



Hacettepe University Graduate School of Social Sciences

Department of International Relations

**THE WORLD TRADE ORGANIZATION'S ROLE FOR
DEVELOPING COUNTRIES UNDER THE AGRICULTURE
NEGOTIATIONS**

Güliz ÇETİNKAYA

Master's Thesis

Ankara, 2019

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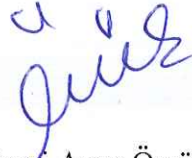
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KABUL VE ONAY

Güliz ÇETİNKAYA tarafından hazırlanan “Tarım Müzakereleri Çerçevesinde Dünya Ticaret Örgütü’nün Gelişmekte Olan Ülkeler İçin Oynadığı Rol” başlıklı bu çalışma, 18.09.2019 tarihinde yapılan savunma sınavı sonucunda başarılı bulunarak jürimiz tarafından Yüksek Lisans Tezi olarak kabul edilmiştir.



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Bu çalışmadaki bütün bilgi ve belgeleri akademik kurallar çerçevesinde elde ettiğimi, görsel, işitsel ve yazılı tüm bilgi ve sonuçları bilimsel ahlak kurallarına uygun olarak sunduğumu, kullandığım verilerde herhangi bir tahrifat yapmadığımı, yararlandığım kaynaklara bilimsel normlara uygun olarak atıfta bulunduğumu, tezimin kaynak gösterilen durumlar dışında özgün olduğunu, **Dr. Öğr. Üyesi Ayşe Ömür ATMACA** danışmanlığında tarafımdan üretildiğini ve Hacettepe Üniversitesi Sosyal Bilimler Enstitüsü Tez Yazım Yönergesine göre yazıldığını beyan ederim.

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ABSTRACT

ÇETİNKAYA, Güliz. *The World Trade Organization's Role for Developing Countries Under The Agriculture Negotiations*, Master's Thesis, Ankara, 2019.

The World Trade Organization (WTO) as the successor of the General Agreement on Tariffs and Trade (GATT) was established in 1995. Since WTO provides a platform for coping with trade disputes and observing national trade policies, it is considered as the guardian of rule-based, fair and competitive global trading system. WTO is a highly controversial organization. WTO is generally criticized on the grounds that it is an institution where only developed countries' interests are considered. From WTO opponents' view, WTO is a "rich man's club" which benefits Developed Countries more than Developing Countries. Apart from its mission of liberalising international trade, the WTO also aims to help developing and least developed countries to integrate into the global trade and support their development process. As an explicit indication of the crucial place of development in the WTO's work, the concept of Special and Differential Treatment (S&DT) was integrated into all WTO agreements and these S&DT provisions give special rights to developing and least-developed countries in undertaking their commitments. The main aim of this thesis is to put forward developing countries' competence to shape WTO negotiations and their effectiveness in decision-making process. This thesis focuses on S&DT provisions in the WTO's Agreement on Agriculture and S&DT instruments under WTO agriculture negotiations. The analysis made from the dimension of the WTO agriculture negotiations in this study provides proofs demonstrating that WTO is not driven solely by the interests of developed countries.

Keywords

Neo-liberal Institutionalism, World Trade Organization, Agriculture Negotiations, Special and Differential Treatment, Special Safeguard Mechanism, Special Products

ÖZET

ÇETİNKAYA, Güeliz. *Tarım Müzakereleri Çerçevesinde Dünya Ticaret Örgütü'nün Gelişmekte Olan Ülkeler İçin Oynadığı Rol*, Yüksek Lisans Tezi, Ankara, 2019.

Dünya Ticaret Örgütü (DTÖ), Tarifeler ve Ticaret Genel Anlaşması'nın halefi olarak 1995 yılında kurulmuştur. DTÖ ticaret anlaşmazlıklarının çözümü ve ulusal ticaret politikalarının gözden geçirilmesi için bir platform sunduğu için kurallara dayalı, adil ve rekabetçi küresel ticaret sisteminin koruyucusu olarak düşünülmektedir. DTÖ, oldukça tartışmalı bir örgüttür. DTÖ, genellikle sadece Gelişmiş Ülkelerin çıkarlarını dikkate alan bir kuruluş olmakla eleştirilmektedir. DTÖ karşıtlarının bakış açısıyla, DTÖ Gelişmekte Olan Ülkelerden çok Gelişmiş Ülkelere fayda sağlayan bir “zenginler kulübü”dür. Uluslararası ticareti serbestleştirme misyonu dışında, DTÖ aynı zamanda Gelişmekte Olan Ülkelerin ve En Az Gelişmiş Ülkelerin küresel ticarete entegre olmalarına ve kalkınma süreçlerine destek olmayı da amaçlamaktadır. Kalkınmanın DTÖ'deki önemli yerinin açık bir göstergesi olarak, Özel ve Lehte Muamele (ÖLM) kavramı, tüm DTÖ Anlaşmalarına entegre edilmiştir. Söz konusu ÖLM hükümleri, Gelişmekte Olan Ülkelere ve En Az Gelişmiş Ülkelere taahhütlerini üstlenirken özel haklar sağlamaktadır. Bu tezin asıl amacı, Gelişmekte Olan Ülkelerin DTÖ müzakerelerini şekillendirme yetisini ve karar alma sürecindeki etkinliğini ortaya koymaktır. Bu tez, DTÖ Tarım Anlaşması'nda yer alan ÖLM hükümleri ile DTÖ tarım müzakereleri kapsamındaki ÖLM araçlarına odaklanmaktadır. Bu çalışmada DTÖ tarım müzakereleri boyutuyla yapılan analiz, DTÖ'nün sadece Gelişmiş Ülkelerin çıkarlarını esas almadığını gösteren kanıtlar sunmaktadır.

Anahtar Sözcükler

Neo-liberal Kurumsalcılık, Dünya Ticaret Örgütü, Tarım Müzakereleri, Özel ve Lehte Muamele, Özel Korunma Önlemleri Mekanizması, Özel Ürünler

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LIST OF ABBREVIATIONS

AMS	Aggregate Measurement of Support
AoA	Agreement on Agriculture
CTD	Committee on Trade and Development
CAP	Common Agricultural Policy
DDA	Doha Development Agenda
DSB	Dispute Settlement Body
ECOSOC	Economic and Social Council
FAO	Food and Agriculture Organization
GATT	General Agreement on Trade and Tariffs
GATS	General Agreement on Trade in Services
GDP	Gross Domestic Product
GSP	Generalized System of Preferences
ICTSD	International Centre for Trade and Sustainable Development
IMF	International Monetary Fund
IR	International Relations
ITO	International Trade Organization
LDCs	Least Developed Countries
MFN	Most Favoured Nation
NATO	North Atlantic Treaty Organization
NFIDCs	Net Food-Importing Developing Country Members
OECD	Organization for Economic Cooperation and Development
RTA	Regional Trade Agreement
S&DT	Special and Differential Treatment
SSM	Special Safeguard Mechanism
SPs	Special Products

SSG	Special Safeguards
TNC	Trade Negotiations Committee
TPRB	Trade Policy Review Body
TRIPS	Trade-Related Aspects of Intellectual Property Rights
UNCTAD	United Nations Conference on Trade and Development
UN	United Nations
WTO	World Trade Organization

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INTRODUCTION

The World Trade Organization (WTO) as the successor of the General Agreement on Tariffs and Trade (GATT) was established in 1995. Since its foundation, the WTO is the main institution regulating the international trade. Together with the International Monetary Fund (IMF) and the World Bank, the WTO represents Bretton Woods System formed in the aftermath of Second World War. Today, WTO constitutes single platform for multilateral trade negotiations. Since WTO provides a platform for coping with trade disputes and observing national trade policies, it is considered as the guardian of rule-based, fair and competitive global trading system. WTO, whose one of the aims is trade liberalization, has 164 members ranging from developed to developing world.

The WTO has unique features that differentiates it from the other two agents of Bretton Woods system. It is a member-driven international organization. Member countries take active role in the WTO's decision-making system. Consensus is the fundamental decision-making principle of the WTO. This means that each country have "one vote" regardless of their level of development, income or economic growth. Therefore, all members participate into the negotiation process in the WTO.

Apart from its mission of liberalising international trade, the WTO also aims to help developing and least developed countries to integrate into the global trade and support their development path. As an explicit indication of the crucial place of development in the WTO's work, the concept of special and differential treatment (S&DT) was integrated into all WTO agreements and these S&DT provisions give special rights to developing and least-developed countries in undertaking their commitments and promoting trade liberalization.

There is no doubt that WTO is a highly controversial organization. From WTO opponents' view, WTO is a "rich man's club" which benefits developed countries more than developing countries. The role of the WTO for Developing Countries is a contentious issue. There are different opinions regarding what WTO means for developing countries' development and integration to the multilateral trading system.

This study focuses on examining the WTO's main rules, principles, objectives, functions and decision-making procedure by using main framework of neo-liberal institutionalism. The main aim of this thesis to put forward developing countries' competence to shape WTO negotiations and their effectiveness in decision-making process. Accordingly, the main research question that this thesis seeks to address: What is the role performed by the WTO for developing countries? There are also sub-questions to be addressed in this study:

-Is the World Trade Organization solely driven by the interests of Developed Countries?

-Do Developing Countries have the capability of shaping the World Trade Organization's negotiations and decisions?

-What are the flexibilities and privileges designed for Developing Countries under the World Trade Organization's Agreement on Agriculture (AoA) and agriculture negotiations?

To this end, the qualitative research method will be employed in general terms. The relevant books, articles, the WTO's negotiation modalities, Ministerial decisions, and agreements will be analysed. Neo-liberal institutionalist approach will be adopted so that a clear theoretical framework can be drawn.

