

# Evolving Strategy: South-South Coalition in the GATT/WTO

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*This research offers a concise retrospect on the South-South Coalition Strategy within multilateral trade negotiations of the GATT/WTO framework. The SSC strategy evolved in the postwar era, when the South integrated itself to demand for a New International Economic Order featured by fairness of outcome in international economic rules and activities. It then encountered an opponent trend of neo-liberalism, through which the South practically decided to sectoral exchange of economic interests with the North. From the new millennium onward, the South is learning to adopt a more issue-specific SSC strategy in trade negotiations. Although a question is arising for the future of SSC because of some emerging nations rising out from the traditional South group, a timely reflection from an evolutionary perspective would facilitate the understanding of the SSC strategy for weak countries to establish a fairer international economic order.*

**Keywords:** South-South Coalition, GATT, WTO, Trade Negotiation, Neo-liberalism, The North, The South

## 1. Introduction

Despite the Cold War and continuing regional conflicts, the international community has been enjoying a peaceful economic growth overall in the postwar period. In the course of the global economic boom, there were two salient features: one is the constant enhancement of international trade exchanges, the other, the deepening

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interdependence among economies. Such a modern trend may be defined as ‘globalization,’ institutionally supported by the international economic rule.<sup>1</sup> Globalization would accelerate the coordination and cooperation among nations.

In the international trade of goods, services and intellectual property, the rule-making and rule-reforming process has always been fierce. A global trade regime was first designed just after World War II with the International Trade Organization (“ITO”). Due to the divergence between the US and European powers,<sup>2</sup> as well as the collective demand for “Trade and Development” ushered in by developing countries in the later stage of negotiations,<sup>3</sup> the US was not satisfied with the final compromise and the grand plan was thus aborted. Luckily though, the General Agreement on Tariffs and Trade (“GATT”) was passed at the second preparatory meeting in April 1947. The GATT had been working as a ‘provisional measure’ until it was replaced in 1995 by the World Trade Organization (“WTO”).

Since 1947, the contracting parties/member States have conducted a total of nine rounds of multilateral trade negotiations: the first eight rounds were under the GATT framework and the latest round is under the WTO framework (Appendix I). These rounds of negotiations have resulted in dramatic reduction of tariffs and restrictions on non-tariff measures, facilitating to a very large extent, the liberalization of international trade and the increase of economic welfare in general. In these negotiations, despite prioritizing the freedom and the fairness of the process,<sup>4</sup> the interests of developing countries were not fully considered.<sup>5</sup>

It is generally recognized that global wealth has not been fairly distributed, mainly because the ‘game rules’ governing international economic exchange have been firmly controlled by western powers. Accordingly, several developing countries are supporting the South-South Coalition (“SSC”) as a responding strategy, which can help mobilize and conglomerate their collective strength to establish a New International Economic Order (“NIEO”).<sup>6</sup> The best strategy for developing countries is to participate in the rule-making and rule-reforming process of the world economy.<sup>7</sup>

As the Doha Development Round negotiations are now at a stalemate again, the following questions may arise regarding the negotiating patterns of developing countries under the GATT/WTO framework: