to multilateralism can be observed in the practice of Canadian foreign policy since the 1950s. Canada has consistently participated in and promoted multilateral institutions, believing they are integral to the maintenance of peace and economic security in an interconnected world.

#### **The G20**

In 1997 when Bill Clinton proposed a Group of 22 (G22) at the APEC leader’s meeting, Canada believed that a broader consultative structure that was more formalized, linked to other institutions, and independent of any single world power was necessary.<sup>5</sup> Throughout the 1990s, Paul Martin advocated for establishing banking regulations in order to avoid similar financial crises akin to the Mexican Peso Crisis in 1994-1995. He argued that meetings of the Finance Ministers of the G7 countries were too limited, and believed that these G7 Ministers were unable to set the direction of “sound financial management that emerging economic powerhouses of the developing world should follow.”<sup>6</sup>

Initially Martin’s suggestions generated no further action, but after the Asian financial crisis at the 1999 summit in Köln, Germany in which the G7 leaders committed to “create an informal mechanism for dialogue” and to “promote discussion and study and review policy issues among industrialized countries and emerging markets with a view to

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<sup>5</sup> John Kirton, “What is the G20?,” *G20 Meetings and Related Documents*. Date of Access: 24 May 2005. <<http://www.g8.utoronto.ca/g20/g20whatisit.html>>.

<sup>6</sup> Paul Martin, “A Global Answer to Global Problems,” *Foreign Affairs*, May-June 2005. Date of Access: 25 May. 2005. [<http://www.foreignaffairs.org/20050501facomment84301/paul-martin/a-global-answer-to-global-problems.html>]

promoting international financial stability.”<sup>7</sup> Martin’s predictions that simply demanding transparency of financial statements would not generate stability had proven true, and his argument that emerging economies had to be part of the discussion, as they were the likely sites of financial emergencies, was heeded.<sup>8</sup> Thus the G20 was formally established as a bloc of developing nations on 20 August 2003.

While Germany hosted the first G20 meeting, Paul Martin, as the Canadian Finance Minister, served as the Chair of the G20 for the next two years. In the wake of the attacks on the United States (US) on 11 September 2001, when Delhi decided not to host the meeting, Canada again took the lead to ensure that the G20 endured and Martin invited the group, as well as the World Bank, the International Monetary Fund to Canada for the second annual meeting.

Paul Martin’s own words made clear his commitment to the eventual scope of the new institution: “[there would be] virtually no aspect of the global economy or international financial system that [would] be outside of the group’s purview.”<sup>9</sup> Martin stated that the creation of the Group of 20 was a response to Canada’s call for a “more inclusive and representative forum” that would “translate the benefits of globalization into higher incomes and better opportunities for people everywhere.”<sup>10</sup> Canada’s early emphasis for the group was to turn it into an influential forum and to avoid having the body generate the traditional North-South divide.<sup>11</sup> No country has displayed such exemplary support of expanding the dialogue through working to develop the G20 as a viable and important part of global governance.

## **L20: An Alternative to the G20?**

In addition to his support of the G20, Martin has also proposed the creation of a Leaders’ 20, or L20, which would be an informal dialogue group. As envisioned by Martin, it would play the roles of both a deliberative body, for free and frank informal exchange, and a directional body, producing consensus on priorities and policies.<sup>12</sup> Martin argues that the G20 helped the world’s economic leaders to go from simply managing crises to making long-term improvements in the international economy, and that a leaders forum could do something similar for political problems.<sup>13</sup>

The future of the L20 has not yet been determined, and the importance of even the G20 is heavily debated amongst academics and politicians. Certain G8 countries do share

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<sup>7</sup> John Kirton, “What is the G20?”

<sup>8</sup> “Interview with Paul Martin, Canada’s Minister of Finance and Chair of the G20”, Tamar Paltiel. Date of Access: 25 May 2004. [<http://www.g8.utoronto.ca/g20/interviews/Martin011118.pdf>].

<sup>9</sup> John Kirton, “What is the G20?”

<sup>10</sup> “Finance Minister Paul Martin Chosen as Inaugural Chairperson of New Group of Twenty”, G8 Information Centre, 25 September 1999. Date of Access: 25 May 2005. [<http://www.g8.utoronto.ca/finance/fm992509.htm>].

<sup>11</sup> John Kirton, “What is the G20?”

<sup>12</sup> John Kirton, “Getting the L20 Going: Reaching out From the G8,” , G8 Information Centre. Date of Access: 25 May 2005. <[http://www.g7.utoronto.ca/scholar/kirton2004/kirton\\_040922.html](http://www.g7.utoronto.ca/scholar/kirton2004/kirton_040922.html)>

<sup>13</sup> Paul Martin, “A Global Answer to Global Problems.”

Canada's enthusiasm for these groups, and therefore, their continued development is always possible. Canada, and more specifically Paul Martin, has argued that the role of Canada in these groups can be great, and has expressed a willingness to offer greater support in their development and establishment if necessary. Martin has argued that the world has confirmed Canada's opportunity and responsibility for these groups,<sup>14</sup> and the personal value that he attaches to the groups will likely ensure that he will continue to offer his full support in any way that he can, and that he will try to shape the development of the groups according to his vision.

### **African Leaders Welcomed at Kananaskis**

African leaders were invited to attend the G8 summit for the first time in 2001 at Genoa, when Thabo Mbeki of South Africa, Olusegun Obasanjo of Nigeria, Abdoulaye Wade of Senegal, Abdelaziz Bouteflika of Algeria and Hosni Mubarak of Egypt created, on the margins of the summit, the outline for what is now known as the New Partnership for African Development, or NePAD.<sup>15</sup> Following the summit in Genoa each G8 leader assigned a Personal African Representative (PAR) to be dedicated to research and policy pertaining to Africa, and the first four of the above mentioned African leaders returned to Kananaskis a year later, where African Development was the focal point of discussions. There they built upon the work they and the G8 PAR's had accomplished during the year. They gave formal input to the development of NePAD and the Africa Action Plan. This invitation by Canada was heralded as "the first time in G8 history (African leaders participated) as equals with the G8 leaders in a session on Africa."<sup>16</sup> The summit in Kananaskis set a precedent, and African leaders have been invited to each subsequent summit ensuring that African issues have remained on the agenda.

### **Canada's Bilateral Relations with Emerging Countries**

Tony Blair has not only invited African representatives to the Gleneagles Summit but has also extended invitations to the leaders of five emerging economic countries. The heads of state from Mexico, China, India, South Africa and Brazil will be meeting with the G8 to discuss the key themes presented at the summit. Canada has a trade deficit and is looking to foster better relations with all the emerging economic countries. Therefore, it is in Canada's best interest to continue to engage in dialogue not only by promoting the G20 and L20 but also by encouraging the inclusion of these countries into an expanded Group Summit.

#### *Mexico*

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<sup>14</sup> "Interview with Paul Martin."

<sup>15</sup> "Canada's G8 Web Site – G8 Background". Date of Access: 12 June 2005.  
<<http://www.g8.gc.ca/background-en.asp>>.

<sup>16</sup> John Kirton and Ella Kokotsis, "An evaluation of the G8's commitment to the Kananaskis pledges". *South African Regional Poverty Network* Date of Access: 12 June 2005.  
<http://www.sarpn.org.za/documents/d0000750/index.php>.

Canada and Mexico are economically tied to one another by the North American Free Trade Agreement (NAFTA) and since its implementation in 1994 trade between the two countries has increased. Some argue however, that Canada has a trade deficit with Mexico, as it imports over \$13.1 billion worth of goods while Canada only 0.7 percent of its total exports go to Mexico.<sup>17</sup> Canada and Mexico can further improve their economic relations by continuing to develop their diplomatic and cultural ties.<sup>18</sup> In 2004, Prime Minister Paul Martin visited Mexico to attend the Summit of the Americas, and signed the Canadian-Mexico Partnership Agreement. This Agreement is a commitment to increase and promote public and private sector cooperation between the two countries.<sup>19</sup> Like Canada, Mexico is also a strong supporter of multilateral organizations and multilateral diplomacy. In the past, Canada and Mexico have worked together in the Organization of American States (OAS) and in the United Nations. By adopting the Optional Protocol against Child Soldiers the two countries worked together to protect human rights.<sup>20</sup> With over a million Canadians tourists traveling to Mexico each year, Canada also has a stake in improving Mexico's development and well-being. Canada is active in academic and scholastic research as well as funding local initiatives that promote development through the "Canada Fund of Local Initiatives/ *Fondo Canada*."<sup>21</sup> Mexico has long hoped to reduce its reliance on the USA and so it has been eager to foster new bilateral ties.

### *China*

Canada's relationship with China is one that continues to be developed and has the potential to grow. Like most of the world, Canada is eager to have its share of the Chinese market. In 2001 Canada sent the largest trade mission in the country's history to negotiate with Beijing.<sup>22</sup> Canada also has a trade deficit with China, exporting CAD\$4.8 billion in goods while importing \$18.6 billion worth of goods in 2003.<sup>23</sup> While generally strong, diplomatic tensions increased between the two countries as Prime Minister Paul Martin became the first Prime Minister in Canadian history to receive the Dalai Lama in April of 2004. At the time the Chinese Embassy in Ottawa threaten that if the meetings were not cancelled, that economic relations would be jeopardized.<sup>24</sup> Canadian nationalists

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<sup>17</sup> "NAFTA at 10, A Preliminary Report," Department of Foreign Affairs and International Trade (Canada), 07 October, 2003. Date of Access: 15 June, 2005. <<http://www.dfait-maeci.gc.ca/eet/research/nafta/nafta-en.asp#leco>>

<sup>18</sup> Ibid.

<sup>19</sup> Bilateral Cooperation," Embassy of Canada in Mexico, Department of Foreign Affairs and International Trade, (Canada), 02 May 2005. Date of Access: 15 June 2005. <<http://www.dfait-maeci.gc.ca/mexico-city/political/bilatera-en.asp>>.

<sup>20</sup> "Multilateral Cooperation," Embassy of Canada in Mexico, Department of Foreign Affairs and International Trade, (Canada), 02 June 2005. Date of Access: 15 June 2005. <<http://www.dfait-maeci.gc.ca/mexico-city/political/multilateralcooperation-en.asp>>.

<sup>21</sup> "International Development Co-operation," Embassy of Canada in Mexico, Department of Foreign Affairs and International Trade, (Canada), 29 April 2005. Date of Access: 15 June 2005. <[http://www.dfait-maeci.gc.ca/mexico-city/canadafund/cfli\\_1-en.asp](http://www.dfait-maeci.gc.ca/mexico-city/canadafund/cfli_1-en.asp)>.

<sup>22</sup> "Milestone in Chinese-Canadian relations," Indepth: China, CBC News Online, 13 January 2005. Date of Access: 15 June 2005. <<http://www.cbc.ca/news/background/china/china-canada-relations.html>>.

<sup>23</sup> Ibid.

<sup>24</sup> Ibid.

have also complained about the amount of natural resources, such as lumber, that Canada sells to China each year. Despite these tensions, G8 countries have been eager to engage China in the hopes that it will grow as a responsible international actor.

### *India*

Canada and India share a long history of cooperation in multilateral organizations such as the British Commonwealth. At the beginning, the Canadian-Indo relationship was one based on development assistance, but in recent years it has developed into a trade-based relationship.<sup>25</sup> Canada has vested interest in becoming closer with India since Canada has a trade deficit with India. In 2003 Canada only exported CAD\$ 732.8 million worth of goods to India's growing economy<sup>26</sup> As part of a commitment to increase cooperation and trade among the two countries, in January 2005, Canada and India released a Joint Declaration. This declaration encompasses a commitment "to sustained political engagement, a structured exchange of visits at the Cabinet level and to promote dialogues between their officials."<sup>27</sup> This declaration also affirms India's commitment to the L20 to discuss issues relating to global concern, development and public health.<sup>28</sup>

### *Brazil*

Canada's relationship with Brazil is not as strong as the relationship that Canada has with some of the other emerging economies. In fact, in recent years Canada's relationship with Brazil has been harmed by a long trade dispute over subsidies to Canadian and Brazilian aerospace companies, respectively, Bombardier and Embraer.<sup>29</sup>

### *South Africa*

After decades of pressuring white South Africa to end apartheid Canada and the new Republic of South Africa quickly established strong bilateral relations. In 1995, President Nelson Mandela and Prime Minister Jean Chrétien worked through the Commonwealth to establish a human rights action group that investigates human rights abuses and recommends actions to the Commonwealth. In 2002, Canada invited President Thabo Mbeki to the G8 summit in Kananaskis. The summit produced the *G8 Africa Action Plan*, which endorsed NePAD, a document that has guided relations between the G8 and Africa for that past 3 summits. The outreach to South Africa by Canada also set a precedent of inviting African leaders to the G8 summit. Bilateral trade between the two countries amounts to only CAD\$ 750 million, but this still makes South Africa Canada's largest

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<sup>25</sup> "Indo-Canada Trade Relations," Economy Watch. Date of Access: 15 June 2005.

<[http://www.economywatch.com/world\\_economy/canada/indo-canada-trade-relation.html](http://www.economywatch.com/world_economy/canada/indo-canada-trade-relation.html)>.

<sup>26</sup> "Canada-India Trade and Investment Relations," Asia Pacific, Department of Foreign Affairs and International Trade, 27 January 2005. Date of Access: 15 June 2005.

<<http://www.international.gc.ca/asia/country/india-trade-relations-en.asp>>.

<sup>27</sup> "Joint Declaration by Canada and India," Office of Prime Minister, Canada, 18 January 2005. Date of Access: 15 June 2005. <<http://pm.gc.ca/eng/news.asp?id=391>>.

<sup>28</sup> Ibid.

<sup>29</sup> "Canada- Brazil Relations," Canadian Embassy in Brasilia, Government of Canada, 07 April 2003. Date of Access: 15 June 2005. <<http://www.dfait-maeci.gc.ca/brazil/br-06-en.asp>>.

Sub-Saharan African trading partner.<sup>30</sup> Canada funded 300 projects worth CAD\$ 132 million in development assistance.<sup>31</sup> The countries declared in 2003 strengthen their relationship and expand dialogue on key issues.<sup>32</sup>

## **Conclusion**

The focus of the upcoming G8 Summit in Gleneagles, Scotland, will once again be on Africa. Clearly debates and discussion around the future Africa's development should include African voices and prominent African leadership. Canada's support for the inclusion of African input on African issues, demonstrated through the inclusion of African leaders at Kananaskis and the long standing support of the development of the G20 and a L20, will likely be felt again in Gleneagles. Canada is also likely to reiterate support for increasing the dialogue with emerging economies on issues relating to the global economy, climate change, and development. Canada has proven that it is a country that is willing to create new institutions, such as the G20 and L20, in order to ensure that the majority of important players are included, cooperate, and promote well being.

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<sup>30</sup> Canada-South African Relations, Department of Foreign Affairs. Date of Access: 5 July 2005.  
<[http://www.dfait-maeci.gc.ca/africa/south\\_africa-canada-en.asp](http://www.dfait-maeci.gc.ca/africa/south_africa-canada-en.asp)>

<sup>31</sup> Ibid.

<sup>32</sup> Ibid.

## France

On the eve of the 2003 Summit held at Evian-les-Bains, the French diplomatic magazine *Label France* released a special edition examining the current state of the G8. One of the main issues addressed was the problem of representation and relevance: can the G8 still fulfill its mandate while restricting membership to eight nations? The G8 was originally conceived as a forum in which to coordinate policies in the global political economy. However, since the Group of 6 first met, the complexity of global issues has increased to the point that people have begun to question the validity of the small group's disproportionate decision-making power. Having one of the most industrialized and advanced economies in the world does not necessarily imply that those countries should be charged with determining what is in the best interests of the world. Many commentators, like former French Prime Minister Edouard Balladur, question the feasibility of "a system that does not involve emerging and developing economies in the decision-making process."<sup>33</sup>

### France's Policy of Support

In the debate over expanded dialogue in the G8, France — under the leadership of President Jacques Chirac — has maintained a very clear and consistent policy of support. During his presidency of the G8 in 2003, Chirac indicated the importance of adapting the G8 to global evolutions in the power-base if the institution is to remain successful as a coordinating body.<sup>34</sup> He quite bluntly stated that in its current form, the G8 lacks legitimacy and that if it is to make enlightened decisions on the management of global affairs, it is "necessary to hear from those that represent a growing proportion of international economic activity or population."<sup>35</sup> Michel Barnier, Minister of Foreign Affairs in the Raffarin administration, spoke to this during an official visit to India in October 2004: "Looking at the world, it is easy to see that there are a certain number of states, of nations, that are so powerful due to their population, their size, their geopolitical location that they will become the new super-powers of tomorrow."<sup>36</sup> He further identified India, China, Brazil, Mexico, and many African countries as occupying this position. As well he recognized the importance of recognition by the international community of the global role these countries now play.<sup>37</sup> Perhaps unique among G8 members, France has managed to take these reflections on the need to reform institutions

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<sup>33</sup> Quoted in Ernst Jacob, "Le G8 en débat," *Label France* n°50, Quai d'Orsay (Paris) April 2003. Date of Access: 10 June 2005 <[http://www.diplomatie.gouv.fr/label\\_france/50/fr/08.html](http://www.diplomatie.gouv.fr/label_france/50/fr/08.html)>. Interview with Edouard Balladur.

<sup>34</sup> "Conférence de Presse de M. Jacques Chirac Président de la République à l'issue de la reunion de dialogue élargi lors du sommet d'Evian," Le Palais de l'Elysée (Paris) 1 June 2003. Date of Access: 10 June 2005 <[http://www.elysee.fr/elysee/francais/interventions/conferences\\_et\\_points\\_de\\_presse/2003/juin/conference\\_de\\_presse\\_de\\_m\\_jacques\\_chirac\\_president\\_de\\_la\\_republique\\_a\\_l\\_issue\\_de\\_la\\_reunion\\_de\\_dialogue\\_elargi\\_lors\\_du\\_sommet\\_d\\_e\\_vian.1124.html](http://www.elysee.fr/elysee/francais/interventions/conferences_et_points_de_presse/2003/juin/conference_de_presse_de_m_jacques_chirac_president_de_la_republique_a_l_issue_de_la_reunion_de_dialogue_elargi_lors_du_sommet_d_e_vian.1124.html)>.

<sup>35</sup> *Ibid.*

<sup>36</sup> "Visite en Inde de M. Michel Barnier," Quai d'Orsay (Paris) 28 October 2004. Date of Access: 10 June 2005 <<http://www.france.diplomatie.fr/actu/article.asp?ART=45441>>.

<sup>37</sup> *Ibid.*

of global governance, and actually turn them into a reality (at least, in the short-term). This was achieved through the inclusion of emerging economies in the official proceedings of the 2003 Evian Summit.

## 2003 Evian Summit

At Evian, political leaders from Algeria, Brazil, China, Egypt, India, Malaysia, Mexico, Nigeria, Saudi Arabia, Senegal and South Africa were in attendance alongside the traditional G8 membership. In extending an invitation to emerging and developing economies, Chirac was motivated by the desire to have absolutely everyone at the table participating in discussions on how to humanize the ill effects of globalization.<sup>38</sup> These countries participated in the general opening meeting of the Evian Conference on the theme of growth and cooperation, where common questions concerning civil society, peace and security, education, environment and sustainable development were discussed.<sup>39</sup> Additionally, expanded participation at Evian allowed for discussions advancing the development of the G8 Action Plan and other Africa-related issues, as the African countries involved correspond to those on the NEPAD steering committee.<sup>40</sup> Though there was no text released to the media at the end of the meetings — a strategy intended to foster an environment in which leaders could freely discuss the issues — Chirac considered the exercise a success because it altered the manner in which the G8 would now approach these issues.<sup>41</sup> Furthermore, he exhorted future summits to continue this policy of expanded dialogue towards poorer but no less important countries. When this did not occur at Sea Island in 2004, Chirac was quite vocal in his disapproval: “We cannot discuss major economic issues nowadays without discussing these issues with China, with India, Brazil, South Africa ... That is exactly what I had tried to do in Evian last year, by establishing an enlarged dialogue to establish a link between these leaders and set in train a habit that we should have of working with them.”<sup>42</sup> The difficulty with informal summit institutions is that their livelihood depends on their performance,<sup>43</sup> and

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<sup>38</sup> “Discours du Président de la République Monsieur Jacques Chirac,” Le Sommet d’Evian 2003 (Paris) 21 May 2003. Date of Access: 10 June 2005

<[http://www.g8.fr/evian/francais/navigation/le\\_sommet\\_2003/discours\\_du\\_president\\_de\\_la\\_republique\\_monsieur\\_jacques\\_chirac\\_-\\_presidence\\_francaise\\_du\\_sommet\\_d\\_evian.html](http://www.g8.fr/evian/francais/navigation/le_sommet_2003/discours_du_president_de_la_republique_monsieur_jacques_chirac_-_presidence_francaise_du_sommet_d_evian.html)>.

<sup>39</sup> “Briefing with Katherine Colonna, Spokesperson for France,” Evian 2003 Summit Documents, G8 Information Centre (Toronto) 3 June 2003. Date of Access: 10 June 2005

<[http://www.g8.utoronto.ca/summit/2003evian/briefing\\_Fr030601e.html](http://www.g8.utoronto.ca/summit/2003evian/briefing_Fr030601e.html)>.

<sup>40</sup> see “Chair’s Summary,” Evian 2003 Summit Documents, G8 Information Centre (Toronto) 3 June 2003. Date of Access: 25 June 2005 <[http://www.g8.utoronto.ca/summit/2003evian/communiqu\\_e\\_en.html](http://www.g8.utoronto.ca/summit/2003evian/communiqu_e_en.html)>.

<sup>41</sup> “Conférence de Presse de M. Jacques Chirac ...” Le Palais de l’Elysée (Paris) 1 June 2003. Date of Access: 10 June 2005

<[http://www.elysee.fr/elysee/francais/interventions/conferences\\_et\\_points\\_de\\_presse/2003/juin/conference\\_de\\_presse\\_de\\_m\\_jacques\\_chirac\\_president\\_de\\_la\\_republique\\_a\\_l\\_issue\\_de\\_la\\_reunion\\_de\\_dialogue\\_elargi\\_lors\\_du\\_sommet\\_d\\_evian.1124.html](http://www.elysee.fr/elysee/francais/interventions/conferences_et_points_de_presse/2003/juin/conference_de_presse_de_m_jacques_chirac_president_de_la_republique_a_l_issue_de_la_reunion_de_dialogue_elargi_lors_du_sommet_d_evian.1124.html)>.

<sup>42</sup> “Press briefing by French President Jacques Chirac,” 2004 Sea Island documents, G8 Information Centre (Toronto) 9 June 2004. Date of Access: 10 June 2005

<<http://www.g8.utoronto.ca/summit/2004seaisland/chirac040609.html>>.

<sup>43</sup> John Kirton, “Getting the L20 Going: Reaching out from the G8,” G7/8 Scholarly Publications and Papers, G8 Information Centre (Toronto) 22 September 2004. Date of Access: 10 June 2005

<[http://www.g7.utoronto.ca/scholar/kirton2004/kirton\\_040922.html](http://www.g7.utoronto.ca/scholar/kirton2004/kirton_040922.html)>.

with Sea Island the drive towards a more inclusive G8 suffered a severe loss of momentum.

### **France's Multilateral Foreign Policy**

France's approach towards renewing the relevance and efficiency of the G8 through the engagement of new and emerging global economies is inscribed within the parameters of their foreign policy framework. Although strong bilateral ties do exist between France and the five emerging economies in question, support for expanded dialogue is consistent with and has been promoted by France's policy of multilateralism on the international stage. Former Minister of Foreign Affairs and current Prime Minister Dominique de Villepin, at the time of the Evian Summit, spoke of "collective action" and forging a "common global economic approach against the temptations of unilateralism."<sup>44</sup> More recently, Chirac gave a speech to the International Institute for Strategic Studies at the Guildhall, London, which was heralded in the media as "the most impressive [speech] given by a European leader for years."<sup>45</sup> In his address, Chirac reminded the audience of the necessity of abandoning outmoded models of global governance if a new, collective international order is to be built in the current environment of multilateralism and interdependence. Part of this renewal would involve the creation of a new international forum for the economic and social governance of globalization, using the enlarged dialogue of Evian (political leaders) and the current G20 meetings as base-models.<sup>46</sup>

France has also used bilateral meetings and official visits as opportunities to reaffirm and consolidate commitment to multilateral expanded dialogue. In January 2004, Chirac and Brazilian President Luiz Ignacio Lula da Silva issued a joint statement in which they "shared the view that the 'enlarged dialogue' between the G8 and developing countries is an important initiative in the search for solutions to the present economic and social challenges."<sup>47</sup> During an official visit to China in October 2004, Chirac and President Hu

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<sup>44</sup> Dominique de Villepin, "Le défi de la mondialisation," *Label France* n°50, Quai d'Orsay (Paris) April 2003. Date of Access: 10 June 2005 <[http://www.diplomatie.gouv.fr/label\\_france/50/fr/09.html](http://www.diplomatie.gouv.fr/label_france/50/fr/09.html)>.

<sup>45</sup> Jonathan Steele. "In France they know how to turn fantasy into reality," *The Guardian*. 3 December 2004.

<sup>46</sup> "Discours prononcé par M. Jacques Chirac, Président de la République Française devant l'International Institute for Strategic Studies," Le Palais de l'Elysée (Paris) 18 November 2004. Date of access: 10 June 2005 <[http://www.elysee.fr/elysee/francais/interventions/discours\\_et\\_declarations/2004/novembre/discours\\_prononce\\_par\\_m\\_jacques\\_chirac\\_president\\_de\\_la\\_republique\\_francaise\\_devant\\_l\\_international\\_institute\\_for\\_strategic\\_studies.22644.html](http://www.elysee.fr/elysee/francais/interventions/discours_et_declarations/2004/novembre/discours_prononce_par_m_jacques_chirac_president_de_la_republique_francaise_devant_l_international_institute_for_strategic_studies.22644.html)>.

<sup>47</sup> "Déclaration conjointe du Président de la République, du Président du Brésil, du Président du Chili et du secrétaire général des Nations unies à l'issue de la réunion quadripartite sur l'action contre la faim et la pauvreté," Le Palais de l'Elysée (Paris) 30 January 2004. Date of Access: 10 June 2005 <[http://www.elysee.fr/elysee/anglais/speeches\\_of\\_president\\_chirac/2004/meeting\\_between\\_president\\_chirac\\_president\\_lula\\_president\\_lagos\\_and\\_united\\_nations\\_secretary-general\\_annan.5990.html](http://www.elysee.fr/elysee/anglais/speeches_of_president_chirac/2004/meeting_between_president_chirac_president_lula_president_lagos_and_united_nations_secretary-general_annan.5990.html)>.

Jintao confirmed their support of the G20 summits and the continued development of new strategies of global economic governance, which embrace developing countries.<sup>48</sup>

## **Conclusion**

In summary, France is a firm supporter of expanding dialogue within the G8 to include recently emerged and developing economies. This policy fits with their overarching strategy of multilateralism, and evidence of their commitment to these beliefs can be found in the historic first of having invited 12 emerging economies to participate in the G8 summit during the French presidency in 2003. This last point, however, illustrates an important qualification to be made. Although France is very interested and committed to engaging new political and economic actors, there is a noticeable reluctance to forthrightly state their position on the formal expansion of the G8. Simply put, one is hard pressed to find any statement of support for the “L20” — let alone even the term — among official documents, though their outreach efforts — like Evian — would suggest otherwise.

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## **Germany**

### **G20 Meeting of Finance Ministers**

From the inception of the G20 Finance Ministers’ meetings in 1999, Germany has taken a leading role in supporting this institution. It was created with the intention “to broaden the dialogue on key economic and financial policy issues among systemically important economies and to promote co-operation to achieve stable and sustainable world growth that benefits all.”<sup>49</sup> Since 1999, Germany has twice occupied leading positions within the G20 meetings of Finance Ministers: in its inaugural year, it hosted the G20 in Berlin while Canada chaired it, and in 2004 it held the presidency of the G20.<sup>50</sup> During its presidency, Germany collaborated with G20 Foreign Ministers to further raise the profile of the G8. Germany did so by spearheading a commitment that increased regional contributions towards the problem free adjustment of global current account imbalances

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<sup>48</sup> “Communiqué de presse conjoint – Jacques Chirac at Hu Jintao,” G20 Meetings & Related Documents, G8 Information Centre (Toronto) 10 October 2004. Date of Access: 10 June 2005  
<<http://www.g8.utoronto.ca/g20/g20francechina041010.html>>.

<sup>49</sup> John Kirton. “From G7 to G20: Capacity, Leadership and Normative Diffusion in Global Financial Governance,” International Studies Association Annual Convention, March 1- 5, 2005, Hawaii. Draft of 20 February 2005. Date of Access: 22 May 2005.

<[http://www.g8.utoronto.ca/scholar/kirton2005/kirton\\_isa2005.pdf](http://www.g8.utoronto.ca/scholar/kirton2005/kirton_isa2005.pdf)> [hereinafter: "From G7 to G20"]

<sup>50</sup> “About G- 20,” The G20 Presidency Homepage 2004. Date of Access: 18 June 2005.

<[http://www.bundesbank.de/g20/public/index.php?page=about\\_g20&skin=1](http://www.bundesbank.de/g20/public/index.php?page=about_g20&skin=1)>.

and secondly by entertaining initiatives towards improvements in the cross border exchange of information on tax matters.<sup>51</sup>

According to Germany's Federal Minister of Finance, Hans Eichel, the G20's success in increasing global cooperation in the financial arena can be attributed to three factors: it addresses a limited range of issues; it is restricted to increasing the stability of the international financial system and globalization; it is composed solely of only finance ministers and central bank governors; and it "brings all major players together," as opposed to the G7/8.<sup>52</sup> Germany also contests that the G20's continued effectiveness is dependent on limiting its membership to that number.<sup>53</sup>

### **From G20 to L20?**

Although it recognizes the G20's successes, Germany also acknowledges the fact that the G20's potential has yet to be fully realized. However, it is unclear whether or not Germany sees Canadian Prime Minister Paul Martin's plan to complement the G20 with the Leaders' 20 (L20) as a desired evolution. Although the European Commission seems to have expressed interest in the project,<sup>54</sup> Germany's position on the subject is more ambiguous. Andrew Cooper, Associate Director of the Centre for International Governance Innovation, argues that after leading the G20 finance ministers' meeting, German Finance Minister Hans Eichel, has publicly acknowledged the possible emergence of an L20.<sup>55</sup> Other accounts, however, report that Germany has yet to make a public statement regarding its position on the L20.<sup>56</sup>

Adding to this ambiguity is Germany's stance on China's involvement in the G8. At the Sea Island Summit in 2004, German Chancellor Gerhard Schroeder affirmed that if one power should be invited to the G8, it should be China.<sup>57</sup> Nevertheless, Germany's Junior Economy Minister Bernd Pfaffenbach stated thereafter that "it is not yet the right moment" to open the door to China. Pfaffenbach added that such a move would

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<sup>51</sup> Eichel, Hans. Greetings from the Federal Minister of Finance. January 2004. Date of Access: 5 July 2005. <http://www.bundesbank.de/g20/public/>.

<sup>52</sup> "Speech Given by the German Minister of Finance Hans Eichel" Opening of the Working Sessions of the G20 Meeting of Finance Ministers and Central Bank Governors in Berlin, 20 November 2004. Date of Access: 22 May 2005. <[http://www.bundesbank.de/g20/download/public/20041120\\_speech\\_eichel\\_berlin\\_en.pdf](http://www.bundesbank.de/g20/download/public/20041120_speech_eichel_berlin_en.pdf)>

<sup>53</sup> "What is the G20?" BBC, 16 December 1999. Date of Access: 22 May 2005. <<http://news.bbc.co.uk/1/hi/business/567655.stm>>

<sup>54</sup> "Address by Prime Minister Paul Martin on the occasion of a luncheon hosted by the CORIM, the CERIM, the Institut d'études internationales de Montréal à l'UQAM, and the Montreal International organization," Office of the Prime Minister, Canada, 10 May 2004. Date of Access: 22 May 2005. <<http://www.pm.gc.ca/eng/news.asp?id=201>>.

<sup>55</sup> Andrew Cooper. Lecture notes for "The L20 Proposal and the Future of Global Governance," University of Toronto's Munk Centre for International Studies, 27 January 2005.

<sup>56</sup> John Ibbitson. "The Prime Minister's passion for the L20," The Globe And Mail, 22 February 2005. Date of Access: 22 May 2005. <<http://www.globeandmail.com>>.

<sup>57</sup> "Final Press Conference by German Chancellor Gerhard Schroeder," UofT G8 Information Centre. 10 June 2004. Date of Access: 22 May 2005. <<http://www.g8.utoronto.ca/summit/2004seaisland/schroeder040610.html>>

encourage other countries, such as Mexico and Brazil, to push for membership as well.<sup>58</sup> This statement thus signals Germany's tacit reluctance to witness a further enlargement of the G8.