The arguments of early and modern neo-liberal institutionalist scholars such as Immanuel Kant, John Stuart Mill, Robert Keohane, Joseph Nye and Oran Young will be applied into the study of the WTO's role for developing countries. Neo-liberal institutionalism is the main theory that examine the contemporary trade developments. On the other hand, key assumptions of neo-liberal institutionalist theory overlaps with most of the characteristics of the WTO. The globalization of world economy is associated with the uptrend of neo-liberal thought. Since the WTO represents the trade component of the globalized world economy, this study uses neo-liberal theory.

Robert Keohane who is one of the leading scholars of neo-liberal institutionalism develops the main foundations of this theory in his book entitled "After Hegemony". In his analysis, Keohane concentrates on circumstances under which states opt for cooperating. He argues that developed and less-developed countries' shared interests

can only be achieved through cooperation (Keohane, 1984, p. 6). Since this thesis concentrates on the relations between developed and developing countries in the WTO while analysing the role of developing countries in the WTO agriculture negotiations, this study applies Keohane's arguments to its analysis.

In the WTO, agriculture is a negotiation area where the relations between developed, developing and less-developed countries can be best observed. Agriculture is a sensitive sector for developed countries as well as developing countries. Therefore, these states have mutual interests which are protecting their agriculture sectors. By the same token, agriculture is a realm of negotiation where developed, developing and less-developed countries have mutual interests and show willingness to cooperate. In the WTO's agriculture negotiations, we can observe developing and less-developed countries' negotiation power and the ability to influence the outcomes. Trade-offs between developed and developing countries can be best observed in the WTO agriculture negotiations. As indicated above, there are strong similarities between the topic of this thesis and Keohane's arguments.

This thesis is composed of three main chapters. After this introductory part, the first chapter lays out the theoretical framework of the study. In the first chapter, initially historical background of the liberalism will be touched upon. The roots of liberal thinking can be found in the seventeenth and eighteenth century. From the early liberal thinkers' perspective, the increase in human freedom is associated with economic, social and political policies promoting democracy and market capitalism. Immanuel Kant's writings in the eighteenth century pointed out that commerce without barriers could increase the wealth, unite the people around shared interests and bring about world peace. It is not wrong to assert that Kant's views which had been evolved over time provided the core sources for the foundation liberal theories. This chapter secondly analyses the economic liberalism that paved the way the creation of Bretton Woods system. the assumptions of economic liberalism which provided sources for the creation of Bretton Woods system. Liberal economic theory provided the sources of the institutions and framework created after the Second World War. The core idea of this doctrine is that the economy works best without state intervention. Free trade is also essential in liberal thinking of the global economy. Thirdly, the main assumptions of

neo-liberalism will be mentioned. The final point of this chapter is the examination of neo-liberal institutionalism as a strand of neoliberalism. According to neo-liberal institutionalism, international regime consists of four components which are principles, norms, rules and decision-making procedures. These four components are the factors which legitimize certain state behaviours, actions and forbids the others. The fundamental assumption of the neo-liberal institutionalist theory is mutual interests can lead states to cooperate and international institutions can facilitate cooperation by reducing transaction costs and building trust among states.

In the second chapter, firstly, the GATT's system will be mentioned. In the GATT period, eight negotiation rounds were held. The Uruguay Round of 1986-1994 was the last and most comprehensive negotiation round during the GATT period. Second chapter proceeds with the WTO's objectives, functions, basic principles, agreements and organizational structure. The establishment of WTO is the success of the Uruguay Round which is the multilateral trade round with the highest level of ambition. The establishment of the WTO constitute a fundamental event for the multilateral trading system. This chapter also examines the WTO's AoA providing the multilateral rules for the agriculture negotiations. Another issue covered by this chapter is Doha Development Agenda which was launched as the first multilateral trade round since the formation of the WTO.

The task of the third chapter is to explore the concept of S&DT, its historical background and its implementation to the WTO AoA and agriculture negotiations. The history of S&DT can be divided into two periods: before and after the Uruguay Round. The objective of S&DT provisions accepted before the Uruguay Round was the improvement of preferential and non-reciprocal market access for developing countries in developed countries' markets (Singh, 2003, p.7). Yet, post-Uruguay Round S&DT measures gained a diversified quality. The post-Uruguay Round S&DT measures targeted to help developing countries to implement the WTO agreements' provisions. S&DT provisions are the integral parts of the WTO agreements. S&DT is in the GATT and the WTO is a recognition of the fact that Developing Countries can not take the full benefits of trading opportunities due to special problems that they face. S&DT measures recognize special needs and concerns of developing and less developed countries. The

third chapter also addresses the instruments of S&DT which under negotiation in the WTO. In this regard, this chapter seeks to touch upon the negotiations on Special Safeguard Mechanism (SSM) and Special Products (SPs). In this chapter, the examples of recent WTO Ministerial Decisions on agriculture which includes S&DT provisions will be the final point to be addressed.

The conclusion aims to deliver extensive concluding words regarding the issue of the role of the WTO in developing countries' integration into the global trade and accomplish their developmental purposes. It is believed that the analysis of the place of S&DT in the WTO AoA and agriculture negotiations demonstrates that the needs of developing countries can also lead WTO negotiations and developing countries can make an impact on multilateral trade negotiation outcomes.

CHAPTER 1

THEORETICAL FRAMEWORK

This chapter aims to explain the theoretical roots of the international politics environment where the GATT, the predecessor of the WTO, was established. This thesis aims to explore these roots within the framework of neo-liberalism of International Relations (IR) discipline. In this thesis, neo-liberal institutionalism which is one of the strands of neo-liberalism is used as the main theory to explore the theoretical basis on which GATT and the WTO had been found.

The task of the first chapter is to touch upon the main ideas, values and principles of neoliberal institutionalism which provided the roots for the formation of the GATT and the WTO. To this end, firstly liberalism will be examined and then neo-liberal institutionalism will be explained in detail.

It will not be wrong to argue that we can find the roots of liberalism in the European Enlightenment of the eighteenth century (Griffiths, 2005, p. 24). Liberalism which is the strong advocate of limited government role, rationality and progress potential of human-beings played a vital role in shaping modern industrial societies (Burchill, 2005, p.5). According to Liberalism, market capitalism generates welfare in the society. Due to the increased level of interdependence and globalization of the world economy, liberalism preserved its importance for explaining the current international developments as a doctrine of International Relations.

Liberal theory has various strands. Neo-liberal institutionalism concentrates its studies on the role of institutions for promoting cooperation. Due to the central role of international institutions in the analysis of neo-liberal institutionalist thought, this thesis will examine GATT and WTO's place in integrating Developing Countries to the world economy from this theory's perspective.

1.1.LIBERALISM

Liberalism is accepted as one of the mainstream theories of IR discipline. Liberalism can be seen as the opposite of Realism which is accepted as the dominant theory in IR. Liberalism draws more optimistic scenario of world politics than realism.

The roots of liberal tradition can be found in the late seventeenth century. The belief of liberal thinkers, starting with John Locke in the seventeenth century was that human beings can make progress within modern civil society and capitalist economy (Jackson & Sorensen, 2007, p.98). In liberal thinkers' view, modernity provides better life conditions, increased level of material welfare and an environment without authoritarian government (Jackson & Sorensen, 2007, p.98). There was a strong faith in human progress and rationality in liberalism. The source of this faith was the modern liberal state enforcing a political and economic system that makes great number of people happy (Jackson & Sorensen, 2007, p.98).

Liberal thought also took its source from the eighteenth century of European Enlightenment. From the early liberal thinkers' point of view, the increase in human freedom is dependent on economic, social and political policies promoting democracy and market capitalism (Ackerman & Carlson&Han, 2010, p. 3). According to eighteenth and nineteenth century liberals, war and commerce have opposite spirits (Burchill, 2005, p.62). Most of the wars were waged in order to accomplish mercantilist¹ objectives. Until Napoleonic wars, increase in wealth was associated with export growth and expanding export markets and resorting to trade war could be an instrument for augmenting wealth (Carr, 1945, p. 5). However, free trade was seen as a more peaceful way of enhancing wealth (Burchill, 2005, p.63). Obstacles to trade cause international tensions by creating misperceptions between human-beings. On the contrary, free trade

¹ Mercantilism is an economic doctrine which became influential in seventeenth and eighteenth centuries. This doctrine is proponent of the state intervention into economic activities. According to mercantilists, being wealthy is dependent on having gold and precious metals (Seyidođlu, 2003, p.14). From their perspective, a nation can become rich if its exportation exceeds its importation. In mercantilist thought, trade is not a win-win activity and a state's benefit depends on another state's loss. It can be argued that Adam Smith's and David Ricardo's ideas are responses to mercantilist thought on trade (Salvatore, 2007, p. 34).

enhance the dialogue between people and prevent misunderstandings (Burchill, 2005, p.63).

According to Immanuel Kant's writings in the eighteenth century, commerce without barriers could increase the wealth, unite the people around common interests and pave the way for world peace (Howard, 1978, p.20). He mentioned about three principles for peaceful conflict resolution in international relations (Ackerman & Carlson & Han, 2010, p. 4). The first principle is based on "republican constitutions" written by democratic states. These constitutions form "pacific union" of free states which is the second principle (Russett&Oneal, 2001, p.29). International treaties, laws and organizations play a vital role in the formation of this union. Kant's third principle is "commerce and free trade" supported by these international laws and organizations (Russett&Oneal, 2001, p.29). From Immanuel Kant's perspective, free global trade between democratic states made international relations based on economic ties rather than use of force. Thanks to these three principles, citizens of democratic states become opponents of war and show willingness for cooperation and peaceful relations. We can assert that Immanuel Kant's thoughts which had been transformed over time provided the main sources for ideas, values of liberal theories (Ackerman & Carlson & Han, 2010, p. 4).

