



**From St. Petersburg to Heiligendamm:
The Continued Involvement of the ‘Outreach 5’**

Political and economic developments in the ‘Outreach 5’, co-operation and implementation of 2006 St. Petersburg Summit priorities, and prospects for involvement at the 2007 Heiligendamm Summit

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Preface

The G8 Research Group (G8RG) is an independent organization based at the University of Toronto. Founded in 1987, it constitutes an international network of scholars, professionals and students interested in the activities of the Group of Eight (G8). To date, the G8RG is the largest source of independent research and analysis on the G8, its members, and related institutions worldwide. The G8RG also oversees the G8 Information Centre, which publishes academic analyses and reports on the G8 free of charge; it also maintains an archive of official documents issued at G8 summits and ministerials. Any G8 document referred to in this report is available on the G8RG website without cost at www.g8.utoronto.ca.

This report was compiled by the Civil Society and Expanded Dialogue (CSED) Unit of the G8RG under the leadership of Joanna Dafoe and André Ghione. The CSED Unit conducts research and analysis on the G8's ongoing relationship with the five 'emerging' economies—Brazil, China, India, Mexico, and South Africa—and on thematic issues pertaining to civil society that mirror each year's G8 agenda. In addition to this report, the CSED unit has also published a thematic report on the G8 and Africa which considers both G8 compliance with 2005 commitments as well as civil society reactions. The CSED Unit will also release a report on the relationship between G8 presidencies and civil society groups. All of these reports are available free of charge at www.g8.utoronto.ca, and can be accessed as of June 2007. A summary report on civil society activity at the Heiligendamm Summit will be released in August 2007.

The G8RG welcomes all responses to this report. Any comments or questions should be directed to g8@utoronto.ca. The co-chairs and authors of this report would like to thank the many people who helped share their knowledge and expertise on the G8 and civil society, as well as those individuals who helped edit and publish the final report.

Much as the exigencies of superpower politics shaped the international organizations born in the wake of the Second World War, the Cold War and its competing economic blocs shaped the formation of what is now the G8. In November 1975, French President Valéry Giscard d'Estaing invited the leaders of the world's six largest democracies—the United States, Great Britain, Germany, Italy, and Japan—to participate in a private meeting regarding the political and economic issues confronting their governments; this would be the first of many annual political summits. In 1976, Canada joined the group, forming the G7. And so it remained until 1998 Birmingham Summit, when the group expanded to include Russia, becoming what we now know as the G8.

Further extension of membership has been mooted since the globalization of the 1990s. Five countries are consistently mentioned in any serious discussion of G8 reform: Brazil, China, India, Mexico, and South Africa. This group, dubbed the 'Outreach 5', has brought increasing weight to bear on global financial and economic development. The 'Outreach 5' accounts for approximately 42 per cent of the world's population and 11 per cent of gross world product, measured by real exchange rates. Conversely, the G8 accounts for approximately 13 per cent of the world's population and 62 per cent of gross world product.

Though the G8's share of world economic activity dwarfs that of the 'Outreach 5', the figures are somewhat misleading. The 5 per cent increase in global output registered in 2006 was led by increases of 10.5 per cent in China and 8.5 per cent in India. Energy resource firms based outside the G8, such as Mexico's Pemex and Brazil's Petrobras, have rapidly become modern equivalents to the 'seven sisters' of the 1970s. While the 'Outreach 5' countries are investing heavily in the industrialized world—the acquisition of Canada's Inco Limited by Brazilian mining giant CVRD being the prime example—economic ties between 'Outreach 5' members themselves and other countries of the global south are daily being forged and strengthened.

As the steward of a truly international economy, the G8's initiatives have impacted, and will continue to impact, citizens of countries outside its membership. Its global reach ensures that decisions made with an eye to Berlin, London, Moscow, Ottawa, Paris, Rome, Tokyo, and Washington will have equal, if not greater, repercussions in Beijing, Brasilia, Mexico City, New Delhi, and Pretoria. Consulting the 'Outreach 5' governments on an ad hoc basis, as has been the wont of recent holders of the rotating G8 presidency, is a welcome first step to greater participatory decision-making. Germany proposes to go yet further, via what it calls the 'Heiligendamm process', by including 'Outreach 5' leaders in some sessions. This seems a logical step, for the agenda items proposed for the Heiligendamm Summit—investment, innovation, and sustainability, and good governance, sustainable investment, and peace and security in Africa—cannot be adequately managed without their participation.

What follows is a rigorous examination of recent economic and political developments in 'Outreach 5' countries, showcasing their successes and failures with respect to domestic and global issues. Investment reform in India and South Africa might provide a template for other regional economies, or even a struggling Mexico; the advent of Brazilian sugar-based ethanol addresses Western concerns regarding both energy security and environmental sustainability; and the growing political and diplomatic influence of China on its African trading partners might prove invaluable in encouraging necessary continental reforms. While the extension of membership to the 'Outreach 5' remains a remote possibility, the group should prove increasingly able to influence, if not to shape, the G8 agenda.

Following a successful first term during which he addressed several of the most pressing issues facing Brazil's poor, Brazilian President Luiz Inácio Lula da Silva must now concretise these advances through economic reform. The country is well-positioned to act as a leader on two initiatives deemed vital to this year's G8 agenda: As the world leader in sugar-based ethanol fuel and technology, its know-how can be translated to rehabilitate African economies; its HIV/AIDS education and advocacy programs can also serve as a model for Africa to curb the epidemic. In order to revitalise the economy's sluggish growth, Brazil must not only commit to transparency and competition in its investment markets, but also invest its growing wealth in human development through education. Finally, as a counter-point to Venezuelan President Hugo Chavez in Latin America, effective Brazilian diplomacy can serve to diminish what most G8 members view as his negative influence in the region.

Economic developments

Brazilian year-on-year economic expansion totalled 3.7 per cent in 2006, 0.8 per cent greater than in 2005;¹ GDP reached USD794.1 billion.² In terms of GDP, Brazil is third among 'Outreach 5' economies, behind China and India. However, it leads the group with an annualized inflation rate of 7.2 per cent.³ It also leads the 'Outreach 5' with a GINI index score of 58: income inequality is such that the richest 10 per cent of the population have an income share of 45.8 per cent, against a share of 2.4 percent among the poorest twenty per cent.⁴

In 2006, Brazil recorded an unprecedented trade surplus of USD46.07 billion, spurred by high commodity prices and a strong agricultural sector.⁵ Insatiable Chinese demand for iron ore and steel is mitigated by Brazilian exports; after the United States, China is in fact the second leading importer of Brazilian products, with a share of 7.5 per cent.⁶ The main agricultural contributions to the positive trade balance stem from meat packing, sugarcane, and ethanol production.⁷ The large trade surplus supports a robust currency, encouraging authorities to eliminate foreign-exchange restrictions and ease rules on outward investment to contain appreciation. Thus far, the effect of these measures has been minimal; the Economist Intelligence Unit estimates that Brazil will again register a surplus greater than USD41 billion.⁸

Adherence to principles of protection of intellectual property rights and free trade contributed positively to Brazil's status as a destination of foreign direct investment (FDI). For the twelve-month period ending in March 2007, Brazil received USD21.4 billion in FDI; first quarter 2007 FDI grew by 66 per cent over

¹ 'Key developments: Brazil', *Economist Intelligence Unit – Country Monitor*, (London), 26 March 2007. Date of Access: 19 May 2007.

² 'Brazilian GDP is again caboose of Latin America'. *Gazeta Mercantil*, (Sao Paulo), 27 February 2007.

³ 'Brazil data profile'. World Bank. Date of access: 22 December 2006.
<http://devdata.worldbank.org/external/CPPProfile.asp?PTYPE=CP&CCODE=BRA>

⁴ 'Human Development Report'. UN Development Programme, (New York). Date of Access: 22 December 2006.
http://hdr.undp.org/hdr2006/statistics/countries/data_sheets/cty_ds_BRA.html

⁵ 'Brazil 2006 Trade Surplus Rises to Record \$46 B'. Bloomberg, (Brasilia), 2 January 2007, Date of Access: 9 January 2007.
http://www.bloomberg.com/apps/news?pid=20601086&sid=a5d.nN_LNifg&refer=latin_america.

⁶ 'Brazil'. World Factbook-Central Intelligence Agency, (Washington, D.C.). Date of Access: 14 July 2006.
<https://www.cia.gov/cia/publications/factbook/geos/br.html>

⁷ 'Brazil 2006 Agriculture Trade Surplus Seen at \$42.5 Bln'. Latin America News Digest, 21 December 2006.

⁸ 'Brazil: Strong currency blues', *Economist Intelligence Unit – Country Monitor*, (London), 16 April 2007. Date of Access: 19 May 2007.

the same period in 2006.⁹ A leading Brazilian research institute, the Instituto de Estudos para o Desenvolvimento Industrial (IEDI), predicts total FDI will reach USD24 billion in 2007.¹⁰

Political developments

In fall 2006, the Brazilian population reelected Luiz Inácio Lula da Silva with 61% of the vote on the second ballot, some 5.5 million more popular votes than in 2002.¹¹ Mr Lula da Silva's first term endeared him to the poorer portion of the electorate. His government was able to reduce the poverty rate from 28 per cent of the population in 2003 to 23 per cent in 2005 through incentives such as the Family Fund and an increase in the minimum wage.¹² Corruption scandals involving close allies to Mr Lula da Silva made political reform a hot electoral issue.¹³ Reductions to the rates of poverty and inflation favored his reelection; the austerity measures required to achieve these reductions encouraged steady but below-average economic growth among South American countries. Since reelection, the Brazilian president has promised economic growth of 5 per cent per annum.¹⁴

On 23 January 2007, the Brazilian government announced its economic reform package. The package—criticized as too timid by some—consists of USD236 billion in public investments, tax cuts for the construction sector and small businesses and limits in current spending by capping increases in minimum wage and government payroll.¹⁵

Involvement in international and regional organizations

Through involvement in international forums such as the United Nations, the G-20 and the World Trade Organization, Brazil has become the leading advocate of developing countries, calling for the abolishment of agricultural subsidies throughout the Doha round of trade negotiations.

Regionally, its membership in Mercosur and a seeming desire to curtail Venezuelan influence in Latin America has encouraged an active diplomacy. On 11 December 2006, during a South American summit, the Brazilian government led exploratory talks for the creation of the South American Community of Nations—a single South American free trade zone uniting Mercosur and ANDEAN.¹⁶

Mr Lula da Silva's commitment to international cooperation was demonstrated during the first African-South American summit in November 2006.¹⁷ Whether this helps or hinders a potential G8 candidacy is

⁹ 'Brazil: Investment leap', *Economist Intelligence Unit – Country Monitor*, (London), 30 April 2007. Date of Access: 19 May 2007.

¹⁰ 'Brazil: Investment leap', *Economist Intelligence Unit – Country Monitor*, (London), 30 April 2007. Date of Access: 19 May 2007.

¹¹ 'Lula's second chance - Brazil's presidential election'. *The Economist*, (London), 2 November 2006. Date of access: 22 December 2006. http://www.economist.com/world/la/displaystory.cfm?story_id=8108310

¹² 'Love Lula if you're poor, worry if you're not', *The Economist*, (London), 30 September 2006. Date of Access: 22 December 2006.

¹³ 'Lula's second chance - Brazil's presidential election'. *The Economist* (London), 2 November 2006. Date of access: 22 December 2006. http://www.economist.com/world/la/displaystory.cfm?story_id=8108310

¹⁴ 'President Lula begins second term in Brazil'. *Global Insight Daily Analysis*, 2 January 2007.

