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Recalcitrant spoiler? Contesting dominant accounts of India’s role in global trade governance

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ABSTRACT
India is frequently cast as a troublemaker and blamed for the breakdown of the Doha Round. This article provides a critical re-reading of India’s trade policy and its position in multilateral trade negotiations. It challenges the widespread characterisation of India as a recalcitrant spoiler, intent on derailing trade liberalisation at the WTO. It shows that with the emergence of its highly-competitive, export-oriented services sector, India became one of the leading advocates of global services trade liberalisation in the Doha Round. Yet, not unlike the traditional powers, India’s offensive trade interests are also combined with significant defensive concerns in agriculture.

Introduction
Global economic governance has been historically dominated by the US and other advanced-industrialised states; yet a significant change is underway, as rising powers such as China and India emerge as major actors in the global economy and its governing institutions. As Gideon Rachman declared in the Financial Times, ‘the West’s centuries-long domination of world affairs is now coming to a close’.1 A central question is what impact contemporary power shifts will have on the liberal international economic order constructed under US hegemony.2 Considerable debate has focused on assessing the agendas of the emerging powers: whether they are ‘status quo’ or ‘revisionist’ powers, supporters or challengers of the existing order.3 The emerging powers are frequently portrayed as disrupters of the liberal order: as illiberal, recalcitrant spoilers, vetroers and irresponsible stakeholders, refusing to pull their weight in global governance.4

There is often an implicit or explicit othering of the emerging powers. Othering refers to the process of casting an actor or group into the role of the other and defining one’s self through opposition to and, frequently, vilification of this other. Drawing on postcolonial theory, critical international relations scholars have shown that, shaped by the legacies of colonialism and imperialism and intertwined with enduring structures of domination/subordination in international politics, the self/other dichotomy takes a specific form in the West’s othering of non-Western countries: while the West is presented as superior, rational, virtuous and the upholder of universal liberal ideals, the non-Western other is cast as inferior,
irrational, irresponsible, childish and potentially to be feared. An extensive literature has demonstrated that the US and other Western powers routinely engage in othering directed at the emerging powers, presenting the emerging powers as fundamentally different or alien in their behaviour and preferences. As Oliver Turner shows, ‘now the talk is rarely about “civilization” versus “barbarism” or “savagery”, but instead constructed as a struggle between upholders of the US-led liberal international order and rebellious (revisionist) states from the periphery threatening to upset that order.’ Othering is deployed by the US and other established powers as a strategy to maintain their dominance and undermine emerging challengers, by framing the rising powers as rule-breaking violators of accepted norms and principles (such as liberalism and free trade).

These dynamics have featured prominently at the World Trade Organization (WTO). Scholars have shown that Western powers use othering to delegitimise developing country negotiating positions and secure their own preferences. In an exhaustive study of US trade discourse covering over a decade of WTO negotiations, J.P. Singh establishes that such othering is rampant, with India especially singled out. When developing countries resist the role of the subservient other – as India often has – they are subject to bullying and coercion. As James Scott observes, the US and other Western powers have repeatedly blamed the emerging powers – and India in particular – for the failure of the Doha Round. In the ‘blame game’ surrounding the round’s collapse, the US and others have portrayed the emerging powers as ‘pariah, standing in the way of progress’ and ‘overly belligerent and failing to make sufficient concessions’. This narrative has been widely picked up and perpetuated by the Western media and many foreign affairs commentators and analysts.

Of the emerging powers at the WTO, India is a prime target of Western ire: it has long been cast as a troublemaker and disruptive force impeding progress in trade negotiations. The Economist, for example, in a 2014 article on the state of the Doha Round, attributed blame for the latest breakdown to India and featured a cartoon depicting negotiators from other states frantically trying to stop a giant elephant from crushing an egg representing the WTO. Such characterizations of India are far from new; India-bashing has been a persistent feature throughout the Doha Round, with India targeted as a scapegoat and naysayer since the start. India has been exceptionally vocal and assertive in standing up to the US, positioning itself as a leader of the developing world and mobilising major coalitions of developing countries to challenge US dominance within the WTO. American negotiators have responded to India’s activism by dismissing it as a ‘won’t do’ country engaged in a ‘third-world chest thumping festival’. The US Trade Representative characterised India’s efforts to secure flexibilities for its agriculture sector, for example, as ‘unconscionable’, accusing it of ‘blatant protectionism’, which, if successful, would ‘roll the global trading system back’ by decades. In this way, India’s behaviour is framed as aberrant and unreasonable, as violating accepted liberal norms and principles and imperilling the trading system.