Beginning with the second half of the eighteenth century, classical liberalism became the dominant economic doctrine. It can be asserted that Adam Smith's views expressed in his famous book "The Wealth of Nations" represent the birth of classical liberalism (Seyidođlu, 2003, p. 15). Adam Smith explains the benefits of free trade via his "Theory of Absolute Advantages". In his theory, each nation should specialize on the production of the commodities which they can produce efficiently and they should import the commodities whose production is less efficient for them. In this way, nations can specialize in the production of the commodity of their absolute advantage and sell these products by buying the products of their absolute disadvantage in return. As opposed to mercantilism, all nations benefit from trade in Smith's theory (Salvatore, 2007, p. 35).

Nineteenth century's liberal thinkers such as David Ricardo, John Stuart Mill built their views upon Kant's theory (Ackerman & Carlson & Han, 2010, p. 4). The theory of

comparative advantage appeared in David Ricardo's book named *Principles of Political Economy and Taxation*. It can be argued that the theory of comparative advantage is a cornerstone theory in explaining international trade (Seyidoğlu, 2003, p.18). According to Ricardo, there is still an opportunity to trade mutually even if a nation has absolute disadvantage of both commodities that it produce. From his perspective, comparative advantage emerges when a nation's absolute disadvantage is smaller in production of one commodity and this nation should specialize in the production of this product and export it. In other words, this nation should import the product in which it has greater absolute disadvantage (Salvatore, 2007, p. 38).

According to nineteenth century's liberal thinkers, conflicts stemming from hindered commerce could be overcome by free movement of goods and capital. In his writings in 1848, John Stuart Mill also argued that free trade was the most important instrument for ending wars and promoting prosperity for all. Trade would be the architect of the relations based on mutual dependence. Enhanced dialogue and dependence prevent people from resorting to conflict (Howard, 1978, p.37).

Early liberals always believed that the advantages of free trade transcend the costs of waging war for mercantilist interests when people become cognisant of the disruptive impacts of wars on trade and welfare (Burchill, 2005, p. 63). They also pointed out that interdependence beget the prevention of unilateral decisions of aggression and reciprocal retaliation (Burchill, 2005, p. 64). For modern liberal theorists, free trade which should be far from state interference yields international cooperation, peace, welfare. The developments in international arena brought about some modifications on liberal thinkers' opinions.

Liberalism concentrates on government within states as well as good governance between states and nations around the world (Dunne, 2008, p.111). In liberal thinking, the concepts of order, liberty and justice are crucial. As opposed to Realism, liberalism has a positive image of human nature. Liberals believe that human rationality can be applied to international relations. Juridical equality, democracy, liberty and the free market are four components of Liberalism (Dunne, 2008, p.116).

The First World War demonstrated that peace is not a natural thing and it should be constructed by various means and efforts. Liberal Idealism had a solid support from Woodrow Wilson's opinions. Woodrow Wilson who was the president of the United States tried to form an international system based on liberal values. The main aim of Woodrow Wilson was to discover how a second world war can be prevented. We can find the answer of this question in his famous programme. Wilson's programme which was declared in January 1918 underlines that secret diplomacy should be ended and agreements should be open to public (Heywood, 2011, p.438). Wilson's ideas are based on two major points. The first one is promotion of democracy and self-determination. Wilson believed that democratic states do not declare war against each other. The second major point of Wilson's programme is the formation of an international organization that would design inter-state relations on an institutional basis (Brown, 1997, p.24). That was the principle idea of the League of Nations. This organization reflects a basic principle of liberal thinking which is international institutions may help states to cooperate peacefully (Jackson & Sorensen, 2007, p.34). Wilson's ideas are based on the liberal thought of human beings behave rationally and if they implement reason to inter-state relations, they can establish institutions for everyone's the benefit (Angell, 2010, p.263). Wilson believed that a rational international organization can terminate war and bring more or less permanent peace.

We can say that liberal ideas gained some success in the international relations of the 1920s. However, the political and economic developments of the 1920s and 1930s falsified the arguments of utopian liberalism. We witnessed that the fascist and Nazi dictatorship came to power in Italy, Germany and Spain. Authoritarianism also raised in the states that were supposed to become democracies such as Poland, Hungary and Romania (Heywood, 2011, p. 436). Wilson's scenario of international peace promoted by an international organization did not become true.

The League of Nations could never gain power that Wilson wanted. Important states such as France and Britain never accepted the League as an essential organization and rejected the idea of shaping their foreign policies with the principles of the League (Jackson & Sorensen, 2007, p.35). While the moral rhetoric at the formation of the League was absolutely idealist, in practice states remained driven by self-interest

(Dunne, 2008, p. 114). The decision of the United States not to become a party to the League of Nations was a catastrophe for Wilson's dreams of peace-centered international order. The slump of the League of Nations was a devastating development for Idealism.

The doctrine of laissez-faire was criticized by the Keynesian economic doctrines which claimed that there should be a balance between economic liberty and the regulatory role of state for promoting social justice (Griffiths, 2007, p. 26). From the perspective of the Keynesian economic doctrines, state should play more active role in providing equitable social and economic conditions for its citizens. This divergence between classical and welfare (social) liberals represents one of the most important divisions within the liberal theory (Griffiths, 2007, p. 26). This critique of classical liberals provided the main explanation for the inequality within states and increasing level of militarism, authoritarianism and conflict observed in international level in the inter-war period (Griffiths, 2007, p. 26).

Keynes in his book named *The Economic Consequences of the Peace* (1919) asserted that reparation of the German economy was the precondition for European continent's recovery and stability due to the interdependence level before the war (Keynes, 1924, p. 16). Keynes also criticized the liberal doctrine of laissez-faire for a period during the Great Depression. He claimed that greater economic nationalism is necessary for accomplishing the promises of politicians such as full employment without having an injury in the national economy (Keynes, 1924, p.261). While Keynes advocated protectionism (increased role of government via fiscal policy instruments) in domestic politics, he supported liberal economic system for the international economy (Heywood, 2011, p. 462). Owing to the alterations in the conditions of international politics and growing importance of concerns for justice, liberal thinkers reassessed their ideas (Griffiths, 2007, p. 26).

Due to the dissolution of European economies and the upsurge of political extremism in the inter-war era, awakened European political leaders about the requirement of public regulation in the global economy and the importance of ensuring benignant peace environment (Brown & Ainley, 2005,p. 24). The lessons of the inter-war period helped to design the international economic and political system after the Second World War.

After 1945, we observed that liberalism moved away from over-optimistic perception of international relations and developed more pragmatic language. In this period, the Cold War grapple between the United States and the Soviet Union became the predominant feature of the international politics and the United States achieved to put fundamental liberal principles in the centre of the regulatory rules and institutions of international relations. The United States assumed a leading role with its open political and economic system for the other members of international society. The United States also was the main advocate of the idea of free trade. Most importantly, the United States created and participated in a range of crucial international organizations. After the Second World War, we can observe the institutionalized dimension of the United States' power in the Bretton Woods system's economic, financial and commercial agreements and in the North Atlantic Treaty Organization (NATO) (Dunne, 2008, p. 117). It can be argued that the financial and political organizations formed after the Second World War are the basis of the current political and economic system.

Bretton Woods financial, monetary and trade institutions formed under the United States' leadership maintain open, free and non-discriminatory international system in all three realms. As opposed the period after the First World War, the defeated states of the Second World War were integrated into the newly established international order peacefully (Brown & Ainley, 2005, p. 134). This conceived as the most important factor for the success of the post-war period. The basic liberal assumptions such as democratic domestic political system and the integration into the open international economy were recognized and implemented by West Germany and Japan (Griffiths, 2007, p. 26). The recognition of these principles by aforementioned countries paved the way economic growth and prosperity via non-military tools (Griffiths, 2007, p. 26).

Now, it will be touched upon the assumptions of economic liberalism which provided sources for the creation of Bretton Woods system. Liberal economic theory is the basis of the post-war world economy. The roots of the institutions and framework created after the Second World War can be found in liberal economic theory. This theory accept human-beings who are rational and self-interested as the key economic actors (Heywood, 2011, p.87). The main assumption of economic liberalism is that unregulated market economy is characterized by freely convertible currencies and open

markets finds the equilibrium in the long run. Supply and demand are brought to the equilibrium by the invisible hand of the market (Heywood, 2011, p.87). This is called a policy of laissez-faire in which the market is left to administer itself and the role of the state is minimized. The core idea of this doctrine is that the economy works best when there is no state intervention. In this doctrine, the ideal role of governments is ensuring the smooth and free functioning of the market. Free trade is also crucial in liberal thinking of the global economy. From the perspective of liberal economic theory, the policies of governments and actors operating in the world economy are shaped by free trade and free movement of capital (Woods, 2008, p.250).

After the Second World War, international institutions were formed to ease cooperation in the global economy. In August 1944, the United States, the United Kingdom and 42 other states gathered at the UN Monetary and Financial Conference at Bretton Woods to develop the institutional framework for the post-war international financial and monetary system (Heywood, 2011, p.460). For these policy makers, there were two serious problems to handle. First problem was exploring the ways to form a stable international monetary system and an open global trading system in order to prevent the reoccurrence of the Great Depression of the 1930s (Woods, 2008, p.244). Second task was to restore the war-torn economies of Europe.