## **United Nations Reform**

Germany's aspiration to gain a permanent seat at the United Nations Security Council (UNSC) could perhaps explain its ambiguous position regarding the emergence of the L20.<sup>59</sup> Many observers assert that the L20's existence could render the UN irrelevant.<sup>60</sup> Therefore, Germany could be adopting a 'wait and see' strategy regarding the L20 in order not to ruin its chances of enhancing its global status through the accession to the UNSC. Germany has joined forces with Japan, Brazil, and India in a Group of 4 (G4) to achieve this objective. At the same time Germany has emphasized that "it is especially important that the African continent be represented amongst the new permanent members"<sup>61</sup> and has included two African nations in its G4 bid. This statement demonstrates Germany's interest in turning to a more inclusive, multilateral approach to global politics, which the L20 could provide according to Prime Minister Paul Martin.

However, Germany's UN aspirations stand to serve as a detriment to its relations with its expanded dialogue partner China. On 18 May 2005, Chinese Foreign Ministry Spokesman Kong Quan stated that the draft resolution circulated by the G4 would be "detrimental to the process of UN reform."<sup>62</sup> While China supports UNSC reform, Quan stated that the reform "should give more opportunities to middle and small-sized countries to participate in the decision-making of the UN Security Council and should adhere to the principle of keeping balance among regions and take into account the representation of different cultures and civilizations."<sup>63</sup> Germany has historically been China's greatest supporter with regards to its membership in the WTO and in 1999 announced that China should be considered for full membership in the G8. However, this clash over UNSC membership stands to hinder China's possible entry into the G8 as Germany may withdraw its once fervent support in retaliation for China's lack of cooperation on G4 resolutions.

## **Bilateral Relations with Emerging Economies**

### *Brazil*

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<sup>58</sup> "Too early for China to join G8, says Germany" Xinhua Financial Network (XFN) News. 16 December 2004. Date of Access: 22 May 2005.

<[http://www.mabico.com/en/news/20041215/government\\_ministries/article14671](http://www.mabico.com/en/news/20041215/government_ministries/article14671)>.

<sup>59</sup> "For a Reform of the United Nations System" - Address by Joschka Fischer, Minister for Foreign Affairs of the Federal Republic of Germany, at the Fifty-ninth Session of the United Nations General Assembly, New York, 23 September 2004. Date of Access: 22 May 2005. <[http://www.auswaertiges-amt.de/www/en/ausgabe\\_archiv?archiv\\_id=6181](http://www.auswaertiges-amt.de/www/en/ausgabe_archiv?archiv_id=6181)> [*hereinafter*: "For a Reform of the United Nations System"]

<sup>60</sup> "From G7 to G20"

<sup>61</sup> "For a Reform of the United Nations System"

<sup>62</sup> China Daily News. China opposes 4-nation resolution on UNSC. 18 May 2005. Date of Access: 5 July 2005. [http://www2.chinadaily.com.cn/english/doc/2005-05/18/content\\_443486.htm](http://www2.chinadaily.com.cn/english/doc/2005-05/18/content_443486.htm).

<sup>63</sup> *Ibid.*

In addition to their common stance on UN reform, Germany and Brazil are important economic partners. Germany is Brazil's third most important trading partner after the US and Argentina,<sup>64</sup> thus giving Germany the opportunity to describe itself as "Brazil's leading European partner."<sup>65</sup> Meanwhile, Brazil is the Latin American country with which Germany has the closest economic relations.<sup>66</sup>

Owing much to a common view on many global issues, bilateral relations between the two countries have matured in recent years into a strategic partnership. In their February 2002, in a Joint Plan of Action both countries reaffirmed their determination to increase cooperation and agreed to long-term objectives reaching beyond bilateral relations to include a bi-regional strategic partnerships between the European Union (EU) and the states of Latin America and the Caribbean (LAC).<sup>67</sup>

Both Germany and Brazil also attach particular significance to scientific, technological, and cultural exchange. Brazil has embraced and has benefited from the contributions that many German immigrants have made to the country.<sup>68</sup> In February 2002, during Chancellor Schröder's visit to Brazil, a Brazilian-German initiative for cooperation in infrastructure and energy was agreed upon. In June 2002, at the 20th German-Brazilian Economic Congress in Hamburg, Germany, a special working group comprised of business and government representatives from both countries was created to work out the details of the Brazilian-German initiative, and in November 2002 the group adopted a comprehensive investment programme.<sup>69</sup>

More recently, however, shares of total foreign direct investment in Brazil have declined sharply, with Germany's stake in Brazilian privatization measures (specifically telecommunications and banking) amounting to less than 1% of total investment in Brazil.<sup>70</sup> Significantly, though, the approximately 800 German subsidiary companies currently operating in Brazil have been increasingly reinvesting their profits in the country. Including reinvestment and third-country investments, these investments have reached approximately US \$20 billion.<sup>71</sup>

### *China*

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<sup>64</sup> "Country Facts, Brazil," Tradeport. Date of Access: 14 June 2005.

<<http://www.tradeport.org/countries/brazil/01grw.html>>.

<sup>65</sup> "Relations Between Brazil and Germany," Auswärtiges AMT, November 2004. Date of Access: 14 June 2005. <[http://www.auswaertiges-amt.de/www/en/laenderinfos/laender/laender\\_ausgabe.html?type\\_id=14&land\\_id=26](http://www.auswaertiges-amt.de/www/en/laenderinfos/laender/laender_ausgabe.html?type_id=14&land_id=26)>

<sup>66</sup> *Ibid.*

<sup>67</sup> *Ibid.*

<sup>68</sup> "Relations Between Brazil and Germany," Auswärtiges AMT, November 2004. Date of Access: 14 June 2005. <[http://www.auswaertiges-amt.de/www/en/laenderinfos/laender/laender\\_ausgabe.html?type\\_id=14&land\\_id=26](http://www.auswaertiges-amt.de/www/en/laenderinfos/laender/laender_ausgabe.html?type_id=14&land_id=26)>.

<sup>69</sup> *Ibid.*

<sup>70</sup> *Ibid.*

<sup>71</sup> *Ibid.*

Similarly, amicable ties have characterized Sino-German relations in recent years leading to the development of close economic and political links between the two countries. China is now Germany's most important economic partner in Asia while Germany is "China's leading trading partner in Europe"<sup>72</sup> and ranks sixth overall among China's trading partners. China has become Germany's second largest export market outside Europe.<sup>73</sup> At present, however, Beijing boasts a considerable trade surplus at the expense of Berlin.

Despite a relatively high level of agreement and affability between the two states, the current human rights situation in China continues to be a source of friction for this evolving relationship. Both in its bilateral dialogue on human rights and under EU auspices, the German government has repeatedly stressed that tangible progress in human rights, democracy and the rule of law are major yardsticks that must be met if relations between China and Germany are to continue to develop in the future.<sup>74</sup>

Furthermore, Germany's tacit reluctance to support China's permanent membership in the G8 can, in part, be attributed to the fact that in March 2005 China stated that it would move to block any move by Japan, India, Brazil or Germany to push for permanent seats and veto rights in an enlarged UN Security Council. China's UN ambassador Wang Guangya stated that it would be "a dangerous move and certainly China will oppose it," believing that it would "split the house and destroy the unity and also derail the whole process of discussion on big UN reforms."<sup>75</sup>

### *South Africa*

Another emerging economy, and possible L20 candidate, with which Germany has close bilateral relations is South Africa: "one of Germany's most important political partners in sub-Saharan Africa."<sup>76</sup> Germany is also one of South Africa's top trading and direct investment partners. Germany is South Africa's most important supplier of imports, particularly with regard to capital goods and technology, and ranks second as a purchaser of South African exports after the United Kingdom. Germany is also a major direct investor in South Africa with an investment volume of an estimated EUR \$2.6 billion, primarily in the automotive and chemical industries, as well as in mechanical and electrical engineering. At present, between 370 and 450 German companies provide roughly 60,000 jobs in South Africa.<sup>77</sup>

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<sup>72</sup> "Relations Between the People's Republic of China and Germany," Auswärtiges AMT, March 2005.

Date of Access: 14 June 2005. <[http://www.auswaertiges-amt.de/www/en/laenderinfos/laender/laender\\_ausgabe\\_html?land\\_id=32](http://www.auswaertiges-amt.de/www/en/laenderinfos/laender/laender_ausgabe_html?land_id=32)>

<sup>73</sup> *Ibid.*

<sup>74</sup> *Ibid.*

<sup>75</sup> "China Against German UN Reform Plans," Deutsche Welle, DW-World, 3 June 2005, Date of Access: 22 June 2005 <<http://www.dw-world.de/dw/article/0,1564,1604275,00.html>>.

<sup>76</sup> "Relations Between South Africa and Germany," Auswärtiges AMT, October 2004. Date of Access: 14 June 2005. <[http://www.auswaertiges-amt.de/www/en/laenderinfos/laender/laender\\_ausgabe\\_html?type\\_id=14&land\\_id=162](http://www.auswaertiges-amt.de/www/en/laenderinfos/laender/laender_ausgabe_html?type_id=14&land_id=162)>

<sup>77</sup> *Ibid.*

In the field of development cooperation, Germany is currently supporting 63 projects in South Africa.<sup>78</sup> These focus on community development, vocational education, the promotion of the private sector and governmental and administrative structural consultancy.<sup>79</sup> Since 1994 Germany has made a substantial contribution in these areas, committing approximately EUR \$268 million for bilateral financial and technical cooperation with South Africa.<sup>80</sup>

### *India*

Although Germany's relationship with India is not as strong as that of the aforementioned nations, it is nevertheless significant. Germany is India's fifth largest trading partner, while India is the 34<sup>th</sup> largest exporter to Germany.<sup>81</sup> Germany also ranks 7<sup>th</sup> in terms of direct investment into India.<sup>82</sup> The Indo-German Joint Economic Commission set up in the early 1980s deals with matters of bilateral trade and investment under the joint chairmanship of the Federal Minister of Economics and Labour and the Indian Minister of Finance. Approximately 2,522 Indo-German joint ventures have been set up since 1991, with 144 initiated in 2003 alone. These projects have historically been concentrated in the areas of chemicals, pharmaceuticals, machine plant and electrical engineering and software.<sup>83</sup>

Politically and strategically speaking, both countries have recently sought to expand bilateral relations further, particularly in the area of UN reform. Both countries are members of the G4, a group of four countries, India Brazil Germany and Japan, that are seeking permanent member status and veto rights in the UN Security Council.<sup>84</sup>

In the area of development Germany's cooperation with India is a major component of German foreign policy and an important element of the two countries' bilateral relations. Indo-German cooperation is conceived of as a "multisectoral approach aimed at poverty alleviation, the goal being to curb poverty 50% by 2015."<sup>85</sup>

### *Mexico*

In 2004 Germany was Mexico's fourth-largest trading partner. However, compared with the US, which accounts for approximately 75% of Mexico's total foreign trade,

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<sup>78</sup> Ibid.

<sup>79</sup> Ibid.

<sup>80</sup> Department of Foreign Affairs South Africa, Federal Republic of Germany. 7 June 2007, Date of Access: 22 June 2005 <<http://www.dfa.gov.za/foreign/bilateral/germany.html>>.

<sup>81</sup> "Relations Between India and Germany," Auswärtiges AMT, March 2005. Date of Access: 14 June 2005. < [http://www.auswaertiges-amt.de/www/en/laenderinfos/laender/laender\\_ausgabe.html?type\\_id=2&land\\_id=60](http://www.auswaertiges-amt.de/www/en/laenderinfos/laender/laender_ausgabe.html?type_id=2&land_id=60)>.

<sup>82</sup> Ibid.

<sup>83</sup> Ibid.

<sup>84</sup> "G4 States unveil draft resolution on UNSC expansion," India Info. 17 May 2005, Date of Access: 22 June 2005 <<http://news.indiainfo.com/2005/05/17/1705unsc-g4.html>>.

<sup>85</sup> "Relations Between India and Germany," Auswärtiges AMT, March 2005. Date of Access: 14 June 2005. < [http://www.auswaertiges-amt.de/www/en/laenderinfos/laender/laender\\_ausgabe.html?type\\_id=2&land\\_id=60](http://www.auswaertiges-amt.de/www/en/laenderinfos/laender/laender_ausgabe.html?type_id=2&land_id=60)>.

Germany's share is relatively small at around 2% of Mexico's overall trade.<sup>86</sup> The principal exports of both countries are in the automotive industry, specifically motor vehicles and machinery. Office machinery also makes up a large percentage (12%) of German imports from Mexico. In 2004, German exports to Mexico totaled US \$6.2 billion and imports from Mexico US\$ 1.1 billion.<sup>87</sup>

In terms of foreign direct investment there are over 800 companies with German-held shares in Mexico.<sup>88</sup> The Bilateral Investment Protection Agreement, signed on 25 August 1998 and entered into force on 23 February 2001, has helped to bolster investment, especially by small and medium-sized German firms.<sup>89</sup>

Since 1962 Germany has spent over EUR \$210 million on development cooperation initiatives in Mexico, with half this sum going into Technical Cooperation projects. The main foci of current projects are municipal and industrial environmental protection; renewable energy sources; waste management; water management and the conservation of natural resources.<sup>90</sup>

It remains to be seen how these important economic relationships will affect Germany's view of the importance of an L20 process of governance as well as Germany's attitude toward the participation of these countries in G8 dialogue at Gleneagles.

## **Conclusion**

It might seem like a logical evolution for Germany to support the L20 initiative as a result of its staunch support for the meetings of G20 Finance Ministers. Nevertheless, Professor John Kirton, G8 Research Group Director, observes that Schroeder has been cautious in declaring his backing for Martin's initiative because a "German-hosted G8" has already proven that it can "make globalization work for all."<sup>91</sup> Gleneagles will likely see continued support for formal expanded dialogue through the G8 and G20 forums in addition to a push for further support of Germany's UNSC bid. However, if Germany is not clearer on its stance about the L20 at the Gleneagles Summit, it will most likely be more straightforward when it hosts its own G8 Summit in 2007.

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<sup>86</sup> "Relations Between Mexico and Germany," Auswärtiges, March 2005, Date of Access: 22 June 2005  
<[http://www.auswaertiges-amt.de/www/en/laenderinfos/laender/laender\\_ausgabe.html?type\\_id=14&land\\_id=111](http://www.auswaertiges-amt.de/www/en/laenderinfos/laender/laender_ausgabe.html?type_id=14&land_id=111)>.

<sup>87</sup> Ibid.

<sup>88</sup> Ibid.

<sup>89</sup> Ibid.

<sup>90</sup> Ibid.

<sup>91</sup> John Kirton. "Getting the L20 Going: Reaching Out from the G8," UofT G8 Information Centre, 22 September 2004. Date of Access: 22 May 2005.  
<[http://www.g8.utoronto.ca/scholar/kirton2004/kirton\\_040922.html](http://www.g8.utoronto.ca/scholar/kirton2004/kirton_040922.html)>

## Italy

When Italy hosted the July 2001 Summit, none of the core G20 emerging economic powers such as India, Brazil, or South Africa were invited to attend. However, in June of 2001, Italy did invite India to exchange ideas and concerns with the G8 Chairmanship. Shri R S Kalha, Secretary in the Ministry of External Affairs attended the meeting and shared India's views with the G8 on developments in Afghanistan and discussed the effective implementation of UNSC resolution 1333 — tightening of sanctions on the Taliban in Afghanistan. The fact that India was invited in its own right, and not as a representative of the interests of a regional grouping, was significant.<sup>92</sup>

In addition several African leaders, including South African president Thabo Mbeki and Nigerian President Olusegun Obasanjo, were invited to the final day of the Genoa Summit in order to unveil their plan for African development, the New Partnership for Africa's Development.<sup>93</sup> Their presence at the summit helped kick-start the G8's own Africa Action Plan, which was formally announced the following year at the 2002 Kananaskis Summit. At the Genoa Summit, Prime Minister Silvio Berlusconi proposed that a "mechanism of dialogue" with civil groups be implemented during the next summit cycle, and went on to state that, "reform of the G-8 process is a pressing issue for the heads of state and government."<sup>94</sup>

## Expanding the G8

Since the Genoa summit, Italy has continued to support G8 reform and expanded dialogue. As recently as last year's Sea Island Summit, Prime Minister Berlusconi made several statements supporting the inclusion of China and India to the G8. He stated: "It doesn't make much sense for us to talk about the economy of the future without two countries that are protagonists on the world stage."<sup>95</sup> Italy has also continued to support increased dialogue with other developing economies. In an interview with *Il Sole* in 2004, the Minister of Foreign Affairs, Franco Frattini, spoke of the need for Italy to strengthen its diplomatic ties in Asia. He emphasized the need for Europe to integrate in order to take its place in the emerging "tripolar world" of the "Asia bloc" of China, India and Japan, the U.S, and Europe.<sup>96</sup>

Italy's commitment to strengthening ties with Asia and its support of structural reform of the G8 makes strategic sense: Italy's place as a member of the G8 gives it a disproportionately large amount of political power relative to its economic size

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<sup>92</sup> "Summary of Press Briefing by the Official Spokesperson," Minister of External Affairs, India. 22 June 2001. Date of Access: 3 June 2005. <<http://meaindia.nic.in/pressbriefing/2001/06/22pb01.htm>>.

<sup>93</sup> Peter Biles, "Africa presents its big idea," BBC New, 22 July 2001. Date of Access: 10 June 2005. <<http://news.bbc.co.uk/1/hi/world/africa/1448758.stm>>.

<sup>94</sup> People's Daily, "Anti-Globalization Protests Make Leaders Rethink G-8 Process," 22 July 2001. Date of Access: 10 June 2005. <[http://english.people.com.cn/english/200107/22/eng20010722\\_75547.html](http://english.people.com.cn/english/200107/22/eng20010722_75547.html)>.

<sup>95</sup> "G8 considers inviting China, India, others," China Daily, 10 June 2004. Date of Access: 10 June 2005. <[http://www.chinadaily.com.cn/english/doc/2004-06/10/content\\_338233.htm](http://www.chinadaily.com.cn/english/doc/2004-06/10/content_338233.htm)>.

<sup>96</sup> Cristald "More Italy in a Globalized World" *Il Sole*, 27 July 2004. Date of Access: 10 June 2005. <[http://www.esteri.it/eng/6\\_38\\_90\\_01.asp?id=1293&mod=2](http://www.esteri.it/eng/6_38_90_01.asp?id=1293&mod=2)>.

considering its economy is only ninth in the world.<sup>97</sup> Thus it is important to Italy that the G8 not fade into insignificance as new coalitions and conferences arise in response to calls for acknowledging the strength of emerging economies. A report published by leading global investment firm, Goldman Sachs,<sup>98</sup> in June 2004 suggested that Italy's independent seat on the G8 should be removed, and that a new Financial 8 (F8) should replace the current G8 group of finance ministers and central bankers. Both of Goldman Sachs' recommendations would see China incorporated as a member of the group, while Italy, France, and Germany would be replaced with three representatives from the "Eurozone." In contrast, what Italy proposes is a G10 that sees the current membership unchanged but moves to include China and India.<sup>99</sup>

### **Bilateral Relations with Emerging Economies**

In bilateral relations with emerging economies, Italy has been supportive of informal expanded dialogue and greater integration of economic ties. Examples of this include Italy's support of the G20 as a forum for expanded dialogue and as a vehicle for "better geographical representation."<sup>100</sup> This support is furthered by Italy's citing the G20 as a vehicle for UN reform and African development.

Just as the Goldman Sachs report calls for an "increased role for the G20" so that emerging market nations might "participate in a more optimal management of the world economy,"<sup>101</sup> Italy continues to exercise informal bilateral discourse with expanded dialogue nations.

#### *Brazil*

Italy is Brazil's fifth largest trading partner.<sup>102</sup> In terms of both exports and imports Italy accounts for 3.9% of Brazil's overall trade. Brazil primarily exports, iron ore, soybeans, footwear and coffee in exchange for machinery and equipment, chemical products, oil, electricity and autos and auto parts from Italy.<sup>103</sup> In Latin America, in general, Italian efforts at economic and trade penetration have been influenced by cyclical factors. A bilateral approach has therefore been deemed the most strategic way for Italy to intensify its economic presence in periods of growth and to provide ways of maintaining levels during periods of recession.<sup>104</sup>

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<sup>97</sup> The World Factbook. Rank Order – GDP. 2004. Date of Access: 5 July 2005.

<http://www.cia.gov/cia/publications/factbook/rankorder/2001rank.html>.

<sup>98</sup> Goldman Sachs, "Global Economics Paper No: 112 - The G8: Time for a Change," June 2004. Date of Access: 10 June 2005. <<http://www.gs.com/insight/research/reports/report15.html>>.

<sup>99</sup> Ibid.

<sup>100</sup> Italy supports Canadian plans for a G20 summit, cooperation on Africa. Agence France-Presse.com 15 October 2004. [http://www.torontotamil.com/news/publish/tt\\_1497.shtml](http://www.torontotamil.com/news/publish/tt_1497.shtml). Date of Access: 5 July 2005.

<sup>101</sup> Ibid.]

<sup>102</sup> World Trade Press "Country Facts: Brazil." Date of Access: 10 June 2005. <<http://www.tradeport.org/countries/brazil/01grw.html>>.

<sup>103</sup> Ibid.

<sup>104</sup> Ministry of Foreign Affairs – Italy, Overview, 2004, Date of Access: 22 June 2005 <[http://www.esteri.it/eng/4\\_27\\_56\\_37.asp](http://www.esteri.it/eng/4_27_56_37.asp)>

The presence of Italian communities in many Latin American countries has also provided a starting point for efforts aimed at strengthening business ties with Latin America, particularly with regards to trade, entrepreneurial collaboration, and direct foreign investment. Some Italian regions have already started moving in this direction, using countries that Italy has traditional trade associations with namely Argentina, Uruguay, and Brazil as natural launching pads for increased economic relations in the region.<sup>105</sup>

Italy is also working to reinforce its already substantial cultural presence in the region. Along with traditional activities to promote Italian language, art, literature and heritage, there are projects underway to foster interconnections with universities in Brazil, Argentina, Chile, and Uruguay. These projects are intended to lead to further exchange of information, transfer of technologies, and increase human capacity for all the countries involved.<sup>106</sup>

### *Mexico*

Much like it's Latin American partner Brazil, Mexico enjoys a tradition of bilateral dialogue with Italy. On 11 February 2005, Deputy Prime Minister and Foreign Affairs Minister Fini and Mexican President Vicente Fox met in Rome to review bilateral relations, which were confirmed as being "excellent both on the political and economic level."<sup>107</sup> A mutual desire to increase trade and reciprocal direct investments was also expressed and President Fox confirmed Mexico's commitment to support a model for increasing the non-permanent seats of the Security Council. A member of the "coffee club," Mexico, like Italy, is strongly committed to UN reform and to identifying solutions that will increase the efficiency of the organization.<sup>108</sup>

### *China*

In the European Economic Community, Italy is an important partner in trade relations with China. In the first 10 months of 2004, China's trade with Italy reached US \$12.68 billion, an increase of 31.6% over 2003, with its exports and imports grew by 37.1% and 24.7% to reach US \$7.42 billion and US \$5.26 billion respectively.<sup>109</sup> The major export commodities from China to Italy include garments, textile yarns, woven goods, shoes, toys, equipment for automatic digital processing, and accessories and plastic products. The major commodities imported from Italy consist of weaving machines; cow and horse-hides; metal processing equipment; rubber and plastic processing machines;

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<sup>105</sup> Ministry of Foreign Affairs – Italy, Overview, 2004, Date of Access: 22 June 2005 <[http://www.esteri.it/eng/4\\_27\\_56\\_38.asp](http://www.esteri.it/eng/4_27_56_38.asp)>

<sup>106</sup> Ministry of Foreign Affairs – Italy, Overview, 2004, Date of Access: 22 June 2005 <[http://www.esteri.it/eng/4\\_27\\_56\\_37.asp](http://www.esteri.it/eng/4_27_56_37.asp)>

<sup>107</sup> "President Vicente Fox strengthens relations with Italy and Morocco," 11 February 2005, Date of Access: 22 June 2005 <<http://envivo.presidencia.gob.mx/?P=2&Orden=Leer&Art=9162>.

<sup>108</sup> Ibid.

<sup>109</sup> <sup>109</sup> People's Daily Online "China-Italy business mediation center set up in Beijing" 8 December 2004. Date of Access: 10 June 2005. <[http://english1.people.com.cn:80/200412/08/eng20041208\\_166552.html](http://english1.people.com.cn:80/200412/08/eng20041208_166552.html)

tobacco processing machines and wireless communication equipment and accessories.<sup>110</sup>

As a response to increasing trade relations, in December of 2004, Italy signed a cooperation agreement with China to establish a bilateral business mediation center, the first of its kind to be established between China and a member of the EU.<sup>111</sup> This business mediation center uses a co-chairing system, with one chairman from China and the other from Italy, with two offices set up in Beijing and Milan to deal with daily cases. The center was created to formulate mediation rules and regulations by targeting trade disputes and giving consideration to the business characteristics of both countries.<sup>112</sup>

In March 2005, when Prime Minister Berlusconi met with Chinese Foreign Minister Li Zhaoxing in Italy, both statesmen expressed their commitment to further developing bilateral relations and strengthening friendly cooperation.<sup>113</sup> Li, for his part, expressed his belief that sound Sino-Italian relations will further promote the development of relations between China and Europe, noting that Italy has plans to stage an “Italian Culture Year” in China next year to further strengthen cultural ties.<sup>114</sup>

### *India*

On 10 January 2005 at the 16th Session of the India-Italy Joint Commission for Economic Cooperation, India and Italy agreed to improve bilateral trade flows as a common goal for mutually benefiting and reinforcing political links between the two countries. During this session it was also acknowledged that although trade between India and Italy increased to US \$2.77 billion from 2003-04, both sides agreed that the level of trade remains far below its potential.<sup>115</sup> At the session both countries also agreed to explore enhanced cooperation in textiles, specifically in the field of textile design through the National Institute of Fashion Technology (NIFT).<sup>116</sup>

In June 2005, economic, scientific and cultural relations between India and Italy were again the subject of talks between Italian Foreign Affairs Minister, Gianfranco Fini, and his Indian counterpart, Natwar Singh. The Foreign Affairs Ministers discussed bilateral economic cooperation, in the agro-industrial, infrastructure, design and computer sectors specifically confirming a mutual desire to create a “Business Forum” involving entrepreneurs from both countries.<sup>117</sup> Regarding cultural relations, the Ministers vowed to

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<sup>110</sup> Ministry of Foreign Affairs of the Peoples Republic of China, China and Italy, 10 December 2003, Date of Access: 22 June 2005. <<http://www.fmprc.gov.cn/eng/wjb/zjzg/xos/gjlb/3311/t16956.htm>>.

<sup>111</sup> People’s Daily Online “China-Italy business mediation center set up in Beijing” 8 December 2004. Date of Access: 10 June 2005. <[http://english1.people.com.cn:80/200412/08/eng20041208\\_166552.html](http://english1.people.com.cn:80/200412/08/eng20041208_166552.html)>.

<sup>112</sup> Ibid.

<sup>113</sup> People’s Daily Online “Italian PM meets Chinese FM on bilateral relations,” 19 March 2005 Date of access: 22 June 2005 <[http://english.people.com.cn/200503/19/eng20050319\\_177432.html](http://english.people.com.cn/200503/19/eng20050319_177432.html)>.

<sup>114</sup> Ibid.

<sup>115</sup> “India, Italy Agree to Step Up Bilateral Trade Flows,” Harold Doan and Associates Ltd. 10 January 2005, Date of Access: 22 June 2005, <<http://www.harolddoan.com/modules.php?name=News&file=print&sid=167>>.

<sup>116</sup> Ibid.A

<sup>117</sup> “Business in Italy,” AGIOnline, 24 June 2005, Date of Access: 24 June 2004.

<<http://www.agi.it/english/news.pl?doc=200506202034-1215-RT1-CRO-0-NF30&page=0&id=agionline->

reinforce relations through exhibitions, research exchanges, cooperation between centres of excellence and in the science-technology research sectors.<sup>118</sup>

### *South Africa*

Italy is also one of South Africa's top trading partners, and has several bilateral agreements in place to support the partnership, including the bilateral agreement for the promotion and protection of investments (signed in 1999) and the bilateral agreement in the field of transport.<sup>119</sup> In addition, the Italian department of Foreign affairs has reaffirmed its commitment to its development cooperation program, which aims to facilitate direct foreign investments in developing countries, as well as to aid developing countries' participation in international trade through technical assistance and the integrated network plan.<sup>120</sup>

Italy ranks amongst the top ten of South Africa's trading partners, recording R \$6.7 billion worth of exports and R \$8 billion worth of imports in 2001. Gold represents some 50-60% of South African exports to Italy — due to Italy's jewellery industry. South African exports to Italy, with gold included, stand at some R \$17 billion. Other goods exported include iron, copper, steel, leather, fish and meat. South African imports a range of goods from Italy including electro-mechanical goods, vehicles, furniture, jewellery and ceramics. Bilateral agreements include agreements on the promotion and protection of investments, taxation and transport.<sup>121</sup>

### **Conclusion**

By cooperating with the developing world, Italy hopes to “establish, improve, and consolidate global economic interdependence.”<sup>122</sup> By continuing dialogue through bilateral meetings, Italy continues to foster positive relations with expanded dialogue countries. At the upcoming G8 summit, look for Italy to push the importance of the inclusion of China and India, as well as commitment to expanded dialogue in the form of the G20.

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<sup>118</sup> Ibid.

<sup>119</sup> “Summary of economic and commercial relations between South Africa and Italy,” Embassy of Italy, Pretoria South Africa. Date of Access: 10 June 2005. <<http://www.ageri.it/english/news.pl?doc=200506202034-1215-RT1-CRO-0-NF30&page=0&id=agionline-eng.bnssitalyhttp://www.ambital.org.za/econo.htm>>.

<sup>120</sup> “Actions for Developing Countries,” Italian Ministry of Foreign Affairs. Date of Access: 10 June 2005. <[http://www.esteri.it/eng/4\\_28\\_66\\_71\\_52\\_37\\_20.asp#3](http://www.esteri.it/eng/4_28_66_71_52_37_20.asp#3)>

<sup>121</sup> “South African trade with Europe,” South Africa Info, 2005, Date of Access: 23 June 2005 <[http://www.southafrica.info/doing\\_business/sa\\_trade/agreements/trade\\_europe.htm](http://www.southafrica.info/doing_business/sa_trade/agreements/trade_europe.htm)>.

<sup>122</sup> “Overview: Italian Development Cooperation,” Italian Ministry of Foreign Affairs, Italy. Date of Access: 10 June 2005. <[http://www.esteri.it/eng/4\\_28\\_66\\_71.asp](http://www.esteri.it/eng/4_28_66_71.asp)>.

## Japan

Although it is fully integrated into the structures and systems of the advanced developed economies, Japan has often stressed its unique position within the G7/8 as the only non-Western nation. It has frequently portrayed itself as the bridge between the predominant European or North Atlantic nations of the G7/8, and the emerging powers, particularly within the Asian region.<sup>123</sup> In 1990, when the G7 decided to institute an arms embargo on the People's Republic of China following the Tianenmen Square Massacre of 1989, it was Japan that acted as the informal mediator between the Chinese authorities and those of the other member states of the G7.<sup>124</sup> Although the country's role as the link between states inside and outside of the G8 is highly valued, it has not always produced a desire on the part of the Japanese government to work towards greater cooperation between the G8 as a unit and the emerging economies of the non-Atlantic world.

### The Okinawa Summit

At the 2000 Okinawa Summit, Japan demonstrated its ability to act as an effective facilitator between the emerging world and the G8 within its preferred fields of interest. Outside of the Okinawa Summit, a meeting between the G8 Leaders and the heads of government of Thailand, Algeria, Nigeria and South Africa was held in Tokyo.<sup>125</sup> The focus of discussion was primarily North-South dialogue, particularly on issues of great concern for countries of both the developed and developing worlds. Leaders discussed the topics of debt relief, HIV/AIDS, development assistance and IT related investment and business, but were noticeably silent on further cooperation or inclusion of a block of representative nations within the G8 system of governance.<sup>126</sup> The product of the Okinawa Summit was, in large part, typical of Japan's conception of expanded dialogue with emerging economies: one in which partnerships may be developed, but leadership is strictly retained within the confines of the Group of Eight nations.

### Japan and the G20/L20

Japan's reluctance to open the Group to wider membership is also evident in the country's lukewarm participation in many of the activities of the G20, a grouping of 20 nations that together represent approximately 90% of the global economy.<sup>127</sup> Since the foundation of the G20 in 1999, Japan has yet to chair the group and, as of the end of

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<sup>123</sup>Saori Katada, *Lecture 11: Japan and the G7/G8*, G8 Online (Toronto) 2004. Date of access: 6 July 2005. <http://www.g8.utoronto.ca/g8online/2004/english/syllabus.html><http://www.g8.utoronto.ca/g8online/2004/english/syllabus.html>

<sup>124</sup>Ibid.