In this article, I contribute to our understanding of India’s agenda in global economic governance by examining the case of the WTO. I argue that the dominant depiction of India as an obstructionist force in the multilateral trade system is misleading. Far from an opponent of global trade liberalisation, India has significant export interests that it sought to advance in the Doha Round. India’s orientation towards the trading regime has undergone a fundamental transformation, driven by economic reform and the growth of its highly competitive, export-oriented services industry. As I show, India’s negotiating position took a 180-degree turn: the country went from being the primary opponent of services trade liberalisation in
the previous Uruguay Round to one of its leading advocates in the Doha Round. India actively pressed for the liberalisation of global trade in services – with a focus on outsourcing and the temporary movement of labour – but it was the US and other advanced-industrialised states who baulked at opening their markets in these areas. Granted, alongside India’s offensive trade interests, it also sought to protect sensitive areas of its own market, particularly in agriculture. However, contrary to the claims of its critics, far from being unusual or aberrant, such behaviour closely resembles that of the traditional powers.

This article seeks to challenge what is essentially an othering of India in the dominant (Western-centric) discourse on the WTO: the treatment of its behaviour as fundamentally different than that of the ‘responsible’ traditional powers and the assumption that its objectives are illegitimate. Instead, I show that India’s behaviour is motivated by similar objectives and political pressures as the US and other established powers, including both offensive and defensive trade interests. Far from being exceptional, obstructionist and illiberal as the US and others contend, India’s behaviour and objectives are in keeping with the established norms and practices of the WTO. The article thus contributes to a nascent body of scholarship that is contesting dominant narratives about the role of the emerging powers in the trading system and providing an alternative reading that takes seriously their goals in global trade governance.17 A central objective of the article is to argue for a more nuanced approach to how we map which states are leading or obstructing the so-called ‘liberal international economic order’.

As a burgeoning constructivist literature has demonstrated, symbolic struggles feature prominently in global trade politics.18 How the Doha impasse is framed, and who is seen as to blame, matter.19 Efforts by states to gain legitimacy while discrediting their rivals play an important role in ongoing power struggles at the WTO, where blame is a tactic used to pressure other states to capitulate. The purpose of this article is not to apportion blame or make a normative judgement about India’s behaviour, but simply to evaluate it by the standard of the US’s own policies and practices. Doing so draws attention to the hypocrisy in characterizations of India’s behaviour as deviant or illegitimate, when India is in fact behaving very similarly to the US and other established powers. Importantly, the objective here is to problematise conventional understandings of which states are drivers or challengers of liberal economics, rather than just defending one particular WTO member state. The analysis that follows draws from a larger project examining contemporary power shifts in global trade governance, based on field research conducted between 2007 and 2016 at the WTO in Geneva, as well as in New Delhi, Washington and other national capitals, involving over 200 interviews with trade negotiators, officials, representatives of industry and NGOs; over 300 hours of direct observation and extensive documentary analysis.

**Power shifts and the Doha impasse**

For most of its history, the US and a handful of other rich countries have dominated the trade regime. Richard Steinberg describes GATT/WTO decision-making as ‘organised hypocrisy’: formally, agreements are reached on the basis of consensus, but in practice, negotiations and outcomes are heavily shaped by power.20 The powerful are better able to impose liberalisation on the weak, while maintaining their own protectionist policies. The US thus compelled other countries to open their markets, but left itself considerable room to shield its sensitive sectors from foreign competition.21 The US and other advanced-industrialised states
carved out a trade order that suited their interests, while developing countries were marginalised and subject to coercion where necessary to secure their ‘consent’. The launch of the Doha Round in 2001 was driven by the US and EU, over substantial opposition from developing countries, and initially the negotiations continued to be dominated by the traditional powers. Over the course of the round, however, Brazil, India and China joined the inner-circle of decision-making and emerged as pivotal actors in the Doha Round.