¹⁵ 'Stirred, but not shaken – Brazil's economy'. *The Economist*, (London), 27 January 2007. Date of Access: 6 May 2007.

¹⁶ 'South American Summit Ends with Integration Pledges'. *Global Insight Daily Analysis*, 11 December 2006. Date of Access: 4 May 2007.

¹⁷ 'African, South American Leaders Meet at Abuja Summit'. *Voice of America Press Releases*, (Washington D.C.), 30 November 2006. Date of Access: 20 December 2006.

an open question; attempts “to forge a strategic partnership that can challenge the existing economic order” may be seen as putting it at odds with G8 members.¹⁸

Post-St. Petersburg developments

In step with G8 commitments to African development, the Brazilian government has been a leader in increased South-South cooperation in African development through aid, investment and trade. Brazil has written off more than USD1 billion in African debt and has recently granted duty free access to products from the 50, mostly African, least developed countries (LDCs). The trilateral India-Brazil-South Africa Poverty Initiative allocates USD1 million annually from each country to help LDCs reduce poverty and fight disease.¹⁹

On the issue of communicable diseases, Brazil has set up a globally recognized national AIDS program. The program provides universal access to retroviral medication to those already infected; it also pushes prevention through extensive public education and publicity campaigns.²⁰ Before the end of January 2007, the government planned to distribute 1 billion condoms as part of the program.²¹ In addition, the education ministry has released USD7.34 million for a program to be implemented in state-run schools in 2007.²² Brazil’s infection rate stands at 0.5 per cent of the population, a marked success compared to the South African rate of 18.8 per cent.²³

Education remains Brazil’s weakness. Despite increased primary school enrollment, pre-school and high school enrollment remains low compared to other middle income countries.²⁴ Brazilians also ranked last in mathematics and fourth-last in reading tests administered in 40 countries by the OECD.²⁵ President Lula da Silva was criticized for ignoring basic education during his first mandate. He now claims that his “biggest priority [for the second term] will be to ensure that everyone receives a good education”.²⁶ A new “education development package” will create incentives for state and local governments to improve schools by setting performance targets tied to the distribution of USD4.1 billion over the next four years through FUNDEB, a federal fund.²⁷ Cooperation between the three levels of government twinned with improved teaching conditions will be essential to the reforms’ success.

¹⁸ ‘Opening speech of the 61st UN General Assembly by Luiz Inácio Lula da Silva, President of the Federative Republic of Brazil’. Mission of Brazil to the UN, (New York), 19 September 2006. Date of access: 22 December 2006.

¹⁹ ‘South-South Trade Boom Reshapes Global Order’. Inter Press News Service, (New York), 21 December 2006. Date of access: 22 December 2006. <http://ipsnews.net/news.asp?idnews=35930>

²⁰ ‘Brazil country brief’. World Bank, (Washington D.C.), July 2006. Date of access: 22 December 2006. <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/LACEXT/BRAZILEXTN/0,,menuPK:322351~pagePK:141132~piPK:141107~theSitePK:322341,00.html>

²¹ ‘Brazil set to order, give away 1 billion condoms’. Reuters, (Brasilia), 1 December 2006. Date of Access: 20 December 2006.

²² ‘Govt releases R\$15.8mn for AIDS prevention in schools’. Gazeta Mercantil News, (Sao Paulo), 4 December 2006.

²³ ‘A global view of HIV infections’. UNAIDS, (New York). Date of Access: 2 January 2007. http://data.unaids.org/pub/GlobalReport/2006/2006GR-PrevalenceMap_en.pdf

²⁴ ‘Brazil country brief’. World Bank, (Washington D.C.), July 2006. Date of access: 22 December 2006. <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/LACEXT/BRAZILEXTN/0,,menuPK:322351~pagePK:141132~piPK:141107~theSitePK:322341,00.html>

²⁵ ‘Low marks’. *The Economist*, (London), 14 April 2007. Date of Access: 5 May 2007.

²⁶ ‘Education is one of Lula’s main priorities’. Gazeta Mercantil News, (Sao Paulo), 2 January 2007. Date of Access: 6 May 2007.

²⁷ ‘Low marks’. *The Economist*, (London), 383 (8524), 14 April 2007. Date of Access: 7 May 2007.

Prospects for Heiligendamm

Building on energy security concerns raised at the St. Petersburg Summit, and with a view to discussions on investment, innovation, and sustainability at the Heiligendamm Summit, international discussions on sustainable energy sources have centred on alternative fuels. Brazil has strongly advocated increased use of ethanol, a biofuel it began producing thirty years ago. Since 2003, when the government launched a flex-fuel technology in automobiles, ethanol has gained popularity in Brazil; there are now 30,000 filling stations in the country.²⁸ The Brazilian government can legitimately tie its sugar-based ethanol production to the fight against global climate change because it yields over eight times more energy than is put into the production process. Comparatively, American ethanol production yields only 1.1 to 1.7 times as much energy.²⁹ Brazil's record was applauded by the International Energy Agency, the same agency tasked by the G8 to prepare sustainable energy guidelines and share best practices.³⁰

The Brazilian administration has increased cooperation with multiple countries to promote its biofuel technology. In March, U.S. President George W. Bush visited Brazil, signing an agreement to "increase cooperation on industry technology, promote development of biofuel production, and work toward better international standards on fuel ingredients". Because the agreement did not address trade barriers preventing Brazilian ethanol access to U.S. markets, the scene was largely symbolic.³¹ In its efforts to meet Kyoto-mandated targets, Japan is eyeing Brazilian ethanol through an agreement with Petrobras, the state-owned energy company. This deal could account for as much as 55 per cent of Brazil's projected export capacity by 2012, raising doubts in Japan as to the security of supply.³² In light of increased demand from abroad, Finance Minister Guido Mantega expressed his intention to double Brazilian ethanol exports by 2010.³³

At the upcoming talks on Africa at the G8 summit, Brazil may yet again promote ethanol production as a mean for economic development; President Lula da Silva already discussed the issue during a visit to the United States in March.³⁴ Further, the World Bank has offered to help Brazil export its technology; as the world's most efficient source of ethanol fuel, sugar-based ethanol could become an key export for countries such as Ghana, Angola and Mozambique.³⁵

Conclusion

Despite Brazil's status as a regional superpower, its dismal economic growth remains a major obstacle to increased influence in international debates on issues such as agricultural subsidies. However, Brazil has established itself as a leader among countries developing technologies to produce sustainable energies. It can expect an important role on this issue at the upcoming G8 summit in Germany, given the international focus on climate change and the renewed interest by the United States to supply its energy needs through alternative fuels to decrease dependence on oil. At home, the newly re-elected president is implementing timid economic reforms and is currently addressing the state of education, Brazil's weakest link in efforts to achieve parity with industrialized nations.

²⁸ 'Brazil: world's most efficient ethanol producer'. Reuters, 9 March 2007. Date of Access: 7 May 2007.

²⁹ 'Brazil ethanol production could be more efficient'. Reuters, (Sao Paulo), 17 January 2007. Date of Access: 4 May 2007.

³⁰ 'Sugar-based ethanol said better for environment than fuel from corn'. EFE News Service, (Paris), 15 May 2007. Date of Access: 20 May 2007.

³¹ 'Biofuels pact likely to hit hurdles'. *The Wall Street Journal*, (Buenos Aires), 10 March 2007. Date of Access: 30 April 2007.

³² 'Overtures to Brazil Show Differing Ethanol Interests --- Japan Rushes to Secure Supply Deals, but U.S. Moves Little Beyond Talk'. *The Wall Street Journal*, (Sao Paulo), 17 April 2007.

³³ 'Brazil to double ethanol exports'. Reuters, (London), 4 February 2007.

³⁴ 'Brazil's Lula to talk trade, ethanol with Bush'. Reuters, (Brasilia), 26 March 2007.

³⁵ 'WB to help Brazil export ethanol tech.'. Reuters, (Brasilia), 28 March 2007.

Given that China's growing global economic influence affects both developed and developing countries, a group claiming stewardship of the international economy can achieve little without calling the country to its councils. The extension of G8 membership to China would serve both to streamline bilateral and multilateral relations between it and current G8 member states and to provide a more inclusive form of international dialogue which better considers the interests of developing countries. The German Presidency will not offer China formal membership, but is eager to work with its government in order to pursue its agenda. Any initiative global in its conception and implementation will require at minimum Chinese acquiescence; its active engagement in global economic, financial, and diplomatic spheres demand as much.

Economic developments

Despite moderate price increases for Chinese goods and the projected slowdown of the world economy, China's 2007 economic forecast remains strong.³⁶ According to a recent report released by the Chinese Academy of Science, future trends of foreign direct investment (FDI) will directly affect the scale and structure of China's foreign trade. As a result, the Chinese economy should continue to adjust in 2007, shifting its focus to quality improvement and structural flexibility. Shouyang Wang, director of the Centre for Forecasting Science at the Chinese Academy of Science, believes the central government will take a firmer approach to macro-control measures through more rigorous and careful design.³⁷

The state-controlled People's Bank of China is by far the world's most profitable bank, netting USD29 billion in interest on its more than USD1 trillion stash of foreign exchange reserves.³⁸ China ExIm, the state's official Export-Import bank, loaned USD7 billion to Africa from 2004-2006; in both 2005 and 2006, loans of USD800 million were extended to the government of Sudan, much to the displeasure of Western governments.³⁹

In addition to China ExIm's lending, annual Chinese trade with Africa is expected to total USD110 billion by 2010.⁴⁰ Some Western analysts decry China's indifference to the human rights violations of its African partners; others state simply that Western nations were losing influence in Africa 'in terms of accessing raw materials and political influence'.⁴¹

On 19 May 2007, the final communiqué of the G8 Finance Ministerial in Potsdam implicitly identified China ExIm's practices and Chinese trade policy as increasing the debt burden of African countries.⁴² In

³⁶ 'Prices of Chinese goods to climb moderately'. Xinhua Online, (Beijing), 4 January 2004. Date of Access : 20 May 2007. http://news.xinhuanet.com/english/2007-01/04/content_5566518.htm.

³⁷ 'CEFS-06-021'. Center for Forecasting Science, (Beijing). Date of Access : 20 May 2007.

<http://www.cefs.ac.cn/express/reports-final/CEFS-report-21%E4%B9%A2%E5%B4%B4%E8%BF%9B%E5%87%BA%E5%8F%A3%E5%BD%A2%E5%8A%BF%E5%88%86%E6%9E%90%E4%B8%8E%E9%A2%84%E6%B5%8B.pdf>.

³⁸ 'A money machine: China's reserves'. *The Economist*, (London), 27 January 2007. Date of Access: 20 May 2007.

³⁹ 'The host with the most: Africa and China'. *The Economist*, (London), 19 May 2007. Date of Access: 20 May 2007.

⁴⁰ 'Summit shows China's Africa clout'. BBC News, (London), 6 November 2006. Date of Access: 20 May 2007. <http://news.bbc.co.uk/2/hi/business/6120500.stm>.

⁴¹ 'Summit shows China's Africa clout'. BBC News, (London), 6 November 2006. Date of Access: 20 May 2007. <http://news.bbc.co.uk/2/hi/business/6120500.stm>.