There were two plans that were submitted to Bretton Woods Conference. One is "Keynes Plan" which was prepared by John Maynard Keynes. The other was "White Plan" whose author was Dexter White, United States's Secretary of Treasury. At the end of the conference, "White Plan" shaped Bretton Woods system. In his plan, Keynes proposed a mechanism which provides credit automatically for the countries having deficit. This plan was based on the idea that the system should not only render responsible the countries having deficit from international balance. Keynes wanted the countries having surplus to be also responsible from international balance. According to "White Plan", there should be a fixed exchange rate system for achieving stability. "White Plan" proposed the abolishment of the barriers on global trade and the establishment of an international institution to contribute to rebuild the economies damaged from war. As opposed to "Keynes Plan", "White Plan" was of the view that

only the countries having deficit should be responsible from the external balance (Seyidođlu, 2003, p. 528).

The most important consequence of the Bretton Woods meeting was the formation of three institutions of a new world economic order. The three agents of Bretton Woods system are as follows (Heywood, 2011, p.460):

The International Monetary Fund (IMF), which came into operation in March 1947.

The International Bank for Reconstruction and Development (IBRD), better known as the World Bank, which came into operation in June 1946.

The General Agreement on Tariffs and Trade (GATT), which was replaced by the World Trade Organization (WTO) in 1995. Although GATT is usually seen as part of the Bretton Woods system, it was created by the UN Conference on Trade and Employment and came into operation in January 1948.

The Bretton Woods system is an explicit symbol of the multilateralism that gained ascendancy in the post-1945 period. However, we should not deny that the United States as the world's leading military and economic power played significant role in the design of international institutional framework of the post-war period. Therefore, the IMF, the World Bank and the GATT were Western bloc organizations dependent mostly on the United States (Woods, 2008, p.246).

The IMF was tasked with maintaining stable exchange rates and providing emergency aid to countries encountering a temporary crisis in their balance of payments system (Woods, 2008, p.245). Facilitating private investment and reconstruction of Europe. The GATT which will be examined in detail in Chapter II of this thesis became a platform for trade liberalization negotiations. GATT which was a multilateral accord than an international organization was responsible from bringing down tariff levels in the global trade.

Bretton Woods system was a product of liberal economic theories based on an open and competitive international economy. The dollar standard managed directly by the United States was the heart of the Bretton Woods system. At Bretton Woods Conference, it was agreed that all countries' currencies would be fixed at a certain value. The currencies fixed to the dollar and the United States promised to change all dollars to gold at \$ 35

per ounce (Woods, 2008, p.245). This provided stable and unchanging exchange rates. In Bretton Woods system, the fluctuation margin of national currencies against the dollar was ± 1 per cent (Krugman & Obstfeld, 2009, p.515).

In the late 1960s, US support for Bretton Woods system changed as a result of the weaknesses of its economy. In the 1970s, the world economy passed through a process of rising unemployment and stagflation (economic stagnation and high inflation were observed simultaneously.) (Heywood, 2011, p.464). In 1971, the United States President Nixon declared that his country would no longer change the dollar to gold and abandoned the fixed exchange rates system (Baylis & Smith & Owens, 2008, p.248). This event which is called Nixon shock brought about alarm bells for Bretton Woods system (Heywood, 2011, p. 466). Nixon also declared a 10 per cent tax on all imports to the United States so that Western countries and Japan revalue their currencies against the dollar (Seyidođlu, 2003, p. 533). In December 1971, an international agreement on exchange rate arrangement was declared at the Smithsonian Institution. According to Smithsonian Decisions, the dollar was devaluated against foreign currencies by approximately 8 per cent and the official gold price was increased to \$ 38 an ounce (Krugman & Obstfeld, 2009, p.525). Smithsonian Agreement raised the fluctuation margin of foreign currencies against the dollar to ± 2.25 per cent (Seyidođlu, 2003, p. 533). Smithsonian Decisions reflects the efforts to rescue Bretton Woods system. Despite these decisions, the dollar continued to be under the pressure of speculative attacks and was devaluated again in February 1973. Bretton Woods system was broken down in March 1973 (Krugman & Obstfeld, 2009, p.525). In the monetary system, the role given to the IMF also collapsed. The big industrialized countries tried to explore ways to implement their exchange rate policies under the IMF framework, however they failed (Baylis & Smith & Owens, 2008, p.246).

In the global trading system, GATT became successful in reducing trade barriers until the 1970s. In the 1970s, GATT's progress in eliminating trade barriers was reversed by new protectionism wave. The characteristic features of the 1970s were the absence of global economic cooperation among the industrialized countries which implemented floating exchange rates and the new forms of trade protectionism (Woods, 2008, p.248). We observed the examples of new protectionism especially in textile products, shoes,

steel which are the labour-intensive industrial goods exported mostly by less-developed countries. There were various instruments of new protectionism. Voluntary export restraints, technical standards, administrative regulations and export subsidies are some of these instruments (Seyidođlu, 2003, p. 170).

1.2.NEO-LIBERALISM

Neo-liberalism's solution to the problems faced by the world economy during 1970s was diminishing the role of the governments and letting market forces to operate. In 1970s, a lot of developing countries borrowed money mostly from US-based banks. The rise in interest rates in 1979 made the borrowers and lenders remember that these debts could not be repaid. The IMF tried to prevent the repudiation of these loans by developing countries. This development gave the mission of structural adjustment of indebted countries' economies to the IMF. Structural adjustment brought about immediate measures such as reducing inflation, government expenditure, the frontiers of the governments in the economy. In these years, structural adjustment was also associated with trade liberalization and privatization.

In the 1980s, the world community witnessed the triumph of neo-liberalism. In the late 1980s, the term "Washington Consensus" was used for the policies of the IMF and the World Bank. "Washington Consensus" focused on free trade and the liberalization of capital markets. During the 1990s, neo-liberalism advanced its influence through the organizations of global economic governance.

John Williamson invented the term "Washington Consensus" in 1989. He said that the first written usage of this term was for a conference convened in order to discuss the aged opinions of development economics that had managed Latin American countries' economic policies since 1950s (Williamson, 2004, n.p). It can be asserted that "Washington Consensus" was used to describe the IMF's and World Bank's policies. This term shaped the reconstruction process of economies in the developing world.

The ten reforms favoured by "Washington Consensus are as follows (Williamson, 2004, n.p):

- Fiscal discipline

- Reordering public expenditure priorities
- Tax reform (cutting personal and corporate taxes)
- Liberalizing interest rates
- Floating and competitive exchange rates
- Trade liberalization (free trade)
- Openness to foreign direct investment
- Privatization
- Financial liberalization (the deregulation of financial markets and capital controls)
- Property Rights

It is important to touch upon “Post-Washington Consensus”. As indicated above, Washington Consensus minimized the role of the government and proposed an inactive role for the state. “Post- Washington Consensus” underlines that governments should play an effective role in promoting sustainable development and take into account the concerns of their citizens. Eradicating poverty, ensuring social justice and fair income distribution should be the tasks of governments (Stiglitz, 1998, p.29).

In this part of the thesis, the main principles of neo-liberalism and liberal institutionalism will be addressed. We can assert that neo-liberalism was the main theory that provide guidance to the United States’ foreign policy behaviours in the post-1945 period. According to Steven L. Lamy (2008) “neo-liberalism is more than a theory; it is paradigm or conceptual framework that define a field of study, and define an agenda for research and policy-making” (p.126).

Neo-liberalism is the type of liberalism (Lamy, 2008, p. 126). Idealism is rejected by neoliberals although they agree on traditional liberal ideas regarding the possibility of progress and change. In the academic milieus, neo-liberalism is generally used synonymously with neo-liberal institutionalism. However, in the policy world, neo-liberalism is associated with Western values based on capitalism and democratic institutions (Baylis, Smith, & Owens, 2008, p. 127).

Like neo-realism, neo-liberalism is system maintainer theory that is mostly comfortable with the current status quo in terms of international system and its actors, values and power distribution (Baylis, Smith, & Owens, 2008, p. 126). In IR discipline, neo-realism and neoliberalism are defined as status-quo rationalist theories (Lamy, 2008, p. 137). Robert Cox defines these theories as problem-solving theories since they study the

issues that damages the status-quo such as security, conflict, cooperation (Baylis, Smith, & Owens, 2008, p. 126). Neo-realists address military security and war, whereas neo-liberal scholars concentrate on cooperation and institutions.

Neo-liberalism is one of the most dominant strands of liberal thinking today. Neo-liberals believe that states are in the pursuit of absolute gains and the fundamental barrier to cooperation is non-compliance by other countries. Hence, their main belief is that states are ready to cooperate if they are sure about the compliance of others with the rules. From neo-liberal point of view, relative gains are not important for states and they are not interested in how much the others gain (Baylis, Smith, & Owens, 2008, p. 133).

Whilst there are clear divergences between neo-realism and neo-liberalism, we can assert that these differences are minor in comparison with the division between reflectivist and rationalist theories (Lamy, 2008, p. 137). Both of these theories use positivist epistemology and try to find answers to similar questions. In addition, they agree on the critical assumptions concerning the state and the international system. Both of them share the idea that the defining feature of the international system is the anarchy. Within this anarchic international system, neo-liberals attach utmost importance to the concepts of interdependence, international institutions and regimes. For neo-liberals, institutions and regimes which are important players in international relations facilitate cooperation.

1.3.NEO-LIBERAL INSTITUTIONALISM

Neo-liberal institutionalism focuses its analysis of international politics on the institutions and international community and sees them as appropriate tools for understanding international relations (Baylis, Smith, & Owens, 2008, p. 138). Since neo-liberal institutionalist scholars ask key questions regarding the role of international regimes and institutions on promoting rules and principles that facilitate economic development, this thesis apply neo-liberal institutionalist theory to its analysis of the WTO's place in the development path of developing countries.