<sup>125</sup>*Summit Meeting in Tokyo among President Olusegun Obasanjo of the Federal Republic of Nigeria, President Thabo Mneki of the Republic of South Africa, President Abdelaziz Bouteflika of the Democratic People's Republic of Algeria, Prime Minister Chuan Leekpai of the Kingdom of Thailand and the G8 Leaders*, G8 Information Centre (Toronto) 20 July 2000. Date of access: 5 July 2005. <http://www.g8.utoronto.ca/summit/2000okinawa/devs.htm><http://www.g8.utoronto.ca/summit/2000okinawa/devs.htm>

<sup>126</sup>Ibid.

<sup>127</sup>*Eichel Wants Strong Euro on G20 Agenda*, Deutsche Welle (Berlin) 19 November 2004. Date of access: 5 July 2005. <http://www.dw-world.de/dw/article/0,1564,1401243,00.html><http://www.dw-world.de/dw/article/0,1564,1401243,00.html>

2004, has yet to spearhead any significant initiatives within the grouping.<sup>128</sup> Such reluctance is puzzling, given that the G20 discusses and addresses many of the same issues on which Japan is most vocal within the G8, such as development aid, debt relief and disease eradication.<sup>129</sup> Rather, Japan prefers to use the occasion of G20 meetings to reiterate its position on various economic indicators of broad interest to the G8, such as currency valuation and the effects of adverse movements in the US dollar on the Japanese economy.<sup>130</sup> Although such topics are within the scope of the G20, they fail to emphasize the expanded nature of the group. They further underscore the desire of the Japanese government to preserve the integrity of the G20 without allowing the organization to replace its must smaller predecessor.<sup>131</sup>

Japan's desire to avoid greater involvement in the G20 is repeated in its attitude toward the Leaders 20 (L20). In general, the Japanese government is willing to discuss initiatives concerning both the G20 and the L20 with their respective champions, such as Canada.<sup>132</sup> However, it does not openly endorse the activities and initiatives of the groupings.<sup>133</sup> Rather, Japan prefers to solicit the support of its G8 and G20 partners for greater momentum on United Nations reform, particularly with regards to the reform and expansion of the Security Council.<sup>134</sup> Official Japanese policy toward both the G20 and the L20 is therefore highly likely to develop along lines of reciprocal recognition and support. Japan is willing to participate in and propagate these institutions in exchange for statements in support of its own bid to secure a permanent seat on an enlarged Security Council.

## **Bilateral Relations**

Despite Japan's efforts to lessen China's international isolation after the Tianenmen Square protests in 1989, relations between the two countries are often tense at best. Japan and the People's Republic of China (PRC) are both in positions to determine the outcome of their respective foreign policy goals. Japan, as a member of the G8, is effectively capable of blocking any attempt by the PRC to join the G8. China, as a permanent

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<sup>128</sup> *Communique: Meeting of Finance Ministers and Central Bank Governors*, G20 Presidency (Berlin) 21 November 2004. Date of access: 5 July 2005.

[http://www.bundesbank.de/g20/download/public/20041121\\_communique\\_final.pdf](http://www.bundesbank.de/g20/download/public/20041121_communique_final.pdf)

<sup>129</sup> *G20 Finance Ministers' and Central Bank Governors' Meeting, Delhi Communique*, G8 Information Centre (Toronto) 23 November 2003. Date of access: 5 July 2005.

<http://www.g8.utoronto.ca/g20/delhi2002.html>

<sup>130</sup> *Currency conundrums*, *The Economist Global Agenda* (London) 22 November 2004. Date of access: 5 July 2005.

<sup>131</sup> John Kirton, *Getting the L20 Going: Reaching out from the G8*, G8 Information Centre (Toronto) 22 September 2004. Date of access: 5 July 2005. [http://www.g7.utoronto.ca/scholar/kirton2004/kirton\\_040922.html](http://www.g7.utoronto.ca/scholar/kirton2004/kirton_040922.html)

<sup>132</sup> *Japan-Canada Summit Meeting*, What's Up Around the Prime Minister (Tokyo) 19 January 2005. Date of access: 5 July 2005. [http://www.kantei.go.jp/foreign/koizumiphoto/2005/01/19canada\\_e.html](http://www.kantei.go.jp/foreign/koizumiphoto/2005/01/19canada_e.html)

<sup>133</sup> *Ibid.*

<sup>134</sup> *Joint Statement by Prime Minister Martin of Canada and Prime Minister Koizumi of Japan*, Prime Minister of Japan and his Cabinet (Tokyo) 19 January 2005. Date of access: 5 July 2005.

[http://www.kantei.go.jp/foreign/koizumispeech/2005/01/19statement\\_e.html](http://www.kantei.go.jp/foreign/koizumispeech/2005/01/19statement_e.html)

member of the Security Council, is in turn legally entitled to veto any reform of the body that would grant Japan a permanent seat. Official relations are further complicated by a lack of bilateral understanding as to the interpretation of the two countries' roles during the Second World War, and Japan's recent inclusion of China in the list of threats to the country's security.

Ironically, bilateral discussions between Japan and the PRC under the auspices of the G8 are unlikely to focus on purely economic issues. Rather, both countries will be eager to utilize facilitated meetings to discuss the most recent eruption of anti-Japanese violence in China. The incident stems from the publication of a history textbook in Japan by a right-wing publishing group in April of this year.<sup>135</sup> The textbook, as well as perceived Japanese advances on a group of disputed islands, provoked violent anti-Japan protests in all major Chinese cities. Tensions have since calmed, although not without mutual recriminations about the use of nationalist violence as a form of diplomatic pressure.

Despite these flashpoints between the two countries, however, Japan remains committed to the view that China can and should be a partner rather than a rival. The Japanese government continues to fund infrastructure and environmental projects in China, through a series of loans and grants.<sup>136</sup>

Beyond the PRC, Japan has increasingly sought to engage in greater bilateral cooperation and recognition of India, particularly within the sphere of international organizations. In addition to being one of the largest economies in the world, India is also the world's most populous democracy. The nature of the Indian political system is viewed by Japan, as well as other G8 states, as being far more conducive to cooperation within an expanded dialogue grouping than that of China. Furthermore, the combined bid by the so-called G4 (Germany, India, Japan and Brazil) to obtain permanent seats on the Security Council has greatly warmed relations between the two nations,<sup>137</sup> which had suffered after India's testing of nuclear armaments in 1998.<sup>138</sup> The cooperation between India and Japan is, therefore, viewed as a form of counter-weight to the dominance of China within the Asian sphere of affairs and United Nations Reform. This is complemented by the gradual liberalization and market orientation of the Indian economy, which Japan hopes greater expansion of its economic influence in South Asia and to reaffirm its position within the G8 as the pre-eminent Asian power.<sup>139</sup>

Japanese relations with the other members of the outreach group, while present, are noticeably less prominent than those between Japan and China and India. Japan's

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<sup>135</sup>Jamie Miyazaki, *Textbook row stirs Japanese concern*, BBC News (London) 13 April 2005. Date of access: 5 July 2005. <http://news.bbc.co.uk/2/hi/asia-pacific/4439923.stm>

<sup>136</sup>*Overview of Official Development Assistance (ODA) to China*, Ministry of Foreign Affairs (Tokyo) June 2005. Date of access: 6 July 2005. [http://www.mofa.go.jp/policy/oda/region/e\\_asia/china/index.html](http://www.mofa.go.jp/policy/oda/region/e_asia/china/index.html)

<sup>137</sup>*Joint Statement concerning cooperation among Federative Republic of Brazil, Federal Republic of Germany, India and Japan on United Nations Reform*, Ministry of Foreign Affairs (Tokyo) 22 June 2005. Date of access: 6 July 2005. <http://www.mofa.go.jp/policy/un/reform/joint0506.html>

<sup>138</sup>*Japan-India Relations*, Ministry of Foreign Affairs (Tokyo) July 2005. Date of access: 6 July 2005. <http://www.mofa.go.jp/region/asia-paci/india/index.html>

<sup>139</sup>*Ibid.*

combined bid for Security Council reform with Brazil has obviously enhanced Japanese cooperation and consultation with that country.<sup>140</sup> Nevertheless, outside of the joint bid for United Nations Reform, relations between Brazil and Japan are primarily cultural and economic, with little emphasis on political activities and the inclusion of outside members in discussions at the G8 level.<sup>141</sup> Japan displays a similarly ambivalent attitude towards Mexican and South African aspirations to be included in the grouping, with, once again, educational, cultural and economic relations placed above political ones.<sup>142</sup>

## Conclusion

Despite its unique position as a non-Atlantic member of the original G7, Japan's position toward an expanded grouping and enhanced global outreach is at best ambivalent. The country is more than prepared to engage in bilateral, *ad hoc* discussions with developing nations on specific issues, but it is reticent, if not hostile, to the proposition of admitting a new permanent member to the Group. Despite the country's lack of active participation and leadership in organizations such as the G20 and the L20, international events may yet force a change in Japan's position. On the one hand, the desire for a permanent seat on the Security Council will undoubtedly motivate Japan to include various non-member states, particularly those of the G4, in discussions with the other members of the G8. On the other hand, the growing influence of China in both regional and international spheres has already caused significant shifts in Japanese foreign and economic policy. If current attempts by both countries to use nationalist sentiment and sabre-rattling to their respective advantages fail, Japan may seek a rapprochement with China by softening its objections against further inclusion of the PRC in regular G8 affairs. However, should China effectively utilize its economic and growing diplomatic clout to solidly block Japanese accession to the Security Council, Japanese resolve to exclude the PRC, and other developing states, would harden and result in strong opposition to further regular expanded dialogue initiatives.

*Compiled by Michael Erdman and Aba Stevens  
G8RG Policy Analyst*

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<sup>140</sup> *Joint Statement concerning cooperation among Federative Republic of Brazil, Federal Republic of Germany, India and Japan on United Nations Reform*, Ministry of Foreign Affairs (Tokyo) 22 June 2005. Date of access: 6 July 2005. <http://www.mofa.go.jp/policy/un/reform/joint0506.html>

<sup>141</sup> *Japan-Brazil Relations*, Ministry of Foreign Affairs (Tokyo) June 2005. Date of access: 6 July 2005. <http://www.mofa.go.jp/region/latin/brazil/index.html>

<sup>142</sup> *Japan-Mexico Relations*, Ministry of Foreign Affairs (Tokyo) June 2005. Date of access: 6 July 2005. <http://www.mofa.go.jp/region/latin/mexico/index.html>. See also: *Japan-South Africa Relations*, Ministry of Foreign Affairs (Tokyo) June 2005. Date of access: 6 July 2005. [http://www.mofa.go.jp/region/africa/s\\_africa/index.html](http://www.mofa.go.jp/region/africa/s_africa/index.html)

## Russia

The Russian Federation is a country that has had a volatile and troubled history, plagued with economic devastation and autocratic regimes. At present, however, it is looking beyond that history, and is showing that it has tremendous potential both politically and economically. Russia has been criticized for its frequent undemocratic government actions but it continues to strive to maintain a healthy and growing economy, as well as creating policies aimed at stimulating economic growth. In calling for greater involvement in the realm of the G8, particularly for financial issues, the Russian Foreign Ministry spokesman, Alexander Yakovenko, cited the progress Russia has made since its membership. Yakovenko stated that “we are consistently turning from a major debtor into an active creditor. We have the highest GDP growth rates among the G8 countries, and our gold and foreign currency reserves, as well as foreign trade turnover are steadily growing.”<sup>143</sup> Membership in international institutions like the G8 is seen largely as a positive step for democratization and national stability, a move indicates that Russia is making progress towards these goals.

### The Current Situation and Perspectives

Despite issues over unmitigated corruption and defaulting on IMF loans, Russia still holds much potential for economic success. In 2003, Russia’s economy grew by 7.2%,<sup>144</sup> and the national government reported a US\$ 100 billion surplus, which was attributed to increased oil production and prices.<sup>145</sup> President Vladimir Putin’s economic policies, which include the 13% personal flat tax, has also played a role in positive economic growth.<sup>146</sup> For the first time in Russian history, a budding mortgage market has come into existence and entrepreneurship has begun to flourish.<sup>147</sup>

This growth, though positive, is still threatened by Russia’s desperate need for foreign direct investment. This investment is necessary if Russia is to succeed in modernizing its inefficient and unprofitable industrial base.<sup>148</sup> What is frightening to investors, however,

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<sup>143</sup> “Moscow feels that it is prepared for full G8 membership” Interfax. 22 June 2005. Date of Access: 23 June 2005.

<[http://www.interfax.ru/e/B/exclusive/29.html?mode=9&title\\_style=exclus&others=2&id\\_issue=11314133](http://www.interfax.ru/e/B/exclusive/29.html?mode=9&title_style=exclus&others=2&id_issue=11314133)>.

<sup>144</sup> “Putin pledges sweeping tax reform,” BBC News. 19 March 2004. Date of Access: 18 June 2005.

<<http://news.bbc.co.uk/1/hi/business/3550531.stm>>.

<sup>145</sup> “BOFIT Weekly: Russia,” Bank of Finland. 21 January 2005. Date of Access: 18 June 2005.

<<http://www.bofi.fi/bofit/eng/3weekly/w05/w032005.pdf>>.

<sup>146</sup> “Putin pledges sweeping tax reform,” BBC News. 19 March 2004. Date of Access: 18 June 2005.

<<http://news.bbc.co.uk/1/hi/business/3550531.stm>>.

<sup>147</sup> “Mortgages: The new vanguard of revolution?,” Financial Times. 18 October 2005. Date of Access: 18 June 2005.

<[http://proquest.umi.com.myaccess.library.utoronto.ca/pqdlink?did=716492921&sid=1&Fmt=3&clientId=12520&RQ\\_T=309&VName=PQD](http://proquest.umi.com.myaccess.library.utoronto.ca/pqdlink?did=716492921&sid=1&Fmt=3&clientId=12520&RQ_T=309&VName=PQD)>.

<sup>148</sup> “Attracting Foreign Direct Investment For Russia’s Modernization,” OECD. 19 June 2002. Date of Access: 18 June 2005. <<http://64.233.161.104/search?q=cache:78SSWV5Yd-kJ:www.oecd.org/dataoecd/44/45/1942539.pdf+foreign+direct+investment+russia+need&hl=en&start=2>>.

is Putin's centralization of presidential power, which is reminiscent of previous autocratic regimes.<sup>149</sup>

As a member of the Group of Eight (G8), the only transatlantic institution in which it is a full fledged member, Russia has a respectable avenue through which it can prove itself to the international community. Russia can do this, both by contributing meaningfully on the world stage, and by improving its domestic conditions. The United States Secretary of State, Condoleezza Rice, stated in 2005 that "Moscow should make every effort to convince the world that they understand those responsibilities that attend inclusion in organizations such as the G8."<sup>150</sup> Rice added that the G8 was intended to be "a group of democracies" committed to "free-market principles, free trade, [and] the rule of law."<sup>151</sup> Russia will have to continue to fulfill these G8 principles.

Detractors of Russia's membership in the G8 echo concerns that Russia has not met these G8 standards, and thus it should be suspended from the G8 until they are met. This is not an idle threat. For example, Christopher Cox, the Chairman of the Committee on Homeland Security, and Tom Lantos, a ranking member of the House International Relations Committee, introduced a bipartisan bill in 2005 calling for such a suspension. Cox expressed his concerns when he stated:

Russia has failed to complete a successful transition from communism to free enterprise, and from a Soviet police state to a stable, securely democratic society. Vladimir Putin needs to show that his nation belongs in the same league with the other G-7 members.<sup>152</sup>

On the other hand, Ira Straus, founder and U.S. coordinator of the Committee on Eastern Europe and Russia for NATO, argues that officially recognized membership in the G8 is beneficial not only for Russia's development but for other member nations as well. This is because the G8 can help keep Russia on track for increased democratization and better relations with other western nations.<sup>153</sup> Following the events of 11 September 2001, there emerged a shift in the G8's agenda, including a renewal of importance in having Russia remain a member of the G8. Russia's contribution would be most significant in areas such as international security, regional significance and natural resources. Straus has stated that "having Russia as a member of the G8 adds to the global strength of the institution."<sup>154</sup> Furthermore, Russia remains en route to developing into a full-fledged

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<sup>149</sup> "Putin Blesses Gazprom Deal and Shares Soar," The St. Petersburg Times. 17 September 2004. Date of Access: 18 June 2005. <[http://www.sptimes.ru/archive/times/1004/news/b\\_13564.htm](http://www.sptimes.ru/archive/times/1004/news/b_13564.htm)>.

<sup>150</sup> "Briefing en route to Moscow," US Department of State. 19 April 2005. Date of Access: 18 June 2005. <<http://fpc.state.gov/fpc/45038.htm>>.

<sup>151</sup> "Rice Urges Russia to Embrace Openness," The New York Times. 19 April 2005. Date of Access: 18 June 2005. <<http://www.nytimes.com/2005/04/19/international/europe/19cnd-dipl.html?ex=1116993600&en=0ea3df7ddb0ef622&ei=5070>>.

<sup>152</sup> "Russia should be excluded from G8, say US lawmakers," The Daily Times. 4 May 2005. Date of Access: 18 June 2005. <[http://www.dailytimes.com.pk/default.asp?page=story\\_4-5-2005\\_pg7\\_51](http://www.dailytimes.com.pk/default.asp?page=story_4-5-2005_pg7_51)>.

<sup>153</sup> "What is the G-8 and Why is Russia in It?," In The National Interest. 12 May 2004. Date of Access: 18 June 2005. <<http://www.inthenationalinterest.com/Articles/Vol3Issue19/Vol3Issue19StrausPFV.html>>.

<sup>154</sup> Ibid.

democracy and continues to demonstrate innovative qualities that can contribute to the G8.<sup>155</sup>

For Russia to emerge as a viable work partner with western nations both parties will need to partake in common institutions and arrangements in order to be more effective. At obtaining the goals of the G8, Straus has stressed that “it is to the advantage of the West to have Russia acting as a new force for moving the process forward.”<sup>156</sup>

### **History, Relations and Progress**

Talks of Russia joining the G8 began in the early nineties under the leadership of Mikhail Gorbachev. In the following years, Russia was invited to attend G8 Summits as an observer and eventually joined as a full member in 1998 at the Birmingham Summit. After Russia was admitted into the G8, questions were raised about both the likelihood of other large economies such as China or Brazil joining, as well as why Russia was specifically chosen.<sup>157</sup> For instance, although Russia has a growing economy, it nonetheless ranked only 12<sup>th</sup> in the world in 2004.<sup>158</sup> Professor John Kirton of the University of Toronto has responded by explaining that the G8, more than other international body, acts as a private club, with specific criteria. He has stated that “members must be a democracy and a reliable major power with a global perspective.”<sup>159</sup> As a permanent member of the United Nations Security Council, World Health Organization and numerous other international bodies, Russia has vehicles through which it gains a global perspective.

Geographically, the G8 is the widest major Western institution, both transatlantic and trans-Pacific. With the addition of Russia, it also became pan-North. The importance of this unity is that it also brings a degree of stability to the international system, for as Ira Straus argues, “when it is united, the world is fairly cohesive.”<sup>160</sup>

The United States has been the most vocal critic of Russia’s role in the G8. The oppositional stance that Russia took with regard to the US-led attack on Iraq also contributed to tensions between the nations. One commentator described how “Russia continues to torpedo normalizing relations with Washington in the aftermath of the Iraq war.”<sup>161</sup>

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<sup>155</sup> Ibid.

<sup>156</sup> Ibid.

<sup>157</sup> “Q & A: Your guide to the G8” BBC News. 8 May 1998. Date of Access: 18 June 2005. <[http://news.bbc.co.uk/1/hi/special\\_report/1998/05/98/g8/88511.stm](http://news.bbc.co.uk/1/hi/special_report/1998/05/98/g8/88511.stm)>.

<sup>158</sup> Russia,”CIA Worldfactbook. Date of Access: 6 July 2005.<<http://www.cia.gov/cia/publications/factbook/rankorder/2001rank.html>>.

<sup>159</sup> Ibid.

<sup>160</sup> “What is the G-8 and Why is Russia in It?,” In The National Interest. 12 May 2004. Date of Access: 18 June 2005. <<http://www.inthenationalinterest.com/Articles/Vol3Issue19/Vol3Issue19StrausPFV.html>>.

<sup>161</sup> “The Evian Summit: Russia's Future and the G-8,” In The National Interest. 28 May 2003. Date of Access: 18 June 2005. <<http://www.inthenationalinterest.com/Articles/Vol2Issue21/Vol2issue21Ivanonypfv.html>>.

Although the United States and Russia have antagonistic relations, they have strides in reaching agreements when it comes to G8 initiatives. Earlier, at the Kananaskis Summit in 2002, in a show of immense cooperation, G8 leaders approved a plan to spend US\$20 billion to scrap Russia's plutonium stockpile over the next decade. The plan was discussed in bilateral meetings between Russian President Vladimir Putin and US President George W. Bush. This initiative stemmed from a collective fear among the western leaders that terrorists might get a hold of these stockpiles. The "10-10-10" agreement gives Russia US\$ 10 billion of US taxpayer money plus US \$10 billion combined from all other G8 member countries over 10 years. In response to those talks, Putin took time to emphasize that with respect to bilateral relations, and major international problems, "the [US] President and I are having very good personal relations, and our colleagues in our capitals also note that interaction between our countries is becoming very efficient."<sup>162</sup> In the course of this disarmament project Russia transformed "from a nuclear-laden rival into a full partner against the common enemies that threaten all governments and their people."<sup>163</sup>

At the 2004 Sea Island Summit in the USA, Putin and British Prime Minister Tony Blair pointed out the high level of bilateral relations and claimed their intention to develop them in the future. According to the Russian President, Russian-British trade turnover grew by 28% against the same period in 2003.<sup>164</sup>

The amicable relationship between Russia and European countries is generally much stronger than that between Russia and the US. Historically, Russia has also had friendlier relations with other Asian countries compared to those with the US. During the initial war on Iraq, Russia found an ally in France, and it has close ties to the European Union (EU). In a summit early in May 2005, Russia and the EU negotiated a deal aimed at ensuring that Russia and the EU build closer trade ties and improve political relations. This pact also seeks to improve collaboration in areas such as energy, transport and regional conflict resolution, and the promotion of trade and investment between the two sides.<sup>165</sup> The EU and Russia have also agreed to hold further talks on issues on which they were not able to reach full agreement, signalling the continuation of their positive relations.<sup>166</sup>

At a press conference during the conclusion of the 2004 Sea Island Summit, the spokesman for Russia's Ministry of Foreign Affairs, Alexander Yakovenko, stated that Russia was pleased with the outcome of the Summit. In Russia's view, during the course of the Summit, the G8 reaffirmed its role as one of the leading forums for working out

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<sup>162</sup> "West OKs \$20 Billion for Russian Plutonium," NewsMax.com. 28 June 2002. Date of Access: 18 June 2005. <<http://www.newsmax.com/archives/articles/2002/6/27/162915.shtml>>

<sup>163</sup> "Kananaskis: An Assessment, Dr Ella Kokotsis," G8 Online. 16 December 2003. Date of Access: 18 June 2005. <<http://www.g8.utoronto.ca/g8online/2002/english/2002/22.html>>.

<sup>164</sup> "Putin, Blair Highly Assess Russian-British Relations," Embassy Of The Russian Federation In The Republic Of India. 11 June 2004. Date of Access: 18 June 2005. <<http://www.india.mid.ru/nfr2004/nf26.html>>.

<sup>165</sup> "EU and Russia forge closer ties" BBC News. 10 May 2005. Date of Access: 18 June 2005. <<http://news.bbc.co.uk/2/hi/europe/4532219.stm>>.

<sup>166</sup> Ibid

collective decisions on pressing issues in world politics and the economy as well as global problems pertaining to human development. The agreements reached at the Sea Island Summit would help expand cooperation in priority areas such as the fight against international terrorism, the strengthening of the WMD non-proliferation regimes, and the settlement of international conflicts, as well as assistance to sustainable economic development, and the war on poverty. Furthermore, the summit devoted special attention to the G8's approach towards international and regional problems, especially the situations in Iraq, Afghanistan and Middle East settlement.<sup>167</sup>

## **Russia and the G20 and L20**

The G20 was organized in response to economic crises that struck much of Asia, Latin America and Russia in the late 1990s. As such, the G20 includes finance ministers and central bank governors from the G8 countries, emerging economies as well as the European Union, the International Monetary Fund and the World Bank. The mandate of the G20 is "to promote discussion, and study and review policy issues among industrialized countries and emerging markets with a view to promoting international financial stability."<sup>168</sup> The first meeting took place in Berlin, December 1999. In total, G20 member countries account for roughly two-thirds of the world's population and 87% of the world's economic production.<sup>169</sup> Russia and Saudi Arabia are currently the only G20 members that do not have membership in the WTO.<sup>170</sup>

In addition to the G20, the Leaders' 20 (L20), has been increasingly considered in the last few years. The L20 is a group that borrows from both the G8 and the G20 in addressing the 21<sup>st</sup> century demands for new global governance, which will attempt to be more multilateral, legitimate, and integrated than other organizations in the past.<sup>171</sup> However, this yet unborn group has the challenge of convincing these nations to get on board with the L20. This is due to the fact that the G8 nations prefer the G8 forum and thus would be more difficult to be convinced that a broader organization is in their best interest.<sup>172</sup>

Russia's president Vladimir Putin, the forth coming G8 Summit host in 2006, is unlikely to be tempted to lobby or join the L20. As Professor John Kirton states, "Russia has waited a long time to host a regular G8 Summit, and to be thus restored to its former

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<sup>167</sup> Alexander Yakovenko, the Spokesman of Russia's Ministry of Foreign Affairs, Answers a Media Question in the Course of a Briefing at RIA Novosti Press Center on June 11, 2004, Regarding Outcome of the G-8 Summit at Sea Island" Ministry Of Foreign Affairs of the Russian Federation. 11 June 2004. Date of Access: 18 June 2005.

<<http://www.in.mid.ru/B1.nsf/arh/518F471505C69607C3256EB40032B96C?OpenDocument>>

<sup>168</sup> "What Is The G20?," The Halifax Initiative. Date of Access: 18 June 2005.

<<http://www.halifaxinitiative.org/updir/G20.doc>>

<sup>169</sup> "About G20: Membership" G20. 2005. Date of Access: 18 June 2005. <<http://www.g20.org/aboutg20.htm>>

<sup>170</sup> "The G-20 and the World Economy" Institute for International Economics. 4 March 2004. Date of Access: 18 June 2005. <<http://www.iese.com/publications/papers/bergsten0304-2.htm>>

<sup>171</sup> "Reform of the G8/G20: A Pragmatic Approach to Improve Global Governance" The Brookings Institution. 11 April 2005. Date of Access: 18 June 2005. <<http://www.hhs.se/NR/rdonlyres/F8BC4921-EF04-4348-9D93-CDB0126C75A9/0/JLinnStockholmApril11.ppt>>

<sup>172</sup> "Getting the L20 Going: Reaching out from the G8" U of T G8 Information Centre. 22 September 2004. Date of Access: 18 June 2005. <[http://www.g7.utoronto.ca/scholar/kirton2004/kirton\\_040922.html](http://www.g7.utoronto.ca/scholar/kirton2004/kirton_040922.html)>.

glory as an equal great power. It would not want to demote itself to a club where it is equal to financially delicate emerging economic middle powers like Indonesia or Argentina.”<sup>173</sup> In light of contemporary issues of international security, Putin’s response to 11 September 2001 demonstrates that he understands how to make the G8 work for his administration in the global fight against terrorism. Putin stated that “deciding how to do so instead in an equal, consensus-oriented L20 dialogue with Saudi Arabia and China holding a de facto veto on any consensus is unlikely to appeal — despite the good work that the G20 has done on the narrow issue of terrorist finance in the past.”<sup>174</sup> Therefore, Russia under Putin’s leadership, Russia will be unlikely to support the support the formation of the L20.

Russia has, however, responded positively to the expansion of dialogue to emerging countries like China. According to Alexandre Yakovenko, the spokesman for the Russian Foreign Ministry, “we stand for the further consistent expansion of the dialogue between the G8 and the countries whose growing economic might is making them more and more significant players on the world arena...China is definitely among these countries.”<sup>175</sup> Yakovenko continued: “As for the level and pace of interaction between the G8 and other countries, it will depend, particularly, on the preparedness of these countries themselves to expand cooperation.”<sup>176</sup>

### **Democracy in Russia**

In the area of democracy, to Russia has made some progress but, it continues to face significant challenges achieving full realization. Although other G8 member nations have expressed concerns on this topic, they have also not done enough to hold Russia accountable to this commitment.

In a visit to Russia this past April, US Secretary of State Condoleezza Rice described political developments in Russia such as centralization of the power of the president and the suppression of electronic medias as “worrying trends” because Russia is not positively on the “democracy side”. Continuing on the issue of democratization, Rice qualified that these comments were “meant in a spirit of friendship and discussion, not in a spirit of criticism.”<sup>177</sup> The US ambassador to Russia, Alexander Vershbow, recently stated that the U.S. Administration is “against linking Russia’s membership in the G8 with certain steps to democratization and better human rights protection.” He went on to add that the U.S. does, however, value Russian participation in the G8 and has “proven to

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<sup>173</sup> Ibid.

<sup>174</sup> Ibid.

<sup>175</sup> “Moscow favors expanding G8-China dialogue,” Interfax. 22 June 2005. Date of Access: 23 June 2005. <[http://www.interfax.ru/e/B/exclusive/29.html?mode=9&title\\_style=exclus&others=2&id\\_issue=11314133](http://www.interfax.ru/e/B/exclusive/29.html?mode=9&title_style=exclus&others=2&id_issue=11314133)>.

<sup>176</sup> Ibid.

<sup>177</sup> “Secretary of State Condoleezza Rice: On-the-Record Briefing,” United States Embassy; Moscow, Russia. 19 April 2005. Date of Access: 18 June 2005. <[http://moscow.usembassy.gov/embassy/transcript.php?record\\_id=111](http://moscow.usembassy.gov/embassy/transcript.php?record_id=111)>.

be a valuable mechanism for addressing global challenges” such as international terrorism, global poverty and HIV/AIDS.<sup>178</sup>

These critical comments, though paired with mention of Russia’s positive actions, were seen by some commentators as justification for isolating Russia from international organizations such as the G8. Nonetheless Rice did dismiss any discussion of excluding Russia from the G8. The US Secretary of State said that

From everybody’s point of view, a Russia that is democratic and committed to free market principles and moving toward these Western and Euro-Atlantic structures would be a positive development for the region and for the world. Thus, isolating Russia and threatening to exclude it from various international organizations is not supported by the political rhetoric from G8 countries.<sup>179</sup>

Rice continued to reiterate the point that Russia needs to understand that “certain responsibilities come with membership in the G8, that this is, in fact, a group of democracies, [and] that it is a group that is fully committed to free market principles, free trade, [and the] rule of law.”<sup>180</sup> Ongoing discussions have left unresolved issues, including intellectual property rights, agricultural protectionist measures, financial services and most prominently, Russia’s accession to the World Trade Organization (WTO), which Russia has been trying to gain for a number of years.<sup>181</sup>

Although Russia has been both praised and condemned for Putin’s policies, compliance reports from the 2004 Summit ultimately show that Russia had the lowest levels of compliance for Summit commitments.<sup>182</sup> Additional doubt was cast onto Russia’s commitment to these multilateral institutions because of its failure to fulfill the most important pledges required upon its admission to the Council of Europe. Among the requirements missing were a banning of the death penalty for its criminals. Council of Europe Secretary General Terry Davis said that upon its joining the Council in 1996, Russia has achieved substantial progress in building democratic institutions and civil society but noted that “the country has not yet fulfilled all the most important commitments.”<sup>183</sup> Commenting on the situation in Russia’s volatile Chechen republic, Davis also said that “the Council of Europe and the Russian authorities have been working to rebuild democratic institutions, improve the human rights situation, and foster the rule of law in the Chechen Republic.”<sup>184</sup> However, when it came to the continued

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<sup>178</sup> “U.S. against tying Russia G8 membership to democratization” 7 May 2005. Date of Access: 18 June 2005. <[http://www.interfax.ru/e/B/0/28.html?id\\_issue=11280984](http://www.interfax.ru/e/B/0/28.html?id_issue=11280984)>.

<sup>179</sup> “Secretary of State Condoleezza Rice: On-the-Record Briefing,” United States Embassy; Moscow, Russia. 19 April 2005. Date of Access: <[http://moscow.usembassy.gov/embassy/transcript.php?record\\_id=111](http://moscow.usembassy.gov/embassy/transcript.php?record_id=111)>.