⁴² 'Le G8 s'inquiète du surendettement de l'Afrique et épingle la Chine'. *Le Monde*, (Paris), 19 May 2007. Date of Access: 20 May 2007. <http://www.lemonde.fr/web/article/0,1-0@2-3234,36-912507@51-912509,0.html>.

order to better achieve its goals on Africa, the G8 finance ministers called in their communiqué for the ‘involvement of other parties, such as the G-20’⁴³—a group which counts China as a member.⁴⁴

Political developments

The five-yearly Communist Party congress is some months away, but it may dictate unwillingness on the part of President Hu Jintao to bow to Western pressure.⁴⁵ If China has easily dismissed external criticism, internal criticism is becoming increasingly difficult to stifle. Every month, poor farmers organize thousands of protests against the regime for having expropriated their land with little or no compensation.⁴⁶ As farmers quit their land and fuel massive urban migration, large numbers of women take jobs as prostitutes; this contributes to a growth in HIV/AIDS infections of 11 per cent per year.⁴⁷ Public education with respect to HIV/AIDS is minimal; those citizens attempting to research this and other subjects online through popular websites such as Wikipedia are frustrated by government censorship.⁴⁸

Involvement in international and regional organizations

Following its 2004 deal on trade in goods, China signed a deal on services with ASEAN earlier this year.⁴⁹ To build on these arrangements, China has proposed a free trade agreement among ASEAN, China, Japan, and South Korea.⁵⁰

The greatest obstacles to deeper involvement in the region are historical antagonisms. Though the advent of Shinzo Abe as Japanese prime minister was followed immediately by a visit with Chinese President Hu Jintao “to repair ties,”⁵¹ Mr Abe’s denial of the role played by Japan’s imperial army in coercing hundreds of thousands of women to work in wartime brothels sparked outrage throughout Asia.⁵² Given the current geopolitical situation in East Asia and the North Korean nuclear showdown, and the proliferation of bilateral trade agreements, an improved diplomatic relationship between China and Japan is in the best strategic interest of the two countries. Whether this can be achieved remains to be seen.

Developments since St. Petersburg

The *St. Petersburg Plan of Action on Global Energy Security* sought to enhance global energy security through actions in several key areas;⁵³ most significant for China were calls to improve energy efficiency and energy saving. The country’s most recent five-year economic plan, covering 2006-2010, requires a reduction in the amount of energy used per unit of output of 4 per cent per annum.⁵⁴ This target antedates a suggestion from the *St. Petersburg Plan* that each G8 member ‘consider national goals for reducing

⁴³ ‘Le G8 s’inquiète du surendettement de l’Afrique et épingle la Chine’. *Le Monde*, (Paris), 19 May 2007. Date of Access: 20 May 2007. <http://www.lemonde.fr/web/article/0,1-0@2-3234,36-912507@51-912509,0.html>.

⁴⁴ ‘About G-20’. Official G-20 Website – South Africa 2007, (Pretoria). Date of Access: 21 May 2007. <http://www.g20.org/>.

⁴⁵ ‘America’s fear of China: Trade and the economy’. *The Economist*, (London), 19 May 2007. Date of Access: 20 May 2007.

⁴⁶ ‘China’s next revolution: Property rights in China’. *The Economist*, (London), 10 March 2007. Date of Access: 20 May 2007.

⁴⁷ ‘Double jeopardy: AIDS in China’. *The Economist*, (London), 21 April 2007. Date of Access: 20 May 2007.

⁴⁸ ‘Chinese Net users say China likely banned Wikipedia again’. *International Herald Tribune*, 16 November 2006. Date of Access: 20 May 2007. http://www.iht.com/articles/ap/2006/11/17/asia/AS_GEN_China_Wikipedia.php.

⁴⁹ ‘Free trade agreements: The Japan syndrome’. *The Economist*, (London), 12 May 2007. Date of Access: 21 May 2007.

⁵⁰ ‘Free trade agreements: The Japan syndrome’. *The Economist*, (London), 12 May 2007. Date of Access: 21 May 2007.

⁵¹ ‘Profile: Shinzo Abe’. BBC News, (London), 26 September 2006. Date of Access: 21 May 2007. <http://news.bbc.co.uk/2/hi/asia-pacific/4392480.stm>.

⁵² ‘Japan’s wartime history: Uncomfortable truths’. *The Economist*, (London), 5 May 2007. Date of Access: 21 May 2007.

⁵³ ‘Global Energy Security’. G8 Russia 2005|2006, (St. Petersburg), 16 July 2006. Date of Access: 28 May 2007. <http://en.g8russia.ru/docs/11.html>.

⁵⁴ ‘China set to miss target for energy efficiency’. *Financial Times*, (London), 17 February 2007. Date of Access: 28 May 2007.

energy intensity of economic development'.⁵⁵ To date, however, China has fallen short on every marker, prompting Chinese premier Wen Jiabao to renew efforts to curb 'energy-guzzlers' by further adjusting export rebates, levying more export tariffs and reducing export quotas.⁵⁶

Failure to achieve its target is partly attributable to an over-reliance on coal as a source of energy. Although approximately 75 per cent of China's electricity is generated from coal, as against 50 per cent for the United States,⁵⁷ environmental degradation is mitigated in its new coal-fired stations through state-of-the-art, emission-reducing supercritical boilers.⁵⁸ China has also pursued energy reduction through bilateral negotiations with the Japanese government—an April visit by Mr Wen led to an agreement whereby Japan will train 300 Chinese officials over the next three years and help establish pilot recycling projects.⁵⁹

A parallel strategy of energy diversification has increased Chinese economic and political influence in Africa. China's ExIm Bank currently funds some USD6 billion worth of African infrastructural projects.⁶⁰ Though Chinese officials view the loans as a means to poverty reduction and conflict prevention,⁶¹ G8 governments believe them to exacerbate Africa's debt burden.⁶² China's disregard of its investment targets' governance standards⁶³ undermines a key pledge made by G8 governments at St. Petersburg to promote 'good and responsible governance'.⁶⁴

Despite the West's suspicion of Chinese involvement in Africa, particularly in Sudan, its African diplomacy has been constructive. In October it voted in favour of a larger UN presence in Darfur, and has since pressed the Sudanese government to resolve the conflict.⁶⁵ In early May, the Chinese government followed this action by sending a special envoy to the region, displaying a commitment to Darfur the West has encouraged for years.⁶⁶

In broad conformity with the G8's declaration *Combating IPR Piracy and Counterfeiting*,⁶⁷ the Chinese government has worked to curb the production and distribution of counterfeit goods. On 15 July 2006, a 100-day crackdown on piracy began. 368 business licenses for audiovisual products were revoked and approximately 13 million pirated CDs, DVDs, and computer software programs confiscated.⁶⁸ Minister of

⁵⁵ 'Global Energy Security'. G8 Russia 2005|2006, (St. Petersburg), 16 July 2006. Date of Access: 28 May 2007. <http://en.g8russia.ru/docs/11.html>.

⁵⁶ 'Wen hits at failure to cut pollution'. *Financial Times*, (London), 9 May 2007. Date of Access: 27 May 2007.

⁵⁷ 'China and America need not be energy rivals'. *Financial Times* (London), 21 May 2007. Date of Access: 27 May 2007.

⁵⁸ 'China is making progress in its search for sustainable solutions'. *Financial Times*, (London), 14 May 2007. Date of Access: 26 May 2007.

⁵⁹ 'Beijing learns lessons from Tokyo's clean energy habits'. *Financial Times*, (London), 13 April 2007. Date of Access: 27 May 2007.

⁶⁰ 'Beijing promotes Africa ties ahead of talks'. *Financial Times*, (London), 16 May 2007. Date of Access: 27 May 2007.

⁶¹ 'Beijing promotes Africa ties ahead of talks'. *Financial Times*, (London), 16 May 2007. Date of Access: 27 May 2007.

⁶² 'Le G8 s'inquiète du surendettement de l'Afrique et épingle la China'. *Le Monde*, (Paris), 19 mai 2007. Date of Access: 19 May 2007. http://lemonde.fr/cgi-bin/ACHATS/990095.html?offre=ARCHIVES&type_item=ART_ARCH_30J&objet_id=990095.

⁶³ 'Anti-sleaze pact on oil must sign up China, say Germans'. *Financial Times*, (London), 13 April 2007. Date of Access: 25 May 2007.

⁶⁴ 'Update on Africa'. G8 Russia 2005|2006, (St. Petersburg), 16 July 2006. Date of Access: 26 May 2007. <http://en.g8russia.ru/docs/13.html>.

⁶⁵ 'Sudan: A hopeful wind of change'. *The Economist*, (London), 12 May 2007. Date of Access: 21 May 2007.

⁶⁶ 'Sudan: A hopeful wind of change'. *The Economist*, (London), 12 May 2007. Date of Access: 21 May 2007.

⁶⁷ 'Combating IPR and Counterfeiting'. G8 Russia 2005|2006, (St. Petersburg), 16 July 2006. Date of Access: 28 May 2007. <http://en.g8russia.ru/docs/15.html>.

⁶⁸ 'Black DVD Market Gets New Black Eyes'. *Beijing Review*, (Beijing), 7 December 2006. Date of Access: 28 May 2007. <http://www.bjreview.cn/EN/06-49-e/china-1.html>.

Commerce Bo Xilai stated unequivocally that the Chinese government “will show no mercy in the fight against IPR infringement”.⁶⁹

Prospects for Heiligendamm

Much as the economic crises of the seventies provided the impetus for a ‘global economic summit’ to determine international economic policy,⁷⁰ questions of global economic stability informed the German G8 presidency’s selected themes for the 2007 Heiligendamm Summit.⁷¹ With its rapid economic expansion and a proliferation of trade and investment ties, China should figure importantly during Heiligendamm meetings on investment, innovation, and sustainability.

The lacuna inhibiting successful implementation of Chinese government policies is weak enforcement. Thus, while China has mandated that 10 per cent of its energy be derived from renewables by 2020⁷² and continues to push its IPR regime into compliance with the World Trade Organization’s Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS),⁷³ G8 governments question whether Chinese commitment extends beyond rhetoric.

A G8 commitment to reduce global economic imbalances is an implicit condemnation of Chinese economic and monetary policy.⁷⁴ By holding approximately USD1 trillion in foreign exchange reserves, China underwrites a significant portion of the American current account deficit.⁷⁵ China’s recurrent trade surpluses in bilateral trade with the United States have encouraged ‘China-bashing’ among American policymakers. To cite *The Economist*, “congressmen from both parties have denounced the country as a currency manipulator, an illegal-export subsidiser, a violator of rights to intellectual property and all-round trade scoff-law”.⁷⁶ Taken to extremes, as it was in the (now withdrawn) Schumer-Graham bill, which proposed a 27.5 per cent tariff on all Chinese goods to offset the yuan’s “undervaluation”,⁷⁷ ‘China-bashing’ could create greater distortions to the global economy than those it wishes to correct. Nevertheless, the Chinese government is cautiously reformulating policy. On 18 May 2007, the People’s Bank of China widened the yuan’s daily trading band to 0.5 per cent against the US\$; the Bank referred to the move as “a step in its gradual reform of the exchange regime”.⁷⁸

Chinese economic expansion is welcome, not feared, in other parts of the world. Japan’s economy is closely linked with Chinese demand;⁷⁹ if sluggish Japanese growth is truly a G8 concern, there are few better palliatives than a growing Chinese economy. Similarly, insofar as Chinese investment in African

⁶⁹ ⁶⁹ ‘Black DVD Market Gets New Black Eyes’. *Beijing Review*, (Beijing), 7 December 2006. Date of Access: 28 May 2007. <http://www.bjreview.cn/EN/06-49-e/china-1.html>.

⁷⁰ ‘Background and history’. The Press and Information Office of the Federal Government, (Berlin). Date of Access: 28 May 2007. <http://www.g-8.de/Webs/G8/EN/Background/History/geschichtlicher-ueberblick.html>.