The rise of these new powers dramatically transformed the dynamics of multilateral trade negotiations. India, in particular, has played a highly activist role in asserting its interests and persistently refusing to capitulate to the US. India and Brazil – backed by China – led a coalition of developing countries (the G20) in blocking the agriculture agreement proposed by the US and EU and put forward their own counter-proposal, which included demands for reductions in rich country agricultural subsidies. India also led a coalition of developing countries (the G33) seeking protections for their agriculture sectors to promote food security, rural livelihoods and rural development: the G33 pressed for special products (SPs) exemption to allow developing countries to shield some products from tariff cuts and a special safeguard mechanism (SSM) to allow them to raise tariffs in response to an import surge. India also mobilised developing world opposition to a new set of issues advanced by the US and EU – the Singapore Issues (competition, investment and government procurement) – and ultimately succeeded in forcing those issues off the negotiating table. Shaped in no small part by India’s activism, the Doha Round took shape as a battle drawn largely along North–South lines.

Beset by repeated conflict between the US and EU, on the one hand, and India, Brazil and China, on the other, the Doha Round reached a stalemate in 2008. The negotiations ostensibly collapsed due to disagreement between the US versus India and China over the SSM. However, the deeper source of conflict was the balance of concessions to be made between the emerging and established powers, specifically the US’s demands to ‘rebalance’ the deal by securing greater market access from the large emerging economies. With these two sides relatively evenly matched, neither has been able to overpower and impose its will upon the other. The negotiations were officially declared at an impasse in 2011, and the 2015 Nairobi Ministerial Declaration acknowledged that many members now consider the round dead.

India’s activism has extended beyond the Doha mandate, including leading efforts to reform WTO subsidy rules to enable developing countries to engage in public food stockholding for food security purposes. Strongly resisted by the US, food stockholding became the make or break issue at the 2013 Bali Ministerial, nearly blocking agreement on the Bali Package (including its centrepiece Trade Facilitation Agreement) and subsequently almost derailing its enactment. Ultimately, despite US opposition, India succeeded in securing an interim due restraint mechanism, making developing country food security programmes immune from legal challenges until states negotiate a permanent resolution. Conflict between the US and India has thus become a dominant feature of WTO negotiations and shows no signs of abating.

**The transformation of India’s negotiating position on services**

As Efstathopoulos and Kelly describe, the depiction of India as a ‘malcontent’ in multilateral trade negotiations ‘emerges from the perception that it has “long harboured deep antipathy toward the global trading system”’. However, this perception is at the very least outdated,
ignoring fundamental changes that have taken place in India’s economic and trade policy over the past 30 years. Until the 1980s, India’s economic policy focused on fostering national economic development through import substitution industrialisation. During that period, India’s stance in trade negotiations was overwhelmingly defensive, seeking to restrict imports to nurture its domestic industries. In the 1990s, however, economic crisis prompted India to embark on a programme of economic reform and liberalisation, which transformed India’s economy and its orientation to the trading system. Expanding exports – particularly in services – is now a key priority of the Indian government.

Over the past two decades, India has experienced a services revolution fuelled by the explosive growth of its services export sector. India has been at the forefront of a transformation in the global services economy occasioned by the outsourcing and offshoring of functions previously performed in-house by corporations in the US and other advanced-industrialised states to lower-cost producers, often in the developing world (including software development, call centres, payroll and accounting services, medical transcription, radiology, financial and legal services, engineering and R&D). India’s services exports have grown faster than any other country in the world, led by IT, IT-enabled services and business process outsourcing (BPO). India is the dominant player in this field, having captured more than half of the global IT-BPO services offshoring market. Its IT-BPO sector is now a US$100 billion industry, with Indian firms supplying services to over half of all Fortune 500 companies.

As one of India’s WTO negotiators stated, in the provision of IT-BPO services, ‘no one else is as competitive as we are’. India’s competitiveness stems from its large pool of skilled, highly-educated, English-speaking workers available at relatively low wages: the typical salary for Indian software developers, for example, is US$5000–10,000, compared to US$50,000–80,000 in the US. As a result, India was well-positioned to benefit from rapid advances in technology that dramatically reduced the costs of telecommunications and increasingly enabled spatial fragmentation in the production of services, with more services becoming tradable across borders. India’s IT-BPO expansion was initially fuelled by lower-skilled and lower-value activities, such as insurance claim processing, call centres and software installation and support, but it has successfully moved up the value-chain and expanded into more sophisticated and higher value-added, knowledge-intensive, tradable services. These include software development, finance, law, procurement, human resources, media, entertainment and healthcare, as well as engineering, R&D, product testing and design for industries such as telecom, semiconductors, automotives, aerospace, electronics and energy.