<sup>180</sup> Ibid.

<sup>181</sup> “U.S. Hawk Wants Russia Out of G-8,” The Moscow Times. 31 October 2003. Date of Access: 18 June 2005. <<http://www.themoscowtimes.com/stories/2003/10/31/011.html>>.

<sup>182</sup> “2003 Sea Island Interim Compliance Results: Compliance by Country” 28 February 2005. Date of Access: 18 June 2005. <[http://www.g8.utoronto.ca/evaluations/2004seaisland\\_interim/](http://www.g8.utoronto.ca/evaluations/2004seaisland_interim/)>.

<sup>183</sup> “Russia Fails to Fulfill Council of Europe Commitments — Terry Davis” Mosnews.com. 15 May 2005. Date of Access: 18 June 2005. <<http://www.mosnews.com/news/2005/05/15/davisrus.shtml>>.

<sup>184</sup> Ibid.

disappearances of Chechens in the war-torn republic, Davis voiced concerns that “the authorities must carry out thorough investigations and tell the families of the disappeared about the fate of their loved ones. As for the observation of elections, it is really a question for our Congress of Local and Regional Authorities because Chechnya is a region of the Russian Federation.”<sup>185</sup> Not only does this show a lack of commitment on Russia’s part but it reveals the relaxed attitude of the Council of Europe in pushing Russia to adhere to the principles upheld by both the G8 and the Council of Europe.

After coming to power in 2000, Putin has implemented severe limitations on the freedom of speech. This is evidenced by open dissent, such as a rally in Moscow in May 2005 to defend media freedoms in the struggle for greater democracy within the country. The Russian government has openly used its power by shutting down television stations that broadcast reports critical of the government. For example, in 2001, the government took control over of the NTV network, although indirectly, through the state-connected natural gas monopoly, Gazprom.<sup>186</sup> These acts indicate that Russia’s television networks are again almost all directly or indirectly controlled by the government, therefore limiting the country’s democratic process.<sup>187</sup>

The Russian government and media’s response to Rice’s remarks were cool at best. Overall, media outlets have shown limited coverage of unenthusiastic remarks concerning Russia. In a remark that embodied the sentiment of the Russian government, Rice’s Russian counterpart, Sergei Lavrov, told reporters in Moscow that the U.S. should itself strengthen democracy at home in order to have better relations with Russia.<sup>188</sup> Furthermore, Russian media expressed concerns about what many analysts regard as US attempts to isolate Russia.<sup>189</sup> In response to these remarks, Rice expressed US support for Russia’s continued membership of the G8 group and backing for Russian efforts to join the WTO. Rice clearly stated that Russia was “not a strategic enemy.”<sup>190</sup> Members of the Russian government, however, met Rice’s praise of Russia’s cooperation in the campaign against terrorism and its attempts at preventing the Iranian acquisition of nuclear weapons, with some conciliatory reactions.<sup>191</sup> Therefore, Russia continues to cover only positive reports about its contribution to the global community, as dictated by the current Russian administration.

## Conclusion

Russia holds a unique position on the world stage, both politically and economically. In both cases it shows, and has shown, great potential towards political reform and economic growth. Despite this anticipated potential, Russia continues to be perceived as a

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<sup>185</sup> Ibid.

<sup>186</sup> Ibid.

<sup>187</sup> “Hundreds Rally in Russian Capital to Defend Media Freedoms,” Mosnews.com. 15 May 2005. Date of Access: 18 June 2005. <<http://www.mosnews.com/news/2005/05/22/yablrally.shtml>>

<sup>188</sup> “Russians Respond Coolly to Rice’s Chiding on Democracy” CNSNews.com. 21 April 2005. Date of Access: 18 June 2005. <<http://www.cnsnews.com/Politics/archive/200504/POL20050421a.html>>

<sup>189</sup> Ibid.

<sup>190</sup> Ibid.

<sup>191</sup> Ibid.

developing country, which is a reality that Russia itself reluctantly acknowledges. However, its membership in the G8 has been viewed as a rapid advancement and development both politically and economically.

In a momentous step, Russia is set to host the G8 Summit in 2006 for the first time. Hailed as the “first achievement of historic significance produced by the Kananaskis Summit,” this decision impacted the further development of the G8 as a global economic and political institution. In 2002, the decision for Russia to host the Summit was credited to its remarkable economic and democratic transformation in the late 1990s. In 2005, the decision for Russia to host a G8 Summit is generally viewed as ambitious. Considering Russia’s record of political democratic reform the other G8 nations nonetheless anticipate meaningful commitments to be established at the Summit that meet the G8’s principles of economic and political liberalizations.

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## United Kingdom

Consistent with Britain's multilateral approach to international economic and political issues, Britain has been integral in expanding the G8 dialogue. In 1998, Britain expanded the G7 to formally include Russia in a new and reinvigorated G8. This initiative was undertaken in recognition of Russia's transition to democracy in hopes that the inclusion of Russia in the group would solidify the establishment of a strong democracy in the country. As well, due to the ramifications of the Asian Economic Crisis it was apparent that the dialogue of the G7 would have to be expanded if the group was to adapt to the increasing interconnectedness of the global economy.

The G8 is at another crucial time of transition; many actors have called for the G8 to increase both its effectiveness and democratic viability by formally including the voices of the developing world in an expanded Group or a new Leaders' 20 (L20). Britain has shown considerable support for expanding the dialogue of the G8 and expanding global governance institutions but Britain has been reluctant to show unqualified support for the expansion of the G8 to include India, China, or Brazil. Neither has it displayed overt support for replacing or complementing the G8 with an L20 Forum.

### Support for Expanding the Dialogue

Both civil society groups and leaders have urged the replacement of the G8 with the G20. For example, the Institute for International Economics has called for the G20 to become an action committee, replacing the G8 in this capacity.<sup>192</sup> Canadian Prime Minister Paul Martin has strenuously argued for the establishment of the L20, a leader's conference that would complement other multilateral institutions by focusing on political issues. He argues that the G20 would be better equipped to deal with primarily economic issues.<sup>193</sup> Britain has not formally supported the establishment of an L20, but it has shown support for expanding the dialogue without expanding the Group of 8. Thus, there will not likely be an L20 summit in the 2005 calendar year as supporters had originally hoped.

When asked if he thought that India and China should become permanent members of a Group of 10 (G10), British Prime Minister Tony Blair was irresolute. He replied

I think there is certainly a case for trying to involve countries that are self-evidently important as China and India in discussions on these issues. There is a continuing debate about changing the formal structure of the G8. I think at some point in time it probably should change, but obviously that has got to be done with the agreement of everyone and it is sometimes a bit like the UN Security Council, everyone agrees in principle it should be reformed, but when you come to agreeing which countries and on what basis it gets more difficult. But certainly I think we have already begun the

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<sup>192</sup> "IIE urges US to push for G20 to replace G7," Reuters News. 9 February 2005.

<sup>193</sup> Martin, Paul. "A Global Answer to Global Problems," *Foreign Affairs*. May/June 2005 Vol. 84 (3).

process in the G8 of outreach as it were to other countries and I am sure that will continue.<sup>194</sup>

Here he refuses to take a position on the expansion of the group, recognizing only that there are arguments to be made and deferring the issue to a vague timeline. Despite this reticence to openly endorse full group membership for India and China, Britain has acted to bring these emerging countries into the G7/G8 dialogue. Prime Minister Blair held bilateral talks with Indian Prime Minister Manmohan Singh and expressed that he felt it was important that such a large and emerging economy should be included in talks on climate change and security.<sup>195</sup> He has stated: “[the] G8 need to work in partnership with the rapidly developing economies like China, India, Brazil and South Africa to find a way for them to grow and develop as low carbon economies.”<sup>196</sup>

Chancellor of the Exchequer Gordon Brown also invited both India and China to participate in the February 2005 Finance Minister’s meeting in London. This was India’s first opportunity to sit at a G7 finance meeting, but China had been invited to talks previously.<sup>197</sup> As well, this will be the first year that expanded dialogue countries are going to be asked for input on issues; previously the countries have been invited only as observers to discussions. Clearly, Blair does want to engage in outreach, but he is reluctant to allow China and India official and equal seats at the G8 table.

The act of inviting India and China to become more involved with the G8 is not surprising given Britain’s bilateral co-operation with the two countries. The finance ministers of both China and India have met with British representatives a number of times in recent months and they have pledged to work together on global economic development.<sup>198</sup>

## UN Security Council Reform

Britain also supports a permanent Security Council seat for India at the United Nations (UN). Blair remarked that, “for India not to be represented at the Security Council is something that is not in tune with the modern times in which we live.”<sup>199</sup> In the same statement the Prime Minister stressed that “there is no point, for example, on us having a

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<sup>194</sup> “Transcript of the press conference given by the Prime Minister,” 10 Downing Street, United Kingdom Government (website). 10 June 2004. Date of Access: 20 May 2005. <<http://www.number-10.gov.uk/output/Page5935.asp>>.

<sup>195</sup> “PM Meets Indian Prime Minister,” United Kingdom Direct Government Website (United Kingdom). Date of Access: 21 May 2005. <<http://www.number-10.gov.uk/output/page6365.asp>>.

<sup>196</sup> “Special Address by PM Tony Blair,” Gleneagles 2005 Official Website, 27 Jan 2005. Date of Access: 25 May 2005. <<http://www.g8.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1078995903270&a=KArticle&aid=1106749656900>>.

<sup>197</sup> “India to attend G7 FM’s meeting in London,” The Economic Times (India). 21 January 2005.

<sup>198</sup> Full-Text of Sino-British joint statement on global development, Xinhua News Agency. 15 April 2005.

<sup>199</sup> “Press Conference with the Indian Prime Minister,”. 20 September 2004. Date of Access: 20 May 2005. <<http://www.number-10.gov.uk/output/page6363.asp>>

dialogue on an issue like climate change ... without involving the Indian economy and Chinese economy into that debate.”<sup>200</sup>

## **Bilateral Relations**

### *Brazil*

The UK believes that it is in its “interests that Brazil succeeds in her economic, social and political development.”<sup>201</sup> The UK considers its relationship with Brazil as long-standing and strong. However, high-level visits between the countries have been infrequent, with the Prime Minister last visiting Brazil in 2001.<sup>202</sup> Brazil is the UK’s largest South American trading partner, with bilateral trade totaling £2.3 billion.<sup>203</sup> Again, despite protestations that the relationship between the countries is strong and that Britain wants Brazil to develop successfully, development assistance to Brazil amounted to just £2 million. Britain is keen to involve Brazil in climate change discussions in particular due to the importance the UK government places on the immense biodiversity of Brazilian forests.

### *China*

Traditionally there has been little bilateral interaction between China and the UK, but as China continues to emerge on the international scene Britain is working to engage the Asian giant and bring it into the international fold. The UK supports “China’s closer integration into the international system as a responsible and friendly partner.”<sup>204</sup> The Prime Minister of the UK has visited China a number of times in the last couple of years, and the Chinese Premier has visited the UK in turn. These visits have resulted in a number of joint declarations promising to increase diplomatic exchanges and to work on issues relating to: non-proliferation, terrorism, the environment, science and technology exchange, and development issues.<sup>205</sup> The UK has expressed concern about human rights abuses in China, specifically relating to the repression of Falun Gong members, but language in the joint statements releases has been weak. The most recent statement asserts only that both countries “place a high value on the bilateral human rights dialogue and will continue this exchange on the basis of equality and mutual respect.”<sup>206</sup> As part of its commitment to assist in pulling the remaining 160 million Chinese citizens out of

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<sup>200</sup> “Press Conference with the Indian Prime Minister,” 20 September 2004. Date of Access: 20 May 2005. <<http://www.number-10.gov.uk/output/page6363.asp>>.

<sup>201</sup> Country Profile: Brazil, Foreign Commonwealth Office. Date of Access: 5 July 2005. <<http://www.fco.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1007029394365&a=KCountryProfile&aid=1019744897089>>

<sup>202</sup> Ibid.

<sup>203</sup> Ibid.

<sup>204</sup> Country Profile: China, Foreign Commonwealth Office. Date of Access: 5 July 2005.

<<http://www.fco.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1007029394365&a=KCountryProfile&aid=1018965313021>>

<sup>205</sup> China-UK Joint Statement, 10 May 2004. Date of Access: 5 July 2005. <<http://www.number-10.gov.uk/output/Page5779.asp>>

<sup>206</sup> Ibid.

poverty, the UK provided £45 million in development assistance in 2004-05.<sup>207</sup> The UK also imports £10.6 billion in Chinese goods, while importing only £2.4 billion.<sup>208</sup> Still, official contacts between the two countries are relatively low, and Britain feels that it is important to bring China into the dialogue of the major powers, especially on climate change and economic issues.

### *India*

With clear historic colonial and commonwealth links, bilateral relations between Britain and India are vibrant featuring frequent round-table meetings and official visits. However, these relations have had to be carefully rebuilt after spats over Britain's refusal to mediate the Kashmir conflict in 1997 and India's unannounced nuclear tests in 1998. India receives £205 million in development assistance from the UK, and the UK has stated that it hopes to increase this to £300 million soon.<sup>209</sup> Bilateral trade is worth £5 billion, and the UK is India's third largest trading partner.<sup>210</sup> In 2002 the two countries released the *New Delhi Declaration*, which affirmed their commitment to work together on peace and security, education, trade and investment and development. The same declaration was reaffirmed by Prime Ministers' Blair and Singh in 2004. Britain and India coordinate through joint military training, science and technology exchange and education initiatives. Britain has clearly identified India as an important partner in climate change discussions and it is likely that bilateral relations will continue to warm in the near future.

### *Mexico*

Without traditional links, bilateral relations between Mexico and Britain are warm yet official interactions and joint declarations are infrequent. Britain does not have an official development assistance program through the Department for International Development in Mexico, like it does in the other expanded dialogue countries. Due to this, Britain provides only £5 million in assistance to Mexico per year through the Foreign Commonwealth Office.<sup>211</sup> High-level visits are infrequent and bilateral trade is worth approximately £1 billion.<sup>212</sup> However, there is reason to believe that the interactions between Mexico and Britain will increase, as Mexico is eager to solidify ties to non-NAFTA countries in hopes of decreasing its reliance on the USA both politically and economically.

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<sup>207</sup> Country Profile: China, Foreign Commonwealth Office. Date of Access: 5 July 2005.

<<http://www.fco.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1007029394365&a=KCountryProfile&aid=1018965313021>>

<sup>208</sup> Ibid.

<sup>209</sup> Country Profile: India, Foreign Commonwealth Office. Date of Access: 5 July 2005.

<<http://www.fco.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1007029394365&a=KCountryProfile&aid=1018965323192>>

<sup>210</sup> Ibid.

<sup>211</sup> Country Profile: Mexico, Foreign Commonwealth Office. Date of Access: 5 July 2005.

<<http://www.fco.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1007029394365&a=KCountryProfile&aid=1019744986727>>.

<sup>212</sup> Ibid.

## *South Africa*

Commonwealth links have helped to ensure a steady exchange of officials between South Africa and the UK. The UK supports development initiatives in South Africa with £30 million per year in assistance.<sup>213</sup> As well, trade between the two countries amounts to £5 billion per year, with £12 billion in private British investment in South Africa. Recently, bilateral relations have been strained due to South Africa's unwillingness to denounce Mugabe's regime in Zimbabwe. South Africa maintains ties with Zimbabwe despite international criticisms of his land appropriation policies and the violent crackdown on shantytowns. Still, South Africa is considered an African leader and Britain has invited them to the summit to lend credibility to the African initiatives to be unveiled. As well, it is important to note that bringing South Africa online for climate change and economic discussions sets a precedent; it is the first time an African country will be involved in such talks. While South Africa has been invited the summits in the past, it has always been part of an African delegation. Here, for the first time, South Africa has been recognized as a relevant player in the global economy.

### **Prospects for Gleneagles**

Britain has thus far invited China, India, Mexico, Brazil and South Africa to participate in talks at the summit on climate change issues as emerging economies. While South Africa has been invited in the past, it has always been part of an African delegation. Here, for the first time, South Africa has been recognized as an important player in global economy. It is significant that Blair has invited the "Plus 5" developing economies to the summit. It essentially means that 13 of the L20 countries will be present at the summit, including a significance level of input from the global south. The Plus 5 will sit in on talks with the G8 leaders and heads of the International Energy Agency, the International Monetary Fund, the United Nations, the World Bank and the World Trade Organization. The discussions will be on both climate change and global economic issues. In addition, Britain has invited Algeria, Ethiopia, Ghana, Nigeria, Senegal and Uganda to the summit as part of the African delegation.<sup>214</sup> These countries, along with South Africa, will sit with the G8 leaders on Friday to discuss African issues.

What results from this expanding dialogue is an important measure by which the 2005 British presidency of the G8 will be evaluated. The G8 has increasingly found itself in a crisis of legitimacy; yet officially expanding the group would detract from the intimacy that endows the group with its power and effectiveness. Expanding the dialogue without adding an overbearing level of consultation and negotiation offers a compromise position that can ensure the democratic viability of the organization for years to come. However, China, Brazil, and India will have to feel adequately included in the decision-making processes to sign onto any climate change agreements made at the Gleneagles summit.

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<sup>213</sup> Country Profile: China, Foreign Commonwealth Office. Date of Access: 5 July 2005. <<http://www.fco.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1007029394365&a=KCountryProfile&aid=1019745081555>>

<sup>214</sup> "World Economic Forum Africa Summit kicks off" in C. 1, SABC News, 01 June 2005. Date of Access: 5 June 2005. <[http://www.sabcnews.com/south\\_africa/general/0,2172,105642,00.html](http://www.sabcnews.com/south_africa/general/0,2172,105642,00.html)>.

Also, African states will have to endorse any agreements relating to debt relief and peacekeeping initiatives in order for such agreements to be touted as successful. The G8 leaders will spend more time discussing issues with the expanded dialogue countries than in any previous summit, and the success of these talks will impact the degree to which these countries will be involved in the future.

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## United States

Recognizing that the world's economic and political centre of gravity is shifting, there has recently been a growing number of calls from world leaders, non-governmental organizations (NGOs), and think tanks to reform or even replace what many consider to be an 'outdated' G8.<sup>215</sup> However, the United States (US), consistent with a tradition of more unilateral foreign policy making, has not been as eager as Canada to embrace G8 reform and expansion.

Although US leadership provided a strong impetus for creating the Group of 20 (G20) in 1999, the US has, nevertheless, demonstrated no desire to see the G8 replaced by the G20 or a Leader's Summit (L20).<sup>216</sup>

The US has remained reluctant about expanding the G8 even though many of the economic problems currently plaguing the US, such as the Chinese refusal to revalue the yuan, need to be collaboratively addressed by both the G8 *and* emerging market countries in order to reach mutually satisfactory outcomes.<sup>217</sup> According to Colin Bradford and Johannes Linn of the Brookings Institution, the American style of leadership needs to change if the G8 were to be replaced by the G20 (or an elevated L20). The US, however, does not want to abolish the G8, which therefore deters the Americans from supporting G8 reform. They write that "rather than presuming to lead by virtue of its relative weight and power, the United States would need to lead using an interactive exchange of views...compromising to be inclusive, and responding positively to differences of views rather than presuming the American way is best."<sup>218</sup>

Furthermore, conservatives within the US government are inherently apprehensive about any new forum that will "give smaller nations an opportunity to gang up on the Americans."<sup>219</sup> In light of the events surrounding the 2004 Sea Island Summit where the US experienced an unexpected G8 victory introducing bold and extensive plans, such as the Broader Middle East Initiative, the Americans are likely to be even less willing to discuss proposals to expand the scope of the G8 at Gleneagles in July 2005.<sup>220</sup>

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<sup>215</sup> Colin I. Bradford and Johannes F. Linn. "Replacing "West against Rest"," London Financial Times, 14 June 2004. Date of Access: 17 May 2005

<[www.brookings.edu/printme.wbs?page=/pagedefs/93010c54e317ff3d38a7985a0a1415cb.xml](http://www.brookings.edu/printme.wbs?page=/pagedefs/93010c54e317ff3d38a7985a0a1415cb.xml)>.

<sup>216</sup> John Kirton. "From G7 to G20: Capacity, Leadership and Normative Diffusion in Global Financial Governance," G8 Research Group University of Toronto, 20 February 2005. Date of Access: 17 May 2005 <[www.g8.utoronto.ca/scholar/kirton2005/kirton\\_isa2005.pdf](http://www.g8.utoronto.ca/scholar/kirton2005/kirton_isa2005.pdf)>.

<sup>217</sup> Sabyasachi Mitra. "Emerging powers to push for place at G7 high table," Reuters, 5 February 2005.

<sup>218</sup> Colin I. Bradford, Jr. and Johannes F. Linn. "Global Economic Governance at a Crossroads: Replacing the G-7 with the G-20," The Brookings Institution, 2004. Date of Access: 17 May 2005 <[www.brookings.edu/printme.wbs?page=/comm/policybriefs/pb131.htm](http://www.brookings.edu/printme.wbs?page=/comm/policybriefs/pb131.htm)>.

<sup>219</sup> John Ibbitson. "The Prime Minister's passion for the L20," Globe and Mail, 22 February 2005.

<sup>220</sup> John Kirton. "Getting the L20 Going: Reaching out from the G8," G8 Research Group University of Toronto, 22 September 2004. Date of Access: 17 May 2005 <[www.g8.utoronto.ca/scholar/kirton2004/kirton\\_040922.html](http://www.g8.utoronto.ca/scholar/kirton2004/kirton_040922.html)>.

## US Attempts at Expanded Dialogue in Sea Island

On one level, the Sea Island Summit did seem to signal a US willingness to partake in G8 expanded dialogue. At the invitation of President George W. Bush, Middle Eastern leaders from Afghanistan, Bahrain, Iraq, Jordan, Tunisia, Turkey, and Yemen, as well as African heads of state from Algeria, Ghana, Nigeria, Senegal, South Africa, and Uganda, joined the Summit and participated in a working lunch on issue area specific items.<sup>221</sup> At the same time, however, it must be widely recognized that such an attempt at expanded dialogue was limited and, in the end, only really served to highlight the US's traditional aversion to multilateralism.

Bush's original plan for Sea Island was to host a relatively short Summit, with no preliminary ministerial meetings or outside participants.<sup>222</sup> When it was eventually decided that Middle Eastern leaders would in fact be invited to the Summit to partake in the launch of a new Middle East initiative, invitations were sent out on short notice as a result of this 'last minute' decision-making. Moreover, once it became clear that many countries would be unable to attend the Summit, the Americans then made plans to add a luncheon with African leaders scheduled for the last day of the Summit. The six African nations invited were not contacted until one month before the Summit.<sup>223</sup> This poorly planned *ad hoc* invitation process, together with an absence of invitations to China, India, Brazil, and Mexico, all major emerging economies that had been involved in the previous year's Summit, questioned US commitment towards G8 expansion.

With a November election looming, and doubts on the part of a large proportion of the American electorate regarding the viability of Bush's unilateralist strategy for the War on Terror, many argued that it was politically essential for Bush to present himself as a committed multilateralist during the Summit.<sup>224</sup> This strategy was largely pursued through the unveiling of the Broader Middle East Initiative and the inclusion of various Middle East nations in the Summit process. However, when considering which Middle East states were chosen to participate in the outreach sessions, there has been some question as to the genuine commitment of the US to expanding the dialogue.<sup>225</sup> Missing from the Summit were influential regional countries such as Saudi Arabia, Kuwait, Pakistan, Egypt, and Morocco.<sup>226</sup> Many of those states "developed schedule conflicts"

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<sup>221</sup> "Chair's Summary," Sea Island Summit Documents, 10 June 2004. Date of Access: 17 May 2005 <[www.g8.utoronto.ca/summit/2004seaisland/summary.html](http://www.g8.utoronto.ca/summit/2004seaisland/summary.html)>.

<sup>222</sup> Sir Nicholas Bayne. "Impressions of the 2004 Sea Island Summit," G8 Research Group University of Toronto, 29 June 2004. Date of Access: 17 May 2005 <[www.g8.utoronto.ca/evaluations/2004seaisland/bayne2004.html](http://www.g8.utoronto.ca/evaluations/2004seaisland/bayne2004.html)>.

<sup>223</sup> "Mbeki Bats for Africa," Southern Africa Monitor, August 2004.

<sup>224</sup> "Country Objectives for the 2004 Sea Island Summit," G8 Research Group University of Toronto, 2004. Date of Access: 17 May 2005 <[www.g8.utoronto.ca/evaluations/2004seaisland/countries.htm#us](http://www.g8.utoronto.ca/evaluations/2004seaisland/countries.htm#us)>.

<sup>225</sup> "Press Briefing by National Security Advisor, Dr. Condoleezza Rice on the G8 Summit," White House, 7 June 2004. Date of Access: 17 May 2005 <[www.whitehouse.gov/news/releases/2004/06/print/20040607-8.html](http://www.whitehouse.gov/news/releases/2004/06/print/20040607-8.html)>.

<sup>226</sup> Steven R. Weisman. "Bush Plan for Group of 8 to Hail Democracy in the Middle East Strains Ties With Arab Allies," The New York Times, 6 June 2004. Date of Access: 18 May 2005 <<http://query.nytimes.com/search/restricted/article?res=FB0C1EFE3A550C758CDDAF0894DC404482>>.

when they received their invitations to the Summit, but others were more open in acknowledging their unwillingness to attend and their lack of enthusiasm for the Broader Middle East Initiative.<sup>227</sup> As one Arab diplomat said, “the way the Summit has been set up, it’s going to be an occasion for Americans and others to lecture the Arab world on reform.”<sup>228</sup>

To many it appeared as though the Bush Administration attempted to mitigate the significance of the absence of key Middle East leaders from the Summit, so as to not affect the legitimacy of the Broader Middle East Initiative. For example, when questioned at a Summit press conference about the Saudis’ and Egyptians’ refusal to send representatives, then-National Security Adviser, Condoleezza Rice, insisted that the US has “had a lot of discussion with the Egyptians, and indeed, with the Saudis, about the need for change in the Middle East, the need for reform.”<sup>229</sup> Indeed, Rice had earlier acknowledged that, “not everybody was invited to the Summit,” but that “what the invitations do say is that there are a number of leaders who wish to come here, have discussions about reform.”<sup>230</sup> The specific case of Qatar’s exclusion from Sea Island generated an especially high degree of controversy. One journalist questioned Rice about a report, which claimed that, “the Emir of Qatar was not invited because of al Jazeera, and the US government wanted to shut down the media medium”<sup>231</sup> While Rice responded to the accusation by insisting that the Americans did not in fact want to abolish al Jazeera, the question nevertheless highlighted the unclear nature of the expanded dialogue process as well as the criteria for which countries would be included in the process at Sea Island.<sup>232</sup>

One Middle East nation that was undoubtedly incorporated into the Summit was Iraq. The newly designated Iraqi Interim President, Sheik Ghazi Ajil al-Yawar, garnered perhaps the most attention from Bush of all the Middle Eastern leaders. The American president reacted quite emotionally to meeting Yawar stating that “I never thought I’d be sitting next to an Iraqi president of a free country a year and a half ago.”<sup>233</sup> Following the consultations with Yawar, the G8 agreed on a bold political declaration regarding the

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<sup>227</sup> “A Call for Arab Democracy,” The New York Times, 12 June 2004. Date of Access: 18 May 2005 <<http://query.nytimes.com/search/restricted/article?res=F50713F639540C718DDDAF0894DC404482>>.

<sup>228</sup> Steven R. Weisman. “Bush Plan for Group of 8 to Hail Democracy in the Middle East Strains Ties With Arab Allies,” The New York Times, 6 June 2004. Date of Access: 18 May 2005 <<http://query.nytimes.com/search/restricted/article?res=FB0C1EFE3A550C758CDDAF0894DC404482>>.

<sup>229</sup> “National Security Advisor Discusses President’s Trip to Europe and the G8,” Sea Island Summit Documents, 1 June 2004. Date of Access: 17 May 2005 <[www.g8.utoronto.ca/summit/2004seaisland/rice040601.htm](http://www.g8.utoronto.ca/summit/2004seaisland/rice040601.htm)>. / “Press Briefing by National Security Advisor, Dr. Condoleezza Rice on the G8 Summit,” White House, 7 June 2004. Date of Access: 17 May 2005. <[www.whitehouse.gov/news/releases/2004/06/print/20040607-8.html](http://www.whitehouse.gov/news/releases/2004/06/print/20040607-8.html)>.

<sup>230</sup> “Press Briefing by National Security Advisor, Dr. Condoleezza Rice on the G8 Summit,” White House, 7 June 2004. Date of Access: 17 May 2005 <[www.whitehouse.gov/news/releases/2004/06/print/20040607-8.html](http://www.whitehouse.gov/news/releases/2004/06/print/20040607-8.html)>.

<sup>231</sup> Ibid.

<sup>232</sup> Ibid.

<sup>233</sup> David E. Sanger and Richard W. Stevenson. “Gathering on Sea Island: Summit Meeting; Bush, on ‘a Special Day,’ Greets New Iraqi Leader,” The New York Times, 10 June 2004. Date of Access: 18 May 2005 <<http://query.nytimes.com/search/restricted/article?res=F20E11FE3F540C738DDDAF0894DC404482>>.

Middle East, which was centered on support for democratic principles, the rule of law, and human rights.<sup>234</sup> While the American-inspired Broader Middle East Initiative is commendable, the US's attempt to present an aura of genuine expanded dialogue at Sea Island was in many ways perceived otherwise. Nigeria's Olusegun Obasanjo, most effectively voiced this skepticism when he said in reference to the limited length of the outreach sessions that he did not come all the way from Africa simply to have a lunch.<sup>235</sup>

### **Recent Developments Regarding the US and G8 Reform**

More recently, in response to accusations of Russian President Vladimir Putin's increasingly anti-democratic governance practices, various prominent voices within the US government have started to demand Russia's expulsion from the G8. Indeed, Jeffrey E. Garten of *Newsweek* wrote that it was "but a slight exaggeration to say that allowing Moscow to lead the G8 would be akin to the United Nations having allowed the Sudan and Libya to lead its Human Rights Commission."<sup>236</sup> On 3 May 2005, Christopher Cox, Chairman of the Committee on Homeland Security, and Tom Lantos, a ranking member of the House International Relations Committee, introduced a bipartisan bill calling for Russia's removal from the G8 unless it began to adhere to internationally recognized standards of democracy.<sup>237</sup> Lantos explained this move by stating that "Russia's leaders are making a mockery of the G8 by failing to live up to the basic norms of a democratic society, and shifting the blame for their crackdown on basic rights."<sup>238</sup>

Furthermore, following a nuclear fuel deal between Moscow and Tehran in early 2005, Senators John McCain and Joseph Lieberman also introduced a bipartisan resolution that advocated threatening Putin's eviction from the G8. The resolution claimed that "the United States and our European allies should start out by saying, 'Vladimir, you're not welcome at the next G8 conference,'"<sup>239</sup> and argued that "it has got to, at some point, begin to harm our relations, because we can't stand by and allow Russia to continue to behave — it's almost aberrational."<sup>240</sup>

Nevertheless, in tandem with historical American attitudes towards any proposed reform of the G8, the Bush Administration has stated that it is opposed to ousting Russia just because of its recent political moves. In May 2005, the US Ambassador to Russia,

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<sup>234</sup> John Kirton. "America at the G8: From Vulnerability to Victory at the 2004 Sea Island Summit," G8 Research Group University of Toronto, 18 June 2004. Date of Access: 17 May 2005 <[www.g8.utoronto.ca/evaluations/2004seaisland/kirton2004.html](http://www.g8.utoronto.ca/evaluations/2004seaisland/kirton2004.html)>.

<sup>235</sup> Sir Nicholas Bayne. "Impressions of the 2004 Sea Island Summit," G8 Research Group University of Toronto, 29 June 2004. Date of Access: 17 May 2005 <[www.g8.utoronto.ca/evaluations/2004seaisland/bayne2004.html](http://www.g8.utoronto.ca/evaluations/2004seaisland/bayne2004.html)>.

<sup>236</sup> Jeffrey E. Garten. "Should This Man Lead the G8?," *Newsweek*, 25 April 2005.

<sup>237</sup> "Reps. Cox, Lantos: Russia Doesn't Belong in G8 if it Continues to Trample Democratic Principles," *US Fed News*, 3 May 2005.

<sup>238</sup> *Ibid.*

<sup>239</sup> Randall Mikkelsen. "Update 1-US Sen. McCain – Bar Russia from G8 over Iran deal," *Reuters*, 27 February 2005.

<sup>240</sup> "Exclude Russia from G8 meeting after nukes deal with Iran: Senator McCain," *Agence France Presse*, 27 February 2005.