⁷¹ ‘Focuses of the German G8 presidency’. The press and Information Office of the Federal Government, (Berlin). Date of Access: 28 May 2007. <http://www.g-8.de/Webs/G8/EN/G8Summit/Agenda/agenda.html>.

⁷² ‘China’s Sunshine Boys’. *New York Times*, (New York), 6 December 2006. Date of Access: 26 May 2007.

⁷³ Joseph Massey (2006). ‘The Emperor Is Far Away: China’s Enforcement of Intellectual Property Rights Protection, 1986-2006’. *Chicago Journal of International Law* 7(1). Date of Access: 28 May 2007.

⁷⁴ ‘Focuses of the German G8 presidency’. The Press and Information Office of the Federal Government, (Berlin). Date of Access: 28 May 2007. <http://www.g-8.de/Webs/G8/EN/G8Summit/Agenda/agenda.html>.

⁷⁵ ‘China’s great wall of intransigence’. *Financial Times*, (London), 27 February 2007. Date of Access: 24 May 2007.

⁷⁶ ‘America’s fear of China’. *The Economist*, (London), 19 May 2007. Date of Access: 23 May 2007.

⁷⁷ ‘Lost in translation’. *The Economist*, (London), 19 May 2007. Date of Access: 23 May 2007.

⁷⁸ ‘China shifts on currency band ahead of US talks’. *Financial Times*, (London), 19 May 2007. Date of Access: 25 May 2007.

⁷⁹ ‘China’s rapid growth lifts yen’. *Financial Times*, (London), 20 April 2007. Date of Access: 24 May 2007.

infrastructural development benefits the local populace, it will inevitably aid in giving globalisation “a human face”.⁸⁰

Conclusion

The G8 expresses legitimate concern with respect to unconditional Chinese loans and their pernicious effects on governmental and commercial transparency in Africa.⁸¹ However, as the failure of prior commitments to Africa’s good governance demonstrates, there are no ready solutions to the problem. As in global trade, where its influence is undeniable, a politically assertive China must be meaningfully engaged in the G8’s program of African development to guarantee its success. And so must the G8 advise, rather than criticize, the Chinese government as to effective enforcement of its IPR laws. Though the extension of membership remains distant, one can reasonably speak of the existence of a G9, for no progress in the traditional fields of the world’s most exclusive club can be made without the participation of China.

⁸⁰ ““We aim to give globalisation a human face””. The Press and Information Office of the Federal Government, (Berlin), Date of Access: 28 May 2007. http://www.g-8.de/nn_92160/Content/EN/Artikel/2007/05/2007-05-24-merkel-regierungserklaerung-g8-heiligendamm_en.html.

⁸¹ ‘Anti-sleaze pact on oil must sign up China, say Germans’. *Financial Times*, (London), 13 April 2007. Date of Access: 25 May 2007.

Continuing the practice started by British Prime Minister Tony Blair at the 2005 Gleneagles Summit, German Chancellor Angela Merkel has invited the so-called “Plus-Fives”—India, China, South Africa, Brazil, and Mexico—to participate in discussions on major agenda items at the 2007 Heiligendamm Summit. Though all five countries have established themselves as “emerging powers,” India has quietly placed itself at the vanguard through an active and constructive diplomacy. Should the G8 canvass alternative viewpoints in efforts to address the most pressing international issues, the Indian government will be well placed to advance its proposals.

Economic developments

With a population exceeding 1 billion (and growing at 1.606 per cent per year⁸²) and a total GDP of USD4.287 trillion,⁸³ India is a truly global economic force. The world’s eleventh largest economy,⁸⁴ India has averaged over 7 per cent real GDP growth since 1994;⁸⁵ some analysts expect growth to reach 10 per cent in 2007.⁸⁶ According to a report by Goldman Sachs, India will overtake France, Italy and the United Kingdom to become the world’s fifth largest economy by 2025.⁸⁷ The same report predicts that, on current trends, India will become the world’s second largest economy behind China by 2050.

The USD796 billion economy is fueled primarily by information technology (IT), pharmaceutical, and business processing industries. India’s large pool of young, highly-skilled workers and increasing technical capacity has made it a major hub for scientific research and development.⁸⁸ In 2005-2006, turnover from the IT sector alone surpassed USD23 billion, while biogeneric production and contract services in the pharmaceutical industry amounted to USD8 billion.⁸⁹ International corporations have been eager to establish themselves in India’s growing economy; their increased investments have facilitated economic modernization.⁹⁰ Foreign direct investment (FDI) has grown by 100 per cent over the past two years to reach USD2.04 billion.⁹¹

Market-oriented reforms by the federal government have further boosted the Indian economy. Since confronting a balance of payments crisis in 1991, India has adopted several significant reforms aimed at liberalizing foreign investment and exchange regimes, reducing trade barriers, safeguarding intellectual property rights, and updating the financial sector. Prime Minister Manmohan Singh announced further plans to liberalize Indian fiscal policies in March 2006, saying, “Given the changes that have taken place

⁸² ‘India’. The World Factbook-Central Intelligence Agency, (Washington, D.C.), 17 April 2007. Date of Access: 10 May 2007. <https://www.cia.gov/cia/publications/factbook/geos/in.html>.

⁸³ ‘Country Briefings: India’. The Economist Online, (London), 27 April 2007. Date of Access: 9 May 2007. <http://economist.com/countries/India/profile.cfm?folder=Profile-FactSheet>.

⁸⁴ Economies were measured in terms of nominal GDP with currencies converted at market exchange rates. When ranked in terms of Purchasing Power Parity (PPP), India places 4th.

⁸⁵ ‘India’. The World Factbook-Central Intelligence Agency, (Washington, D.C.), 19 December 2006. Date of Access: 2 January 2007. <https://www.cia.gov/cia/publications/factbook/geos/in.html>.

⁸⁶ ‘India to Beat China in GDP Growth: Credit Suisse’. *The Financial Express*, (New Delhi), 13 December 2006. Date of Access: 03 January 2007. http://www.financialexpress.com/fe_full_story.php?content_id=148853.

⁸⁷ ‘Indian Economy “to Overtake UK”’. BBC News, (Delhi), 24 January 2007. Date of Access: 9 May 2007. http://news.bbc.co.uk/2/hi/south_asia/6294409.stm.

⁸⁸ ‘India in the Era of Economic Reforms’. *The Hindu Business Line*, (Madras), 28 January 2004. Date of Access: 6 January 2007. <http://www.thehindubusinessline.com/b110/stories/2004012800401000.htm>.

⁸⁹ ‘Competitiveness of the Indian Pharmaceutical Industry in the New Product Patent Regime’. Federation of Indian Chambers of Commerce and Industry, (New Delhi), March 2005. Date of Access: 8 May 2007. <http://www.ficci.com/studies/pharma.pdf>.

⁹⁰ ‘Background Note: India’. U.S. State Department – Bureau of South & Central Asian Affairs, (Washington, D.C.), December 2006. Date of Access: 4 January 2007. <http://www.state.gov/r/pa/ei/bgn/3454.htm>.

⁹¹ ‘Foreign Direct Investment’. India Brand Equity Foundation, (Gurgaon), 30 March 2007. Date of Access: 12 May 2007. <http://www.ibef.org/economy/fdi.aspx>.

over the past two decades, there is merit in moving towards fuller capital account convertibility within a transparent framework.”⁹²

Political developments

India must confront several obstacles before it can count itself among the world’s agenda-setters. The German presidency’s emphasis on economic liberalization and sustainable resource use bodes ill for India, as it is conspicuously absent from WTO negotiations and the Kyoto Protocol. India is one of the world’s worst polluters, emitting over 1.2 million tonnes of greenhouse gases in 1994, or approximately 15 per cent of emissions in the Asia Pacific region in that year.⁹³ Meanwhile, Prime Minister Singh’s attempts to streamline the financial sector and create a more investment-friendly business environment have been plagued by labour market rigidities, regulatory controls, bureaucratic corruption,⁹⁴ and political weakness.⁹⁵

There is also growing anxiety in the international community over India’s ongoing territorial disputes with Pakistan as well as its refusal to join the Nuclear Non-Proliferation Treaty (NPT). It is one of only eight states that have not signed the NPT, and has been censured in the past for conducting nuclear missile tests. A recent civil nuclear cooperation deal with US could collapse unless India agrees to stop its nuclear testing and prohibit spent fuel reprocessing.⁹⁶

Participation in international and regional organizations

India has consistently been a positive contributor to global initiatives, particularly within the United Nations organization (UN), where it ranks as the third contributor of military and civilian police personnel to peacekeeping missions.⁹⁷ In fact, India is currently being considered for a permanent seat in the UN Security Council. Britain and France have both publicly endorsed India’s bid, while Russian President Vladimir Putin called India “our candidate number one.”⁹⁸

India is also an active member of the World Trade Organization (WTO) and a central figure in powerful regional blocs. India is a leading member in the Association of South East Asian Nations (ASEAN), the South Asian Association for Regional Cooperation (SAARC), the South Asian Free Trade Agreement (SAFTA), the Group of 20 (G20), the Group of 33 (G33), and the Group of 77 (G77). India demonstrated leadership among non-G8 nations during the Doha Round of WTO trade negotiations, calling for the elimination of Western agricultural subsidies.

Developments since St. Petersburg

⁹² ‘India Plans to Remove Controls on the Rupee’. *Financial Times*, (London), 19 March 2006. Date of Access: 3 January 2007. <http://www.ft.com/cms/s/6ca3f4c0-b77e-11da-b4c2-0000779e2340.html>.

⁹³ ‘Sixth Compilation and Synthesis of Initial National Communications from Parties Not Included in Annex I to the Convention’. United Nations Framework Convention on Climate Change, (Geneva), 25 October 2005. Date of Access: 9 May 2007. <http://unfccc.int/resource/docs/2005/sbi/eng/18a02.pdf>.

⁹⁴ ‘Background Note: India’. U.S. State Department – Bureau of South & Central Asian Affairs, (Washington, D.C.), December 2006. Date of Access: 4 January 2007. <http://www.state.gov/r/pa/ei/bgn/3454.htm>.

⁹⁵ ‘India’s Architect of Reforms’. BBC News, (Delhi), 14 October 2005. Date of Access: 8 May 2007. http://news.bbc.co.uk/2/hi/south_asia/3725357.stm.

⁹⁶ ‘India says won’t be pressured on U.S. nuclear deal’. Reuters News (New Delhi), 23 April 2007. Date of Access: 12 May 2007. <http://www.reuters.com/article/worldNews/idUSDEL34393320070423>.

⁹⁷ ‘Ranking of Military and Police Contributions to UN Operations’. United Nations Department of Public Information, (New York), 31 March 2007. Date of Access: 6 May 2007. http://www.un.org/depts/dpko/dpko/contributors/2007/march07_2.pdf.

⁹⁸ ‘Putin Backs India’s UN Seat Bid’. BBC News, (London), 4 December 2004. Date of Access: 11 May 2007. http://news.bbc.co.uk/2/hi/south_asia/4069453.stm.