We can find the roots of liberal institutionalism or neo-liberal institutionalism in the functional integration scholarship of the 1940s and the 1950s and regional integration

studies of the 1960s (Lamy, 2008, p. 131). In the 1950s Western Europe passed through a process of regional integration. This regional integration was an intensive form of international cooperation. Integration theorists examined how mutually beneficial long-term cooperation can be established through functional activities such as trade and investment (Jackson & Sorensen, 2007, p.43). We saw that integration theories were less idealistic and more pragmatic than utopian liberalism. Integration studies suggest that peace and prosperity can be promoted by the states who are willing to unite their resources and abandon some of their sovereignty with the aim of forming integrated communities (Baylis, Smith, & Owens, 2008, p. 132). The European Union is a good example of an regional organization whose the first objective was promoting multilateral collaboration in the area of coal and steel. Neo-liberal theorists also studied that cooperation in one field had spill-over effects on other fields (Jackson & Sorensen, 2007, p.43).

The transnationalism and complex interdependence appeared in the 1970s was the third generation of liberal Institutional scholarship (Baylis, Smith, & Owens, 2008, p. 132). These scholars argued that the world became more pluralistic in terms of actors and the level of interdependency between these actors increased. High level of interdependence makes states more inclined to establish international institutions to handle mutual problems. For these group of theorists, institutions provide information and reduce costs and cooperation become possible among states due to this function of the institutions (Jackson & Sorensen, 2007, p.44). Robert Keohane and Oran Young are among the main contributors to neo-liberal Institutionalism.

The core assumptions of neo-liberal institutionalism are as follows (Lamy, 2008, p. 132):

States are the key actors in international relations, but not the only significant actors. States are rational or instrumental actors, always seeking to maximize their interests in all issue-areas.

In this competitive environment, states seek to maximize absolute gains through cooperation. Rational behaviour leads states to see value in cooperative behaviour. States are less concerned with gains or advantages achieved by other states in cooperative arrangements.

The greatest obstacle to successful cooperation is non-compliance or cheating by states.

Cooperation is never without problems, but states will shift loyalty and resources to institutions if these are seen as mutually beneficial and if they provide states with increasing opportunities to secure their international interests.

A scientific and behaviouralistic approach is adopted by neo-liberal institutionalists. In their view, international institutions contribute to advance cooperation and to alleviate the lack of trust between states. The other key features of international institutions is providing a flow of information and a forum for negotiation between states. Thanks to the international institutions, the ability of states to monitor others' compliance improved (Keohane & Nye, 1987, p.751).

Neo-liberal institutionalism argues that international organizations are efficient in the areas where states have mutual interests such as open and free trade. As a clear indication of this, most state leaders believe that an open and free trade system benefits all countries and they support the institutions that are the guardian of open trade rules. Thus, neo-liberal institutionalism as the theory of international organizations focuses its studies on the issues where states can cooperate around mutual interests. Topics of global governance, the foundation and provision of institutions constitute the current study areas of neo-liberal scholars. (Baylis, Smith, & Owens, 2008, p. 132).

After the basic principles of neo-liberal institutionalism are generally touched upon, the theory will be now addressed in detail. Robert Keohane who is one of the leading scholars of neo-liberal institutionalism develops the main foundations of this theory in his book named "After Hegemony". In his analysis, Keohane focuses on conditions under which states prefer to cooperate and he accepts the mutual interests as given (Keohane, 1984, p.6). With Keohane's own words, the arguments of his book can be applicable to the analysis of the relations among developed market-economy countries and less-developed countries. He claims that developed and less-developed countries' common interests can solely be accomplished via cooperation (Keohane, 1984, p. 6).

His main assumption is that international regimes have the capacity to change the informations and opportunities for states and commitments made by states are supportive of these regimes. Therefore, he focuses on how international institutions and regimes can encourage cooperation between states (Keohane, 1984, p. 26).

In light of international economic institutions established under the leadership of the United States after the Second World War, Keohane accepts that hegemons play a crucial role for constructing international regimes.

Keohane distinguishes cooperation which is the central concept for neo-liberal institutionalists and harmony. Keohane defines harmony as a situation where states' policies naturally ease the accomplishment of others' objectives (Keohane, 1984, p. 51). However, cooperation is a different situation from harmony. According to Keohane;

Cooperation requires that the actions of separate individuals or organizations—which are not in pre-existent harmony—be brought into conformity with one another through a process of negotiation, which is often referred to as "policy coordination."

As indicated above, cooperation is possible if states adjust their actions to the factual or estimated preferences of others via policy coordination process (Keohane, 1984, p. 51). Harmony does not need any communication or special effort whereas cooperation requires the alteration of behaviours. From Keohane's perspective, this alteration can occur through positive as well as negative persuasion tools. In some circumstances, international crises may be beneficial for achieving cooperation. Keohane argues that cooperation should not be associated with the absence of conflict. On the contrary, cooperation should be viewed as a response for the solution of a conflict or potential conflict. According to him, cooperation is not required in a situation where there is no threat of conflict (Hasenclever, Mayer & Rittberger, 1997, p.61). He also adds that this point can be observed in trade relations between friendly states in liberal international economy. In every state, there are pressure groups that demand protection for their sectors from international competition. If governments act in line with these calls of pressure groups and make unilateral decisions without taking into consideration the adverse impacts of their policies on others, conflict may arise in trade relations. In other words, the pursuit of self-interests by states may create discord on trade issues. To overcome the potential conflicts, governments opt for entering into international negotiations and they try to follow mutually beneficial policies through cooperation (Keohane, 1984, p. 54).

According to the definition developed collectively (Krasner, 1983, p.2):

International regimes are sets of implicit or explicit principles, norms, rules and decision-making procedures around which actors' expectations converge in a given area of international relations. Principles are beliefs of fact, causation, and rectitude. Norms are standards of behavior defined in terms of rights and obligations. Rules are specific prescriptions or proscriptions for action. Decision-making procedures are prevailing practices for making and implementing collective choice.

The concept of international regime has four components which are principles, norms, rules and decision-making procedures (Ruggie, 1983, p.203). These four components are the factors which allow certain state behaviours, actions and outlaw the others (Keohane, 1984, p. 59). Thanks to the international regimes, states sign cooperative agreements. Keohane accepts that international regimes are motivated by self-interests of states (Keohane, 1984, p. 63). Therefore, sovereignty of states are still important in the system of international regimes.

The objectives of founding members are the major determinants of the principles of international regimes. Keohane gives the example of GATT. He states that the desire of the formation of open, free and non-discriminatory international trade exchanges determined the principles of postwar international trade regime (Keohane, 1984, p. 59).

Keohane does not deny the fact that hegemon's support is the indispensable element for the establishment of international regimes. He admits that the formation of international regimes may need active endeavors of a hegemon as in the case of the IMF and GATT established after the Second World War (Hasenclever, Mayer & Rittberger, 1997, p. 87). However, he asserts that negotiations towards making arrangements on international trade, monetary and financial systems includes various actors, thus can be accepted as a game carrying multiple-play character (Keohane, 1984, p. 76). The attempts to establish international regimes can be observed in the situations where states have shared interests (Bull, 2002, p.232). Thus, international regimes are based on mutual interests of actors rather than the existence of a hegemon. The results of the negotiations are gained via a number of actors closely communicating each other and evaluating each other's actions (Keohane & Nye, 1974, p.51). As a clear indication of

this, contemporary international trading system is formed through negotiations among a group of countries.

As indicated above, international institutions enhance the capability of states to cooperate in mutually beneficial ways by decreasing the costs of entering into agreements, (which are called “transaction costs”) in this way they facilitate cooperation (Hasenclever, Mayer & Rittberger, 1997, p.37). This reality stems from the fact that international institutions decrease the uncertainty about states’ behaviours by providing information. International institutions have the mechanisms to oversee the compliance of states with their commitments. Therefore, institutions serve to address the fear of non-compliance of states (Keohane, 1984, p. 97). It is crucial to emphasize that international institutions create transparency by encouraging credibility and reducing uncertainty among states (Keohane, 1998, p. 86).

Technical level officials are the main actors that are responsible from administering the international institutions. The relations between the officials of member states of an institution are defined as intergovernmental relationships. Communication regularly held between these officials render possible exchange of information and enhance the possibility of reaching accords that are mutually beneficial for all (Keohane & Nye, 1974, p. 56). The communication between technical-level officials, informal as well as formal, are more important than traditional relationships conducted between bureaucracies.

It is not wrong to argue that efficient international institutions encourage informal communication among their officials. Because informal discussions held between like-minded officials help to accomplish shared interests and increase the predictability of states’ behaviours and actions. Due to the correct and sufficient information provided by increased level of communication among these officials, decision makers become more prone to cooperation and more loyal to the institutions’ objectives (Keohane, 1984, p. 101). Keohane justifies his argument by taking an example of the period of 1970s in which American hegemony decreases. Despite the decline of American hegemony during the 1970s, postwar international regimes achieved to survive. Highly institutionalization character of these regimes permitted them to survive independently from the power of the hegemon (Keohane, 1984, p. 99). Comprehensive dialogue

among working-level officials played crucial role in preventing the collapse of postwar cooperation in the areas of international trade, monetary and financial system.

From Keohane's perspective, the possibility of retaliation by other states may also be a coercive factor for a member which risks to violate the rules. In cases in which non-compliance by an actor is observed by other, this creates negative evaluation of the violator actor and the potential retaliation. Hence, the possibility of retaliation leads to pressure on states and bring about the compliance with their commitments (Keohane, 1984, p.116). In some situations, retaliation is authorized by the principles of an international institution. For instance, retaliation is permitted under some conditions by the rules of GATT and the WTO.

The rules of international institutions have a role of establishing linkages among different issues. A violation of a state on an issue may cause a retaliation in another realm. Therefore, a state can not solely pursues its pure self-interest since it knows that an action leading a violation of the rules may face negative effects on other trade issues (Hasenclever, Mayer & Rittberger, 1997, p. 174). This render states more inclined to cooperate.