Alexander Vershbow, stated that, “the Bush Administration does not agree with proposals to link Russia’s participation in the G8 to specific steps in the area of democratization and human rights, even though it shares some of the sponsors’ concerns about recent trends in this regard.”<sup>241</sup> Vershbow continued by noting that “the United States values Russia’s participation in the G8, which has proven to be a valuable mechanism for addressing global challenges.”<sup>242</sup> Accusations have been made, however, which claim that the dependence of the US on access to Russian oil and Russia’s continued support for the “War on Terror” has made the Americans reluctant to openly condemn Putin’s anti-democratic rule.<sup>243</sup>

## **Bilateral Relations with Emerging Economies**

### *Brazil*

Traditionally American-Brazilian bilateral relations have been characterized by an emphasis on the principles of democratization and trade liberalization. Indeed the US continues to be Brazil’s largest trading partner with 24.4% of its exports going to the US and 23.2% of imports coming from the US in 2001. Brazil’s next closest partner, Argentina, comprises of only 11.2% of both imports and exports.<sup>244</sup> Speaking in Sao Paulo, Brazil, in January 2005, the US Ambassador to Brazil, John J. Danilovich, outlined three ‘New Years’ resolutions for 2005 regarding bilateral relations between the two countries. These announcements did not indicate any deviation from the traditional foundations of partnership between the US and Brazil for the near future. Danilovich stated firstly that the promotion of “freedom and democracy” and secondly, “good governance throughout the region,” were of paramount importance for the continuation of close bilateral ties between these states.<sup>245</sup>

Danilovich’s third ‘resolution,’ a commitment to increased trade liberalization through bilateral and regional trade, was made evident by his comments that: “President Bush knows that we can advance prosperity by further reducing trade barriers that serve as obstacles to economic growth.”<sup>246</sup> He continued emphasizing that, “the United States is strongly committed to the success of the WTO Doha Round negotiations, as is Brazil, which played a key role this past year in working out the framework agreement.”<sup>247</sup>

Additionally, it has been put forward that progress on the Doha Round will also help to move forward negotiations for a Free Trade Area of the Americas (FTAA). Assistant Secretary for Western Hemisphere Affairs, Robert F. Noriega, stressed that, “as co-chairs

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<sup>241</sup> “U.S. against tying Russia G8 membership to democratization,” Interfax News Service, 7 May 2005.

<sup>242</sup> Ibid.

<sup>243</sup> Oren Dorell. “Bush visit puts focus on concerns over Russia’s path; Anti-democratic moves by Putin strain relations,” USA Today, 5 May 2005.

<sup>244</sup> “Country Facts – Brazil,” Tradeport. Date of Access: 22 June 2005 <<http://www.tradeport.org/countries/brazil/01grw.html>>.

<sup>245</sup> John J. Danilovich, Ambassador to Brazil, US Department of State, 9 January 2005, Date of Access: 22 June 2005 <<http://www.state.gov/p/wha/rls/rm/2005/q1/40989.html>>.

<sup>246</sup> Ibid.

<sup>247</sup> Ibid.

of the FTAA, the United States and Brazil share a responsibility to our hemisphere to reach a hemispheric trade agreement that is truly liberalizing.”<sup>248</sup>

In a Joint Press Conference with US Secretary of State, Condoleezza Rice in April 2005, Brazilian Foreign Minister Celso Amorim also emphasized the importance of using international financial institutions to increase economic ties between Brazil and the US. Amorim stated that “largely our interests can be described as being shared, [having] common interests when it comes to the WTO related issues, especially as regards the strengthening of the multilateral trade system and the success of the Doha round.”<sup>249</sup>

The United Nations is another key forum where Brazil and the United States have in the past appeared to share similar perspectives. In January 2005, the US appeared poised to consider the possibility of supporting Brazil’s aspirations for obtaining a permanent seat in the United Nations Security Council (UNSC). Danilovich stated that, “this past year Brazil began a 2 year term on the UN Security Council and has stated that it aspires to a permanent seat on the Council, as do Japan, Germany, and India. Brazil’s aspirations are worthy of serious consideration.”<sup>250</sup> It now appears that the US has withdrawn its earlier support for Brazil’s membership to the UNSC. The US now plans to endorse Japan’s membership and possibly India’s in the UNSC in exchange for the renunciation of their support for the G4 bill that was submitted to the UN by Brazil, Germany, India and Japan on 17 May 2005. The G4 bill requests that the UNSC be expanded to between 15-25 nations with 6 new permanent members each with a veto power.<sup>251</sup>

### *China*

Although the US and China differ on issues such as human rights, nonproliferation of weapons of mass destruction, Taiwan, and some aspects of trade and finance, there is a continuing effort among the American administration on getting the relationship with China “right.” Furthermore, viewing Sino-American relations not as a “zero-sum game” but one in which both nations can prosper significantly from increased bilateral relations is continually promoted.<sup>252</sup>

In comments made to the press in China on 21 March 2005 after her visit to South and East Asia from 14 to 21 March 2005, Secretary of State Condoleezza Rice praised Sino-US relations. Rice stated that China “ha(s) developed remarkably and in ways that would

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<sup>248</sup> Roger F. Noriega, “Overview of U.S. Economic Policy for The Hemisphere,” US Department of State. 2 June 2005, Date of Access: 22 June 2005 <<http://www.state.gov/p/wha/rls/rm/2005/q2/47141.htm>>.

<sup>249</sup> “Remarks With Brazilian Foreign Minister Celso Amorim,” US Department of State. 26 April 2005, Date of Access: 22 June 2005 <<http://www.state.gov/secretary/rm/2005/45180.htm>>.

<sup>250</sup> “John J. Danilovich, Ambassador to Brazil, US Department of State”, 9 January 2005, Date of Access: 22 June 2005 <<http://www.state.gov/p/wha/rls/rm/2005/q1/40989.html>>.

<sup>251</sup> “UNSC: Natwar to meet G4 counterparts,” DH News Service New Delhi. 19 June 2005, Date of Access: 22 June 2005 <<http://deccanherald.com/deccanherald/jun192005/index2213132005618.asp>>.

<sup>252</sup> Christopher Hill, “Emergence of China in the Asia-Pacific: Economic and Security Consequences for the U.S.,” Testimony before the Senate Foreign Relations Committee, Subcommittee on East Asian and Pacific Affairs, Washington, DC, 7 June 2005, Date of Access: 22 June 2005 <<http://www.state.gov/p/eap/rls/rm/2005/47334.htm>>

have been thought unthinkable a few years ago. Today we are cooperating in tangible ways on issues ranging from aid to Afghanistan and Iraq to actions in the global war on terror to concerns in fighting HIV/AIDS.”<sup>253</sup> Secretary Rice also discussed the important role of the Chinese in the Six Party Talks with North Korea on disarmament but concerns over issues of human rights and religious freedoms in China. Rice discussed the necessity for increased participation in the political process and the extension of personal freedoms for the development of closer bilateral ties between the US and China.<sup>254</sup>

From an economic perspective, China’s accession to the World Trade Organization (WTO) in 2001 has been significant in increasing Sino-US bilateral relations as it has created many opportunities for both US and Chinese firms and exporters to interact. US exports to China have grown by 80% since 2001, while total global US exports grew just 11% during the same time period.<sup>255</sup> Nonetheless, serious problems have arisen due to piracy from ineffective enforcement of intellectual property rights, and barriers to the distribution of products, such as agricultural bans on US beef.<sup>256</sup>

Finally, bilateral relations between the two states are hindered by China’s exchange rate policy. US Treasury Secretary, Jack Snow, noted in his most recent report that China’s current exchange rate policy is “highly distortionary,” and poses risks to the Chinese economy and global economic growth.<sup>257</sup> The Chinese leadership has committed to adopting a more flexible, market-oriented exchange rate regime and the US believes it is time for China to reevaluate the renminbi (RMB) (or the Chinese *yuan*). The 2005 National Trade Estimate Report on Foreign Trade Barriers, issued by the US Trade Representative on 30 March 2005, states that “opening markets for American goods and services either through negotiating trade agreements or through results-oriented enforcement actions is this Administration’s top trade priority.”<sup>258</sup> However, it has been estimated that the RMB is undervalued against the dollar by 40%, which makes Chinese exports cheaper in overseas markets and American imports more expensive to Chinese buyers. Although no concrete plans for aggressive currency revaluation are discussed in the report, this remains an important issue for Sino-American relations.<sup>259</sup>

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<sup>253</sup> Condoleezza Rice, “Remarks to Press in China, Beijing China,” 21 March 2005, US Department of State. 21 March 2005, Date of Access: 22 June 2005 <<http://www.state.gov/secretary/rm/2005/43678.htm>>.

<sup>254</sup> Ibid.

<sup>255</sup> Christopher Hill, “Emergence of China in the Asia-Pacific: Economic and Security Consequences for the U.S.,” Testimony before the Senate Foreign Relations Committee, Subcommittee on East Asian and Pacific Affairs, Washington, DC, 7 June 2005, Date of Access: 22 June 2005 <<http://www.state.gov/p/eap/rls/rm/2005/47334.htm>>

<sup>256</sup> Ibid.

<sup>257</sup> Ibid.

<sup>258</sup> William Hawkins, “Treasury and USTR Continue to Dodge China Currency Issue,” American Economic Alert, US Business and Industry Council, 12 April 2005, Date of Access: 22 June 2005 <[http://www.americaneconomicalert.org/view\\_art.asp?Prod\\_ID=1890](http://www.americaneconomicalert.org/view_art.asp?Prod_ID=1890)>.

<sup>259</sup> Ibid.

## *India*

In terms of trade between the US and India, two-way bilateral trade in merchandise goods and commodities increased from US \$5.6 billion in 1990 to US \$18.03 billions in 2003, representing a 221% growth in the span of 13 years.<sup>260</sup> Significant tariff and non-tariff barriers still remain and continue to be problematic for US businesses that are interested in expanding into India's market.

US-India relations in 2005 have, however, been labeled a "watershed year" for growth.<sup>261</sup> Secretary of State Rice visited New Delhi in March 2005 and a series of continued visits by senior officials from both countries, including India's Minister of External Affairs, Natwar Singh, in April 2005, have underscored the importance on developing stronger ties between the two countries. These visits have also demonstrated a commitment to engaging in a new strategic dialogue on global issues that include democracy, defense, human trafficking, and the expansion of advanced technology cooperation. In 2004, the Next Steps in the Strategic Partnership initiative (NSSP), was launched by President Bush and former Prime Minister Atal Vajpayee. This initiative focuses on expanding dialogue on nuclear regulatory and safety issues as well as missile defense. This will enable the creation of ways to enhance cooperation in peaceful uses of space technology by bringing about an appropriate environment for successful high technology, commerce, and trade.<sup>262</sup>

Furthermore, the April 2005 signing of a landmark Open Skies civil aviation agreement marked a shared commitment on the part of both countries to strengthen their economic relationship. The Open Skies agreement provides for increased routes, capacity, frequencies, designations, and more competitive pricing, as well as opportunities for cooperative marketing arrangements, including bilateral code-sharing with domestic Indian carriers. The deal also enables 'all cargo' carriers to operate between countries without directly connecting to their homeland.<sup>263</sup> Since the agreement, Delta Air Lines has announced new daily services between New York and Chennai; Northwest Airlines has voiced plans for new flights between Minneapolis and Bangalore; and Continental Airlines announced a new flight between Newark and New Delhi that will be the first regularly scheduled nonstop service between the US and India.<sup>264</sup>

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<sup>260</sup> "India-US Relations," Embassy of India, 2004, Date of Access: 22 June 2005

<<http://www.indianembassy.org/Trade/Trade.htm>>.

<sup>261</sup> Christina Rocca, "US Policy Towards South Asia," US Department of State, Statement before the House International Relations Subcommittee for Asia and the Pacific, Washington, DC, 14 June 2005, Date of Access: 22 June 2005 <<http://www.state.gov/p/sa/rls/rm/2005/47892.htm>>.

<sup>262</sup> David Mulford, "U.S.-India Relations: The Making of a Comprehensive Relationship" US Consulate, Chennai, India, 15 September 2004, Date of Access: 22 June 2005 <<http://chennai.usconsulate.gov/wwwhprind040916.html>>.

<sup>263</sup> "United States, India Sign Open Skies Aviation Agreement," Press Release, *Department of Transportation Press Statement*, New Delhi, India, 14 April 2005, Date of Access: 22 June 2005 <<http://www.state.gov/e/eb/rls/prsr/2005/44623.htm>>.

<sup>264</sup> Ibid.

In the area of UN reform, the US recently expressed that it might be willing to support India as a permanent member to the United Nations Security Council (UNSC), a move that has been labeled by some as a divisive tactic intended to split up the G4. External Affairs Minister Singh is set to meet his counterparts from the G4 countries on June 22 in Brussels, though, and India has not yet indicated a willingness to abandon its partnership in favor of the US's proposal.<sup>265</sup>

### *Mexico*

In US-Mexico bilateral relations, there continues to be an emphasis on the development of a greater interAmerican community. This cooperative network will help fight corruption and the illicit drug trade, while expanding free trade through NAFTA and increasing the promotion of liberal democracy as a means of fostering greater bilateral relations between the two countries.

On 2 June 2005 at the US-Mexico Chamber of Commerce Annual Conference in Washington, DC, Assistant Secretary for Western Hemisphere Affairs Roger Noriega praised the impressive progress toward reaching these goals. According to Noriega, “democracy has been broadly accepted as the desired form of government, and fair elections have become the norm in virtually all countries. There is a growing public demand for more democracy —not less. The region is working together to fight corruption, to make government more transparent and accountable and to deliver the benefits of democracy.” Noriega continued by stating that “our challenge now is to consolidate the democratic and economic gains [...] Without even more energetic reform, popular expectations for a better life that were aroused by Latin America’s shift toward democracy and market-based economies will not be met. And neither will our hopes for a prosperous, stable and democratic Inter-American Community.”<sup>266</sup>

However, it must also be recognized that significant economic and political challenges remain to meeting the goals highlighted as tantamount to the increased success and profitability of bilateral relations between the US and Mexico. A recent report by the Mexican Institute on Competitiveness confirmed North America’s declining competitive position versus Europe and China.<sup>267</sup> The IMF recently announced that Mexico has slipped from being the 9th largest economy in the world to the 14th, and the World Competitiveness Center recently reported that Mexico now ranks 56 out of 60 countries reviewed in terms of competitiveness.<sup>268</sup>

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“UNSC: Natwar to meet G4 counterparts,” DH News Service New Delhi, 19 June 2005, Date of Access: 22 June 2005 <<http://deccanherald.com/deccanherald/jun192005/index2213132005618.asp>>

<sup>266</sup> Roger Noriega, “Overview of U.S. Economic Policy for The Hemisphere” Remarks delivered at the U.S.-Mexican Chamber of Commerce Annual Conference, Washington, DC, 2 June 2005 Date of Access: 22 June 2005 <<http://www.state.gov/p/wha/rls/rm/2005/q2/47141.htm>>.

<sup>267</sup> “Remarks by Ambassador Garza at ‘Hemispheria 2005’ Conference,” Embassy of the United States, Mexico, 13 May 2005, Date of Access: 22 June 2005 <<http://mexico.usembassy.gov/mexico/eA050513hemispheria.html>>..

<sup>268</sup> Ibid.

On 23 March 2005 President Bush, Mexican President Vicente Fox and Canadian Prime Minister Paul Martin launched the Security and Prosperity Partnership of North America. The Partnership is based on the principle that security and prosperity are mutually dependent and complementary, and based on an adherence to democratic values and institutions. As part of the partnership, the countries agreed to a commitment to protect North America from external threats and to streamline legitimate cross-border trade and travel. The three countries have pledged to implement common border-security strategies, enhance infrastructure, implement a common emergency response approach, implement improvements to aviation and maritime security, enhance intelligence partnerships, combat transnational threats, and implement a border facilitation strategy.<sup>269</sup> The North American nations will also promote sectoral cooperation in energy, transportation, financial services, technology and other areas. The leaders stated in a joint release that “in a rapidly changing world, we must develop new avenues of cooperation that will make our open societies safer and more secure, our businesses more competitive, and our economies more resilient.”<sup>270</sup>

### *South Africa*

The US is one of South Africa’s key trading partners for both South African export promotion and investment mobilization. In 2004, imports from South Africa increased by 29%, particularly for platinum, diamonds and vehicle parts.<sup>271</sup> Furthermore, according to a 2004 Survey of Current Business, in 2002 US affiliated companies in Africa reported total investment assets of \$7.5 billion in South Africa.<sup>272</sup>

In June 2005, South African President Thabo Mbeki recognized the US’s contribution to the development of South Africa noting America’s role in “helping us in terms of the economic recovery and development of the continent, particularly via NEPAD.”<sup>273</sup> President Mbeki also stressed the unique opportunity of the upcoming G8 Summit in Gleneagles and the US’s role in that Summit, “to communicate a very strong, positive message about movement on the African continent away from poverty and the development — these conflicts. And clearly, your presence, Mr. President, in terms of the practical outcomes, your contribution to the practical outcomes of the G8 Summit is critically important.”<sup>274</sup>

The Africa Growth and Opportunity Act (AGOA), signed into law on 18 May 2000, has also been a key component of US-South Africa relations. The Act allows duty-free access

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<sup>269</sup> “North American Leaders Unveil Security and Prosperity Partnership,” USInfo.state.gov, 23 March 2005, Date of Access: 22 June 2005 <<http://www.pnwer.org/links/North%20American%20Leaders%20Unveil%20Security%20and%20Prosperity%20Partnership%20-%20US%20Department%20of%20State.htm>>.

<sup>270</sup> Ibid.

<sup>271</sup> “US-African Trade Profile,” United States Department of Commerce, 2005, Date of Access: 22 June 2005 <<http://www.agoa.gov/resources/US-African%20Trade%20Profile%202005.pdf>>.

<sup>272</sup> Ibid.

<sup>273</sup> (President and South African President Mbeki Discuss Bilateral Relations, Office of the Press Secretary, 1 June 2005, Date of Access: 22 June 2005 <<http://www.whitehouse.gov/news/releases/2005/06/20050601.html>>.

<sup>274</sup> Ibid.

of South African exports into the US. At present, one of the major benefits is that AGOA gives a major boost to the clothing and manufacturing industry in South Africa.<sup>275</sup> AGOA provides developing countries in Africa with the most liberal access to the American market available to any country or region with which the United States does not have a Free Trade Agreement. It supports US business interests by encouraging reform of Africa's economic and commercial regimes with the goal of building stronger markets and more effective partners for US firms.<sup>276</sup> Furthermore, the Act empowers the US President to authorize eligible countries to receive the benefits of AGOA. As an eligibility criteria, the country must have established, or is in the process of establishing "market based economies, the rule of law and political pluralism, elimination of barriers to US trade and investment, the protection of intellectual property, efforts to combat corruption, policies to reduce poverty, and protection of human and worker rights."<sup>277</sup>

## Conclusion

The Bush administration's actions since Sea Island, and its more recent response to requests for Russian eviction from the G8, are part of a long continuum of US reluctance towards reform of an institution that it appreciates and in which it has established a prominent position. Over the past year, however, the US has been active in ensuring that the commitments made at Sea Island regarding the Broader Middle East Initiative have been acted upon. For example, The State Department recently announced that on 22-23 May 2005, the first meeting of education ministers with G8 leaders and countries from the Broader Middle East Initiative would take place in Jordan.<sup>278</sup> Furthermore, the US continues to be active in maintaining bilateral relations with emerging economies. Taken together, these factors do indicate an attempt by the US Administration to maintain expanded dialogue with at least some non-G8 countries.

On the other hand, during a Bush-Martin meeting in December 2004, Bush reacted coolly to Martin's suggestion to give the idea of an L20 more consideration.<sup>279</sup> The Americans do appear to be in some ways very much reluctant to spend their 'political capital' on institutions that they view as non-beneficial to Americans.<sup>280</sup> However, with the current G8 representing less than 14 percent of the world's population, and the nations of the G20 now comprising 63 percent, the US may soon adjust its stance towards G8 expanded

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<sup>275</sup> "South Africa Alive with Possibility," South Africa's trade relations, South Africa Info., June 23 2005, Date of Access: 23 June 2005,

<[http://www.southafrica.info/doing\\_business/sa\\_trade/agreements/traderelations.htm](http://www.southafrica.info/doing_business/sa_trade/agreements/traderelations.htm)>.

<sup>276</sup> "Summary of AGOA I," African Growth and Opportunity Act, Date of Access: 22 June 2005

<[http://www.agoa.gov/agoa\\_legislation/agoa\\_legislation.html](http://www.agoa.gov/agoa_legislation/agoa_legislation.html)>.

<sup>277</sup> Ibid.

<sup>278</sup> Office of the Spokesman. "First G-8/Broader Middle East and North Africa Initiative Education Ministerial to Meet," US Department of State, 19 May 2005. Date of Access: 17 May 2005

<[www.state.gov/r/pa/prs/ps/2005/46524.htm](http://www.state.gov/r/pa/prs/ps/2005/46524.htm)>..

<sup>279</sup> John Geddes. "Lots to Talk About – But Will They?," Maclean's, 6 December 2004.

<sup>280</sup> John Kirton. "From G7 to G20: Capacity, Leadership and Normative Diffusion in Global Financial Governance," G8 Research Group University of Toronto, 20 February 2005. Date of Access: 17 May 2005

<[www.g8.utoronto.ca/scholar/kirton2005/kirton\\_isa2005.pdf](http://www.g8.utoronto.ca/scholar/kirton2005/kirton_isa2005.pdf)>.

dialogue and reform.<sup>281</sup> If it does, authors Colin I. Bradford, Jr. and Johannes F. Linn note, that move would “represent a major salutary shift in US foreign policy from Atlanticism to globalism, from unilateralism to multilateralism, and from leadership by power to leadership by persuasion and inclusion.”<sup>282</sup>

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<sup>281</sup> Colin I. Bradford and Johannes F. Linn. “Replacing “West against Rest”,” London Financial Times, 14 June 2004. Date of Access: 17 May 2005

<[www.brookings.edu/printme.wbs?page=/pagedefs/93010c54e317ff3d38a7985a0a1415.cb.xml](http://www.brookings.edu/printme.wbs?page=/pagedefs/93010c54e317ff3d38a7985a0a1415.cb.xml)>.

<sup>282</sup> Colin I. Bradford, Jr. and Johannes F. Linn. “Global Economic Governance at a Crossroads: Replacing the G-7 with the G-20,” The Brookings Institution, 2004. Date of Access: 17 May 2005

<[www.brookings.edu/printme.wbs?page=/comm/policybriefs/pb131.htm](http://www.brookings.edu/printme.wbs?page=/comm/policybriefs/pb131.htm)>.

## PART TWO

### Expanding the Dialogue with Emerging Economic Countries

#### Brazil

A number of arguments can be made for the accession of Brazil into a permanent international dialogue that moves beyond the Group of Eight (G8). One argument is that the G8 is an unrepresentative instrument of global governance, representing only 14 percent of the world's population, of which all are from the North and almost completely rich and predominately white nations. Leaving aside the arguments of legitimacy and representation, there are many other good reasons why the G8 may want to embrace a country like Brazil in its dialogue on world affairs. As Canadian Prime Minister Paul Martin has put it, "the leaders of a globally representative group of 20 countries should now come together as an "L20" to tackle the next generation of problems plaguing the developing and developed worlds, in such areas as the environment, education, and public health."<sup>283</sup> Brazil indeed represents a large segment of the world.

While the British Prime Minister and standing President of the G8, Tony Blair, has not gone as far as Canadian Prime Minister Paul Martin in his support of the Leaders 20 (L20), he has recognized that tackling global issues must have the active participation of non-G8 major players in the international system. In Blair's words, the "very essence of international engagement...requires long-term co-operation."<sup>284</sup> Blair has demonstrated this sentiment by inviting Brazil and other influential regional powers such as China, Mexico, India and South Africa to the Gleneagles Summit. That Brazil has been the only Latin American country invited to the G8 summit twice over the last three years is indicative of the prominent position that Brazil has come to occupy in Latin America, especially since Argentina's economic crisis of 2002.

#### Why Brazil Was Invited to Attend the Gleneagles Summit

##### *Climate Change*

On the subject of climate change, Blair urges that the "G8 need[s] to work in partnership with...rapidly developing economies like China, India, Brazil and South Africa to find a way for them to grow and develop as low carbon economies."<sup>285</sup> Blair's ability to get the US to the table to negotiate a genuine strategy on combating global warming may largely

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<sup>283</sup> "The New Multilateralism," Department of Foreign Affairs and International Trade, Government of Canada (Ottawa), 4 Apr 2005. Date of Access: 12 June 2005. <<http://www.dfait-maeci.gc.ca/cip-pic/ips/ips-overview6-en.asp?pm=1>>.

<sup>284</sup> "Special address by Tony Blair," Gleneagles 2005 Official Website, 27 Jan 2005. Date of Access: 25 May 2005. <<http://www.g8.gov.uk/servlet/ServletFront?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1078995903270&a=KArticle&aid=1106749656900>>.

<sup>285</sup> "Special address by Tony Blair," Gleneagles 2005 Official Website, 27 Jan 2005. Date of Access: 25 May 2005. <<http://www.g8.gov.uk/servlet/ServletFront?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1078995903270&a=KArticle&aid=1106749656900>>.

depend on the extent to which Blair will be able to get other major consumers and polluters of the international system on board. Presently, emitters from the developing world, such as Brazil, China, and India, are exempted from meeting Kyoto targets.<sup>286</sup>

A major breakthrough in climate control came in March 2005 when the G8 Environment Ministers agreed to crack down on illegal logging practices around the world.<sup>287</sup> Only months later, in early-June 2005, Brazilian police exposed an illegal logging ring in the Amazon rain forest that has, since 1990, extracted US\$ 370 million worth of timber.<sup>288</sup> At a time when Brazil is seeking greater inclusion in the major fora of international diplomacy, such as the G8 and the United Nations Security Council (UNSC), such swift action by Brazilian officials on illegal logging can be seen as a way to curry favor with the G8.

### *Brazil's Economic Strength*

Having ridden the economic storm created by speculators at the time of left-wing Workers' Party President Luis Inacio "Lula" da Silva, Brazil has, to the surprise of the international community pursued a disciplined neoliberal economic policy. Consequently, it has experienced continued economic growth and begun to make its presence felt on the global level. Its economy is already the tenth largest in the world, with a GDP in 2004 of US\$ 452 billion, and its population the fifth largest at 174.7 million.<sup>289</sup> Brazil's other economic indicators have also been promising. Brazil posted an economic growth of more than 5 percent in 2004 and it has recently turned its back on IMF loans, citing its wish to develop independent of international finance.<sup>290</sup> Furthermore, in May 2005 the Brazilian currency hit a 35-month high against the U.S. dollar.<sup>291</sup> Brazil has repeatedly used this growing might to make its presence felt on the international stage.

### *Pursuing an Independent Foreign Policy: Brazil and the Group of Three (G3)*

When the G8 failed to act on a proposal to cut agricultural subsidies in support of Brazil's plan to fight global hunger at the 2003 Evian Summit, Brazil joined India and South Africa to form the "G3", a preferential trade agreement designed to counterbalance the G8.<sup>292</sup> Foreign Minister Celso Amorim has stated that Brazil has "every interest that this

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<sup>286</sup> "Kyoto protocol comes into force", BBC World News UK Edition (London), 16 Feb 2005. Date of Access: 14 June 2005. <<http://news.bbc.co.uk/2/hi/science/nature/4267245.stm>>.

<sup>287</sup> "G8 Environment and Development Ministers Agree Action on Illegal Logging and Put Climate Change in Africa on Agenda for G8 Heads", Department for Environment, Food, and Rural Affairs, UK Government, 18 March 2005. Date of Access: 14 June 2005. <<http://www.defra.gov.uk/news/2005/050318a.htm>>.

<sup>288</sup> "Swoop on Brazilian logging gang", BBC World News UK Edition (London), 2 June 2005. Date of Access: 14 June 2005. <<http://news.bbc.co.uk/2/hi/americas/4605239.stm>>.

<sup>289</sup> The Economist Pocket World in Figures: 2005 Edition. Profile Books Ltd. (London), 2005.

<sup>290</sup> "Brazil's real hits 35-month high," BBC World News UK Edition (London), 3 May 2005. Date of Access: 26 May 2005. <<http://news.bbc.co.uk/1/hi/business/4510275.stm>>.

<sup>291</sup> Ibid.

<sup>292</sup> "Brazil, India and South Africa: Form G3 to Counter G8," Reuters, 7 June 2003. Date of Access: 25 May 2005. <<http://www.corpwatch.org/article.php?id=7250>>.

G3 could become a G5” to include China and Russia.<sup>293</sup> The first political goal of the three states is to secure permanent seats on the UN Security Council.<sup>294</sup> Only months after Evian, these three countries proved instrumental in the collapse of the WTO talks in Cancun, at which the developing nations lobbied the developed nations in protest against agricultural subsidies and other trade practices detrimental to the developing world.<sup>295</sup> As this bloc increasingly threatens to wrestle some control of international affairs from the G8, the latter is given all the more reason to include the former in its dialogue.

### *Relationship with the United States*

Brazil has also flexed its muscle independently, which has led to conflicts with the United States. Lula has actively obstructed progress on the U.S.-backed Free Trade Area of the Americas (FTAA) talks, citing Latin American unity and Third World unity as more in tune with Brazil’s interests.<sup>296</sup> Lula acted out this sentiment in early 2005 when he signed a comprehensive bilateral accord with the Venezuelan President Hugo Chavez, which covers issues such as defense, energy, and mining.<sup>297</sup> With no shortage of noise coming out of Washington over the Chavez government, the recent Lula-Chavez ‘pact’ can be seen as a bold assertion of Brazil’s independence from the US. Brazil has also formed closer relations with China<sup>298</sup> and Russia<sup>299</sup> over the last year, two countries with which the US has chilly relations. While all of these moves may seem to be hurting Brazil’s chances of gaining support from the US for entrance into the G8 dialogue and a permanent seat on the UNSC, they may also help Brazil to gain greater leverage against the US at the bargaining table.

### *Nuclear Energy Policy*

Another way in which Brazil has gained some leverage against the US and other concerned G8 members is through its nuclear energy policy. In 2003, Brazil announced its intention to begin uranium enrichment at a nuclear facility in the town of Resende. While Brazil assured the international community that its nuclear program was for commercial purposes only, its actions came at a time when the US was pressuring Iran and North Korea on the same issue. Only two months after former Secretary of State Colin Powell dangled the carrot of a permanent seat on the UNSC in front of Lula during

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<sup>293</sup> Ibid

<sup>294</sup> Ibid

<sup>295</sup> “Foreign Ministers meet to strengthen economic and political ties,” Associated Press Worldstream, 10 Mar 2005.

<sup>296</sup> “Lula attacks US trade stance,” BBC World News UK Edition (London), 14 July 2003. Date of Access: 25 May 2004. <<http://news.bbc.co.uk/1/hi/world/americas/3064525.stm>>.

<sup>297</sup> “Lula and Chavez sign trade deals,” BBC World News UK Edition (London), 14 Feb 2005. Date of Access: 25 May 2005. <<http://news.bbc.co.uk/1/hi/world/americas/4266089.stm>>.

<sup>298</sup> “Brazil backs China on trade deal,” BBC World News UK Edition (London), 12 Nov 2004. Date of Access: 25 May 2005. <<http://news.bbc.co.uk/1/hi/world/americas/4008499.stm>>.

<sup>299</sup> “Putin in Brazil for space talks,” BBC World News UK Edition (London), 22 Nov 2004. Date of Access: 25 May 2005. <<http://news.bbc.co.uk/1/hi/world/americas/4032715.stm>>.

his visit to Brazil,<sup>300</sup> Brazil conceded its bargaining chip to the U.S. by granting the International Atomic Energy Association (IAEA) access to its facilities in December 2004. Brazil now awaits a reciprocation of concessions from the US in September 2005 when talks will convene on the topic of UN reform.<sup>301</sup>

### *Brazil and the United Nations*

Brazil has also taken measures to curry favor with UN Security Council members. Brazil currently has the largest peacekeeping contingent in the UN peacekeeping mission stationed in Haiti. This may encourage the US, who has been trying to oust President Jean-Bertrand Aristide from Haiti by providing aid to opposition groups and paramilitary forces for months, to warm up to Brazil and help with the securing a UNSC seat.<sup>302</sup> However, Brazil's previous reluctance to work toward progress on the FTAA has recently given way to joint statements of a common interest around the "strengthening of the multilateral trade system and the success of the Doha round."<sup>303</sup> On 26 April 2005, Brazilian Foreign Minister Celso Amorim underlined the importance of using international financial institutions to increase these economic ties in a Joint Press Conference with US Secretary of State, Condoleezza Rice. He stated that, "... on the trade front, reference in our conversation was made to the importance of resuming strongly the FTAA negotiating process as part of the overall framework agreed upon in Miami. [...] At any rate, the fact is that we do agree that we should resume strongly the FTAA negotiations."<sup>304</sup>

### **Conclusion**

With Brazil pushing forward the agenda on Latin American unity and leading the developing world through the G3 and G20, its continued marginalization by the countries of the G8 may be detrimental to general relations between the developed and developing world. Gleneagles could, therefore, initiate a new beginning between poorer and richer nations.