Though not bound by the same obligations as G8 members, India has taken steps over the past year to incorporate the policy principles of the 2006 summit in its national strategy, particularly with respect to alternative energy. Indian commercial and public electricity demands are predicted to double by 2015.⁹⁹ In order to meet its future economic needs, India has begun to shift its energy supply system away from conventional fossil fuel sources and toward the development of a civil nuclear program. Currently, three per cent of India's electricity is presently generated by nuclear power stations; India hopes to raise production seven-fold over the next years¹⁰⁰ and achieve "Energy Independence" by 2035.¹⁰¹

This ambitious program has been greatly aided by the United States, which passed legislation in December 2006 enabling the exchange of peaceful nuclear fuel and technology between the two countries.¹⁰² In May 2007, US State Department official Nicholas Burns traveled to India to finalize details on a deal allowing for the importation of foreign supplies of nuclear fuel and broader Indian participation in nuclear commerce.¹⁰³ Though the International Atomic Energy Agency (IAEA) welcomed the agreement as a sign of India becoming "an important partner in the non-proliferation regime,"¹⁰⁴ critics argue that such an accord undermines the value of the Nuclear Non-Proliferation Treaty (NPT). Nonetheless, India is poised to push ahead with its nuclear development program with 15 small and two medium-sized nuclear reactors in commercial operation, another six under construction, and three fast-breeder reactors scheduled to begin construction before 2020.¹⁰⁵

India has also improved access to health care and treatment of infectious diseases. In 2006, the government's budget for Aids control more than doubled, and the number of patients on anti-retroviral treatment tripled.¹⁰⁶ Similarly, India has worked with the World Health Organization (WHO) to increase HIV/TB surveillance and data management across the country, leading to a seven-fold reduction in the mortality rate of TB patients.¹⁰⁷ India has also begun to address its preparedness for future pandemics, specifically the avian influenza. On 28 July 2006, it hosted Health and Agriculture Ministers from 11 Asian countries to discuss shared mechanisms for medical response and to promote inter-state collaboration.¹⁰⁸

Prospects for Heiligendamm

India's status at Heiligendamm will be that of a "special guest observer." As at the Gleneagles and St. Petersburg summits, India will likely be asked to consult on a select few topics. Early indications from *Agence France Presse* suggest India and its fellow outreach countries will be allowed to participate in

⁹⁹ 'India Seeks to Expand Nuclear Power Capabilities'. PBS NewsHour, (Arlington, VA), 29 May 2007. Date of Access: 31 May 2007. http://www.pbs.org/newshour/bb/military/jan-june07/indiapower_05-29.html.

¹⁰⁰ 'India Seeks to Expand Nuclear Power Capabilities'. PBS NewsHour, (Arlington, VA), 29 May 2007. Date of Access: 31 May 2007. http://www.pbs.org/newshour/bb/military/jan-june07/indiapower_05-29.html.

¹⁰¹ 'India's Nuclear Power: Assisting Energy Independence or Dangerous Experiment?'. EcoWorld Inc, (Fair Oaks, CA), 9 September 2006. <http://www.ecoworld.com/home/articles2.cfm?tid=402>.

¹⁰² 'Briefing Paper 45: Nuclear Power in India, Uranium Information Centre'. (Melbourne), May 2007. Date of Access: 01 June 2007. <http://www.uic.com.au/nip45.htm>.

¹⁰³ 'US and India seal nuclear accord'. *BBC News Online Edition*, (London), 2 March 2006. Date of Access: 31 May 2007. http://news.bbc.co.uk/2/hi/south_asia/4764826.stm.

¹⁰⁴ 'Press Release: IAEA Director General Welcomes US and India Nuclear Deal'. International Atomic Energy Agency, (Vienna), 2 March 2006. Date of Access: 01 June 2007. <http://www.iaea.org/NewsCenter/PressReleases/2006/prn200605.html>.

¹⁰⁵ 'Briefing Paper 45: Nuclear Power in India, Uranium Information Centre'. (Melbourne), May 2007. Date of Access: 1 June 2007. <http://www.uic.com.au/nip45.htm>.

¹⁰⁶ 'Country Profile: India, Joint United Nations Programme on HIV/AIDS'. (Geneva), 22 April 2007. Date of Access: 1 June 2007. http://www.unaids.org/en/Regions_Countries/Countries/india.asp.

¹⁰⁷ 'Communicable Diseases and Disease Surveillance: Tuberculosis, World Health Organization'. (Geneva), 23 March 2007. Date of Access: 1 June 2007. <http://www.whoindia.org/en/Section3/Section123.htm>.

¹⁰⁸ 'Communicable Diseases and Disease Surveillance: Avian Influenza'. World Health Organization, (Geneva), 28 July 2006. Date of Access: 02 June 2007. http://www.whoindia.org/en/Section3/Section217_1249.htm.

discussions on intellectual property rights (IPR), rules governing working conditions, and climate change.¹⁰⁹

India has a significant role to play in discussions on climate change and sustainable resource use. Its continued refusal to join the Kyoto Protocol and commit to reducing emissions prompted German sherpa Bernd Pfaffenbach to encourage emerging economies to play a more “positive role” in the fight against climate change: “A country such as India could improve its international image by being seen to act”.¹¹⁰ Though it has so far demurred, India’s political ambitions within the international community may lead to sizeable concessions at Heiligendamm.

The *Sueddeutsche Zeitung* reported that Germany will seek to engage India and other developing countries in a structured dialogue about intellectual property rights (IPR) enforcement and strengthened and standardized rules against the trade of falsified products.¹¹¹ India’s relatively weak patent laws have adversely affected international pharmaceutical and chemical companies, causing losses of more than USD450 million to trademark piracy.¹¹² However, India has long maintained that developing nations should not be held to the same standards as their industrialized counterparts. The Indian government has continually asserted that any further IPR changes must be state-specific.¹¹³ India’s involvement in further negotiations at Heiligendamm will be vital to finally establishing a more robust international IPR protection system.

As part of an initiative known as the “Heiligendamm Process,” Germany has allowed the Plus-Five countries to attend ministerial meetings previously reserved for fully-integrated members. On 9 February 2007, India and its fellow outreach nations were guests at the working dinner of the G7 Finance Ministers meeting in Essen. They also attended the meeting of G8 Ministers for development cooperation in Berlin on the 26-27 March 2007, and are expected to be present at the foreign ministers meeting in Potsdam at the end of May.

Conclusion

India’s size, population, and geopolitical position have not only made it a leader in regional affairs, but also an increasingly vital partner in international decision-making. Its ability to influence the global agenda prompted British Prime Minister Tony Blair to deem India’s formal inclusion into the G8 “crucial.”¹¹⁴ Other G8 leaders have also been receptive to the idea of an expanded group. Russian President Vladimir Putin invited India and China to a pre-summit meeting in 2006 where he stated that the interests of the three countries were “practically identical”¹¹⁵ and that Russia would “of course support” any proposal to include India in the group.¹¹⁶ Other G8 leaders have found it increasingly

¹⁰⁹ ‘Germany’s G8: dialogue with new eco players and rewards for Africa’. *Agence France Presse*, (Paris), 18 October 2006. Date of Access: 5 January 2007.

http://www.spacewar.com/reports/German_G8_Dialogue_With_New_Economic_Players_And_Rewards_For_Africa_999.

¹¹⁰ Berlin presses for emerging nations’ role at G8 summits, *Financial Times*, (London), 25 January 2007. Date of Access: 30 May 2007. <http://search.ft.com/ftArticle?queryText=berlin+presses+for&y=0&aje=false&x=0&id=070125000838>.

¹¹¹ ‘Vertrauliches Programm für den Weltwirtschaftsgipfel 2007’. *Sueddeutsche Zeitung*, (Munich), 15 October 2006. Date of Access: 1 June 2007. www.sueddeutsche.de/wirtschaft/artikel/758/88670/.

¹¹² ‘Intellectual property rights in India’. OnTrack Systems India, (Kolkata), 30 January 2007. Date of Access: 2 June 2007. <http://indiaonestop.com/markets-intellectual-prop-rights.htm>.

¹¹³ ‘Intellectual property rights in India’. OnTrack Systems India, (Kolkata), 30 January 2007. Date of Access: 2 June 2007. <http://indiaonestop.com/markets-intellectual-prop-rights.htm>.

¹¹⁴ ‘Recast G8 as G13 with India, China: Blair’. *The Times of India*, (New Delhi), 13 July 2006. Date of Access: 4 January 2007. <http://timesofindia.indiatimes.com/articleshow/1767617.cms>.

¹¹⁵ ‘Major Diplomatic Gains at G8 for India’. *Times of India*, (New Delhi), 18 July 2006. Date of Access: 2 January 2007. <http://timesofindia.indiatimes.com/articleshow/1772694.cms>.

¹¹⁶ ‘Putin to Back G8 Expansion to Include India’. *The Times of India*, (New Delhi), 16 July 2006. Date of Access: 3 January 2007. <http://timesofindia.indiatimes.com/articleshow/1767615.cms>.

difficult to disregard the reality of India's emergence on the world stage. In 2004, then Italian Prime Minister Silvio Berlusconi said, "It doesn't make sense for us to talk about the economy of the future without the two countries (India and China) that are protagonists on the world stage."¹¹⁷

However, India's admission into the G8 would entail an exit from the G77, much as Mexico was forced to quit the group in 1994 following its accession to the Organization of Economic Cooperation and Development (OECD). Though a final decision remains distant, India must carefully weigh its options and determine what it is willing to sacrifice for a place beside the world's wealthiest nations. Even outside the Group, as it has proved during Doha Round negotiations, its influence on global economic and political affairs will continue to grow.

¹¹⁷ 'G8 May Become G10 as India, China Tipped to Get In'. The Tribune Online Edition, (Chandigarh), 11 June 2004. Date of Access: 6 January 2006. <http://www.tribuneindia.com/2004/20040612/biz.htm#1>.

Former Mexican President Vicente Fox once announced 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.”¹¹⁸ Though Mr Fox’s term of office has ended, his successor, Felipe Calderón, is thought to share this view. A petroleum exporter with membership in the ‘G5’ and NAFTA, as well as a candidate for membership in Mercosur, Mexico occupies a unique position in the global economy. Whether it can effectively present its point of view in international fora is a function of both its political and economic development, as well as its participation in the international arena. An examination of the profound changes experienced by the state during the 2006-2007 Summit cycle will assess the viability and prospects of its membership.

Economic developments

OECD forecasts held Mexico’s 2006 economic growth at 4.7%.¹¹⁹ Mr Calderón’s government ended the year with a budget surplus approaching 0.3% of GDP. Yet the economy is relatively fragile. Remittances stand at US\$21 billion, the country’s second source of income. Petroleum reserves, the very reason for the budget surplus, have been diminishing rapidly, spurring Mexico to encourage greater foreign investment and expand exports.¹²⁰

Many of the protests following the election centered on the scarcity of employment opportunities and income inequality. President Calderón expressed his wishes to increase the competitiveness of Mexico’s economy through job creation, legislation of a lower, flat income tax rate, and lifting restrictions on private investment in the electricity and oil industries.¹²¹ Job creation is seen as a panacea: Mr Calderón believes that his government’s economic reforms will attract the foreign investment required to stem Mexican emigration and alleviate disputes with the United States.¹²² It is hoped that increased investment will create competition in monopolistic industries and lessen the impact of the American business cycle on the economy.

In early 2007 a white maize shortage and a subsequent rise in the price of corn tortillas, a dietary staple, exposed the worst failings of the Mexican economy. Mexico’s poor, especially those residing in rural states, bore the brunt of this price increase, allowing the PAN-PRD cleavage to re-emerge.¹²³ President Calderón reacted by approving a large increase in the corn import quota, and by instituting price ceilings. Mr Calderón also initiated investigations into the anti-competitive actions of the cornmeal monopolies. These actions stem from general concerns that the Mexican economy will never be globally competitive unless it dismantles the public and private monopolies undermining economic growth.

Political Developments

¹¹⁸ ‘G8 and British PM Tony Blair’s Initiative’. *Budapest Business Journal*, 14 August 2006.