Keohane claims that the success of the international institutions in creating cooperation also stems from the fear of bad reputation of states. Despite the absence of particular retaliation, states may refrain from committing rule-violations if they are believe that their reputation will be subject to a threat (Keohane & Nye, 1987, p. 743). States are concerned that their rule-infringements may create bad precedents even if there is no specific penalty to be imposed. States opt for prioritizing collective gains rather than individual ones. The costs of non-compliance deter states from the breach of the rules. In light of these explanations, Keohane concludes that the reputation is an essential factor in solving the problems of international institutions (Keohane, 1984, p. 104).

Keohane also draws attention to the role of existing principles of international regimes on the formation of new ones. He argues that mutual confidence gained by old international regimes plays a facilitator role for the establishment of new international regimes (Keohane, 1984, p. 91). Thus, it is important to underline that new international regimes emanate from the old ones. He emphasizes that international regimes are

inclined to evolve rather than to disappear. In light of the difficulties of forming international regimes, it is plausible to make necessary modifications on the existing regimes rather than to forego inefficient ones and establish a new one (Keohane, 1984, p.107).

The end of Cold War increased the importance of the liberal theory in world politics. After the end of the Cold War, the world became more pluralistic in terms of actors. This means that the world moved into the direction of liberal thinking (Jackson & Sorensen, 2007, p. 125). This rendered IR scholars more aware of the role of ideas and norms of the international institutions (Keohane, 1998, p. 90).

With the end of the Cold War, the issues, concepts of liberal theory gained more importance and urgency. One of these concepts is the international institutions. A strong need to acquire more detailed information about the international institutions had emerged (Jackson & Sorensen, 2007, p. 125). In this process, existing international institutions such as North Atlantic Treaty Organization (NATO) passed through a transformation process whereas new international organizations such as WTO had been established (Jackson & Sorensen, 2007, p. 126). The proliferation of international organizations such as Asia Pacific Economic Cooperation (APEC) and the WTO and the centrality of international organizations like IMF and World Bank in global economic system presents a clear indication of the impact of neoliberalism in the post-Cold War era (Burchill, 2005, p. 75).

With the high level of interdependence between actors in increasingly globalised world, research on the emergence, functioning and the impacts of international institutions became more important. Although some events in international politics such as 9/11 attacks posed challenges on liberal thinking, it is still a relevant theory in examining current international developments.

Evaluations

In this chapter, the theoretical background of the current international trading, monetary and financial system which is called Bretton Woods system has been addressed. The theoretical roots of the international economic system established after the end of the

Second World War can be found in neo-liberalism, more specifically neo-liberal institutionalism.

Liberal theory took its sources from the liberal thinkers of eighteenth century of European Enlightenment. Early liberals as well as modern liberals strongly believe in human progress and rationality. Free trade, market capitalism and democratic values are the central concepts for liberal thinkers. This chapter indicates that Immanuel Kant's principles of "free trade", "pacific union of free states" are the most important contributors for the creators of the GATT and the WTO.

The core claim of neo-liberal institutionalism is that international regimes can facilitate cooperation by reducing transaction costs and encouraging the exchange of information among states. International institutions which are a set of principles, norms, rules and decision-making procedures increase the states' ability to signing mutually beneficial agreements. Due to their principles, norms, rules and decision-making procedures, international regimes create behavioural patterns for states and draws the framework of legitimate and illegitimate actions. This feature of international institutions bring about credibility among states and lead them to cooperation rather than opting for conflict.

In light of this theoretical background, it is clear that the assumptions of neo-liberal institutionalism provide valuable inputs for the analysis of the GATT's and its successor the WTO's role for developing countries. Bretton Woods financial, monetary and trade institutions formed under the United States' leadership maintain open, free and non-discriminatory international system in all three realms. Within this theoretical framework, the next chapter will touch upon the trade negotiations during the GATT period, the principles, rules, objectives of the WTO and the arguments opposing the WTO.

CHAPTER 2

THE LIBERALIZATION OF INTERNATIONAL TRADE IN LIBERAL ECONOMIC SYSTEM IN THE POST-SECOND WORLD WAR ERA: GATT PERIOD AND THE WORLD TRADE ORGANIZATION

After the first chapter provided a theoretical and epistemological ground for the study of the GATT and its successor, the WTO, this chapter concentrates on examining these institutions in detail. Within the theoretical background provided by the previous chapter, second chapter of the thesis touches upon initially the trade negotiations conducted the GATT's period. GATT was formed as the main regulatory body of international trade in the post-war era. The fundamental aim of GATT is the promotion of trade liberalization and the elimination of discriminatory trade practices via multilateral trade negotiation rounds.

After exploring the roots, rules and negotiation coverage of the GATT's system, this chapter proceeds with the WTO's objectives, functions, basic principles, agreements and organizational structure are examined. The WTO which is the successor of the GATT was established to govern the international trade in 1995. This chapter analyses the unique characteristics that distinguishes the WTO from its predecessor, the GATT as well as the other two agents of the Bretton Woods system. This chapter also examine the WTO's AoA providing the rules for the agriculture negotiations which is the main research area of this thesis.

Another issue covered by this chapter is Doha Development Agenda which was launched as the first multilateral trade round after the formation of the WTO. The main topics and aims of Doha Development Agenda are presented in this chapter. The last point examined by this chapter is the opposition faced by the WTO. Since the primary target of this thesis is to demonstrate that the WTO does not solely rely on the interests of developed countries and takes into account developing countries' concerns, the critiques towards the WTO are addressed. The analysis of the opposition to the WTO serve to the better understanding of the WTO's role for developing countries.

2.1. GATT PERIOD

World trade was governed by GATT's rules between 1948 and 1994. As a result of the failure to establish the International Trade Organization (ITO), GATT emerged as the actor of the international trading system in the post-war era. At the outset, the purpose was to form an organization to deal with the trade side of international economic collaboration, after the formation of the two "Bretton Woods" institutions, the World Bank and the IMF. The negotiations whose aim was to create ITO as a specialized agency of the United Nations (UN) was held at a UN Conference on Trade and Employment in Havana, Cuba in 1947 (Salvatore, 2007, p. 313).

As a result of these negotiations, the ITO Charter was finally adopted in Havana in March 1948 and the new GATT was formed, with 23 founding members. However, the ratification of Havana Charter became problematic owing to the opposition of some members, especially the United States. Although the United States government had been one of the leading countries of the new international trading order, President Truman could not achieve to present the ITO Charter to the US Senate for approval. Since the United States government failed to have Congressional ratification of the Havana Charter, the ITO was like a dead born child. Therefore, the GATT became the sole multilateral mechanism managing international trade between 1948 and 1995 (https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact4_e.htm, 16 April 2019).

According to the GATT, the organization was created to realize the objectives of raising living standards, reaching full employment, increasing the volume of real income and effective demand and widening the production and exchange of goods (GATT, 1947, n.p). The contracting parties aimed to sign reciprocal and mutually advantageous agreements which targeted the substantial diminution of tariffs and non-tariff barriers to trade and the abolition of discriminatory treatment in international trade (GATT, 1947, n.p).

The roots of the GATT system was multilateral principles of non-discrimination and reciprocity in international trade affairs. Non-discrimination principle is composed of "Most Favoured Nation (MFN)" and "National Treatment" principles. MFN principle which will be touched upon in detail in the part related to the WTO implies that no

trading partner can be treated more favourably than any other. National Treatment principle forbids the discriminatory treatment for imported products so as to protect domestic ones.

GATT provided the liberalization of international trade via multilateral trade negotiations which was named as negotiation rounds. In GATT period, eight negotiation rounds were held.

Year	Place/Name	Subjects Covered	Countries
1947	Geneva	Tariffs	23
1949	Annecy	Tariffs	13
1951	Torquay	Tariffs	38
1956	Geneva	Tariffs	26
1960-1961	Geneva/ Dillon Round	Tariffs	26
1964-1967	Geneva/ Kennedy Round	Tariffs and anti-dumping measures	62
1973-1979	Geneva/ Tokyo Round	Tariffs, non-tariff measures, "framework" agreements	102
1986-1994	Geneva/ Uruguay Round	Tariffs, non-tariff measures, rules, services, intellectual property, dispute settlement, textiles, agriculture, creation of WTO	123

Table 1: GATT Negotiation Rounds, (WTO, 2012b, p.14)

In the early years, the focal point of the GATT trade negotiation rounds was further declining tariffs. Tariffs were decreased by a total of about 35 per cent in five trade negotiation rounds conducted between 1947 and 1962. (Salvatore, 2007, p.314). Apart from tariffs, anti-dumping measures was firstly discussed in the Kennedy Round held between 1964-1967.

The Tokyo Round lasted from 1973 to 1979 was a first attempt to reform the system. Non-tariff barriers were seriously touched upon during the Tokyo Round. In the Tokyo Round, a code of conduct for countries implementing non-tariff barriers was agreed to

decrease the trade restrictive impact of these barriers (Salvatore, 2007, p.315). The outcomes of the Tokyo Round demonstrated that an average one-third reduction in tariffs in the world's nine major industrial markets was accomplished. As a result of this achievement, the average tariff on industrial products became 4.7% (https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact4_e.htm, 16 April 2019).

The Uruguay Round of 1986-1994 was the last and most comprehensive negotiation round during the GATT period. The establishment of WTO is the outcome of the Uruguay Round which had the highest level of ambition compared to the other multilateral trade negotiation rounds. It brought agriculture, services and foreign investments into the negotiation table. The other contribution of the Uruguay Round was that member countries had the chance of negotiating international rules for the preservation of intellectual property rights and ameliorate the dispute settlement mechanism (Salvatore, 2007, p.317).