Services exports have helped make India one of the fastest growing economies in the world, with growth rates reaching 10% in some years. Services now constitute over 35% of India’s total exports, with 26% alone coming from the IT-BPO sector. India’s services exports have grown far more rapidly than its merchandise exports and generated a large services trade surplus of US$27 billion. Services exports are now a critical part of the Indian economy: they make a vital contribution to its foreign exchange earnings and balance-of-payments position, as well as increasing tax revenues, stimulating domestic demand and generating spillover effects in the wider economy.

The rise of India’s services export sector transformed its negotiating position at the WTO. Ironically, given that India was a vocal and strident opponent of services liberalisation in the Uruguay Round and led a campaign to block the incorporation of services in the multilateral trading regime, liberalisation of trade in services became one of India’s key priorities in the
In a relatively brief period of time, India’s economic position, and consequently its stance on services trade liberalisation, changed dramatically. As one of its former negotiators put it, India’s position on the liberalisation of trade has undergone a ‘paradigm shift’ since the Uruguay Round. India is now one of the key proponents of services liberalisation at the WTO.

Services have become an increasingly important part of the global economy, but trade in services has lagged behind goods. The low share of services in international trade is due partly to high barriers to trade and investment: the global economy remains far less open to trade in services than goods. Services only came under multilateral trade disciplines in the General Agreement on Trade in Services (GATS) created in the Uruguay Round. And that round included little real liberalisation: its primary achievement was in establishing a framework for future liberalisation intended to occur in what became the Doha Round. The GATS categorises services into four modes of supply: Mode 1: Cross-border supply, the supply of services from the territory of one state to another (i.e. outsourcing); Mode 2: Consumption abroad, a consumer entering another country to obtain a service; Mode 3: Commercial presence, a company from one country establishing operations in another country to supply a service; and Mode 4: Presence of natural persons, the temporary movement of persons across borders to supply services.

The GATS agreement that resulted from the Uruguay Round reflected the dominance of the US and other advanced-industrialised states at that time. The negotiations centred on the establishment of businesses in other countries (Mode 3), a priority of advanced-industrialised states with established services industries seeking to expand abroad into other markets. While Mode 4 – labour mobility – was seen as a potentially important area for developing countries, the limited liberalisation that took place under Mode 4 was slanted towards the interests of developed countries. The inclusion of Mode 4 in the GATS was driven by service industries in the advanced countries: influential lobby groups, such as the US Coalition of Service Industries, persuaded their trade officials to pursue a reduction in barriers that inhibited the mobility of business visitors or intra-corporate transferees within their multinational firms. The commitments ultimately made in the Uruguay Round refer almost exclusively to highly skilled intra-corporate transferees or contractual service suppliers linked to commercial presence (Mode 3). Other categories of service suppliers, with significance particularly for developing countries, were not liberalised.

Mode 4 is thus simultaneously an area where developing countries stand to potentially make massive gains (dwarfing the goods aspects of WTO negotiations) and the area where the trading system has seen the least liberalisation. Lower wages give developing countries and their workers a competitive advantage in providing many services. The temporary movement of labour has become a significant aspect of the global economy. The resulting remittances are a substantial source of income and foreign exchange for many developing countries. The developing world as a whole now receives over US$400 billion annually in remittances. India is the world’s top recipient of remittances, valued at nearly US$70 billion per year. Remittances constitute almost 4% of India’s GDP and represent an important source of external finance for the country; the largest portion of its remittances comes from the US, driven by IT workers. Estimates suggest that liberalisation by rich countries of just 3% of their workforce would create over US$150 billion per year in added economic welfare, roughly four times the current level of development assistance. Fully realised, the WTO’s principle of free markets and trade would imply open borders not just for goods and capital
but also for labour. But liberalisation in this area is fiercely resisted by the US and other advanced countries. Mode 4 was consequently one of the most contentious issues not only in the services negotiations but the entire Doha Round.

Driven by the desire to protect and extend its exports, services constituted India’s prime offensive interest in the Doha negotiations. As one Indian negotiator stated, ‘We’re not major exporters in agriculture. In manufacturing, the markets have already been overwhelmingly captured by China. For us, services are where the big gains are to be made.’ Two aspects of the services negotiations were particularly important to India: Mode 1 (outsourcing) and Mode 4 (temporary movement of workers). According to an Indian negotiator, ‘these are the areas where we think our firms can benefit most from further liberalisation, and they would be hugely beneficial for India’s economic development.’ As a result, India adopted an aggressive position in seeking liberalisation commitments on Mode 1 and Mode 4 from the US and other advanced-industrialised states.