¹¹⁹ ‘Felipe Calderon takes oath of office in chaotic ceremony – New president makes two controversial cabinet appointments’. SourceMex Economic News & Analysis on Mexico, (Mexico), 6 December 2006. Date of Access: 17 May 2007. <http://www.allbusiness.com/north-america/mexico/3978901-1.html>.

¹²⁰ ‘Mexico’s Disputed Election.’ *Foreign Affairs* 85(5). Date of Access: 17 May 2007.

<http://www.foreignaffairs.org/20060901faessay85507/luis-rubio-jeffrey-davidow/mexico-s-disputed-election.html>.

¹²¹ ‘Mexico’s Calderon: To move to Center, Calls for Unity’. Market News International, 6 September, 2006. Date of Access: 20 December 2006.

¹²² ‘For Mexico’s president-elect, close win was the easy part’. *The Seattle Times*, (Seattle), 6 September, 2006. Date of Access: 17 May 2007.

¹²³ ‘Mexico’s economy: Tortillas and monopoly power’. *Economist*, (London), 19 January 2007. Date of Access: 12 May 2007. http://www.economist.com/displayStory.cfm?story_id=8575130.

The hotly contested July 2006 presidential election buffeted Mexico's young democracy and has since coloured its development.¹²⁴ *Partido Acción Nacional* (PAN) candidate Felipe Calderón defeated his *Partido de la Revolución Democrática* (PRD) rival Andrés Manuel López Obrador by 0.5% of the popular vote. There followed a 64-day impasse, with Mr López Obrador's supporters occupying government buildings and Mr López Obrador himself decrying a fraudulent election and launching a "parallel government" in a mock swearing-in ceremony. The Federal Electoral Court ruled in favour of Mr Calderón, finding little evidence of purported improprieties.¹²⁵

Against the backdrop of political upheaval, President Calderón pledged to make progress on law enforcement, job creation, and promotion of equality.¹²⁶ He has also vowed to fight poverty, crime, and unemployment, unveiling an austerity package a 10% pay decrease for high-ranking government officials; the savings will be spent on social programs.¹²⁷ Mexico's poor record of job creation has sent many of the one million new job-seekers north of the border, resulting heightening tensions with the United States.¹²⁸ While maintaining its autonomy stance from the United States, Mr Calderón has pledged to help with the US combating drug trafficking and monitoring potential terrorist activity.¹²⁹

Desired—and necessary—reforms are impeded by the long shadow of the presidential election. It has become evident that political stability depends absolutely on narrowing the gap between rich and poor. Mr Calderón's ability to eliminate tax and regulatory breaks enjoyed by big business has become a criterion for evaluating his success in preserving a democratic state.¹³⁰ Thus, President Calderón's original agenda is only gradually being realized as he gains credibility with Mr López Obrador's supporters. Mr Calderón's early statement—that he would "bring about the dialogue that will resolve the difference"¹³¹—seems to have become a governing maxim.

Involvement in international and regional organizations

Mexico has faced difficulty in recent years maintaining strong leadership within Latin America.¹³² Compared to other emerging economies such as Brazil, China, or India, Mexico is vastly underrepresented in the international arena.¹³³ However, in October 2006, Mexico did host a meeting of energy and environment ministers from twenty of the world's most polluting nations on global climate change.¹³⁴ The meeting focused on low carbon technologies and the economic challenges of climate change,¹³⁵ and had as its main purpose the creation of a framework for mitigating climate change upon the

¹²⁴ 'A New Politics for Latin America?' *America* **195**(20), (Washington, D.C.), 18-25 December 2006. Date of Access: 17 May 2007.

¹²⁵ 'Why Mexico Keeps Burning'. *Time Canadian Edition* **168**(11), (New York, N.Y.), 11 September 2006. Date of Access: 17 May 2007.

¹²⁶ 'President-Elect Stresses Job, Equality in Reform Plan'. *Dow Jones International News* (Mexico City), 10 October 2006.

¹²⁷ 'Mexican Court Declares Calderon President-Elect'. *Washington Post*, (Washington, D.C.), 6 September 2006. Date of Access: 17 May 2007.

¹²⁸ 'No Honeymoon for Mexico's Calderon'. *The Wall Street Journal*, (New York), 26 November 2006.

¹²⁹ 'For Mexico's president-elect, close win was the easy part'. *The Seattle Times*, (Seattle), 6 September, 2006. Date of Access: 17 May 2007.

¹³⁰ 'For Mexico's president-elect, close win was the easy part'. *The Seattle Times*, (Seattle), 6 September, 2006. Date of Access: 17 May 2007.

¹³¹ 'Calderon seeks allies to rule divided Mexico'. *The Financial Express*, (Mumbai), 8 September 2006. Date of Access: 17 May 2007. http://www.financialexpress-bd.com/index3.asp?cnd=9/8/2006§ion_id=26&newsid=37072&spcl=no.

¹³² 'The Populist Persuasion'. *Wall Street Journal*, (New York), 29 December 2006. Date of Access: 17 May 2007.

¹³³ 'Brazil is Latin American Leader in Foreign Relations Instead of Mexico'. *Noticias Financieras*. 9 August 2004.

¹³⁴ 'Mexico Involved in Debate over Global Climate Change'. SourceMex Economic News & Analysis on Mexico, (Mexico), 12 March 2007. Date of Access: 17 May 2007. <http://www.allbusiness.com/north-america/mexico/3897267-1.html>.

¹³⁵ 'Mexico's Paradox'. *Time Canadian Edition* **168**(21), 13 November 2006. Date of Access: 17 May 2007. <http://www.time.com/time/globalbusiness/article/0,9171,1558306,00.html>.

expiration of the Kyoto Protocol in 2012.¹³⁶ This was an extension of the Gleneagles Dialogue that began in July 2005 as a subsection of the G8 Summit.¹³⁷ The meeting was a pivotal opportunity for developing countries, especially Mexico, to facilitate the transfer of environmentally friendly technologies from industrialized countries to its poorer neighbours.¹³⁸

Mexico has also formally requested and expressed “interest[s] in being considered for an associated membership of Mercosur.” Mercosur, or Common Market of the South, is South America’s biggest trade bloc and promoter of regional integration.¹³⁹ Mexico has held observer status since 2004 and has been working on a free trade agreement, the first between the bloc and an outside nation.¹⁴⁰ Advances are limited by Mexico’s NAFTA membership; Mercosur prohibits members from participating in free trade agreements with non-members.¹⁴¹

Progress since St. Petersburg

Felipe Calderón, sworn in as Mexico’s President on 2 December 2006, announced that environmental sustainability would be one of the government’s five main priorities.¹⁴² On 20 February 2007 Mr Calderón launched the Pro-Tree Program, through which the Mexican government will invest over six billion pesos in environmental programs.¹⁴³ Mexico has also promoted environmentally-friendly housing, with solar water heaters and solar batteries that provide electric energy.¹⁴⁴ These initiatives are part of a broader national climate change strategy advocating action across all economic fields.¹⁴⁵

On 25 May 2007, Mexico released a climate change that fuses the Green Agenda (vegetation and land use) and the Gray Agenda (energy generation and use).¹⁴⁶ The plan has been criticized for its lack of strict greenhouse gas emission reduction goals. According to Greenpeace spokeswoman Cecilia Navarro, “Unfortunately the plans are very ambiguous, there is no concrete methodology, no measurable goals. It is not enough.”¹⁴⁷

¹³⁶ ‘Mexico’s Paradox’. *Time Canadian Edition* 168(21), 13 November 2006. Date of Access: 17 May 2007. <http://www.time.com/time/globalbusiness/article/0,9171,1558306,00.html>.

¹³⁷ ‘Mexico Involved in Debate over Global Climate Change’. SourceMex Economic News & Analysis on Mexico, (Mexico), 12 March 2007. Date of Access: 17 May 2007. <http://www.allbusiness.com/north-america/mexico/3897267-1.html>.

¹³⁸ ‘Mexico Involved in Debate over Global Climate Change’. SourceMex Economic News & Analysis on Mexico, (Mexico), 12 March 2007. Date of Access: 17 May 2007. <http://www.allbusiness.com/north-america/mexico/3897267-1.html>.

¹³⁹ ‘Mercosur summit ends, pledging further regional integration’. *People’s Daily Online*, 22 July 2006. Date of Access: 17 May 2007. http://english.people.com.cn/200607/22/eng20060722_285611.html.

¹⁴⁰ ‘Mercosur summit ends, pledging further regional integration’. *People’s Daily Online*, 22 July 2006. Date of Access: 17 May 2007. http://english.people.com.cn/200607/22/eng20060722_285611.html.

¹⁴¹ ‘Mercosur summit ends, pledging further regional integration’. *People’s Daily Online*, 22 July 2006. Date of Access: 17 May 2007. http://english.people.com.cn/200607/22/eng20060722_285611.html.

¹⁴² ‘Mexico announces climate change strategies’. Mexidata, (Mexico City), 28 May 2007. Date of Access: 4 June 2007. <http://www.mexidata.info/id1385.html>.

¹⁴³ ‘President Calderon during National Presentation of Pro-Tree Program’. Presidency of the Republic, (Mexico City), 20 February 2007. Date of Access: 4 June 2007. <http://www.presidencia.gob.mx/en/press/?contenido=29081>.

¹⁴⁴ ‘Mexico announces climate change strategies’. Mexidata, (Mexico City), 28 May 2007. Date of Access: 4 June 2007. <http://www.mexidata.info/id1385.html>.

¹⁴⁵ ‘Estrategia Nacional de Cambio Climático 2007’. Secretaría de Medio Ambiente y Recursos Naturales, (Mexico). Date of Access: 4 June 2007. http://www.semarnat.gob.mx/Documents/Estrat_nal_Sintesis.pdf.

¹⁴⁶ ‘Mexico announces climate change strategies’. Mexidata, (Mexico City), 28 May 2007. Date of Access: 4 June 2007. <http://www.mexidata.info/id1385.html>.

¹⁴⁷ ‘Mexico avoids gas emission targets in climate plan’. MSNBC, (Mexico City), 25 May 2007. Date of Access: 4 June 2007. <http://www.msnbc.msn.com/id/18869765>.

Prospects for Heiligendamm

As a member of the G5, Mexico can be expected to play a role on the priority issues of the 2007 summit. According to *El Universal*, German Chancellor Angela Merkel invited Mexican, as well as Chinese, Indian, South African, and Brazilian, participation in climate change discussions in order to broaden support for the German plan.¹⁴⁸ Mexico's national climate change strategy outlines a post-Kyoto regime establishing differentiated targets according to each country's levels of economic and industrial development which, though not a complete adoption of the projected German plan, might provide grounds for compromise.¹⁴⁹

On 27 March 2007, Mexico was invited to discuss development plans at the G8 Development Cooperation Ministerial.¹⁵⁰ This is part of the German G8 Presidency's plan for a "global partnership" in fighting poverty and encouraging growth.

Civil society engagement has focused governmental attention on health issues. A delegation of indigenous activists attended the XVI International AIDS Conference from 13-18 August 2006 in Toronto.¹⁵¹ They called for more "culturally-based" AIDS awareness campaigns, treatment methods, and prevention strategies.¹⁵² This perspective is shared with many African HIV/AIDS campaigners, and might be advanced by Mexican representatives in discussions of the African and Southern developmental agendas.

Conclusion

By implementing G8-advocated reforms, Mexico has enhanced its competitiveness and addressed some pressing social questions. Should the 'Heiligendamm Process' be implemented as expected, Mexican proposals for the mitigation of climate change could be welcomed as a genuine alternative to competing European and American initiatives. Insofar as many social questions in Mexico revolve around the effects of globalization, any opportunity to seize a greater role in its evolution will be seized upon.