Despite its limited field of action and provisional character, GATT's steady reductions in tariffs alone was the important factor behind high rates of global trade growth during the 1950s and 1960s (https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact4_e.htm, 16 April 2019). Thus, it is undeniable fact that GATT achieved a huge success in ensuring and securing the liberalization of much of global trade. Thanks to the momentum of trade liberalization, countries' capability of trading with each other and taking benefits of trade improved. The most important gain of the Uruguay Round was the demonstration of the fact that the multilateral trading system was affirmed as an indispensable element for development and trade reform (https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact4_e.htm, 16 April 2019).

When we look at the weaknesses of the GATT, we observe that GATT's limited sphere of action reduced its ability to prevent the growth of non-tariff barriers. GATT which focused on the reduction of the tariffs on goods could not include agriculture and the growing services sector in its agenda. Secondly, GATT's rules for dispute settlement between trading partners were weak.

Although the GATT was replaced by the WTO in 1994, it still continues to exist as the WTO's main treaty for trade in goods, updated as a consequence of the Uruguay Round

negotiations (https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact4_e.htm, 16 April 2019).

The formation of the WTO was a reflection of the changing character of the international trading system in the 1980s. We can assert that the establishment of the WTO is closely related with the triumph of neo-liberalism and the accelerated pace of globalization (Heywood, 2011, p.471). There is no doubt that the WTO as a more powerful trade entity than the GATT contributed to advance the cause of free trade. It is important to underline that GATT was an agreement rather than an organization. Therefore, GATT was less formal and its rules were less binding. Due to this fact, it was opted for forming an international trading system based on GATT.

The establishment of the WTO demonstrates the accuracy of one of the main arguments of the neo-liberal institutionalist theorists. As neo-liberal institutionalists assert that the experiences of old international institutions perform an important role in the formation of new ones. The newly established institutions benefit from the mutual trust created by the old ones. On the other hand, neo-liberal institutionalist theory argue that it is easier to make necessary modifications on the existing organizations owing to the difficulties of forming new ones. The WTO was built upon the GATT's experience of administering international trade relations. In addition, the WTO used as an input the lessons of the GATT's period and improved the GATT's rules and principles by eliminating its predecessor's deficiencies.

2.2. WORLD TRADE ORGANIZATION

The World Trade Organization (WTO) was formed at the Marrakesh Ministerial meeting in April 1994 which officially concluded the Uruguay Round. Indeed, there were no radical differences in the WTO compared to the GATT (WTO, 2015, p.13). For example, the headquarters of the WTO remained the same with the GATT's one and the Director-General of the GATT became the Director-General of the WTO. We can assert that the most radical change was that the WTO had permanent institutional structure which the GATT did not have. The limitations of the GATT constitute the root causes of the need to establish the WTO. GATT was an international treaty rather than a fully-fledged international organization. Therefore, it can be asserted that it was a

set of principles and norms (Heywood, 2011, p. 471). The other limitation of the GATT was its coverage. GATT only provided rules for trade in goods and aimed to reduce tariff barriers for goods (Heywood, 2011, p. 471). In other words, agriculture and services sectors of the economy were not included in the GATT system. GATT had not a sufficient capacity to deal with the non-tariff barriers (Heywood, 2011, p. 471). GATT's dispute settlement system was weak. Under the GATT dispute settlement procedures, consensus was required for the adoption of rulings. Due to consensus principle, the ruling could be blocked by a single objection. Under the WTO dispute settlement system, a ruling can only be rejected if all the members object (https://www.wto.org/english/thewto_e/whatis_e/tif_e/displ_e.htm, 19 August 2019).

Aforementioned limitations paved the way for the creation of a stronger trade organization. These shortcomings could be observed apparently during the Uruguay Round (Heywood, 2011, p. 471). The WTO became an intergovernmental, "member-driven" organization whose main function was to govern and oversee trade negotiations (WTO, 2015, p.13).

However, it is not wrong to argue that the WTO's foundation is a milestone for the multilateral trading system. The WTO had the same legal and organizational structure as other international organizations, such as the IMF and the World Bank. It had widened the scope of its responsibilities. Apart from managing the existing agreement on trade in goods, the WTO became responsible for overseeing new agreements on services and intellectual property, the trade policy review process and the reinforced dispute settlement mechanism. In addition to these formal changes, informal changes occurred as well. One of the most important change was members' increasing participation into daily work of the WTO (WTO, 2015, p.13). A wider range of Geneva-based officials who began to actively engage in meetings play a fundamental role in negotiations; and trade missions to the WTO's headquarters in Geneva have persistently augmented (WTO, 2015, p.13). These changes constitute reflections of the WTO's growing extent and of members increasing share in the system.

The Agreement Establishing the WTO (Marrakesh Agreement), which states the goals and the structure of the organization was a part of the Final Act of the Uruguay Round.

2.2.1. The Objectives of the World Trade Organization

The Preamble of the Marrakesh Agreement spells out these objectives as follows:

the Parties to this Agreement,

Recognizing that their relations in the field of trade and economic endeavour should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, and expanding the production of and trade in goods and services, while allowing for the optimal use of the world's resources in accordance with the objective of sustainable development, seeking both to protect and preserve the environment and to enhance the means for doing so in a manner consistent with their respective needs and concerns at different levels of economic development,

Recognizing further that there is need for positive efforts designed to ensure that developing countries, and especially the least developed among them, secure a share in the growth in international trade commensurate with the needs of their economic development,

Being desirous of contributing to these objectives by entering into reciprocal and mutually advantageous arrangements directed to the substantial reduction of tariffs and other barriers to trade and to the elimination of discriminatory treatment in international trade relations...

As indicated in the Preamble of the Marrakesh Agreement, the WTO puts trade liberalisation at the centre for promoting economic growth and development. In other words, free trade is an instrument in order to support economic growth and development in the WTO system. Thus, trade and development are closely linked each other in this system². In the WTO which is criticized for representing the interests of developed countries commercial targets were not prioritized against development. The WTO is a platform where the concerns of developing countries and LDCs are taken into consideration(Guzman&Pauwelyn, 2009, p.101).

The WTO constitutes an important example that demonstrates how shared interests of states can evolve to the formation of an institution as neo-liberal institutionalist scholars argue. The WTO's member governments' mutual interests which are trade liberalization through reduction of tariffs, the promotion of non-discriminatory international trade

² Trade always became an important component of development plans. In the 1950s and 1960s, there was a wide recognition that developing countries should implement import-substituting industrialization. Beginning with the mid-1960s, it was recognised that export-oriented industrialization could be possible and developing countries began to prefer export-led trade policies (Krugman &Obstfeld, 2009, p.259).

regime and sustainable development produced an institutionalized cooperation in international trade area.

2.2.2. The Functions of the World Trade Organization

The main functions of the WTO include (WTO, 1995):

- to serve as a forum for Members to negotiate the international rules of trade;
- to facilitate the implementation and management of the WTO Agreements through its bodies and committees;
- to serve as a forum for settlement of Members' trade disputes;
- to assist developing and LDC Members in trade policy issues, through technical assistance programmes;
- to review Members' trade policies and;
- to cooperate with other international organizations.

The first two functions are related to the role of the WTO of serving a permanent institutional platform for trade negotiations among its members. The third function refers to the role of the WTO as a dispute settlement forum. In line with the rules and principles stated in the WTO Agreement, members may take recourse to the Dispute Settlement Mechanism when they fail to achieve a mutually acceptable solution for a trade dispute. Dispute settlement is the central and unique feature of the WTO. It is also preserves the security and predictability of the multilateral trading system through enforcing the WTO rules and agreements (WTO, 2012b, p.30). This crucial function of the WTO provides the settlement of trade disputes efficiently and impartially. Thanks to the function of dispute settlement, WTO Members feel that their rights and obligations are respected and they trust in the multilateral trading system (WTO, 2015, p.78).

The fourth function refers to the WTO's role for its developing and least-developed members. More than two thirds of the WTO Members are developing countries. Therefore, technical assistance and capacity building are at the centre of the WTO's work. The WTO assists these Members to fully reap the benefits of the multilateral trading system in several ways. The WTO Agreements include special provisions for developing countries. For instance, it gives developing countries longer implementation periods for their obligations and takes some measures so that they can increase their trading opportunities. As a clear indication of the special importance attached to

developing countries in the WTO's work, hundreds of technical assistance activities are organized so that developing Members can better understand and implement WTO rules.

The fifth function points out the role of the WTO in the transparency mechanism developed during the Uruguay Round. From the final function, we understand that the functions of the WTO are interconnected and complementary with those of other international organizations in dealing with global trade, financial and economic rules. The WTO's cooperation with the International Monetary Fund and the World Bank plays a crucial role in implementing more consistent and complementary international economic policies. Maintaining institutional relations with other organizations in different trade-related matters is also under the responsibility of the WTO.

2.2.3. The World Trade Organization's Members

The WTO has 164 members. WTO members are generally grouped as "developed Members" or "developing Members" on the basis of their level of development. Developing countries constitute more than two thirds of the WTO membership.

In the WTO, the definition of "developed" or "developing" Member is not an issue upon which it is agreed. According to the WTO principles, each WTO member determine on its own status ("developed" or "developing"). This is recognized as the principle of self-determination.

The differentiation between "developed" and "developing" Members is important in the implementation of WTO obligations. Developing Members have special rights in the WTO. These special rights stem from the concept of special and differential treatment which will be touched upon in the next chapter.

Some developing countries are considered as LDCs. LDC status is given on the basis of the UN Economic and Social Council's (ECOSOC) list. In the WTO, LDC Members enjoy more privileged rights compared to developing countries (WTO, 2012a, p. 5).