India was eager to secure its access to foreign markets in order to counter the very real prospect of rising protectionism. The US is the largest market for India’s IT-BPO services, accounting for 60–70% of its exports. But services exports are a highly politicised issue in the US and other developed countries, where there is considerable public debate about outsourcing and its impact on domestic unemployment. The movement of people across borders to supply services, Mode 4, is perhaps even more controversial, generating substantial political resistance in many high-income countries because of its association with migration. Even by the early 2000s, ‘the dramatic expansion of Indian exports and the perceived exodus of white-collar jobs from importing countries’ like the US had already begun to provoke increasing protectionism. As one Indian services industry representative stated:

We are very concerned about rising protectionist sentiment in the US. Our industry is the favored whipping boy for unemployment in the US. That is our biggest challenge. We are very concerned that some shotgun legislation could go through at any point. And we think we are seeing indirect protectionism even now, with visas being denied, raids on outsourcing places, etc.

Indian industry has thus identified the prospect of a rise in protectionist measures in its major markets as a significant threat.

For India, trade in Modes 1 and 4 is often intertwined, with access under Mode 4 necessary for Mode 1 exports. Being able to place some of its employees with clients in the US or other foreign markets on a temporary basis (Mode 4) is essential to the outsourcing business model (Mode 1) in the IT sector, for example. But this temporary movement of workers is currently subject to significant restrictions and constraints. Mode 4 (e.g. an Indian software firm sending employees to the US to work on-site for its clients) is therefore particularly important for India because 30% of the work of its outsourcing firms takes place on-site. India would like not only to maintain but expand the number of its workers that firms can bring to the US, as well as other markets. But, like Mode 1, this area has also been subject to rising protectionist measures, manifest in increasingly restrictive and costly visa rules.

In the Doha Round services negotiations, India therefore sought to lock-in its existing access to foreign markets with legally binding commitments that would pre-empt potential protectionism. On Mode 1, India pressed for binding commitments from the US, EU and other key markets in over 50 sectors with the most potential for offshoring. In the words of one negotiator: ‘this is an issue of protection, insurance – providing us with stability and security in our markets.’ India’s objective was to guard against and prevent the threat of future market closure and thereby protect the stability of its market access. In addition, India
identified obtaining commitments at the WTO that would not only secure but expand its access for Mode 4 trade to the US and other foreign markets as one of its key priorities. As one of its negotiators stated: ‘GATS Mode 4 is India’s strongest offensive interest in trade negotiations’. Simply put, in the words of another Indian negotiator: if barriers to professional skilled workers ‘can be reduced, our exports will shoot up’. From the start of the Doha Round, India was the key demandeur on labour mobility: it provided the most comprehensive request on Mode 4 of all states, and subsequently led a group of 15 developing countries in pressing for Mode 4 liberalisation from the US and other developed countries. India garnered broad support from the developing world for championing the cause of liberalising the temporary movement of workers, an issue that has gained backing from a wide range of development actors, from the World Bank to Oxfam International. India’s Chief Negotiator, Rahul Khullar, characterised Mode 4 as ‘the most important market access area for all developing countries’ under negotiation at the WTO.

Although agriculture, manufactured goods and services were identified as the three core market access pillars of the Doha Round, negotiations on services lagged behind the other two areas. At the start of the round, it was decided that negotiations would focus first on trade in goods – agriculture and manufacturing – and only once terms were agreed in those areas would more focused attention be given to services. Consequently, however, when the negotiations became bogged down by stalemate in agriculture and manufactured goods, services wound up, as one Indian negotiator bluntly put it, being ‘held hostage to other areas of negotiations’. The initial offers of services liberalisation tabled by states at the start of negotiations were extremely limited and, with the conflict on agriculture and manufactured goods holding them up, the services negotiations made little progress. At the 2008 Ministerial, just before the round’s collapse, a services ‘signalling conference’ was held for countries to signal areas where they would be willing to make further liberalisation commitments in services. While various countries indicated a willingness to marginally improve their services offers, conditional on a deal on agriculture and manufactured goods, overall progress was still underwhelming.