¹⁴⁸ 'Temen falta de acuerdo en G8'. *El Universal*, (Mexico City), 25 mayo 2007. Date of Access: 4 June 2007. <http://www.eluniversal.com.mx/internacional/54311.html>.

¹⁴⁹ 'Estrategia Nacional de Cambio Climático 2007'. Secretaría de Medio Ambiente y Recursos Naturales, (Mexico). Date of Access: 4 June 2007. http://www.semarnat.gob.mx/Documents/Estrat_nal_Sintesis.pdf.

¹⁵⁰ 'G8 Development Cooperation Ministerials'. G8 Research Group, (Toronto), 27 March 2007. Date of Access: 4 June 2007. http://www.g7.utoronto.ca/development/chair_summary_070327.html.

¹⁵¹ 'Indigenous people discuss unique approaches to HIV/AIDS'. *Anglican Journal*, (Toronto), October 2006. Date of Access: 4 June 2007.

¹⁵² 'Indigenous people discuss unique approaches to HIV/AIDS'. *Anglican Journal*, (Toronto), October 2006. Date of Access: 4 June 2007.

Since 1994, when presidential elections returned the African National Congress's (ANC) Nelson Mandela as the country's first post-apartheid president, South Africa has prided itself on robust economic development and a commitment to democracy. This has earned praise from the West, which sees the government in Pretoria as a valuable ally in regional and global ventures.

As with any 'emerging' economy, socioeconomic inequality plagues South Africa. Steps taken to narrow the gaps broadly conform to G8 objectives: Greater financial sector transparency in has further boosted an economy enjoying a windfall from rising natural resource prices. This boon has facilitated the implementation of a program of black economic empowerment (BEE) devised to reduce lingering white domination in business.

Impressive economic stewardship has not translated directly to social welfare; rates of HIV/AIDS infection remain stubbornly high, and President Thabo Mbeki and the ruling ANC have proven unwilling to raise awareness of the problem and to adequately address it. Nevertheless, the successful implementation of the G8's African objectives requires cooperation from a stable and engaged South Africa.

Economic developments

According to a National Treasury press release dated 8 September 2006, the International Monetary Fund (IMF), has "given a thumbs-up to the South African economy despite...global volatility".¹⁵³ The Article IV Staff Report, conducted annually for the fund's member countries, projected economic growth of 4.2 per cent for South Africa in year 2006-2007.¹⁵⁴ The report concludes that the IMF is "broadly supportive" of the fiscal policies undertaken by the South African government, finding the South African economy "well-capitalized".¹⁵⁵

On 11 October 2006, South African Minister of Finance Trevor Manuel introduced the Mineral and Petroleum Resources Royalty Bill to parliament; it was quickly adopted. The Bill aims to stimulate investment in the mining sector by reducing the royalty rate on natural resources.¹⁵⁶ The Diamonds Export Levy Bill, amended in the same month, reduces the export levy on rough diamonds to five per cent from fifteen per cent in order to "support the local beneficiation" of rough diamonds.¹⁵⁷

On 8 May 2007, the South African government announced an Exchange and Tender Offer to enhance the profile of its international debt.¹⁵⁸ This will allow holders of the Republic's four U.S. dollar-dominated bonds in 2009-2017 to exchange them for a new U.S. dollar-dominated bond or tender for cash. This

¹⁵³ Media Statement by the National Treasury, (Pretoria), 8 September 2006. Date of Access: 5 January 2007. <http://www.treasury.gov.za/press/other/2006090801.pdf>.

¹⁵⁴ Media Statement by the National Treasury, (Pretoria), 8 September 2006. Date of Access: 5 January 2007. <http://www.treasury.gov.za/press/other/2006090801.pdf>.

¹⁵⁵ Media Statement by the National Treasury, (Pretoria), 8 September 2006. Date of Access: 5 January 2007. <http://www.treasury.gov.za/press/other/2006090801.pdf>.

¹⁵⁶ Media Statement by the National Treasury, (Pretoria), 11 October 2006. Date of Access: 5 January 2007. <http://www.treasury.gov.za/press/other/2006101103.pdf>.

¹⁵⁷ Media Statement by the National Treasury, (Pretoria), 11 October 2006. Date of Access: 5 January 2007. <http://www.treasury.gov.za/press/other/2006101103.pdf>.

¹⁵⁸ Press Release by the National Treasury: Republic of South Africa Announces Exchange and Tender Offer, (Pretoria), 16 March 2007. Date of Access: 5 May 2007. <http://www.treasury.gov.za/>.

transaction will enhance the maturity profile of the Republic's international bond while having no impact on the real amount of its debt.¹⁵⁹

South Africa's foreign currency rating has been increased to A- with a stable outlook by the Rating and Investment Information Rating Agency in Japan.¹⁶⁰ This "A" rating is a result of the government's continuous efforts to "strengthen economic growth on sound macroeconomic, fiscal and monetary policies, debt management and expansion in public expenditure".¹⁶¹

Political developments

South Africa has greatly advanced objectives stated by the G8 at St Petersburg. On 5 July 2006, the government publicly supported and committed to the Global Fund, directed at providing funds for African countries to combat HIV/AIDs.¹⁶² Currently, South Africa finances 90% of its Comprehensive HIV and AIDS plan through domestic funding. Though South Africa's budget allocation for combating infectious disease has tripled over the last four years, it committed an additional 1 million rand in fiscal year 2006 for health security goals.¹⁶³

The South African government established ties with Namibia and China in November 2006.¹⁶⁴ In September 2007, South Africa will host the third Component Centre of the International Centre for Genetic Engineering and Biotechnology at the University of Cape Town. This centre aims to develop solutions facing the developing world today, including HIV and AIDS, malaria, tuberculosis, and sustainable agriculture.¹⁶⁵

Involvement in international and regional organizations

In August 2006, South Africa chaired the South Africa-Rwanda Joint Commission of Cooperation, aiming to stabilize the region. To demonstrate its commitment to the Non-Aligned Movement, South Africa attended the XIV Summit Conference of the Non-Aligned Movement in Havana, Cuba, in September 2006.¹⁶⁶ On 13 October 2006, South Africa was elected Chair of the Nuclear Suppliers Group.¹⁶⁷

Varied diplomatic engagement reflects South Africa's position as Africa's healthiest democracy and economy. Despite its relative wealth, the South African government has long advocated reform to the world's institutions. On 21 November 2006, Minister Manuel stated that South Africa hopes to "take the

¹⁵⁹ Press Release by the National Treasury: Republic of South Africa Announces Exchange and Tender Offer, (Pretoria), 16 March 2007. Date of Access: 5 May 2007. <http://www.treasury.gov.za/>.

¹⁶⁰ Media Statement by the National Treasury, (Pretoria), 22 December 2006. Date of Access: 6 January 2007. <http://www.treasury.gov.za/press/other/2006122201.pdf>.

¹⁶¹ Media Statement by the National Treasury, (Pretoria), 22 December 2006. Date of Access: 6 January 2007. <http://www.treasury.gov.za/press/other/2006122201.pdf>.

¹⁶² Statement by the Ministry of Health, (Pretoria), 4 July 2006. Date of Access: 4 January 2007. <http://www.info.gov.za/speeches/2006/06070414151002.htm>.

¹⁶³ Statement by the Ministry of Health, (Pretoria), 4 July 2006. Date of Access: 4 January 2007. <http://www.info.gov.za/speeches/2006/06070414151002.htm>.

¹⁶⁴ Statement by the Department of Foreign Affairs, (Pretoria), 2 January 2007. Date of Access: 5 January 2007. <http://www.info.gov.za/speeches/2007/07010308151001.htm>.

¹⁶⁵ Statement by the Department of Foreign Affairs, (Pretoria), 3 May 2007. Date of Access: 5 May 2007. <http://www.info.gov.za/speeches/2007/07050311151002.htm>.

¹⁶⁶ Statement by the Department of Foreign Affairs, (Pretoria), 2 January 2007. Date of Access: 5 January 2007. <http://www.info.gov.za/speeches/2007/07010308151001.htm>.

¹⁶⁷ Statement by the Department of Foreign Affairs, (Pretoria), 2 January 2007. Date of Access: 5 January 2007. <http://www.info.gov.za/speeches/2007/07010308151001.htm>.

discussion forward, deepen it and lay a basis for new resolutions (for) the reform of the World Bank and IMF," as the next chair of the G-20.¹⁶⁸

On 2 January 2007, South Africa assumed a non-permanent seat on the UN Security Council.¹⁶⁹ On 10 January 2007, Dlamini Zuma, South Africa's Minister of Foreign Affairs, handed over South Africa's Chairpersonship of G-77+China to Pakistan at UN Headquarters.¹⁷⁰ Minister Zuma's comments on South Africa's commitment to the multilateral system of global governance are noteworthy: "In pursuance thereof, South Africa will strive in conjunction with the African Union, to create synergies between the work of the African Union Peace and Security Council and the UN Security Council with a view to the prevention of outbreaks of violence and conflict in the continent of Africa."¹⁷¹

On 16 March 2007, the South African government joined the International Finance Facility for Immunization (IFFIm), becoming the seventh-largest donor after France, Italy, Norway, Spain, Sweden and the United Kingdom.¹⁷² South Africa is the first emerging market economy to join this initiative, providing some USD20 million for immunization and health projects in developing countries.¹⁷³

Developments since St. Petersburg

The South African government's support for G8 objectives centres on the pursuit and maintenance of peace and stability on the African continent.¹⁷⁴ As a multi-racial 'rainbow' nation, South Africa provides an exemplar for other African countries and is considered a major strategic partner for G8 member-states in Africa.¹⁷⁵ As part of the Consolidation of the African Agenda, the South African government continues to forge and concretise partnerships with developed countries "with a view to pushing the frontiers of poverty and under-development through NEPAD".¹⁷⁶

South African officials continually stress the special needs of Africa, which, as Deputy Minister of Foreign Affairs Aziz Pahad states, "must be recognised by all as the most urgent global priority confronting humanity in this century".¹⁷⁷ Its regional diplomacy seeks to catalyse further political and economic integration on the continent. From 8-10 May 2007, Foreign Minister Dlamini Zuma hosted an

¹⁶⁸ South Africa to Push for World Bank, IMF Reforms as G20 Chair, International Business Times, (London), 22 November 2006. Date of Access: 6 January 2007. <http://www.ibtimes.com/articles/20061122/south-africa-to-push-for-world-bank-imf-reforms-as-g20-chair.htm>.

¹⁶⁹ Statement by the Department of Foreign Affairs, (Pretoria), 2 January 2007. Date of Access: 5 January 2007. <http://www.info.gov.za/speeches/2007/07010308151001.htm>.

¹⁷⁰ Statement by the Department of Foreign Affairs, (Pretoria), 2 January 2007. Date of Access: 5 January 2007. <http://www.info.gov.za/speeches/2007/07010308151001.htm>.

¹⁷¹ Statement by the Department of Foreign Affairs, (Pretoria), 2 January 2007. Date of Access: 5 January 2007. <http://www.info.gov.za/speeches/2007/07010308151001.htm>.

¹⁷² Press Release by the National Treasury: South Africa joins IFFIm, (Pretoria), 16 March 2007. Date of Access: 5 May 2007. <http://www.treasury.gov.za/>.

¹⁷³ Press Release by the National Treasury: South Africa joins IFFIm, (Pretoria), 16 March 2007. Date of Access: 5 May 2007. <http://www.treasury.gov.za/>.

¹⁷⁴ 'Update on Africa'. G8 Russia 2005|2006, (St. Petersburg), 16 July 2006. Date of Access: 29 May 2007. <http://en.g8russia.ru/docs/13.html>.