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<sup>300</sup> "US sure of Brazil nuclear plans," BBC World News UK Edition (London), 5 Oct 2004. Date of Access: 25 May 2004. <<http://news.bbc.co.uk/1/hi/world/americas/3715556.stm>>.

<sup>301</sup> Bernard Aronson, "Brazil's chance to lead on nuclear containment," Wall Street Journal (New York), 18 Mar 2005.

<sup>302</sup> "Haiti," Global Policy Forum (New York). Date of Access: 25 May 2005. <<http://www.globalpolicy.org/security/issues/haitindex.htm>>.

<sup>303</sup> "Remarks with Brazilian Foreign Minister Celso Amorim," Secretary Condoleezza Rice, US Department of State, Brasilia, Brazil, 26 April 2005. Date of Access: 18 July 2005. <<http://www.state.gov/secretary/rm/2005/45180.htm>>.

<sup>304</sup> "Remarks with Brazilian Foreign Minister Celso Amorin," Secretary Condoleezza Rice, US Department of State, Brasilia, Brazil, 26 April 2005. Date of Access: 18 July 2005. <<http://www.state.gov/secretary/rm/2005/45180.htm>>.

## India

Throughout 2005, India has continued along a path of economic, military, and political growth. As the second most populous country and largest secular democracy in the world, India has emerged as a country of strategic and regional power, well placed to play a greater role in international affairs.<sup>305</sup> Possessing nuclear capabilities<sup>306</sup> and emboldened by a rapidly growing market, India is experiencing tremendous growth and development while continuing to wield regional power.<sup>307</sup>

India's foreign policy includes intense relations with an increasingly powerful China, economic and diplomatic partnerships with Russia, the European Union, the United States, and regions of Africa, Latin America and Central Asia. India is also a member of the Association of Southeast Asian Nations (ASEAN), the United Nations (UN), the World Trade Organization (WTO), the Group of 20 (G20), and the Group of 77 (G77). Through its proactive foreign policy, India extends its network of relations beyond mere domestic considerations to reflect the increasing importance of global cooperation and relations with other states and international governmental organizations.

India's unique position in world affairs as an important regional player as well as an emerging world power, has not gone unnoticed by the G8, and in recent years, attention has been placed on involving India, along with other emerging countries such as Brazil and China, more intensively in the G8 process. This report will detail India's relationship with the G8, its participation in the G20, India's unique characteristics and growth pattern, and the prospects for its contribution to the Summit in Gleneagles, Scotland this July.

### **An Ongoing Relationship with the G8 and the G20**

India has only participated in one summit thus far: Evian. Through its participation, India was able to engage in discussions on issues such as international terrorism, including gaining international support from the G8 countries on its policy on countering Pakistan's cross-border terrorism.<sup>308</sup> After the Evian Summit, then Prime Minister Atal Bihari Vajpayee expressed that "he [would] return to India with the satisfaction that [India has] made further progress in [its] efforts to build closer relations with [its] many partners in the world."<sup>309</sup> He further expressed the importance of the exchange of dialogue between

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<sup>305</sup> United Nations 2005 estimate of 1.1 billion people. "Country Profile: India," BBC News, 9 March 2005. Date of Access: 12 May 2005.

<[http://news.bbc.co.uk/1/hi/world/south\\_asia/country\\_profiles/1154019.stm](http://news.bbc.co.uk/1/hi/world/south_asia/country_profiles/1154019.stm)>.

<sup>306</sup> India currently possesses the nuclear capacity to strike at China and Pakistan, please see "Country Profile: India," BBC News, 9 March 2005.

<sup>307</sup> "Media conference highlights Far East," Campaign (UK), 29 April 2005.

<sup>308</sup> Ramachandran, T.R., "World Leaders Support India on Terrorism," Tribune News Service (Switzerland) 02 June 2003. Date of Access: 12 May 2005.

<<http://www.tribuneindia.com/2003/20030603/main1.htm>>.

<sup>309</sup> *Ibid.*

India and the G8 countries: “Regular exchanges of views and perspectives with [G8 countries] ensures better understanding on bilateral, regional and international issues.”<sup>310</sup>

In recognition of India’s growing role in world affairs, current Prime Minister Manmohan Singh will be attending the Gleneagles Summit this July. It is anticipated, given India’s active participation in pre-summit related activities, that India will play a larger role at Gleneagles. How the G8 will involve India and other emerging powers will be a challenge at Gleneagles and success in this regard will become clearer at the Summit.

India’s involvement in the G20, a group of systemically significant countries founded in Cologne, Germany in 1999 to advance the core principles of stability, growth, and equity, and the relevance of the G20 to the G8, are both important in gauging India’s potential role in the G8 system.<sup>311</sup> India acted as host chair of the G20, welcoming the 2002 G20 Ministerial Meeting in New Delhi, and continues to contribute as one of the most influential members of the Group. At present, India, China, and Brazil have formed a powerful bloc in the G20,<sup>312</sup> as they are prominent sites of substantial economic growth. Consequently, they have been instrumental in advancing the agenda of G20 nations with regard to promoting international financial stability, as well as trading conditions that are more equitable for developing economies. This is reflected in their recent call for the elimination of agricultural subsidies supported by affluent nations.<sup>313</sup>

Although the expansion of the G8 to include India and other countries, namely China and Brazil, remains an option, it is also important to consider other suggestions. For example, the elevation of the G20, a mainly deliberative rather than decisional body, to a G8-like leaders-level L20, which would serve as a plurilateral summit institution that would be at the center of global governance for the twenty-first century has been proposed.<sup>314</sup> This report does not suggest that the L20 will or should replace the G8, as it is perhaps more useful to consider the L20 option by analyzing its prospective roles and design features operating together or separately from the G8, rather than to consider the option that the L20 must obliterate the G8.<sup>315</sup> The future role that India will play in the G8 or on the periphery will depend in large part on the institutional evolution of the G8 and the G20.

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<sup>310</sup> *Ibid.*

<sup>311</sup> For more information on the G20 and L20, please see: Kirton, John, “Toward Multilateral Reform: The G20’s Contribution,” Paper prepared for a conference on “The Ideas-Institutional Nexus: The Case of the G20,” sponsored by the Centre on International Governance Innovation, United Nations University FLACSO and the University of Waterloo, Claridge Hotel (Buenos Aires, 19-21 May 2004. Date of Access: 12 May 2005. <[http://www.cigionline.ca/v.2/conf\\_docs/argentina.kirton.pdf](http://www.cigionline.ca/v.2/conf_docs/argentina.kirton.pdf)>.

<sup>312</sup> “China, Brazil and India Knock on G8 Door,” Asia Times Online (Sao Paulo), 22 June 2004. Date of Access: 12 May 2005. <[http://www.atimes.com/atimes/Global\\_Economy/FF22Dj01.html](http://www.atimes.com/atimes/Global_Economy/FF22Dj01.html)>.

<sup>313</sup> “G20 calls for end to rich nation farm subsidies within 5 years,” The Hindu, 19 March 2005. Date of Access: 12 May 2005. <[http://www.infochangeindia.org/AgricultureItop.jsp?section\\_idv=10](http://www.infochangeindia.org/AgricultureItop.jsp?section_idv=10)>.

<sup>314</sup> Kirton, John, “Getting the L20 Going: Reaching Out from the G8,” G8 Research Group (Toronto). Date of Access: 12 May 2005. <[http://www.g7.utoronto.ca/scholar/kirton2004/kirton\\_040922.html](http://www.g7.utoronto.ca/scholar/kirton2004/kirton_040922.html)>.

<sup>315</sup> *Ibid.*

## Economic Growth

### *Indicators of growth and challenges to sustained economic growth*

With an emerging market already approaching 10% of total global output,<sup>316</sup> a reported 7.2% increase in industrial output, a 6.2% real gross domestic product growth rate,<sup>317</sup> and a rising information technology sector, India's progress is one indicator of the increasing need for the G8 to consider greater inclusion of the country in its deliberations. With recommendations from the newly instated Trade and Economic Relations Committee, formed to address issues of trade, international economic projects and investment, and to improve global competitiveness, it is expected that Prime Minister Manmohan Singh will attend the G8 Summit armed with an economic agenda.<sup>318</sup>

However, it must be noted that despite this growth, India's economy is still largely agricultural and limited by excessive regulations.<sup>319</sup> Furthermore, with its large and growing population, there remain challenges to long-term growth.<sup>320</sup> It is also been suggested that due to Prime Minister Singh's minority coalition government, bold economic reforms cannot be effectively consolidated in the first year of the government's operation.<sup>321</sup> Currently, India needs to consider modernizing its antiquated services and industries, and relax trade and industry restrictions in order to compete with its booming neighbour, China.<sup>322</sup> Although India demonstrates the economic growth conditions that have prompted the attention of G8 leaders, it must address several challenges in order to initiate and sustain greater economic growth, which, if completed, will cement its place as a desirable and essential economy to include in G8 deliberations.

### *Impact on World Resources*

As a result of India's position as one of the most populous countries in transition between the developing and developed worlds, the country's demand for the world's resources, most notably, energy resources such as oil,<sup>323</sup> and its consequential impact on the

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<sup>316</sup> "Media conference highlights Far East," Campaign (UK), 29 April 2005.

<sup>317</sup> "India," CIA World Factbook (Washington), 17 May 2005. Date of Access: 19 May 2005.

<<http://www.cia.gov/cia/publications/factbook/geos/in.html>>.

<sup>318</sup> Bagchi, Indrani, "MEA Had Failed to Deliver the Goods," Times News Network (New Delhi), 3 May 2005. Date of Access: 19 May 2005. <<http://timesofindia.indiatimes.com/articleshow/1095746.cms>>.

<sup>319</sup> "India's Economy," The Economist Online, 7 March 2005. Date of Access: 19 May 2005.

<<http://www.economist.com/research/backgrounders/displayBackgrounder.cfm?bg=2454949>>.

<sup>320</sup> "India," CIA World Factbook (Washington), 17 May 2005. Date of Access: 19 May 2005.

<<http://www.cia.gov/cia/publications/factbook/geos/in.html>>.

<sup>321</sup> "Country Briefing: India, Forecast," The Economist Online, 12 May 2005. Date of Access: 19 May 2005. <<http://www.economist.com/countries/India/profile.cfm?folder=Profile-Forecast>>.

<sup>322</sup> "Not Much to Write Home About," The Economist Online, 12 May 2005. Date of Access: 19 May 2005. <[http://www.economist.com/displaystory.cfm?story\\_id=3961419](http://www.economist.com/displaystory.cfm?story_id=3961419)>.

<sup>323</sup> 2001 figure: 2.13 million barrels per day, as cited in "India," CIA World Factbook (Washington), 17 May 2005. Date of Access: 19 May 2005. <<http://www.cia.gov/cia/publications/factbook/geos/in.html>>. It is predicted that India's oil imports are expected to rise from 20% to 85% of consumption: "Aiyar's Dream," The Economist Online, 24 February 2005. Date of Access: 20 May 2005.

<[http://www.economist.com/research/backgrounders/displaystory.cfm?story\\_id=3701074](http://www.economist.com/research/backgrounders/displaystory.cfm?story_id=3701074)>.

environment suggest it would be wise for India to be included in G8 discussions on sustainable development. For example, American President George W. Bush has recently expressed concern about India and China's consumption of energy resources, and has suggested that the two countries should apply more efficient technologies to reduce the consumption of fossil fuels.<sup>324</sup> Since the G8 has included environmental challenges into its 2005 Summit agenda, reflected in the Gleneagles focus on climate change, India's role as an emerging economy and consumer of the world's resources indicates that the country has a critical role to play in this arena.

### **Contributions to the Gleneagles Summit**

Prime Minister Singh indicated that he looks forward to the opportunity to participate in an outreach meeting of the G8 at Gleneagles this July, as it will help strengthen India's interaction with its global partners. He expressed this when he stated, "India's participation in this meeting is an important recognition of our place in the global community and the world economy as a whole."<sup>325</sup> Already, G8 countries have included India in many pre-summit gatherings devoted to issues to be discussed at the Gleneagles Summit this July, thereby indicating the expected notable involvement of India in the G8 agenda.

#### *Climate Change and Africa*

Climate change is one of the United Kingdom's (UK) priorities during this year's Summit. The UK has set out three broad aims for the G8 to address climate change at the Summit. One of the aims is to: "engage countries outside the G8 who have growing energy needs, such as China and India, both on how these needs can be met sustainably and how they can adapt to the impacts which are unavoidable."<sup>326</sup> As well, on 27 April 2005, while addressing the National Small Business Conference in Washington, President Bush expressed that he is "looking forward to going to a G8 meeting in July in Great Britain. And there I'm going to work with developed nations, our friends and allies to help developing nations, like China and India to develop and deploy clean energy technology."<sup>327</sup>

Furthermore, India and China engaged in close consultations on climate change in early May in Beijing. The aim of these bilateral consultations was to discuss ways in which the two countries could coordinate their positions at the Gleneagles Summit.<sup>328</sup> Scientists from India, China, South Africa, Brazil, Mexico, and the G8 countries also met at Oxford

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<sup>324</sup> "Bush for India, China Using Clean Energy Technology," Hindustan Times, Indo-Asian News Service, 29 April 2005.

<sup>325</sup> "PM's Reply to the LS Debate (rule 193) on Foreign Policy," Office of the Prime Minister of India (New Delhi), 12 May 2005. Date of Access: 21 May 2005. <<http://pmindia.nic.in/lispeech.asp?id=124>>.

<sup>326</sup> "G8 Gleneagles 2005 Policy Issues: Climate Change." G8 Gleneagles Website: <<http://www.g8.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1094235520309>>.

<sup>327</sup> "Bush for India, China Using Clean Energy Technology," Hindustan Times, Indo-Asian News Service, 29 April 2005.

<sup>328</sup> Joseph, Anil K. "India, China Discuss Climate Change Related Issues," Organization of Asia-Pacific News Agencies, 1 May 2005.

University in the United Kingdom in May for a two-day conference hosted by the UK Energy Research Centre to find solutions to the global warming crisis. They will present their findings to the G8 leaders at the Summit in July.<sup>329</sup>

Also in line with the Gleneagles conference agenda, India has demonstrated a concern for African continent, particularly with South Africa.<sup>330</sup> This further indicates the role that India can play in supporting Africa in its economic and technological development, and in its agenda for peace and security.<sup>331</sup>

#### *Other Areas of Possible Contribution*

India's dialogue with the G8 countries need not be confined to climate change and Africa. In its short history with the G8, current strategic capabilities, vital geographical location, and economic and technological growth patterns suggest it will be beneficial to include India in other discussions on nuclear proliferation, terrorism, regional and international security, international trade, and financial stability.

#### **Relations with G8 Countries**

Already, India has been strengthening bilateral relations with many G8 countries thereby demonstrating its desire for greater integration into the international community. As a result, numerous G8 leaders have recognized India's significance as an important emerging country. Some have even expressed their support for the eventual inclusion of India into an expanded G8.

Italy's Prime Minister, Silvio Berlusconi, suggested that G8 leaders were considering inviting India and China into the G8. He stated in 2004 that, "it doesn't make sense for us to talk about the economy of the future without two countries that are protagonists on the world stage."<sup>332</sup> In addition, German Chancellor Gerhard Schroeder stated during talks in New Delhi in November 2004 that he would move for mechanisms, which should bring India closer to the G8, to accompany its reciprocal support for India's inclusion in the UN Security Council.<sup>333</sup> France, too, has recognized the "emergence of China and India,"<sup>334</sup> and UK Prime Minister, Tony Blair, supports the inclusion of India in G8 discussions. He expressed that it is imperative that a democracy of 1.2 billion people be included in major

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<sup>329</sup> "India and South Africa Can Improve Quality of Life in Africa: Pahad," India Infoline News, 2 May 2005. Date of Access: 20 May 2005. <<http://www.indiainfoline.com/news/news.asp?dat=58032>>.

<sup>330</sup> "Year End Review 2004," Embassy of India. Date of Access: 20 May 2005. <[http://www.indianembassy.org/policy/Foreign\\_Policy/2004/AR2004.htm](http://www.indianembassy.org/policy/Foreign_Policy/2004/AR2004.htm)>.

<sup>331</sup> "Experts Seek Clean, Green Power," BBC News (United Kingdom), 11 May 2005. Date of Access: 20 May 2005. <<http://news.bbc.co.uk/1/hi/uk/4536249.stm>>.

<sup>332</sup> "China and India Groomed for Membership," The Guardian (United Kingdom), 11 June 2004. Date of Access: 21 May 2005. <<http://www.guardian.co.uk/g8/story/0,13365,1236166,00.html>>.

<sup>333</sup> *Ibid.*

<sup>334</sup> Introductory statement by Jacques Chirac, President of the Republic, at a meeting with non-governmental organizations, professional organizations and local authorities, looking ahead to the forthcoming Sea Island G8 summit (excerpts)," Embassy of France in the United States (Paris), 18 May 2004. Date of Access: 21 May 2005. <[http://www.info-france-usa.org/news/statmnts/2004/chirac\\_g8\\_051804.asp](http://www.info-france-usa.org/news/statmnts/2004/chirac_g8_051804.asp)>.

issues such as security and climate change when he stated that “this is the position we have adopted over a long period of time and I have no doubt at all that as each year passes the case gets stronger.”<sup>335</sup> All of the aforementioned countries have engaged in recent bilateral discussions with India to improve economic relations.

Moreover, in growing recognition by the international community of India as an essential partner, the European Union (EU) is also seeking a strategic partnership with India. This will be more deeply discussed at an India-EU Summit in 2005.<sup>336</sup>

The Russian Federation also supports India’s inclusion in the G8. When asked if Russia favored India’s bid for G8 membership, Foreign Minister, Lavrov said that the “evolution of G8 is certainly going to continue...India’s position in the world today makes it one of the leading powers. We certainly believe it is healthy for the international system and makes it more balanced and stable.”<sup>337</sup> India and Japan also set a bilateral agenda for improved relations to bolster bilateral trade and to “strive to develop closer dialogue and collaboration to secure peace, stability and prosperity in Asia.”<sup>338</sup>

Canada continues to support the G20 process, as seen in Prime Minister Paul Martin’s advocacy for a meeting of G20 leaders (presently, Finance Ministers attend such meetings instead of country leaders) to discuss issues of global importance, such as terrorism, development, and global public health.<sup>339</sup> Prime Minister Martin has been the leading architect in augmenting the G20 to an L20.<sup>340</sup> Canada and India reviewed their bilateral relations in January.<sup>341</sup>

Finally, the United States has recognized India’s growing impact on the world energy resources, as President Bush has articulated his intention to include India in discussions on this matter at the Gleneagles Summit.<sup>342</sup>

### **Incorporation into the United Nations Security Council**

India, along with Brazil, Germany and Japan have been actively seeking to mobilize a strong two-thirds majority of the UN General Assembly in favour of a comprehensive restructuring of the United Nations. Prime Minister Singh expressed in a recent speech of

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<sup>335</sup> “PM Meets Indian Prime Minister,” United Kingdom Direct Government Website (United Kingdom). Date of Access: 21 May 2005. <<http://www.number-10.gov.uk/output/page6365.asp>>.

<sup>336</sup> “Year End Review 2004,” Embassy of India. Date of Access: 20 May 2005. <[http://www.indianembassy.org/policy/Foreign\\_Policy/2004/AR2004.htm](http://www.indianembassy.org/policy/Foreign_Policy/2004/AR2004.htm)>.

<sup>337</sup> “Russia Backs India’s G-8 Bid,” India Monitor (New Delhi), 9 October 2004. Date of Access: 21 May 2005. <<http://indiamonitor.com/news/readCatFullNews.jsp?ni=5096&ct=Indian%20Foreign%20Affairs>>.

<sup>338</sup> “Japan, India Set Bilateral Agenda,” BBC News, 29 April 2005. Date of Access: 21 May 2005. <[http://news.bbc.co.uk/go/pr/fr/-/1/hi/world/south\\_asia/4492387.stm](http://news.bbc.co.uk/go/pr/fr/-/1/hi/world/south_asia/4492387.stm)>.

<sup>339</sup> “Joint Declaration by Canada and India,” Office of the Prime Minister (Ottawa), 18 January 2005. Date of Access: 21 May 2005. <<http://www.pm.gc.ca/eng/news.asp?id=391>>.

<sup>340</sup> Kirton, John, “Getting the L20 Going: Reaching Out from the G8,” G8 Research Group (Toronto). Date of Access: 2 June 2005. <[http://www.g7.utoronto.ca/scholar/kirton2004/kirton\\_040922.html](http://www.g7.utoronto.ca/scholar/kirton2004/kirton_040922.html)>.

<sup>341</sup> *Ibid.*

<sup>342</sup> “Bush for India, China Using Clean Energy Technology,” Hindustan Times, Indo-Asian News Service, 29 April 2005.

foreign policy that “we believe that India, with its large population, dynamic economy, long history of contribution to international peace-keeping and other regional and international causes, deserves to be a permanent member of the UN Security Council.”<sup>343</sup> As its foreign policy has an international scope and recognizes the important position that the country possesses in world affairs, attaining permanent membership on the Security Council and in the G8 would be mutually reinforcing. The implications of India attaining a permanent seat in the UN Security Council would change the political and economic dynamics in the international arena. Consequently, India will be able to wield greater regional and international influence.

### **Domestic Opinions on Possible G8 Inclusion**

Although support for inclusion in G8 deliberations can be seen in the Indian government, domestic opinions on such matters will perhaps be better gauged once a more concrete proposal and mechanism for incorporation is presented. It is difficult to make predictions or even statements regarding domestic support for India’s inclusion in the G8, as there appears to be little media coverage or systematic surveys that have been able to capture domestic sentiment. Whether or not domestic support will be heavily shaped by the significant clout of the country’s agricultural workers, at least in the immediate time after Indian inclusion into the G8, or by the dynamic force of the growing services sector, pending effective economic reforms that will facilitate further services sector growth, is difficult to predict.<sup>344</sup>

If India commits to using its position in the G8 to strongly advocate for the elimination of agricultural subsidies instituted by affluent countries, an issue of grave importance to India’s agricultural workers, Indian membership in the G8 may be supported domestically. However, there is a chance that India may not be able to exercise enough influence in the G8, as it will be among a minority of emerging economies (supposing countries such as China and Brazil are incorporated as well). Joining the G8 also implies its exit from the G77, just as Mexico did in 1994 to join the Organization for Economic Cooperation and Development, thus potentially lessening the power and voice of the largest single grouping of the developing world.<sup>345</sup>

### **Conclusion**

India is a populous, democratic, strategic and regional power which in many ways connects the countries of the West with those in Asia and Africa. Its foreign policy is proactive and international in scope, and it wields tremendous clout already in the G20. As a result of these attributes, the G8 countries have expressed to varying degrees, their support for India’s inclusion in the Group implying possible expansion. Currently, India

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<sup>343</sup> “PM’s Reply to the LS Debate (rule 193) on Foreign Policy,” Office of the Prime Minister of India (New Delhi), 12 May 2005. Date of Access: 21 May 2005. <<http://pmindia.nic.in/lspeech.asp?id=124>>.

<sup>344</sup> “India,” CIA World Factbook (Washington), 17 May 2005. Date of Access: 21 May 2005. <<http://www.cia.gov/cia/publications/factbook/geos/in.html>>.

<sup>345</sup> “China, Brazil and India Knock on G8 Door,” Asia Times Online (Sao Paulo), 22 June 2004. Date of Access: 21 May 2005. <[http://www.atimes.com/atimes/Global\\_Economy/FF22Dj01.html](http://www.atimes.com/atimes/Global_Economy/FF22Dj01.html)>.

remains on the periphery of the G8. Thus, an expanded G8, including India may occur if there is

1. Support by G8 leaders to expand the G8,
2. Continued economic and political growth and integration with the rest of the world
3. Improvements in the areas that serve to challenge its democratic and growth-oriented policies, such as massive overpopulation, environmental degradation, and extensive poverty, and
4. The political will in India to participate fully as a member of an expanded forum.

At this point in time, India is not being fully incorporated as a G8 member in an expanded G8. Diplomatic sources have predicted, however, that if India is asked to join the G8, it will most likely happen in 2006 when the G8 leaders meet for the first time in Russia.<sup>346</sup> It still remains unclear whether India will first see a strengthened G20 or an invitation to join the G8 permanently in Russia next year. In either case, India's growth and involvement in world affairs cannot be ignored by the G8, and the Gleneagles Summit will be a fitting opportunity for India to actively participate.

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<sup>346</sup> "China, Brazil and India Knock on G8 Door," Asia Times Online (Sao Paulo), 22 June 2004. Date of Access: 12 May 2005. <[http://www.atimes.com/atimes/Global\\_Economy/FF22Dj01.html](http://www.atimes.com/atimes/Global_Economy/FF22Dj01.html)>.

## China

### Why Should the G8 Establish Closer Relations with China?

Over the last twenty years China has been growing at a faster rate—9-10% per year—than any major economy, making it currently more important to the global marketplace than many members of the Group of Eight including Italy, Canada and France.<sup>347</sup> By the year 2050 the combined GDP of Brazil, India, China and Russia will exceed the combined GDP of France, Italy, Germany, UK, Japan and the US by more than 50%.<sup>348</sup> China is also currently the fourth largest trading nation, behind the US, Japan and Germany, and is set to surpass Germany in the next ten years.<sup>349</sup>

These statistics show that despite average income remaining at the level of a developing country—\$1000 US/year<sup>350</sup>—the magnitude of China's economy make it a contender to join the ranks of the seven most powerful economies of the post World War II era. China's current influence over international trade and the speed and magnitude of its economic growth have earned the nation a place as a critical consultant to the G8 in many areas of international affairs, most importantly in the arena of global finance. The likelihood that over the next decade China will emerge—along with the US—as one of the two managing partners in the global economy will mean that the G8 will need to take a stronger position on China and either extend membership to the country or explicitly exclude it. The G8 establishing closer relations with China might help to avert an economic confrontation between the US and China.<sup>351</sup>

### Points of Contacts between China and the G8

#### *History of China and the G8*

The G7/8 had minimal contact with China for the first ten years of its existence. China was first mentioned in a G7 official communiqué at the 1987 Summit in Venice, Italy.<sup>352</sup> At the 1989 Summit in Paris, the G8 criticized China's handling of Tiananmen Square; in the 1991 Houston Summit Communiqué, China is praised for its reaction to Iraq's invasion of Kuwait; and in the Communiqué after the 1992 Summit in Munich China is again praised for signing the international arms treaty.<sup>353</sup> At the 1995 Summit in Halifax the G8 encouraged China to increase participation in regional and international political,

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<sup>347</sup> Jeffrey E. Garten. "China: The Missing Member at the G8 Table". *Yale Global Online*. 3 June 2004. <http://yaleglobal.yale.edu/display.article?id=4023>.

<sup>348</sup> Goldman Sachs 2003. in J. Linn. "Reform of the G8/G20: A Pragmatic Approach to Improve Global Governance". *Brookings Institution*. 12 April 2005.

<sup>349</sup> Anatole Kaletsky. "One Simple way to fulfill Blair's global aspiration: let China into the Club." *The Times Online*. 19 May 2005.

<sup>350</sup> Jeffrey E. Garten. "China: The Missing Member at the G8 Table". *Yale Global Online*. 3 June 2004. <http://yaleglobal.yale.edu/display.article?id=4023>.

<sup>351</sup> Henry A. Kissinger. "China: Containment Won't Work". *Washington Post*. 13 June 2005. <http://www.washingtonpost.com/wp-dyn/content/article/2005/06/12/AR2005061201533.html?sub=new>.

<sup>352</sup> Yongding Yu. "G-20 and China: A Chinese Perspective". *China & World Economy*/3-14, Vol. 13, No. 1, 2005.

<sup>353</sup> *Ibid.*

economic and security organizations and at the same time encouraged its member states to engage more closely with China on issues such as world stability and prosperity.<sup>354</sup>

China's first direct participation in a G8 summit took place at the 1997 Summit in Lyon, France where Jiang Zemin, then President and Chair of the Chinese Communist Party, signed the South Pacific Nuclear Free Zone Treaty.<sup>355</sup> Later that year Zemin announced that China would engage more closely with the rest of the world by "opening up in all directions... developing an open economy, enhancing ... international competitiveness, optimizing ... economic structure and improving the quality of [the] national economy."<sup>356</sup>

China's first bona fide invitation to a Summit was in 2003 when it was among the forty world leaders invited to St. Petersburg to celebrate the 300<sup>th</sup> anniversary of the city's founding, an event that effectively functioned as the precursor to the Evian summit which commenced the next day. Several informal dialogues took place between Hu Jintao and the G8 heads of state.<sup>357</sup>

With the focus on the Middle East agenda, US President George Bush did not invite China to the 2004 Summit in Sea Island, Georgia

### *China and the G20*

The most meaningful interactions between China and the G8 countries have taken place within the context of the separate and larger entity known as the G20. The purpose of the G20 is to engage a broader range of countries, including emerging economies, in the dialogue on international financial stability. China has attended the annual G20 finance ministerial meeting since the inaugural meeting in 1999 and was the host of the 2005 summit. China typically sends its finance minister, the chairperson of the People's Bank of China, or both, to these meetings.<sup>358</sup>

### **China's Increasing International Involvement**

Over the last fifteen years China has moved away from its characteristic inward-looking attitude and embraced a more internationally oriented foreign policy. China is now a member—or has relations with—almost every major international organization.<sup>359</sup>

China's first active involvement in an international organization was in 1991 when it joined Asia-Pacific Economic Cooperation or APEC, the premier forum for facilitating

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<sup>354</sup> *Ibid.*

<sup>355</sup> *Ibid.*

<sup>356</sup> Nicola Bullard. "The big tree catches the wind". *The New Internationalist* 371. September 2004.

<http://newint.org/issue37/big-tree.htm>.

<sup>357</sup> "G7/8 Meetings and the People's Republic of China". G8 Research Group. Anthony Prakesh Navaneelan.

<sup>358</sup> Yongding Yu. "G-20 and China: A Chinese Perspective". *China & World Economy*/3-14, Vol. 13, No. 1, 2005.

<sup>359</sup> *Ibid.*

economic growth, trade and investment in the Asia-Pacific region. In April 2004 China applied to the Nuclear Suppliers Group and attended for the first time a meeting of the Missile Technology Control regime, two groups it previously dismissed as US dominated cartels.<sup>360</sup> By joining these groups China has strengthened its relations with the US, EU and Japan.<sup>361</sup> China has also actively participated in the International Labor Organization since it resumed activities in 1983. According to the All-China Federation of Trade Unions (ACFTR)—the largest trade union in the world—China has actively coordinated ILO activities in the Asia Pacific region such as assisting the ILO in the Asia Pacific Workers Education Symposium on Labour Protection, Working Conditions and Trade Unions which took place in 1989.<sup>362</sup> A lot of criticism has been launched against the ILO for being uncritical of China’s labor rights track record but China has nevertheless remained an active participant in “the setting of international labour standards and promoting their ratification and implementation”<sup>363</sup> even if it doesn’t itself comply to them.

After fifteen years of negotiations, China’s entry in the World Trade Organization (WTO) in 2001 was a watershed event in terms of the country’s level of participation within international institutions. China’s willingness to abide by the stipulations of WTO members, including the TRIPS Agreement—trade related aspects of intellectual property rights—shows a new awareness of the importance of international institutions.<sup>364</sup> China’s entry into the WTO was a positive event for the developing world whose interests, they hoped, would be better represented.<sup>365</sup> In contrast, China’s participation in a broader range of markets has been challenging for many developed world countries who struggle to remain competitive with the world’s most populated and labour rich nation.

## **G8 Concerns about Closer Relations with China**

### *Non-capitalist ideology*

China’s explicit dedication to a communist ideology and a grave human rights record prevent the G8 from not giving serious consideration to extending membership to the country. Rooted in a shared commitment to open markets, individual freedom and democratic governance, the G7/8 cannot explicitly condone Chinese use of violent means of suppression, state-condoned torture, heavy media censorship, the absence of religious freedom, long term oppression of Taiwan and Tibet and a strong dedication to a One Party System. When the G7 extended membership to Russia—the precedent often mentioned in relation to China—the country was not yet a functioning democracy but then-President Boris Yeltsin was committed to making the transition. There is absolutely

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<sup>360</sup> *Ibid.*

<sup>361</sup> *Ibid.*

<sup>362</sup> All China Federation of Trade Unions. website. <http://www.acftu.org.cn/acftuilo.htm>.

<sup>363</sup> *Ibid.*

<sup>364</sup> Yongding Yu. “G-20 and China: A Chinese Perspective”. *China & World Economy*/3-14, Vol. 13, No. 1, 2005.