In short, from the perspective of India and other developing countries, there was still ‘very little movement, especially from the US,’ either on binding the present level of cross-border supply (Mode 1) or expanding access for contractual and independent services suppliers (Mode 4). The rich countries offered only minimal concessions – with the US, for example, agreeing to a small increase in the number of visas for high-skilled foreign workers, and the EU agreeing to streamline its process for issuing temporary visas to foreign workers by eliminating cumbersome economic needs tests – while intense domestic opposition in the US and other rich countries was seen as precluding more extensive liberalisation. Moreover, the temporary movement of unskilled labour never even made it to the table for serious consideration in the Doha Round – seen as ‘unrealistic’ and ‘a non-starter’, with too much resistance from advanced-industrialised countries to even be discussed.

From the perspective of India and other developing countries, by blocking more meaningful liberalisation on Mode 4, in particular, it was the US and other rich countries who were being ‘illiberal’ and ‘obstructionist’. In their view, having been forced to open their markets to exports of goods and capital from the US and other advanced-industrialised countries, developing countries were now seeking ways that they too could benefit from the trading system by pressing for liberalisation in an area where they have a clear comparative advantage and thus the potential to reap significant economic gains. It is a measure of the hypocrisy
of the trading system that core demands of developing countries – even when they advanced
an agenda that accorded with the WTO’s stated principles of open markets and free trade
– were dismissed as unrealistic, unthinkable and unworthy of being afforded serious
consideration at the negotiating table, simply due to the depth of resistance from
advanced-industrialised states to opening their markets.

Protecting agriculture – like the traditional powers

An analysis of India’s position on services thus demonstrates the significant shift in its trade
policy from purely defensive to outwardly-oriented and seeking to make gains in foreign
markets. As its former Chief Negotiator stated: ‘Those days of the Uruguay Round – when
everyone thought we were selling off the country – are gone. People now see the positive
side of trade agreements – what we can get’. He continued by adding an important caveat:
‘The key though is that our defensive interests are taken care of’. Developing country
negotiators frequently complain that the US acts as though it is the only state at the WTO
with important domestic political constituencies that need to be appeased. But just like the
US, as one Indian negotiator put it, ‘we have our own political constituencies we have to
worry about’ and therefore ‘we [too] need flexibilities to ensure our sensitive domestic sectors
are protected’.

India’s most sensitive domestic sector is agriculture. Two-thirds of its population – over
800 million people – are dependent on agriculture, most of whom are poor, subsistence
producers. Despite the success of its services export sector and recent economic growth,
India continues to face poverty and development challenges on a massive scale: the country
houses over one-third of the world’s poor, with nearly 70% of its population living in poverty
and 33% in extreme poverty; nearly half of India’s children are malnourished and almost 200
million people suffer from hunger. In this context, rural livelihoods and food security are
acute concerns. As part of India’s economic liberalisation programme beginning in the 1990s,
the state reduced some subsidies and import barriers in agriculture. India’s peasant farmers
found themselves caught between increasing exposure to foreign competition, rising input
costs and usurious moneylenders, with their growing desperation underscored by an epi-
demic of farmer suicides. Given their vulnerability to trade liberalisation, India’s subsistence
farmers are fiercely opposed to further market opening. And India’s large population of
peasants and farm workers form a significant political constituency. Beyond their sheer
numbers, as Surupa Gupta and Sumit Ganguly detail, India’s peasant farmers ‘display an
impressive capacity for political mobilisation, including such highly visible forms of protest
as huge rallies and sit-ins’, with the result that ‘no politician in India would want to be per-
ceived as being anti-farmer’.

These domestic forces have deeply shaped India’s negotiating position at the WTO. India
indicated that it was willing to substantially reduce its tariff bindings, which would lock in
and prevent it from rolling back the unilateral liberalisation it has undertaken to date. However, India also sought flexibilities to protect its agriculture sector through the SSM and
SPs. As one of its officials stated: ‘the SSM, SPs – if these don’t go the right way, it will be
very difficult to deal with our constituency here. We need the SSM’. Consequently, India
made securing the SSM and SPs among its central objectives in the Doha Round.