¹⁷⁵ 'Prime Minister Tony Blair to Visit South Africa'. Department of Foreign Affairs, Republic of South Africa, (Pretoria), 27 May 2007. Date of Access: 29 May 2007. <http://www.dfa.gov.za/docs/2007/uk0527.htm>.

¹⁷⁶ 'Minister Dlamini Zuma to deliver Foreign Relations Budget Speech'. Department of Foreign Affairs, Republic of South Africa, (Cape Town), 27 May 2007. Date of Access: 28 May 2007. <http://www.dfa.gov.za/docs/2007/budget0527.htm>.

¹⁷⁷ 'Towards an African Identity Characterized by Peace, Democracy And Development Through Partnerships by Deputy Minister Aziz Pahad, Durban, 23 May 2007'. Department of Foreign Affairs, Republic of South Africa, (Durban), 23 May 2007. Date of Access: 28 May 2007. <http://www.dfa.gov.za/docs/speeches/2007/paha0524.htm>.

AU Foreign Ministers Retreat and Executive council meeting.¹⁷⁸ There, African Union Foreign Ministers deliberated upon and made recommendations to the Summit of the AU Heads of State and Government scheduled for Accra, Ghana in July.¹⁷⁹

South African policy *vis-à-vis* developments in Sudan has been articulated in meetings of the UN Security Council and the AU, as well as through unilateral declarations. In a 13 April interview with SABC Africa, President Thabo Mbeki emphasised “the need for countries that had pledged donations...to honour their pledges.”¹⁸⁰ As chair of the of the post-conflict reconstruction committee, the South African government undertook to address issues of non-compliance with the donors, among them G8 members.¹⁸¹

Beyond its strong commitment to African peace and stability, the South African government has also renewed its advocacy of the multilateral-treaty system of the Chemical Weapons Convention (CWC), evidence of its pursuit of disarmament and non-proliferation.¹⁸² South African support is particularly visible in its promotion of the Organisation for the Prohibition of Chemical Weapons’ (OPCW) international cooperation programmes.¹⁸³

Prospects for Heiligendamm

South African participation at Heiligendamm, as at St. Petersburg, will focus primarily on the consolidation of the African developmental agenda as enunciated at the 2005 Gleneagles Summit.¹⁸⁴ The government’s representatives will appeal to G8 leaders to focus on implementation rather than rhetorical commitment. As noted on the South African Department of Foreign Affairs website, “the G8 and its developmental partners must assess the movement in terms of the implementation of the set of agreements reached between the G8 and the African continent”.¹⁸⁵ South Africa will also work with its ‘Outreach 5’ partners to advance the developmental agenda of the South more broadly.

From a South African perspective, this agenda should integrate sustainability and the mitigation of climate change. On 19 March 2007, UK Environmental Secretary David Miliband and South African Minister for Environmental Affairs and Tourism Martinus Van Schalkwyk signed a joint statement establishing the UK-South Africa High-Level Dialogue on Sustainable Development including a Working Group on Climate Change.¹⁸⁶ As a party to climate change discussions at Heiligendamm, the South

¹⁷⁸ ‘African Foreign Minister Arrive in Durban for the Debate on the Political and Economic Integration of Africa’. Department of Foreign Affairs, Republic of South Africa, (Durban), 7 May 2007. Date of Access: 28 May 2007. <http://www.dfa.gov.za/docs/2007/au0507.htm>.

¹⁷⁹ ‘African Foreign Minister Arrive in Durban for the Debate on the Political and Economic Integration of Africa’. Department of Foreign Affairs, Republic of South Africa, (Durban), 7 May 2007. Date of Access: 28 May 2007. <http://www.dfa.gov.za/docs/2007/au0507.htm>.

¹⁸⁰ ‘SABC Africa Interview with President Thabo Mbeki regarding Sudan / Darfur and South Africa – France, 13 April 2007’. Department of Foreign Affairs, Republic of South Africa, 13 April 2007. Date of Access: 29 May 2007. <http://www.dfa.gov.za/docs/speeches/2007/mbek0419.htm>.

¹⁸¹ ‘SABC Africa Interview with President Thabo Mbeki regarding Sudan / Darfur and South Africa – France, 13 April 2007’. Department of Foreign Affairs, Republic of South Africa, 13 April 2007. Date of Access: 29 May 2007. <http://www.dfa.gov.za/docs/speeches/2007/mbek0419.htm>.

¹⁸² ‘Statement by South Africa on the 10th Anniversary of the OPCW’. of Foreign Affairs, Republic of South Africa, (Pretoria), 8 May 2007. Date of Access: 29 May 2007. <http://www.dfa.gov.za/docs/2007/opcw0508.htm>.

¹⁸³ ‘Statement by South Africa on the 10th Anniversary of the OPCW’. of Foreign Affairs, Republic of South Africa, (Pretoria), 8 May 2007. Date of Access: 29 May 2007. <http://www.dfa.gov.za/docs/2007/opcw0508.htm>.

¹⁸⁴ ‘Minister Dlamini Zuma to Depart for Germany’. Department of Foreign Affairs – Republic of South Africa, (Pretoria), 1 June 2007. Date of Access: 4 June 2007. <http://www.dfa.gov.za/docs/2007/germ0603.htm>.

¹⁸⁵ ‘Minister Dlamini Zuma to Depart for Germany’. Department of Foreign Affairs – Republic of South Africa, (Pretoria), 1 June 2007. Date of Access: 4 June 2007. <http://www.dfa.gov.za/docs/2007/germ0603.htm>.

¹⁸⁶ ‘UK and South Africa agree to joint working on sustainable development and climate change’. Das Portal zum Emissionshandel und Klimaschutz, (Germany), 19 March 2007. Date of Access: 4 June 2007. http://www.co2-handel.de/article301_4909.html.

African government can be expected to support German Chancellor Angela Merkel's ambitious deal on global warming.¹⁸⁷

Conclusion

With its newly acclaimed seat on the Security Council and chairmanship of G-20, it is apparent that the South African government and public not only approve, but endorse G8 membership and the existing structure of global governance. Moreover, it seems that the South African government is anxious to push for reforms within existing structures such as the IMF so that it may better serve the needs of member states.¹⁸⁸ South Africa, with its contributions to G8 objectives in economic and political spheres, will continue to cooperate with other 'Outreach 5' states to press for greater recognition and to make positive contributions to global governance.

¹⁸⁷ 'G8 Klimagipfel: Schellnhubers Strategie führt Merkel in die Sackgasse'. Die Achse des Guten, (Germany), 21 May 2007. Date of Access: 4 June 2007.

http://www.achgut.com/dadgd/index.php/dadgd/article/g8_klimagipfel_schellnhubers_strategie_fuehrt_merkel_in_die_sackgasse/.

¹⁸⁸ South Africa to Push for World Bank, IMF Reforms as G20 Chair, International Business Times, (London), 22 November 2006. Date of Access: 6 January 2007. <http://www.ibtimes.com/articles/20061122/south-africa-to-push-for-world-bank-imf-reforms-as-g20-chair.htm>.

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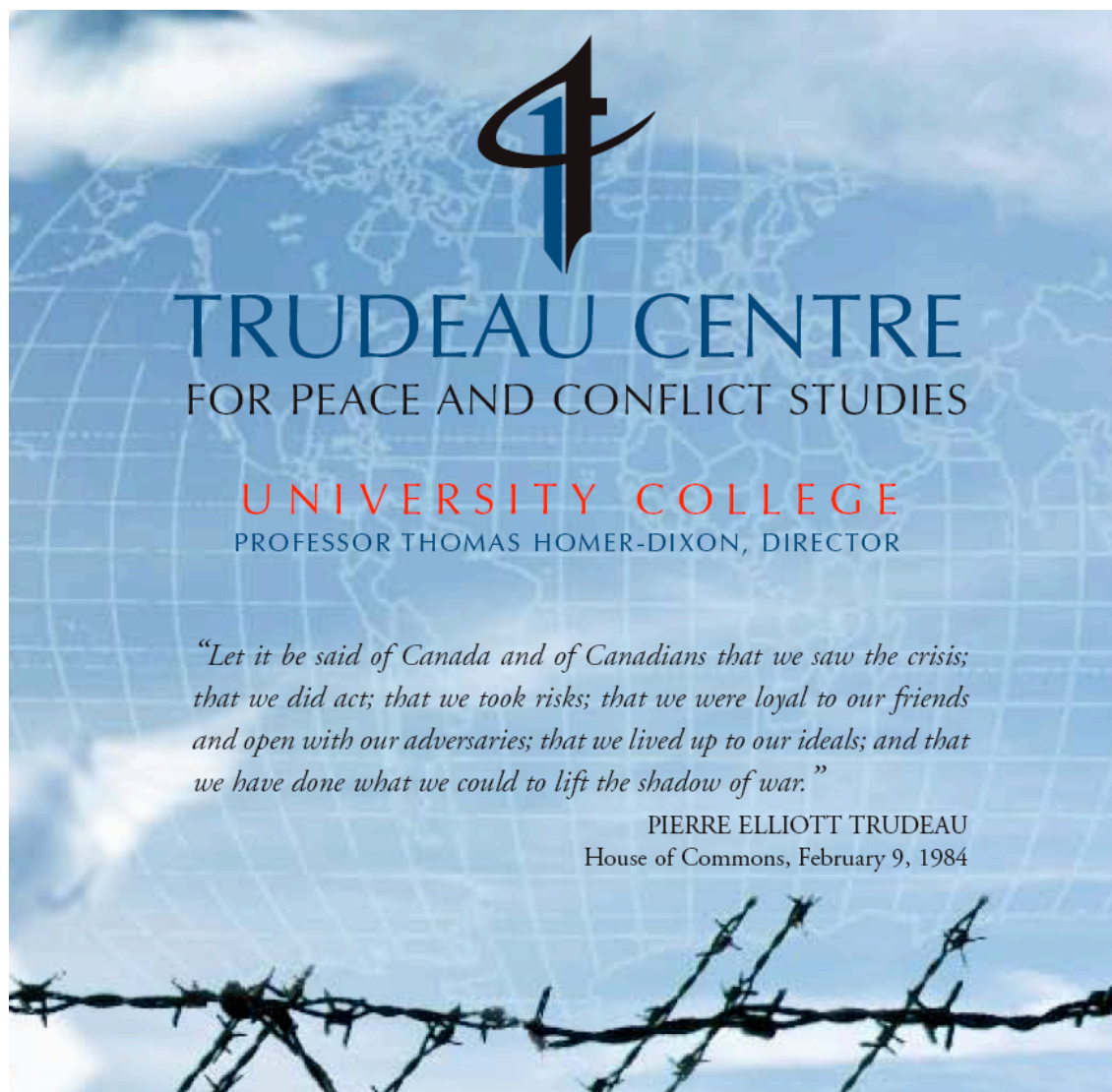
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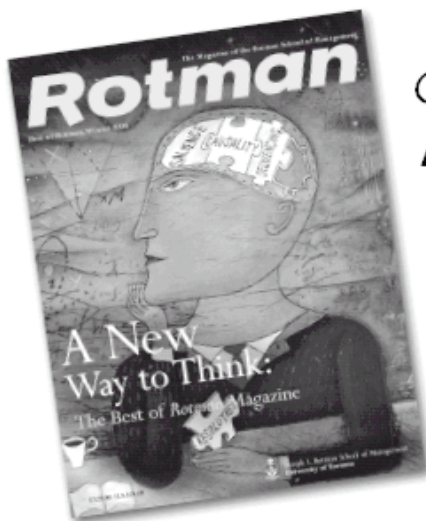
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