<sup>365</sup> Nicola Bullard. “The big tree catches the wind”. *The New Internationalist* 371. September 2004. <http://newint.org/issue37/big-tree.htm>.

no indication that China will make a similar commitment in the near future. The UK and USA in particular are concerned with China's explicitly non-capitalist political ethos.

As a non-democracy, if the G8 were to extend membership to China it would likely be partial; Chinese leaders would be invited to discussions on economics affairs and excluded from political discussions. It might also mean that if G8 membership is to be extended to a developing economy India might be ahead of China in line.

### *Specific Bilateral Concerns*

China has complex diplomatic relations with many of the G8 countries. The EU has drawn significantly closer to China in recent years, becoming its biggest trading partner this year.<sup>366</sup> It has also been trying—unsuccessfully—to lift a 16 year-old embargo against exporting arms to China. Japanese–Sino relations are presently suffering a 30 year low related to grievances linked to World War II and Japan's bid to join the UN Security Council. Russia and Canada have strong trade and diplomatic ties with China, and Moscow's foreign ministry spokesman said last week China was “definitely” among countries the G8 should embrace.<sup>367</sup>

*EU and the Arms Embargo* Tension over the request for the EU to lift its arms embargo against China, which has climaxed in recent weeks, has had a detrimental affect on China's diplomatic relations with many members of the G8. In 2004 Germany and France began advocating for the EU to lift its arms embargo against China, which it imposed after the Tiananmen Square massacre of 1989. This suggestion has been met with increasing outrage by countries around the world, America in particular, who were quick to remind the EU of China's appalling human rights record. The request—as well as opposition to the request—is more significant symbolically than actually as France, the UK and other members of the EU have been selling arms to China despite the ban.<sup>368</sup> In March 2005 it looked as if the embargo was about to be lifted but decisive action by the US, including an emergency visit by Secretary of State Condoleezza Rice, contributed to the virtual collapse of the initiative.<sup>369</sup>

*Japan's Bid for UN Security Council Permanent Membership* Japan's recent bid for permanent membership on the UN Security Council has enraged China and caused a significant rift between the countries. China demands that Japan first correct its attitude towards atrocities committed against the Chinese in World War two atrocities. China has strongly attacked the Japanese Education Ministry recently approval school textbooks that play down Japan's atrocities in China in the 1930s and 1940s,<sup>370</sup> as well as Prime Minister Junichiro Koizumi's annual pilgrimage to a shrine that honours Japanese war

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<sup>366</sup> Patrick Goodenbough. “Should China be invited to join the G8?” *CNS News*. 29 June 2005.

[http://www.gopusa.com/news/2005/june/0629\\_china\\_g81.shtml](http://www.gopusa.com/news/2005/june/0629_china_g81.shtml).

<sup>367</sup> *Ibid.*

<sup>368</sup> David Rennie. “EU arms embargo against China slides into chaos”. *The Telegraph*. 23 March 2005.

<http://www.telegraph.co.uk/news/main.jhtml?xml=/news/2005/03/23/weu23.xml>.

<sup>369</sup> *Ibid.*

<sup>370</sup> “Managing Unrest”. *Economist*. 21 April 2005.

[http://www.economist.com/world/asia/displayStory.cfm?story\\_id=3895945](http://www.economist.com/world/asia/displayStory.cfm?story_id=3895945).

dead, including 14 war criminals.<sup>371</sup> China has described its relations with Japan as “in a thirty year low”. The EU has refused to support Japan’s initiative. The US has offered the strongest support for giving Japan permanent status on the Security Council. Secretary of State Condoleezza Rice issued an exceptionally enthusiastic statement on the subject: “Japan has earned its honorable place among the nations of the world by its own effort and by its own character... That is why the United States unambiguously supports a permanent seat for Japan on the United Nations Security Council.”<sup>372</sup> In the same speech she attacked China’s treatment of Taiwan calling on China to make political reforms to ‘increase openness’.<sup>373</sup>

*US and the Flexibility of the Yuan* The US has been pressuring China to reevaluate its currency, saying the policy of pegging the yuan at 8.28 to the dollar undervalues it and gives Chinese exporters an unfair advantage on international markets.<sup>374</sup> With the US trade deficit increasing by 30 percent in the last year to \$162 billion, America’s gap with China is bigger than the one it has with Japan and the other OPEC countries combined.<sup>375</sup> At the 2003 G20 meeting in Mexico, US Treasury Secretary John Snow called on China to adopt a more flexible exchange policy, stating that the US economy was being harmed by its inability to compete with extremely cheap Chinese imports.<sup>376</sup> China responded by saying that making the *yuan* more flexible could be detrimental to the regional economy but did agree to aim for greater flexibility over the long term, an answer that has frustrated the US.<sup>377</sup> The possibility of speeding up this process was raised at a spontaneous breakfast conversation at the G8 finance ministerial meeting in Shanghai in June.<sup>378</sup> It continues to be one of the most pertinent issues regarding American diplomatic relations with China.

*Taiwan* On March 14 of this year China’s National People’s Congress passed a bill approving the Anti-Secession Law, legalizing the use of force against any effort for independence by Taiwan. NPC Chairman Wu Bangguo stated that this decision “represents the common will and strong determination of the Chinese people to safeguard the territorial integrity of China”.<sup>379</sup> In effect the bill gives legal credence to China’s

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<sup>371</sup> “China Opposes UN Security Council Enlargement to Japan”. *Agence France Presse*. 2 June 2005.

<http://www.political-news.org/breaking/11474/china-opposes-un-security-council-enlargement-with-japan.html>.

<sup>372</sup> Richard Holloran. “Rice Shows Her Mettle in Asian Gauntlet.” *The Japan Times*. 27 March 2005.

<http://search.japantimes.co.jp/print/opinion/eo2005/eo20050327a2.htm>.

<sup>373</sup> *Ibid.*

<sup>374</sup> Masayuki Kitano. “Japan to Raise N.Korea Nuclear Issue at G8”. *Reuters*.

[http://news.yahoo.com/s/nm/20050627/wl\\_canada\\_nm/canada\\_group\\_japan\\_col\\_1](http://news.yahoo.com/s/nm/20050627/wl_canada_nm/canada_group_japan_col_1).

<sup>375</sup> Chris Isidore. “The yuan and the restless”. CNN. 5 May 2005.

[http://money.cnn.com/2005/05/05/news/economy/yuan\\_revaluation/](http://money.cnn.com/2005/05/05/news/economy/yuan_revaluation/).

<sup>376</sup> Yongding Yu. “G-20 and China: A Chinese Perspective”. *China & World Economy*/3-14, Vol. 13, No. 1, 2005.

<sup>377</sup> *Ibid.*

<sup>378</sup> “G8 Meeting: Tanigaki says China should take early steps toward yuan flexibility”. *Foreign Exchange News*. 11 June 2005. [http://www.mabico.com/en/news/20050611/foreign\\_exchange/article25641/](http://www.mabico.com/en/news/20050611/foreign_exchange/article25641/).

<sup>379</sup> “China Congress Passes Taiwan Bill”. *CNN.com*. 14 March 2005.

<http://edition.cnn.com/2005/WORLD/asiapcf/03/13/china.npc.law/>.

longstanding unofficial policy on Taiwan, transforming the status of Taiwan into a domestic issue, minimizing the potential for international interference on the matter.<sup>380</sup>

While all of the G8 countries accept the legitimacy of the state of China many maintain informal diplomatic and trade relations with Taiwan. In the days following the passing of the bill the US House of Representatives issued a response bill strongly criticizing the anti-secession law. Congressman Steve Chabot, a member of the House of Representatives Taiwan Caucus, said, “The future of Taiwan should be determined by the people of Taiwan. Any effort by the Communist leadership in the People’s Republic of China to deny a free people in Taiwan a safe, prosperous, and democratic future should be condemned.”<sup>381</sup> Canada, the EU and Japan issued similar statements condemning the China’s actions, expressing fears of regional insecurity.<sup>382</sup>

Russia is the only G8 country that officially supports China’s suppression of Taiwan. It sees Chechnya’s fight for independence as parallel to Taiwan’s and is therefore sympathetic to China’s need to exert suppress the movement by any means possible.

*Russo-Sino Relations* The strongest interest in forging a closer relationship with China comes, not surprisingly, from Russia. Russian Foreign Ministry representative Alexander Yakovenko stated 21 June that Russia is in favor of further and consistent expansion of dialogue between the G8 and Russia.<sup>383</sup> Russia is of course the precedent of an added member to the group who was, at the time of membership, not in full compliance with G8 views on democracy and free market economics. Hu Jintao will be stopping in Moscow on 30 June 2005, en route to Gleneagles. This aim of this trip is to “deepen political mutual trust, enhance strategic coordination, promote substantial cooperation and expand regional and personnel exchange”.<sup>384</sup>

### **China’s Perspective on the G8**

China’s view on potential G8 membership can be generally described as interested but reluctant.<sup>385</sup> When recently asked about joining the G8, Chinese President Hu Jintao responded with the vague statement that China attached great importance on the influence and role of the G8 in international affairs. He said: “We are willing to improve communication and cooperation with the G8.”<sup>386</sup>

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<sup>380</sup> *Ibid.*

<sup>381</sup> Dan Robinson. “US House Criticizes China Law on Taiwan Secession” *VOA News*. 16 March 2005. <http://www.voanews.com/english/2005-03-16-voa60.cfm>.

<sup>382</sup> Ministry of Foreign Affairs Republic of China—Taiwan. website. <http://www.mofa.gov.tw/>.

<sup>383</sup> “Moscow favors expanding dialogue between G8, China”. *People’s Daily Online (China)*. 21 June 2005. [http://english.people.com.cn/200506/22/eng20050622\\_191616.htm](http://english.people.com.cn/200506/22/eng20050622_191616.htm).

<sup>384</sup> “Chinese president leaves for Russia, Kazakhstan, G8 summit” *People’s Daily Online*. 30 June 2005. [http://english.people.com.cn/200506/30/eng20050630\\_193300.html](http://english.people.com.cn/200506/30/eng20050630_193300.html).

<sup>385</sup> Yongding Yu. “G-20 and China: A Chinese Perspective”. *China & World Economy*/3-14, Vol. 13, No. 1, 2005.

<sup>386</sup> “G8 summit may discuss yuan exchange rate”. *China View*. 2005-06-23. [http://news.xinhuanet.com/english/2005-06/23/content\\_3127921.htm](http://news.xinhuanet.com/english/2005-06/23/content_3127921.htm).

However, in other discussions Chinese representatives have expressed reservations about joining the group. For one, China is concerned about how association with the richest countries in the world will affect its reputation as an ally of the developing world.<sup>387</sup> It is also interested to maintain current levels of development aid (ODA) which it receives mainly from multilateral institutions and which would very likely be diminished with G8 membership.<sup>388</sup>

Secondly, China is concerned with the increasing importance of the G8 as an entity of global governance. In the past China has stressed that it sees the UN and not the G8 to be the most important governing body of international affairs.<sup>389</sup> China's interest in the G8 is tempered by the view that it should never attempt to replace or overtake the UN.<sup>390</sup> Also, G8 membership would require China to give up membership in many of the other groups in which it is prominent. When Mexico and South Korea joined the Organization for Economic Cooperation and Development (OECD) in the 1990s, they were required to relinquish membership in the G77.<sup>391</sup> The same was true of Malta and Cyprus when they joined the European Union in 2004.<sup>392</sup>

Despite these reservations, Chinese representatives argue that the industrialized nations would benefit from inviting China into the group. "China's economic activities have a strong impact on some of the key global issues, such as resources, trade, environment etc.," State Councilor Tang Jian stated. "China's membership therefore would strengthen G8's capability of regulating the world economy. It would also enable the G8 to further integrate the Chinese economy into the world economy."<sup>393</sup> These statements give the impression that China is in fact interested in joining the group but is choosing not to make this desire known, perhaps in an effort to avoid requests to adapt to particular principles of the G8.

## Gleneagles

Along with India, Brazil, Mexico and South Africa, China will participate in the "outreach session" with the leaders of the G8 countries which will focus on the global economy and climate change.<sup>394</sup>

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<sup>387</sup> Patrick Goodenbough. "Should China be Invited to Join the G8". *CNS News*. 29 June 2005. [http://www.gopusa.com/news/2005/june/0629\\_china\\_g81.shtml](http://www.gopusa.com/news/2005/june/0629_china_g81.shtml).

<sup>388</sup> *Ibid.*

<sup>389</sup> Yongding Yu. "G-20 and China: A Chinese Perspective". *China & World Economy*/3-14, Vol. 13, No. 1, 2005.

<sup>390</sup> Patrick Goodenbough. "Should China be Invited to Join the G8". *CNS News*. 29 June 2005. [http://www.gopusa.com/news/2005/june/0629\\_china\\_g81.shtml](http://www.gopusa.com/news/2005/june/0629_china_g81.shtml).

<sup>391</sup> *Ibid.*

<sup>392</sup> *Ibid.*

<sup>393</sup> *Ibid.*

<sup>394</sup> Patrick Goodenbough. "Should China be Invited to Join the G8". *CNS News*. 29 June 2005. [http://www.gopusa.com/news/2005/june/0629\\_china\\_g81.shtml](http://www.gopusa.com/news/2005/june/0629_china_g81.shtml).

## *Global Economy*

According to United Press International, Tony Blair has made a ‘deal’ with China in which he promised to prevent an ‘American-led ganging up’ on the issue of the *yuan* in exchange for Hu Jintao’s presence at the Summit.<sup>395</sup> This arrangement is likely to anger US President George Bush and might result in a breach of the arrangement between Blair and Hu Jintao.

China’s increasing dominance over the textile industry is also a likely issue to be raised at the outreach session. China is considered the largest beneficiary of the elimination of international textile quotas 1 January 2004<sup>396</sup> and this has frustrated a number of developing countries whose economies rely heavily on textile imports, including Morocco and Mexico.<sup>397</sup> If China captures its anticipated market share of the textile industry, 30 million jobs in that sector could be lost worldwide and approximately \$200 billion in trade redirected towards China.<sup>398</sup> America and others have made attempts to reinstate the quotas at the WTO, with no success.

## *Climate Change*

China’s rapid industrialization, including a huge projected rise in the number of car-owners, will likely place China in the hot seat on discussions related to industry-based pollutants.<sup>399</sup> The G8 acknowledge that Chinese cooperation is critical to any strategy on climate security. Consequently, the UK has announced that it will be pushing for a new climate change deal that will focus on the main polluters, including the US, India and China.<sup>400</sup>

However, America’s unwillingness to cooperate on climate change action plans may affect China’s response on the issue. A senior Chinese energy adviser stated that China will not take a leadership role in terms of moving towards non-fossil fuel sources but will follow the lead of western countries.<sup>401</sup> China is currently building a new power station with electricity-generating capacity equivalent to one new one-gigawatt every week, and almost all operate on coal.<sup>402</sup> Given the urgency of the issue and China’s rapidly increasing levels of polluting, it has been suggested that Tony Blair should bypass

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<sup>395</sup> Martin Walker. “How G8 Ignores China”. *United Press International*. 29 June 2005. <http://www.wpherald.com/print.php?StoryID=20050629-112435-1747r>.

<sup>396</sup> This occurred with the expiration of the Multifiber Agreement (MFA) which had been in place since 1974.

<sup>397</sup> “EU ends investigation, China’s textile industry still faces challenge”. *People’s Daily Online English*. 14 June 2005. [http://english.people.com.cn/200506/14/eng20050614\\_190129.html](http://english.people.com.cn/200506/14/eng20050614_190129.html).

<sup>398</sup> William R. Hawkins. “The Geopolitical Challenge of Chinese Textile Exports”. *Association for Asian Research*. 13 June 2005. <http://www.asianresearch.org/articles/2603.html>.

<sup>399</sup> “Blair insists G8 will reach climate deal.” *Climate Ark- Climate Change Portal*. 9 June 2005. [www.climateark.org/articles/print.asp?linkid=42701](http://www.climateark.org/articles/print.asp?linkid=42701).

<sup>400</sup> “John Houghton: Take the Flood Tide Now”. *The Independent Online*. 26 June 2005. <http://comment.independent.co.uk/commentators/story.jsp?story=649684>.

<sup>401</sup> *Ibid.*

<sup>402</sup> *Ibid.*

President Bush on the issue and establish a long-term plan of action on climate change with India, Brazil, Mexico, South Africa and China, without the support of the US.<sup>403</sup>

## **Conclusion**

The key questions regarding China's relations to the G8 in the short term are mainly a function of specific bilateral relations: will China adjust its currency to satisfy the US; will tension with Japan be resolved; will the debate with the EU over the arms embargo subside? If, in fact, the subject of floating the *yuan* is not raised in the expanded dialogue discussions at the Summit, tension between China and the US may amplify, with Tony Blair caught in the middle.

How these issues resolve will affect the longer-term relationship between the G8 and China. It is very likely that China will be intimately involved in next year's summit hosted, for the first time, by Russia. It would not be a surprise if Russia used its position as G8 Chair to further the cause of China becoming the ninth member of the group. However, until China improves its human rights record and general attitude towards political opposition, it is extremely unlikely that the other seven industrialized democracies will agree.

It also remains to be seen how interested China is in increasing its proximity to the G8. If it seems Hu Jintao is willing to work with G8 leaders on climate change action plans and trade related issues, then this might indicate that China is in fact interested, despite detached public statements, in joining the group. If, on the other hand, China responds belligerently to G8 initiatives, then the Group will have to find other venues to deal with a future dominator of the international economy.

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<sup>403</sup> Alister Doyle. "Bust set to shun G8 allies on global warming". *Reuters Canada*. 23 June 2005.  
[http://www.reuters.ca/locales/c\\_newsArticle.jsp?type=topNews&localeKey=en\\_CA&storyID=8873027](http://www.reuters.ca/locales/c_newsArticle.jsp?type=topNews&localeKey=en_CA&storyID=8873027)

## **Mexico**

Mexico, has been invited to attend a broadened format of the G8's upcoming annual summit in Gleneagles, Scotland along with several other developing countries: Brazil, India, South Africa and China. At the meeting these emerging economies will engage in dialogue on Climate Change, international trade and financing for development in the poorest regions of the world. The current Mexican administration under President Vicente Fox has welcomed the invitation to attend the summit, expressing a "great interest in participating in the discussion on these issues, which are of the greatest importance for the world in general and for Mexico in particular."<sup>404</sup>

### **Mexico's Past Relationship with the G8**

Gleneagles will be the second G8 summit attended by Mexico. In 2003, President Fox, along with Brazilian President, Lula da Silva Luiz Inacio, attended the Summit in Evian, France, where they presented the G8 with a proposal established at the Summit of Rio Group in May 2003, (an annual conference of Latin American heads of states). The proposal included a request for the G8 to eliminate farm subsidies and other protectionist measures.<sup>405</sup> At Evian, Mexico also outlined proposals for international growth, the Summit's central theme. The core of these recommendations was the importance of converging emerging and developed economies through the creation of the International Partnership for Prosperity Commission. This venture was intended to restructure international development institutions and lead to concrete growth initiatives.<sup>406</sup>

Mexico also used the Evian summit as an opportunity to conduct brief bilateral meetings with heads of state from Russia, France, the United Kingdom (UK) and the United States (US). President Fox indicated later at a press conference that these bilateral meetings were an important component being invited to G8 summits.<sup>407</sup> President Fox also requested that the G8 be extended to include Mexico as an associate or permanent member so that it could better represent Latin America's interests.<sup>408</sup>

### **Present Factors Hindering Mexico's Inclusion in the G8**

#### *Living Standards*

Various factors challenge Mexico's relationship with the G8 countries. For example, Mexico's human development levels are far from the standards of the G8 member

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<sup>404</sup> "Invitan a Mexico a la Reunion del G8 en Escocia el Proximo Julio," La Cronica. 28 March 2005.

<sup>405</sup> Diego Cevallos and Mario Osava. "Lula, Fox Vie for Leadership in Visit to G8 Summit," International Press Services, 30 May 2005.

<sup>406</sup> "President Vicente Fox outlined Mexico's International Growth Proposals at the G8 Summit's Enlarged Dialogue," Internet System of the Mexican Presidency. 1 June 2003. Date of Access: 22 May 2005.

<<http://envivo.presidencia.gob.mx/?Art=5419&Orden=Leer>>

<sup>407</sup> "Encuentro del Presidente Fox Con Medios De Informacion Mexicanos," Conferencia de Prensa. 1 June 2003.

<sup>408</sup> Diego Cevallos and Mario Osava. "Lula, Fox Vie for Leadership in Visit to G8 Summit," International Press Services, 30 May 2005.

countries, as defined by the United Nations Development Programme.<sup>409</sup> For instance, despite the fact that Mexico has reached a “medium” level of development, significant portions of the population continue to suffer from high underemployment and low levels of education.<sup>410</sup> According to the 2004 UNDP Human Development Report, over 45 million Mexicans live on less than US\$ 2 a day and 10 million live in extreme poverty.<sup>411</sup> Inequality is also prominent in Mexico: 81% of indigenous people are estimated to have incomes below the poverty line compared with 18% of the general population.<sup>12</sup> The long history of political and social-economic deprivations of indigenous communities in Mexico has recently culminated in uprisings against the state in various municipalities.<sup>412</sup> Furthermore, the country is presently in a period of democratic consolidation where corruption is still a major problem and powerful drug cartels continue to wreak havoc on Mexico’s law enforcement institutions.<sup>413</sup>

### *Democracy Consolidation*

Democracy in Mexico experienced notable progress with the electoral victory of Vincent Fox on 2 July 2000, which ended several decades of authoritarian rule by the Institutional Revolutionary Party’s (PRI). President Fox in his inauguration speech promised a break with the past and to “govern with no personality cult and without the assumption that the country is [his] fiefdom.”<sup>414</sup> Nonetheless, a recent domestic scandal over a case involving Mexico City’s mayor, Andres Manuel Lopez Obrador, has undermined the fragile Mexican democracy. Mr. Obrador, also the front-runner in the polls for the 2006 presidential election, has been accused by the Mexican Attorney General’s office of contempt of court and abusing his power by ignoring a judge’s order to halt construction of a hospital access road on disputed land. However, the impression held by the Mexican public is that the Fox government is attempting to push the popular mayor out of the presidential race using dubious legal maneuvers.<sup>415</sup> This incident has severely damaged Mexico’s foreign image and threatened the consolidation of Mexican democracy.

### *International Leadership*

It is important to note that Mexico may be the Latin American giant in terms of trade, but has maintained a low profile when it comes to leadership in international politics. It is true that Mexico sat on the UN Security Council in 2002 -2003 and stood its ground in

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<sup>409</sup> Diego Cevallos and Mario Osava. “Lula, Fox Vie for Leadership in Visit to G8 Summit,” International Press Services, 30 May 2005.

<sup>410</sup> Mexico is ranked 53rd in the 2004 Human Development Report, with a Human Development Index (HDI) value of 0.802. At international level, Mexico leads the list of countries with a medium level of Human Development.

“Presentation of the Human Development Report, Mexico 2002,” Human Development Index (HDI) for Press. 24 June 2003. Date of Access: 1 June 2005.

<<http://www.undp.org.mx/desarrollohumano/english/prensafr.html>>

<sup>411</sup> “OECD Economic Surveys: Mexico,” OECD. January 2005 p. 205

<sup>412</sup> Ibid. p.41

<sup>413</sup> “Mexico: Country Profile.” Datamonitor. February 2004. p. 12

<sup>414</sup> “Mexico’s Fox Ends One Party Rule,” BBC News. 1 December 2000.

<sup>415</sup> Hugh Dellios. “Political backfire burns Fox ; Controversial case feeds popularity rise of Mexico City mayor.” Chicago Tribune. 24 April 2005

refusing to support the US war in Iraq. What is more, the same year Mexico held both the chairmanship of the G20 and hosted the fifth World Trade Organization (WTO) ministerial meeting in Cancun. Nonetheless, when compared with other emerging economies such as Brazil, Mexico is drastically underrepresented in the international arena.<sup>416</sup> For example, while Brazil sent a 1,200-man contingent of armed forces to the UN peacekeeping mission in Haiti, Mexico has yet to offer any troops to a UN peacekeeping mission.<sup>417</sup>

### *Regional Leadership*

More recently, Mexico has faced difficulties in commanding a strong leadership position inside Latin America, a position President Fox promised to achieve by the end of his term in 2006.<sup>418</sup> For instance, in late April 2005 the Mexican Foreign Minister withdrew his candidacy for the Secretary-General post in the Organization of American States (OAS) leaving the way open for his rival, Chilean Interior Minister, Jose Miguel Insulza, to be elected to the position.<sup>419</sup> This decision was based on tensions between Mexico and several Latin American nations who refused to back the Mexican candidate.<sup>420</sup> Mexico's relationship with Chile has deteriorated as a result of the incident. In addition, the Fox administration has clashed with Brazil on trade issues and is currently in an unofficial contest to represent Latin America with a permanent seat on an expanded UN Security Council. The government's foreign policy blunders have damaged Mexico's international reputation which have according to Adolfo Aguilar, Mexico's representative to the United Nations Security Council in 2002 and 2003, caused it to lose its "negotiating capacity and its ability to rally other countries around its positions."<sup>421</sup>

## **Conclusion**

### *Prospects for Gleneagles*

In light of Mexico's disappointments in the realm of foreign affairs it is not surprising that the Fox administration welcomed the invitation to the G8 Gleneagles Summit. The meeting could contribute to a restoration of Mexico's regional and international status. By attending the summit Mexico is also confirming its respect for multilateral institutions.<sup>422</sup> While Mexico has yet to reveal the issues it plans to address at Gleneagles, Fox mentioned in a recent interview that he is planning to work closely with Mexico's

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<sup>416</sup> Kenneth Emmond. "Brazil is Latin American Leader in Foreign Relations Instead of Mexico," *Noticias Financieras*, 9 August 2004.

<sup>417</sup> *Ibid.*

<sup>418</sup> Diego Cevallos. "Mexico: Fox's String of Foreign Policy Woes Just Grows and Grows," *Global Information Network*. 6 May 2005.

<sup>419</sup> *Ibid.*

<sup>420</sup> *Ibid.*

<sup>421</sup> *Ibid.*

<sup>422</sup> "Joint Statement by Canada and Mexico: A commitment to our common future." Office of the Prime Minister, 25 October 2004. Date of Access: May 19, 2005.

<<http://www.pm.gc.ca/eng/news.asp?id=296>>.

NAFTA partners—Canada and the United States—on the issue of agricultural subsidies and free trade.<sup>423</sup>

In the past the Mexican government has pushed for the expansion of the G8 to include emerging economies. Fox made this explicit during the Evian Summit when he stated that, “the G8 should not be an exclusive club of the richest nations but rather a forum where countries of different levels of development can discuss the world’s problems and find common solutions.”<sup>424</sup> Despite Mexico’s desire to be included in the elite group of countries, the question remains whether it possesses the international prominence in terms of international and regional leadership, to become permanently engaged in a widened dialogue of the G8.

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G8RG Policy Analyst

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<sup>423</sup> “Conferencia de prensa que concedio el Presidente Vicente Fox a reporteros de la fuente Presidencial,” Presidencia de la Republica. 26 March 2005. Date of Access: May 21, 2005.

< [http://kukulcan.fuente.presidencia.gob.mx/articulo.php?art\\_id=5252](http://kukulcan.fuente.presidencia.gob.mx/articulo.php?art_id=5252) >

<sup>424</sup> “Fox: Expand G-8 to G-9,” Business Mexico. July 2003.

## South Africa

The Republic of South Africa has become a regular invitee of the G8 at its Summits for the past five years, with President Thabo Mbeki appearing at every Summit since the 2000 Okinawa Summit and having been invited to the 2005 Gleneagles Summit. In most G8 circles and amongst the international community, South Africa is seen as the regional leader in Africa and the gateway to continent. As such, the foreign diplomatic receptions for Mbeki and the number of high-profile summits staged in South Africa over the past half-decade are an indication of the international community's renewed efforts to engage with Africa and place it near the top of the international policy agenda. To date, South Africa has become a strong advocate of regional economic development, debt relief, and African-led peacekeeping and conflict resolution on the continent and has recently emerged from a period of much-criticized silence to become an advocate for HIV/AIDS prevention. On these issues, Mbeki has become an informal emissary, along with other African leaders like Nigeria President Olusegun Obasanjo, to international gatherings such as the G8 Summit, the World Economic Forum, and the UN to press for renewed investment and involvement by rich countries in the continent's development. Nevertheless, in some policy areas, South Africa has come under increased fire for its failure to exercise its diplomatic muscle, thus angering some G8 member states, namely the UK. Chief among the contentious issues are South Africa's tolerance of the corrupt rule of Robert Mugabe in neighboring Zimbabwe and its failure to push for robust intervention in the Darfur region of Sudan.

### Potential for G8 Membership

With the current discourse concerning the potential G8 enlargement to reflect the importance of emerging developing powers, many eyes have turned to South Africa, which already possesses certain characteristics of a prospective G8 member-country. In line with the G8's commitment to democracy, South Africa's emergence from apartheid in 1994 makes it one of the premier symbols of democratic rule in the world and serves as an anchor for democracy on the African continent. Indeed, in his bilateral meeting with Mbeki at the White House on 1 June 2005, US President Bush described South Africa as "a stalwart when it comes to democratic institutions." Further, many predict that G8 membership would serve to further entrench democracy in the African state — a similar policy motivated the G8's inclusion of Russia. Furthermore, South Africa is also a major player in the principal African multilateral institutions with which the G8 corresponds, namely the African Union (AU) and the New Partnership for Africa's Development (NePAD). In addition, South Africa also dominates the continent not only politically but also economically. The country alone represents 40% of all economic activity across Africa and is the main site of foreign direct investment in the region.<sup>425</sup>

Nevertheless, of all the chief candidates for G8 expansion, South Africa is the least likely candidate to gain membership in the G8. For all of South Africa's economic dominance

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<sup>425</sup> "Africa and the UN Security Council Permanent Seats," Africa, News from Africa, 15 June 2005. Date of Access: 17 June 2005. <[http://www.newsfromafrica.org/newsfromafrica/articles/art\\_10251.html](http://www.newsfromafrica.org/newsfromafrica/articles/art_10251.html)>.

of the continent, Africa as a whole only accounts for 2% of global trade. Furthermore, with a GDP of US\$491.4 billion (PPP 2004) and with outstanding debts to the World Bank and IMF,<sup>426</sup> South Africa is also not a large enough player in the global economy to earn a seat in the Group of 8. Secondly, while the primacy of Africa on the G8's policy agenda for the past five years would seem to improve the case for an African member to be at the table, African issues may not be as salient in the near future. The Russian Federation, which takes over the G8 Presidency in 2006, has indicated that Africa will not be a principal point of discussion at its Summit. As such, 2005 may mark the end of large-scale African policy initiatives for the G8. Finally, the greatest detriment to South Africa's bid is the demographics of disease in the country. South Africa boasts a crippling adult HIV infection rate of 21.5% (2003) with 5.3 million of its citizens living with the virus — one of the highest rates in the world.<sup>427</sup> With the impending crisis these infection rates will surely bring to South Africa in the next decade, much of the democratic and economic stability for which the country is known may soon disappear.

### **South Africa's Involvement with the G8 Summit**

South Africa's first meeting with the G8 took place at the 2000 Summit in Okinawa, Japan as a part of the Group of 8's dialogue with the Global South. On 20 July 2000, Presidents Mbeki of South Africa (in his capacity as chair of the Non-Aligned Movement and on behalf of the OAU), Bouteflika of Algeria (on behalf of the OAU), Obasanjo of Nigeria (on behalf of the G-77 bloc of developing countries) and Prime Minister Leekpai of Thailand (on behalf of UNCTAD), addressed the G8 leaders on a host of issues concerning development. Mbeki and Bouteflika had been commissioned by the OAU specifically to speak to Africa's foreign creditors about reducing crippling levels of debt. Nevertheless, at Okinawa the G8 leaders failed to make any progress on debt cancellation and even backtracked on certain promises made at the 1999 Summit.<sup>428</sup>

South Africa appeared again at the G8's 2001 Summit in Genoa, Italy. Against the backdrop of violent protesters, Mbeki, accompanied by three other African heads of state, met with the G8 on the final day of the Summit to present a new cooperative system to end poverty and boost economic growth: the New Partnership for Africa's Development (NePAD), as agreed to by African leaders at the OAU Summit in July 2001. At Genoa, the G8 officially endorsed the plan and assembled a working group to create a comprehensive G8 response to NePAD to be announced at the 2002 Summit.

At the 2002 Summit, hosted by Canada in Kananaskis, African Development was the primary theme although it was partly overshadowed by the US' anti-terrorism agenda. At Kananaskis, Mbeki, joined by three other African leaders, arrived on the second day of the Summit along with the UN Secretary-General, Kofi Annan. Discussions were held

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<sup>426</sup> Ibid.