US and other Western negotiators have been intensely critical of India’s stance, alleging
that these measures represent a violation of the liberal principles of the trading system.
However, India’s efforts to secure the SSM and SPs represent neither a systemic challenge to the multilateral trading system nor a break with the fundamental principles of the WTO. The trade regime has always operated by providing some exceptions to liberalisation, seen as necessary to smooth impediments and allow the larger programme of liberalisation to occur. SPs are no different than other exemptions – such as the sensitive products (SEs) exemption granted to both developed and developing countries – that have been used to shield certain products from tariff cuts in order to facilitate the broader process of liberalisation. And the SSM is modelled after the Special (Agricultural) Safeguard (SSG) created during the Uruguay Round. Like the SSM, the SSG provides a means for countries to protect themselves against dramatic price fluctuations and import surges; yet the SSG was highly unequal in its application and limited almost exclusively to developed countries. Most developing countries are prevented from using the SSG because they did not ‘tariffy’ (convert their quantitative trade restrictions, such as quotas, into tariffs and then cut) during the Uruguay Round. In demanding the SSM, India and the G33 are seeking access to a safeguard provision similar to that provided to the US, EU and other developed countries.

India’s recent efforts to secure changes to existing WTO subsidy rules to enable developing countries to engage in public food stockholding can be seen in a similar light. India sought such changes in order to protect its landmark food security programme created in 2013 – which provides subsidised food to over 800 million poor people – from WTO challenges. Under WTO rules, trade-distorting subsidies to farmers in a developing country cannot exceed 10% of the value of its total agricultural production. Since India’s food security programme involves providing minimum support prices to farmers, if the associated subsidies (the difference between the support price and the market price) breach the 10% limit, India would be in violation of WTO rules and potentially vulnerable to a legal challenge.

The US, in particular, has decried India’s food security scheme as a violation of the free market principles of the WTO. Yet the reality is that WTO members have used such schemes for many years and consideration was explicitly made for them in the Uruguay Round. The fact that India’s programme risks running afoul of WTO rules while the US and other advanced-industrialised states are able to subsidise their agriculture sectors to a far greater extent is a product of the highly asymmetrical nature of the Uruguay Round Agreement on Agriculture.72 The Uruguay Round essentially worked to codify or lock in existing discrepancies in levels of subsidisation between developed and developing countries by imposing differential limits on how much each could subsidise.73 Rich countries like the US were allowed to maintain their high subsidies provided they agreed to marginally reduce them, while most developing countries, like India, who did not subsidise agriculture at the time, were left with much stricter limits.

India came to be in danger of breaching its WTO obligations, since those obligations bound it to a relatively low level of agricultural subsidies. Like many developing countries, lacking the resources to provide big subsidies to its farmers along the lines of the US and EU, India’s agricultural policies used to consist of protecting farmers via tariffs. Since the early 1990s, due to a combination of unilateral liberalisation, IMF-imposed structural adjustment and the Uruguay agreement, India’s tariffs have fallen steadily and dramatically. India’s agricultural policies are starting to resemble those of advanced countries, as it moves away from tariffs to subsidies as the primary means to protect its agricultural sector.74 In seeking changes to WTO rules to enable it to operate its food security programme free from the risk of a WTO
challenge, India has simply been claiming the right to do what the rich countries have long done, which is subsidise agriculture.

The fact that India’s position is portrayed by the US and other Western negotiators as an affront to the liberal principles of the trading system is somewhat ironic given their own high levels of agricultural support. In 2009, the US and EU spent US$140 billion and US$100 billion respectively on agriculture domestic support (representing 38% and 24% of the total value of production), while India spent US$55 billion (17%). In 2014, the US passed a new Farm Bill that includes US$1 trillion in agricultural support over 10 years. The disparity in spending levels is all the more striking when we consider that agriculture accounts for only 1% of GDP and less than 2% of employment in the US compared to 17% of GDP and 50% of employment in India. Although the agriculture sector is of relatively lesser economic importance in the US and other rich countries, it nonetheless constitutes an extremely powerful interest group. In the US, for instance, the farm lobby spent US$150 million on lobbying for the last Farm Bill, the fourth highest area of political spending in the country (after the federal budget, immigration and defence). Since existing multilateral trade rules were written primarily by the US and EU, they were designed to accommodate the interests of their powerful agriculture lobbies and have minimal impact on their subsidies.

Yet when India sought similar flexibilities in the multilateral trading system to enable it to protect its agriculture sector, it was demonised by the US and other Western powers. The irony is not lost on India’s farmers. As one leader of India’s peasant movement stated:

We’ve been continuously fighting against [liberalisation]. Because agriculture is a way of life for us, not trade. Farmers here have an average of one hectare of land, probably with debt. Sometimes they can’t even sell their products in the local market, and if they do, the moneylender takes it first … [T]hat’s the difference with the West, with the US and EU. There farmers are only a small percent [of the population] and with huge landholdings – they have subsidies, they have huge farms, they can export. But even they are dependent on the government to survive, even they need subsidies to survive. So how can [they] expect us to survive with no subsidies?

In terms of incomes and access to resources, a significant gulf separates the majority of India’s farmers from those in high-income countries like the US or EU. The challenges India faces in trying to ensure the livelihoods of its subsistence farmers and reduce hunger are of a vastly different scale and order of magnitude. Yet while the trading system has permitted high levels of subsidisation by the advanced-industrialised states, it now threatens to restrict India’s ability to provide subsidies to support its own farmers and improve access to food among the large portion of its population suffering from poverty and food insecurity.

India’s negotiating position at the WTO has therefore combined both offensive and defensive trade interests, exemplified in its efforts to expand market opportunities for its IT-BPO exports alongside efforts to secure the SSM, SPs and scope for food stockholding. The fact that India sought to pursue services trade liberalisation while seeking protections for its agriculture sector makes its negotiating position no more contradictory than those of the US, EU or many other states, which similarly combine offensive and defensive interests. India is simply behaving as the traditional powers always have: seeking to protect vulnerable parts of its own market, while pressing other countries to open their markets to its exports. Just as the US, EU and others have long sought to protect their powerful farm lobby groups, so too is India now seeking to protect its large population of vulnerable – and politically weighty – peasant farmers.
From India’s perspective, its efforts to seek accommodation of both its offensive and defensive trade interests are all the more reasonable given the purported ‘development’ mandate of the Doha Round. Developing countries were promised that Doha would be dedicated to redressing historical imbalances in the trading system and specifically advancing their needs and interests, including providing liberalisation in their areas of export interest, along with ‘special and differential treatment’ in the form of reduced liberalisation commitments and greater flexibilities and exemptions for their vulnerable sectors. India’s key objectives – seeking greater access to foreign markets for its services exports and flexibilities to protect its agriculture sector – thus correspond with precisely what developing countries were promised in the round.

Conclusion

As this analysis has shown, the dominant depiction of India put forward by the US and other advanced-industrialised states as a troublemaker and disruptive force in multilateral trade negotiations is misleading. Stances that, were they taken by a traditional power, would be seen as a normal part of trade diplomacy are instead portrayed as obstructionist when taken by India. If we move away from this othering of India – its treatment as an irresponsible, obstructionist actor – we see that in its behaviour at the WTO, India is motivated by similar objectives and political pressures as the US and other established powers, with a negotiating stance that similarly combines both liberalising and protectionist elements. India undoubtedly sought to assert its interests, protect its vulnerable sectors and maximise its policy space in the Doha Round, but far from aberrant or unusual, that is common practice for powerful states in multilateral trade negotiations. If anything, India is simply seeking greater access to, and equalisation of, the privileges afforded to the US and other established powers in the trading system. Indeed, it may be precisely because more states now have the capabilities to behave increasingly like the US and EU that it has proven difficult to reach agreement and conclude the Doha Round.

In discussions of contemporary power shifts, challenging the dominance of the US and other Western powers has often been conflated with rejecting the liberal international order itself. A state that refuses to go along with the US’s agenda is often accused of failing to act as a responsible international citizen. But while India has undoubtedly challenged the traditional structure of power within the WTO, it opposes not the overarching goal of liberalising trade, but rather the unbalanced way in which it has been pursued. As a representative of Indian business put it: ‘The sentiment in India is not anti-WTO, but anti-WTO that is one-sided’. The case of the WTO thus underscores the important distinction between resisting unequal power relations and rejecting the liberal order.

This analysis complicates our understanding of the drivers of the liberal international economic order. Crucially, it challenges the prevailing characterisation of the dominant powers as champions of the liberal international economic order, and of India and other emerging powers as other to that order and its liberal underpinnings. The policies pushed by the US and other established powers have in fact been much more mixed than the term liberal implies. Their support for liberal order has always been selective and self-serving, with the result that the international economic order has been far from truly liberal. Now, in much the same way, rising powers are seeking to project their power and inscribe their own interests and objectives in global rule-making. Rather than simply accepting and perpetuating characterisations of certain states as liberal or illiberal, there is an important role for
international relations scholarship to play in critically interrogating these categories and the role that such labels play in contemporary power struggles among states.

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