<sup>427</sup> "South Africa," Center for Intelligence Agency (CIA) Factbook, 14 June 2005. Date of Access: 15 June 2005. <<http://www.cia.gov/cia/publications/factbook/geos/sf.html>>. and "Leaders of Indebted Nations hold London Debt Summit," Jubilee 2000 Coalition. Date of Access: 15 June 2005. <<http://www.jubilee2000uk.org/jubilee2000/news/london180800.html>>.

<sup>428</sup> Ibid.

between all parties on Thursday, June 27 and into the following morning of June 28 to review progress on NePAD and the G8's response to it.<sup>429</sup> At the conclusion of the Summit, the G8 released the Africa Action Plan, a multi-year comprehensive scheme for wealthy countries to invest and engage in all aspects of African Development from HIV/AIDS to trade to conflict resolution.

F o r G 8 ' S t h e 2 0 0 2  
<[www.g8.utoronto.ca/summit/2002kananaskis/africaplan.html](http://www.g8.utoronto.ca/summit/2002kananaskis/africaplan.html)>

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At the 2003 Summit, hosted by France at Evian-les-Bains, African leaders were joined by a large gathering of several major developing states in an expanded dialogue session. Mbeki, with the leaders of Senegal, Nigeria, and Algeria (along with Egypt, all architects of NePAD) attended both the Expanded Dialogue session with countries such as India, China, and Brazil, as well as separate meetings on the final day with the G8 and Africa alone. Despite the large amount of dialogue, the 2003 Summit did not produce any substantial agreements on Africa; however, it did render a marginal commitment of funds and political capital to debt relief, HIV/AIDS, and access to clean water.

Africa was not initially invited to the 2004 Summit hosted by the US at Sea Island. Originally dominated by dialogue with Middle Eastern leaders, African heads of state were later added to the invitee list at the request of Canada, UK and France. President Mbeki traveled to Sea Island with his standard three African counterparts and sat down for a dialogue session with G8 leaders. However, the late addition of African issues to the agenda precluded the possibility of a major policy breakthrough, and as such, there was no document released by the G8 specific to Africa at the Summit. Nevertheless, simply keeping the momentum behind the African file and maintaining the precedent of inviting African leaders to meet with the G8 was the main goal and this was achieved. In addition, the G8 did commit to bold initiatives related to Africa, namely the creation of the HIV Global Vaccine Enterprise and the commitment to train 75,000 peacekeeping troops by 2010.

The 2005 Summit in Gleneagles, Scotland will mark the sixth consecutive time South African President Mbeki has been invited to attend the G8 Summit — indeed he has attended more Summits than US President George W. Bush. He will likely be joined by, as usual, the leaders of Nigeria, Senegal and Algeria and will engage in dialogue sessions with the G8 to compel them to make concessions in three main policy fields: debt relief, ODA aid levels, and agricultural subsidies. Also for the first time, South Africa was invited to attend the two G7 Finance Ministers' Meeting prior to the Summit — usually a distinction reserved for China alone. South Africa, along with China, India, Russia and Brazil attended the G7 Finance Meetings in Moscow on 5 February 2005 and in London on 10-11 June.<sup>430</sup> On both occasions discussions centered on the growth of the global

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<sup>429</sup> "Summary of Summit Programme," 2002 G8 Kananaskis Summit, Government of Canada, 26-27 June 2002. Date of Access: 15 June 2005. <[http://www.g8.gc.ca/2002Kananaskis/2002\\_summit/summitsched-en.asp](http://www.g8.gc.ca/2002Kananaskis/2002_summit/summitsched-en.asp)>.

<sup>430</sup> "Group of Seven Club Coming Under Pressure to Expand its Ranks, 04 February 2005. Date of Access: 15 June 2005. <[http://www.kuttyjapan.com/weblog/archive/2005\\_01\\_30\\_index.html](http://www.kuttyjapan.com/weblog/archive/2005_01_30_index.html)>.

economy and the contributions of major developing states, who along with the US, are currently driving global growth as Europe and Japan's economies remain stagnant.

## **South African Issues of Concern at Gleneagles**

### *Debt Relief*

Although South Africa does not qualify for G8 debt relief as it is not a Highly Indebted Poor Country (HIPC), the ability of President Mbeki to press the G8 to address this issue-area is critical to his profile as Africa's regional leader. Indeed, on 9 September 1999, the OAU Summit in Libya issued the Sirte Declaration in which President Mbeki and President Bouteflika of Algeria were mandated to engage Africa's creditors on the total cancellation of Africa's external debt.<sup>431</sup> Since then, Mbeki has attended five Summits to push the issue, however, the greatest chance for success has finally come with the 2005 Gleneagles Summit. At the G7 Finance Ministers Meeting on June 10-11, which was attended by South Africa, the G8 agreed to cancel US\$40-billion dollars worth of debt from the world's poorest countries, a number which could rise to \$55-billion if more countries improve governance and reduce corruption. Mbeki has previously put public pressure on the G8 to commit to debt relief, stating only days before the G7 Finance chiefs met that "the principal matter we are focusing on is indeed the commitment to move on the debt relief issue. First of all we need everybody to agree 'let's go for cancellation of debt for at least the least developed countries.'<sup>432</sup>

### *Official Development Assistance*

President Mbeki has been equally forceful on the issue of increasing G8 levels of ODA, partly because, unlike debt relief, these are funds for which South Africa is an ideal recipient. Mbeki held discussions with Italian Prime Minister Silvio Berlusconi in May 2005 and with US President Bush in June 2005 at which he compelled both leaders to deliver on the Commission for Africa's recommendations for increase aid to Africa. The Commission set out an ambitious goal of tripling current ODA levels to US\$50-billion by 2015, a target at which many nations have balked.<sup>433</sup> Nevertheless, despite the fact the US has declared that it cannot commit to the allocation of future funds without Congressional approval, Mbeki has continued to pressure President Bush and others to increase their aid by a significant amount. At a press conference with Bush, Mbeki joked that, "I'm going to create more problems for you, President, because I'm going to ask for more support because the contribution of the United States to helping us to solve the

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<sup>431</sup> "The Position of South Africa regarding Debt Relief," Department of Foreign Affairs (Republic of South Africa). Date of Access: 15 June 2005. <<http://www.dfa.gov.za/foreign/Multilateral/profiles/debt.htm>>.

<sup>432</sup> "Mbeki Presses G8 to Fund Africa Action Plan," AllAfrica.com, Press Conference, 03 June 2005. <<http://allafrica.com/stories/200506030001.html>>.

<sup>433</sup> Peter Fabricius, "Mbeki pursues \$50bn a year G8 aid plan," The Sunday Independent, 29 May 2005. Date of Access: 15 June 2005.

<<http://www.sundayindependent.co.za/index.php?fSectionId=1042&fArticleId=2538339>>.

issues related to peace and the security on the continent, that contribution is very great.”<sup>434</sup>

### *Darfur*

President Mbeki’s main goal regarding Darfur is to increase levels of the West’s financial, and NATO’s logistical, support for the AU’s Observer Mission there, but to oppose the deployment of Western troops directly into Sudan. Mbeki is aware that the AU cannot continue its efforts in Darfur without considerable assistance in transportation and training for its troops. His goal is for the G8 to endorse a NATO assistance package to the AU in these areas for base camps located in Chad, Nigeria and Rwanda. These locations are key as Mbeki is aware that many Africans, particularly African leaders, are publicly opposed to the colonial undertones of Western soldiers being stationed on Sudanese soil — especially now that Canada has said it will commit them. Indeed, Mbeki is far more concerned with the G8’s promise to train 75,000 African peacekeepers before 2010 which he feels is a far more sustainable solution to the crises in Darfur. At a press conference with President Bush on 1 June 2005, Mbeki summed up the AU’s position: “It’s an African responsibility and we can do it. From the African perspective, we wouldn’t say we want deployment of U.S. troops in Darfur. What we’ve asked for is the necessary logistical and other support to be able to ensure that we can shoulder our responsibilities.”<sup>435</sup>

### *Zimbabwe*

President Mbeki will likely wish to keep Zimbabwe off the G8 agenda. Many G8 states are pushing for him to take a hard-line with Robert Mugabe’s regime but Mbeki simply cannot sell to his domestic audience. Indeed, for many citizens in southern Africa, Mugabe is one of the few remaining liberation leaders from the era of decolonization and is viewed as a symbol of African resistance and independence. As such, even Mbeki himself has been very cautious to dole out any criticism of his northern neighbour. South Africa declared Zimbabwe’s recent national election free and fair while international observers strongly disagreed. With the West’s lingering concern over the dubious recent elections, the growing food crises, and the recent government crackdown on street vendors, it may be impossible for the G8 not to make a statement over Zimbabwe. In that case, Mbeki will be looking for subdued language and the ability of South Africa not to be closely associated with the text. Indeed, in a recent press conference in Washington D.C., Mbeki responded to questions about the Zimbabwean election in overly vague and forgiving terms: “...both the ruling party and the opposition at the end of the elections in Zimbabwe — these last elections now at the end of March — said that they need to

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<sup>434</sup> “Mbeki urges Bush for more Africa Aid,” Aljazeera.net, 02 June 2005. Date of Access: 15 June 2005. <<http://english.aljazeera.net/NR/exeres/BA10BF4C-BEA4-4B51-A5A2-31B8BCE12E6D.htm>>.

<sup>435</sup> Steve Kaufman. “Aid to Africa on G8 Agenda, Bush Assures South African President,” US Info, International Information Program, 01 June 2005. Date of Access: 15 June 2005. <<http://usinfo.state.gov/af/Archive/2005/Jun/01-111984.html>>.

address issues that have got to do with the Constitution of Zimbabwe. That they needed to look at that and change whatever constitution-making process in Zimbabwe.”<sup>436</sup>

## **South African Stakes in Other Major International Organizations**

### *New Partnership for Africa’s Development (NEPAD)*

The New Partnership for Africa’s Development (NePAD) is a comprehensive political and economic action plan committed to by all African states in 2001 to “address the current challenges facing the African continent...such as the escalating poverty levels, underdevelopment and the continued marginalisation of Africa.”<sup>437</sup> NePAD was formally endorsed by the G8 at the 2001 Genoa Summit and has formed the backdrop of its dialogue with Africa. From the very beginning, South Africa was one of, if not the, principal driving forces behind the initiative on the continent. Indeed, NePAD developed from a mandate awarded by the Organization for African Unity to President Mbeki and the heads of state of Algeria, Egypt, Nigeria and Senegal to develop an integrated development framework for cooperative human and economic growth across Africa. The final document was approved by all of the African leaders at 37th Summit of the OAU in July 2001 in Zambia.<sup>438</sup>

It is widely acknowledged that the NePAD initiative contains an overtly South African orientation. In fact, other regional rivals, such as Nigeria, have criticized the initiative for this reason. In addition to Mbeki and the South African Ministry of Foreign Affairs’ influence on the framing of the initiative, the NePAD Secretariat is located in Johannesburg and maintains close links with government offices in Pretoria and Cape Town. As well, South Africa is one of the fifteen African countries that sit on the initiative’s Steering Committee.<sup>439</sup> Lastly, President Mbeki has also represented Africa, along with usually three other heads of states, at five G8 Summits (2000-2004) and is scheduled to attend the 2005 Gleneagles Summit to discuss progress on NePAD and cooperation with the G8. It is widely perceived that South Africa is treated as the regional leader at these meetings.

### *African Union*

South Africa, alongside Libya and Nigeria, has been a strong advocate of the African Union since the organization replaced the Organization for African Unity in 2002. The inaugural summit of the AU was held in Durban, South Africa on 9 July 2002 following which South African President Mbeki took over the first annual chairmanship of the new organization.<sup>440</sup> While Nigeria, Kenya and Rwanda have traditionally dominated the

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<sup>436</sup> “Mbeki Presses G8 to Fund Africa Action Plan,” AllAfrica.com, Press Conference, 03 June 2005.

<<http://allafrica.com/stories/200506030001.html>>.

<sup>437</sup> “NEPAD in Brief,” NEPAD, Date of Access: 15 June 2005. <<http://www.nepad.org/2005/files/inbrief.php>>.

<sup>438</sup> Ibid.

<sup>439</sup> “Nepad lays out vision for Africa,” Date of Access: 15 June 2005.

<[http://www.southafrica.info/doing\\_business/economy/development/nepad.htm](http://www.southafrica.info/doing_business/economy/development/nepad.htm)>.

<sup>440</sup> “Africa Hopes for New Beginning,” BBC News, 9 July 2002. Date of Access: 15 June 2005.

<<http://news.bbc.co.uk/1/hi/world/africa/2116962.stm>>.

AU's peacekeeping portfolio, South Africa maintains a strong record in supporting the AU's efforts in conflict negotiation and resolution. Pretoria has played a leading role in ending conflicts in recent years in Burundi and the Democratic Republic of the Congo, and most recently in the AU Mediation Mission to the Ivory Coast. Indeed, in terms of the latter example, Mbeki served as an AU Mediator in convening a meeting of embattled Ivorian leaders in Pretoria on 3 April 2005, which resulted in the so-called 'AU Pretoria Agreement' to help solve the crisis in the West African state. South Africa also reports to the Security Council on behalf of the AU to detail the status and progress of the AU Mediation Mission to the Ivory Coast.<sup>441</sup>

The politics of the African Union may figure quite prominently in the dynamic between African leaders present at the G8 Summit in Gleneagles as a result of a coincidence of scheduling. The African Union's annual summit is scheduled to take place from June 28 to July 5 in Libya and contains a contentious agenda including UN Security Council Reform and Darfur — both issues of concern to the G8. As such, these matters will be on the mind of South African President Mbeki, most likely along with the leaders of Nigeria, Senegal, and Algeria, when they leave the AU Summit on Tuesday night to travel to Scotland for the opening of the G8 Summit the following day.

#### *United Nations Security Council*

In December 2004, Kofi Annan's Blue Ribbon Panel on United Nations released its recommendations for restructuring the 60-year old world-body which included the most contentious topic of the expansion of the UN Security Council (UNSC). The report presented two plans, one of which would furnish Africa with two of the six new permanent non-veto seats and four non-permanent two-year seats, the other which would provide it with 2 renewable four-year seats and four non-permanent two-year seats. The African Union's Foreign Ministers, as part of the Ezulwini Consensus, have called for "not less than two permanent seats with all the prerogatives and privileges of permanent membership including the right of veto."<sup>442</sup> Even South African President Mbeki has stated that "[i]n light of the fact the current permanent five are saying they will retain the right of veto...the new permanent members should have the same right."<sup>443</sup> It is generally agreed that some form of consensus on UNSC reform must be made before the UN Summit on the Millennium Development Goals in New York in September 2005.

South Africa has emerged as the obvious favorite for representation in the UNSC regardless of what scheme for expansion is adopted. South Africa is the tenth largest national contributor to UN Peacekeeping Operations, has successfully dismantled its

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<sup>441</sup> "Statement to the Security Council by Mr. Aziz Pahad, Deputy Minister of Foreign Affairs of South Africa on Behalf of the African Union Mediation Mission to Cote d'Ivoire. United Nations Security Council, New York, 26 April 2005," Department of Foreign Affairs (Republic of South Africa), 26 April 2005. Date of Access: 15 June 2005. <[http://www.dfa.gov.za/docs/2005/ivory\\_un0427.htm](http://www.dfa.gov.za/docs/2005/ivory_un0427.htm)>.

<sup>442</sup> "Africa and the UN Security Council Permanent Seats," Africa, News from Africa, 15 June 2005. Date of Access: 17 June 2005. <[http://www.newsfromafrica.org/newsfromafrica/articles/art\\_10251.html](http://www.newsfromafrica.org/newsfromafrica/articles/art_10251.html)>.

<sup>443</sup> Mobolaj E. Aluko. "Africa and the Permanent Members," Dedicated to Nigeria's Socio-Political Issues, 3 February 2005. Date of Access: 15 June 2005. <<http://www.dawodu.com/aluko110.htm>>.

nuclear arsenal, and is considered a model democracy on the continent (despite the ANC's prolonged stay in power). In addition, Pretoria has paid its UN dues, this year valued at US\$5,196,166, on time since 1996.<sup>444</sup>

Nevertheless, South Africa faces stiff competition from a number of African states which have also officially declared their candidacy for the UNSC including Nigeria, Egypt, Libya, Kenya and Senegal. Of these rivals, Nigeria poses the greatest challenge as both countries see themselves as the regional leaders of the African continent and also compete for dominance in the AU and NePAD. Currently, South Africa has the tacit support from Germany, Japan, India and Brazil (collectively known as the G-4) who are also lobbying for permanent seats on the UNSC. Nigeria, on the other hand, is backed by China and Russia, while the Senegalese bid finds its loan supporter in France.<sup>445</sup> UN Reform will no doubt be a topic (at least unofficially) of discussions at Gleneagles due to its proximity to the UN Summit in September on the policy calendar. As such, it is no coincidence that Nigeria, South Africa and Senegal, as well as all of their backers both inside and outside of the G8, will be present for the Gleneagles Summit in July.

## **Conclusion**

With Africa soon to slip from the Group of Eight's agenda as the Russian Federation assumes the G8 Presidency in 2006, the Gleneagles Summit in Scotland may prove the last time South Africa attends the meeting of the world largest industrialized democracies. Indeed, at the conclusion of the 2005 Summit, President Mbeki himself will have attended six consecutive Summits, more than the Canadian or US leaders in attendance. However, South Africa's departure may come at just the right time with 2005 marking the culmination of Mbeki's long work with the G8 over the past six years. With the G8 finally agreeing to a sweeping debt relief package — the issue, which brought Mbeki to his first Summit in Japan in 2000 — the world's richest states are now making long-awaited progress on issues of concern for South Africa. If Mbeki is successful in convincing the G8 to make similar bold moves on ODA and agricultural subsidies, he will have solidified his status as Africa's premiere statesperson and put his name on a major turning point for the development of the continent. If the G8 fails to reach agreement, however, Africa may have to wait for a new generation of politicians to engage with the West perhaps only when the 2015 deadline for the Millennium Development Goals looms near.

*Compiled by* Anthony Navaneelan  
G8RG Policy Analyst

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<sup>444</sup> Ibid.

<sup>445</sup> "Africa and the UN Security Council Permanent Seats," Africa, News from Africa, 15 June 2005. Date of Access: 17 June 2005. <[http://www.newsfromafrica.org/newsfromafrica/articles/art\\_10251.html](http://www.newsfromafrica.org/newsfromafrica/articles/art_10251.html)>.

## **PART THREE**

### **Conclusion**

The Gleneagles Summit is unique in that an unprecedented number of international non-governmental organizations (INGOs) and members of civil society, such as the Global Call to Action Against Poverty (GCAP) campaign, which includes Make Poverty History, have been accredited to attend the summit at the international media centre. Furthermore, the G8 nations will meet with five leading emerging economies to discuss the two central themes of the summit: African Development and Climate Change. To some degree this can be expected to enable these groups to put pressure on the G8 to address these issues and reach significant commitments regarding the specific issue areas as well as enable the emerging economies to engage the G8 nations, possibly resulting in the joint-creation of communiqués.

The G8 has taken action in the past, however, to address concerns associated with accusations that the G8 is an outdated institution that is neither reflective nor representative of the current state of global affairs by conducting observatory sessions and outreach sessions. Beginning in 2001 at the Genoa Summit in Italy and continuing in 2002 in Kanaskis, Canada, with the inception of the Africa Action Plan (AAP), African countries have been invited to attend the summits and engage the leaders in dialogue. In 2004 at Sea Island, US, countries from the Middle East were also invited to participate in the creation of a Broader Middle East Initiative alongside the African countries who were invited to attend for a working lunch to discuss Africa related issues. While some have claimed that this dialogue has largely been a rhetorical continuation of the ‘neo-liberal’ agenda of the G8 in the arena of expanded dialogue these discussions do to some extent represent an expansion of the G8’s traditional areas of focus.

This report is intended to provide an overview of the opinions and actions of the G8 countries in the sphere of expanded dialogue since 2001. It also describes the views of the G8 toward other institutional reforms, such as the Group of 20 (G20) and the proposed Leaders’ 20 (L20). Finally, the report highlights the recent state of bilateral relations between the G8 and the leading emerging economies who have also been extended an invitation to attend the Gleneagles Summit: Brazil, China, India, Mexico and South Africa.

The second component of the report addresses the potential of these emerging economies to contribute to G8 dialogue, specifically related to African Development and Climate Change. It also purports the possibility for the future inclusion of these economies at subsequent summits. It must be remembered, however, that these actions represent an ongoing process with no definitive agreements concerning G8 expansion having been reached thus far. While one can with confidence expect that this dialogue will extend beyond Gleneagles, questions surrounding what type of forum this dialogue will take place in, ultimately, remain uncertain.

*Compiled by Vanessa Corlazzoli and Janel Smith*  
Co-Directors of the Civil Society and Expanded Dialogue Unit  
June 2005

## Appendix 1: Brazil

### A. Political Data

President	Lula da Silva, Luiz Inacio
Vice President	Alencar, Jose
Chief of the Cabinet for Institutional Security	Felix, Jorge Armando
Chief of the Civilian Household	Dirceu, Jose
Min. of Agrarian Development	Rossetto, Miguel
Min. of Defense	Alencar, Jose
Min. of Development, Industry, & Trade	Furlan, Luiz Fernando
Min. of Education	Genro, Tarso
Min. of Environment	Silva, Marina
Min. of Finance	Palocci, Antonio
Min. of Foreign Affairs	Amorim, Celso
Min. of Health	Costa, Humberto
Min. of Justice	Bastos, Marcio Thomaz
Pres., Central Bank	Meirelles, Henrique
Permanent Representative to the UN, New York	Sardenberg, Ronaldo Mota

### B. Legislative Branch

Brazil has a bicameral legislative system

*National Congress (Congresso Nacional)*

Consists of the Federal Senate (*Senado Federal*)—81 seats; three members from each state and federal district elected according to the principle of majority to serve eight-year terms; one-third elected after a four-year period, two-thirds elected after the next four-year period and,

*Chamber of Deputies (Camara dos Deputados)*: 513 seats; members are elected by proportional representation to serve four-year terms

## C. Economic Data

GDP (PPP, 2004)	\$1.492 trillion
GDP per capita (PPP, 2004)	\$8,100
GDP real growth rate (2004)	5.1%
Unemployment rate (2004 est.)	11.5%
Currency	real (BRL)
Exchange rate (reals per US dollar [2004])	2.9251
Debt- External (2004)	\$219.8 billion
Economic aid- recipient (2002):	\$ 30 billion
Exports (2004)	\$ 95 billion
Imports (2004)	\$ 61 billion

## D. Trade

*Main Exports- commodities:* transport equipment, iron ore, soybeans, footwear, coffee, autos

*Main Imports- commodities:* machinery, electrical and transport equipment, chemical products, oil

*Major Trading Partners:*

*Exports (2004):* US 21.2%, China 7.8%, Argentina 6%, Germany 5.1%, Netherlands 4.8%

*Imports (2004):* US 22.4%, Germany 9.2%, Argentina 8.1%, China 5.5%

Source: *CIA The World Fact Book, CIA Chiefs of State and Cabinet Members of Foreign Governments*

*Compiled by Sadia Rafiquddin  
G8 Policy Analyst*

## Appendix 2: China

### A. Political Data

President	HU Jintao
Vice President	ZENG Qinghong
Premier, State Council	WEN Jiabao
Sec. Gen., State Council	HUA Jianmin
Min. of Commerce	BO Xilai
Min. of Culture	SUN Jiazheng
Min. of Education	ZHOU Ji
Min. of Finance	JIN Renqing
Min. of Foreign Affairs	LI Zhaoxing
Min. of Justice	ZHANG Fusen
Min. of National Defense	CAO Gangchuan
Min. of Personnel	ZHANG Bolin
Min. of Public Health	WU Yi
Pres., People's Bank of China	ZHOU Xiaochuan
Permanent Representative to the UN, New York	WANG Guangya

### B. Legislative Branch

China has a unicameral legislative system.

*The National People's Congress (Quanguo Renmin Daibiao Dahui):* 2,985 seats; members elected by municipal, regional, and provincial people's congresses to serve five-year terms

## C. Economic Data

GDP (PPP, 2004)	\$ 7.262 trillion
GDP per capita (PPP, 2004)	\$ 5,600
GDP real growth rate (2004)	9.1%
Unemployment rate (2004 est.)	9.8% in urban areas; substantial unemployment and underemployment in rural areas; an official Chinese journal estimated overall unemployment (including rural areas) for 2003 at 20%
Currency	yuan (CNY)
Exchange rate (yuan per US dollar [2004])	8.2768
Debt- External (3rd quarter 2004 est.)	\$ 233.3 billion
Economic aid- recipient:	N/A
Exports (2004)	\$ 583.1 billion
Imports (2004)	\$ 552.4 billion

## D. Trade

*Main Exports: commodities:* machinery and equipment, plastics, optical and medical equipment, iron and steel

*Main Imports:* machinery and equipment, oil and mineral fuels, plastics, optical and medical equipment, organic chemicals, iron and steel

*Major Trading Partners:*

*Exports (2004):* US 22.8%, Hong Kong 16.2%, Japan 12.4%, South Korea 4.4%, Germany 4%

*Imports (2004):* Japan 16.1%, Taiwan 10.9%, South Korea 10.4%, US 7.7%, Hong Kong 7.4%, Germany 5.4%

Source: *CIA The World Fact Book, CIA Chiefs of State and Cabinet Members of Foreign Governments*

Compiled by Sadia Rafiquddin  
G8 Policy Analyst

## Appendix 3: India

### A. Political Data

President	Abdul KALAM
Vice President	Bhairon Singh SHEKHAWAT
Prime Minister	Manmohan SINGH
Principal Sec. to the Prime Minister's Office	T. K. A. NAIR
National Security Adviser	M. K. NARAYANAN
Min. of Agriculture	Sharad PAWAR
Min. of Defense	Pranab MUKHERJEE
Min. of External Affairs	K. Natwar SINGH
Min. of Finance	Palaniappan CHIDAMBARAM
Governor, Reserve Bank of India	Y. Venugopal REDDY
Permanent Representative to the UN, New York	Nirupam SEN

### B. Legislative Branch

India has a parliamentary system that is bicameral.

*Council of States (Rajya Sabha):* A body consisting of no more than 250 members, up to 12 of whom are appointed by the president, the rest are chosen by the elected members of the state and territorial assemblies; members serve six-year terms.

*People's Assembly (Lok Sabha):* 545 seats; 543 elected by popular vote, 2 appointed by the president; members serve five-year terms.

### C. Economic Data

GDP (PPP, 2004)	\$ 3.319 trillion
GDP per capita (PPP, 2004)	\$ 3,100
GDP real growth rate (2004)	6.2%
Unemployment rate (2004)	9.2%
Currency	Indian rupee (INR)
Exchange rate (Indian rupees per US dollar [2004])	45.317
Debt- External (2004)	\$117.2 billion
Economic aid- recipient (FY98/99):	\$ 2.9 billion
Exports (2004)	\$ 69.18 billion
Imports (2004)	\$ 89.33 billion

### D. Trade

*Main Exports- commodities:* textile goods, gems and jewelry, engineering goods, chemicals, leather manufactures

*Main Imports- commodities:* crude oil, machinery, gems, fertilizer, chemicals

*Major Trading Partners:*

*Exports (2004):* US 18.4%, China 7.8%, UAE 6.7%, UK 4.8%, Hong Kong 4.3%, Germany 4%

*Imports (2004):* US 7%, Belgium 6.1%, China 5.9%, Singapore 4.8%, Australia 4.6%, UK 4.6%, Germany 4.5% (2004)

Source: *CIA The World Fact Book, Chiefs of State and Cabinet Members of Foreign Governments*

*Compiled by* Sadia Rafiquddin  
G8 Policy Analyst

## Appendix 4: Mexico

### A. Political Data

President	Vicente FOX Quesada
Sec. of Agriculture	Javier USABIAGA Arroyo
Sec. of Economy	Fernando CANALES Clariond
Sec. of Energy	Fernando ELIZONDO Barragan
Sec. of Environment & Natural Resources	Alberto CARDENAS Jimenez
Sec. of Finance & Public Credit	Francisco GIL Diaz
Sec. of Foreign Relations	Luis Ernesto DERBEZ Bautista
Sec. of Health	Julio FRENK Mora
Sec. of National Defense	Gerardo Clemente Ricardo VEGA Garcia, Gen.
Governor, Bank of Mexico	Guillermo ORTIZ Martinez
Permanent Representative to the UN, New York	Enrique BERRUGA Filloy

### B. Legislative Branch

Mexico has a bicameral legislative system.

*National Congress (Congreso de la Union)*

*National Congress consists of the Senate (Camara de Senadores):* 128 seats; 96 are elected by popular vote to serve six-year terms, and 32 are allocated on the basis of each party's popular vote and,

*Federal Chamber of Deputies (Camara Federal de Diputados):* 500 seats; 300 members are directly elected by popular vote to serve three-year terms; remaining 200 members are allocated on the basis of each party's popular vote, also for three-year terms

### C. Economic Data

GDP (PPP, 2004)	\$ 1.006 trillion
GDP per capita (PPP, 2004)	\$ 9,600
GDP real growth rate (2004)	4.1%
Unemployment rate (2004)	3.2% plus underemployment of approximately 25%
Currency	Mexican peso (MXN)
Exchange rate (Mexican peso per US dollar [2004])	11.286
Debt- External (2004)	\$ 149.9 billion
Economic aid- recipient (1995):	\$ 1.166 billion
Exports (2004)	\$ 182.4 billion
Imports (2004)	\$ 190.8 billion

## **D. Trade**

*Main Exports- commodities:* manufactured goods, oil and oil products, silver, fruits, vegetables, coffee, cotton

*Main Imports:* metalworking machines, steel mill products, agricultural machinery, electrical equipment, car parts for assembly, repair parts for motor vehicles, aircraft, and aircraft parts.

*Major Trading Partners*

*Exports (2004):* US 81%, Canada 5.9%, Japan 1.1% (2004)

*Imports (2004):* US 65.8%, Germany 3.8%, China 3.7% (2004)

Source: CIA The World Fact Book, Chiefs of State and Cabinet Members of Foreign Governments

*Compiled by* Sadia Rafiquddin  
G8 Policy Analyst

## Appendix 5: South Africa

### A. Political Data

President	Thabo Mvuyelwa MBEKI
Deputy President	Jacob ZUMA
Min. of Agriculture & Land Affairs	Angela Thoko DIDIZA
Min. of Defense	Mosiuo LEKOTA
Min. of Environment & Tourism	Marthinus VAN SCHALKWYK
Min. of Finance	Trevor MANUEL
Min. of Foreign Affairs	Nkosazana DLAMINI-ZUMA
Min. of Health	Manto TSHAEALALA-MSIMANG
Min. of Housing	Lindiwe SISULU
Min. of Justice & Constitutional Affairs	Bridgitte MAEANDLA
Min. of Provincial & Local Government	Sydney MUFAMADI
Min. of Public Enterprises	Alec ERWIN
Min. of the Presidency	Essop PAHAD
Governor, Reserve Bank	Tito MBOWENI
Permanent Representative to the UN, New York	Dumisani Shadrack KUMALO

### B. Legislative Branch

South Africa has a bicameral parliament.

*Consists of the National Assembly:* 400 seats; members are elected by popular vote under a system of proportional representation to serve five-year terms and,

*The National Council of Provinces:* 90 seats, 10 members elected by each of the nine provincial legislatures for five-year terms; has special powers to protect regional interests, including the safeguarding of cultural and linguistic traditions among ethnic minorities.

## C. Economic Data

GDP (PPP, 2004)	\$ 491.4 billion
GDP per capita (PPP, 2004)	\$ 11,100
GDP real growth rate (2004)	3.5%
Unemployment rate (2004)	26.2%
Currency	rand (ZAR)
Exchange rate (rands per US dollar [2004])	6.4597
Debt- External (2004)	\$ 27.01 billion
Economic aid- recipient (2000):	\$ 487.5 million
Exports (2004)	\$ 41.97 billion
Imports (2004)	\$ 39.42 billion

## D. Trade

*Main Exports- commodities:* gold, diamonds, platinum, other metals and minerals, machinery and equipment (1998 estimate)

*Main Imports- commodities:* machinery and equipment, chemicals, petroleum products, scientific instruments, foodstuffs (2000 estimate)

*Major Trading Partners:*

*Exports (2004):* US 10.2%, UK 9.2%, Japan 9%, Germany 7.1%, Netherlands 4% (2004)

*Imports (2004):* Germany 14.2%, US 8.5%, China 7.5%, Japan 6.9%, UK 6.9%, France 6%, Saudi Arabia 5.6%, Iran 5% (2004)

Source: *CIA The World Fact Book, CIA Chiefs of State and Cabinet Members of Foreign Governments*

Compiled by Sadia Rafiquddin  
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