2.2.4. The Organizational Structure of the World Trade Organization

The WTO is a member-driven international organization. Member countries are the decision-makers in the WTO. The decision-making principle of the WTO is normally consensus. There are also some kind of decisions which do not require consensus. These situations are stated in the Marrakesh Agreement, founding treaty of the WTO. The WTO Agreement allows voting if consensus can not be reached. A vote should be won by the majority and the principle “one Member, one vote” (WTO, 2012b, p. 24). According to the Marrakesh Agreement, there are four situations where voting can be exercised in case of the impossibility of reaching a consensus:

- The decision to adopt an interpretation of any of the multilateral trade agreements can be taken by a three-fourths majority of the members.
- The decision to grant a waiver to a member for its any obligation can be taken by three fourths of the members.
- The decision to make an amendment on the provisions of the multilateral trade agreements can be taken by two-thirds majority of the Members.
- The decision of admitting a new Member can be taken by a two-thirds majority of the Members (https://www.wto.org/english/docs_e/legal_e/04-wto_e.htm#articleIX, 20 August 2019).

The rules of the WTO regulating Members’ trade policies are determined by the negotiations. The working structure of the WTO is designed to permit its members to oversee the implementation of legal provisions and procedures administering their trade relations.

The WTO’s diverse councils and committees consisting of all members are the agents of decision-making process. The WTO committee and council meetings are held regularly in order to review the implementation and operation of the WTO Agreements. The WTO has also a Secretariat which consists of international officers. The WTO Secretariat’s mission is to provide technical support to the WTO bodies (WTO, 2012a, p. 45).

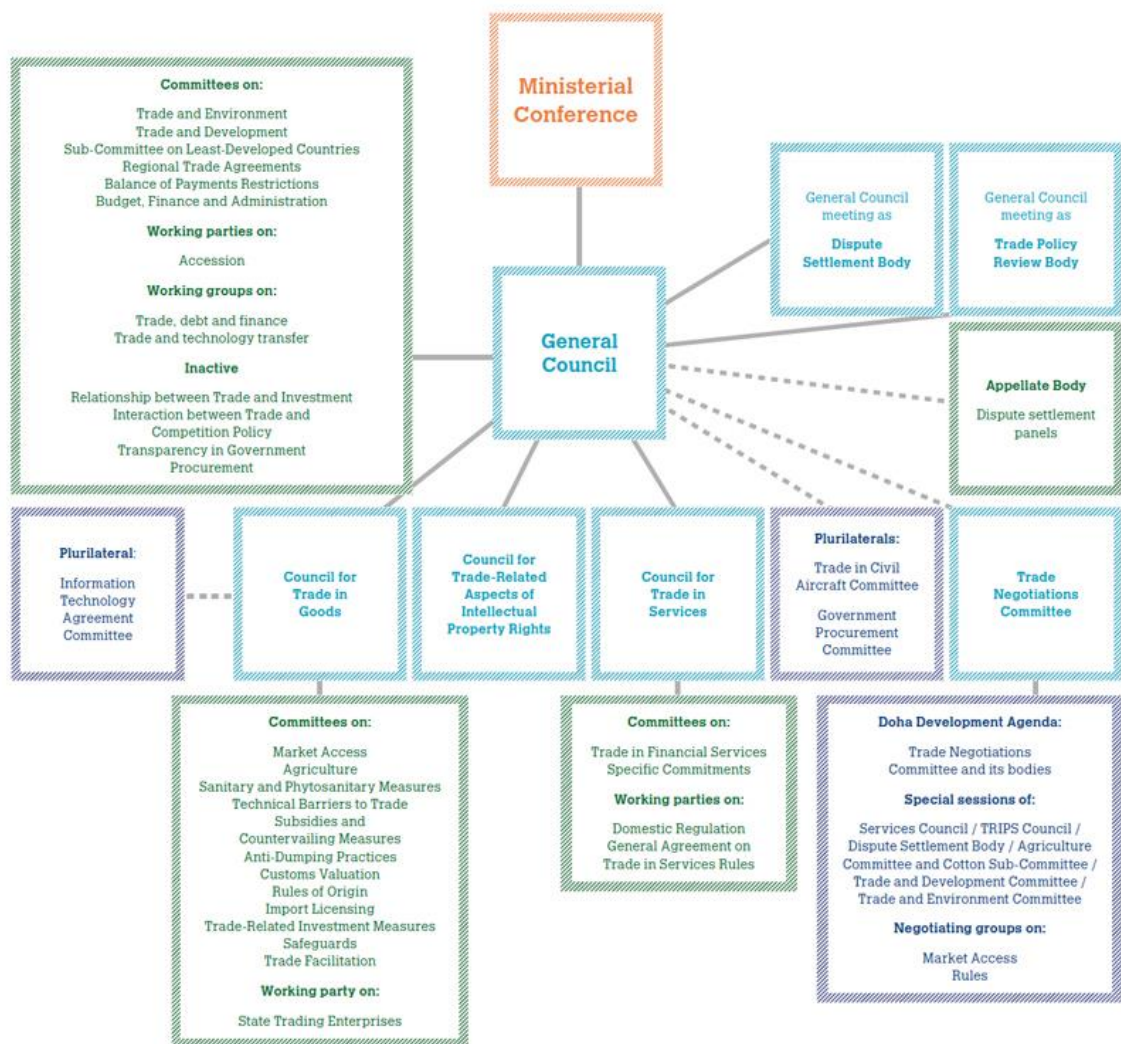


Figure 1: WTO Organization Chart, (WTO, 2012b, p.20).

The Ministerial Conference which is the highest decision-making body of the WTO convenes at least once every two years. The Ministerial Conference which consists of representatives of all WTO Members can decide on all issues concerning with any of the multilateral trade agreements, in line with the decision-making procedures incorporated in the Marrakesh Agreement (WTO, 2012a, p. 40).

The General Council constitutes the second tier in the WTO structure. The General Council is also composed by representatives of all WTO Members, generally Ambassadors or Permanent Representatives, based in Geneva. It assumes the responsibilities of the Ministerial Conference on all WTO matters, when the Conference

is not convened. The General Council convenes on a regular basis to perform all the functions of the WTO. The General Council's Chairperson is elected by all the Members to oversee the affairs of the General Council and these elections are renewed every year. Generally, ambassadors of member countries become the General Council's Chairperson. The General Council also convenes as the Dispute Settlement Body (DSB) and as the Trade Policy Review Body (TPRB) (WTO, 2012a, p. 42).

The Councils are the subsidiary bodies to the General Council. There are three Councils, namely Council for Trade in Goods, Council for Trade in Services and Council for Trade-Related Aspects of Intellectual Property Rights (TRIPS). Council for Trade in Goods administers all the matters related to the WTO Agreements on trade in goods. It also oversees the functioning of Committees responsible for particular issue areas (such as agriculture, market access, sanitary and phytosanitary measures). Council for Trade in Services manages all issues concerning the General Agreement on Trade in Services (GATS). Council for TRIPS administers all matters related to the TRIPS Agreement (WTO, 2012b, p. 21).

These three Councils have also secondary bodies which are open to the participation of all WTO Members. These bodies cover topics such as trade and environment, trade and development, regional trading arrangements and accessions of new Members.

The other body which reports to the General Council is The Trade Negotiations Committee (TNC), was established by the Doha Ministerial Declaration. It was given the role of supervising the negotiations mandated under the Doha Development Agenda (DDA). The TNC's chair is the Director-General of the WTO. The TNC formed subsidiary negotiating bodies whose mission is to assume the specific negotiating mandates in the areas such as services, agriculture, non-agricultural market access. Some Negotiating Groups and Special Sessions of standing bodies (for example the Special Session of the Committee on Agriculture, Negotiating Group on Rules) function under the subsidiary bodies (WTO, 2012b, p.22).

2.2.5 Decision Making at the World Trade Organization

Decision-making principle of the WTO renders the organization distinct from the other international organizations. The WTO with its feature of being a Member-driven, consensus-based is a unique organization. If no Member, participating to a meeting where a decision is taken, officially objects to the suggested decision, consensus is reached in the WTO (WTO, 1995). Thanks to consensus principle, all members' interests are fairly taken into account.

If it is not possible to reach consensus, the WTO Agreement allows voting which is based on the principle "one Member, one vote". In these situations, majority of votes is required in order to take a decision. It can be found in the WTO Agreement under which circumstances voting is permitted (WTO, 2012b, p.24).

Apart from formal discussions, informal discussions play a central role in the WTO negotiations. Crucial breakthroughs occur rarely in formal meetings. Rather, informal consultations held among Members and informal meetings of the diverse bodies are essential in bridging the divergences. There is consensus principle behind this reality (WTO, 2012b, p.25).

There are informal plenary meetings one tier below formal meetings. When Chairpersons are of the view that an issue is a complex issue, they convene smaller groups to try to find acceptable solutions for all Members.

Informal consultations conducted in the subsidiary bodies among all Members as well as smaller groups contribute to bridge divergences and achieve consensus. Informal consultations play an important role in the background of formal decisions that will be taken in the Committees and Councils. However, the vital role played by informal consultations does not mean that formal meetings are worthless. Since the binding decisions are taken in formal meetings, they are highly crucial in decision-making process of the WTO (WTO, 2012b, p. 25).

These smaller group of meetings are conducted sensitively. In this process, transparency and inclusiveness are the key guidelines (Guzman & Pauwelyn, 2009, p.92). All members whether they are part of a particular consultation or meeting are informed and

they are given the chance to contribute to the decision-making process by providing input.

The informal discussions held under the WTO's framework provides an example of the point made in the first chapter of the thesis. The point that international institutions have a role of facilitating informal discussions among their members' officials has been highlighted in the first chapter. Increased level of communication held regularly among technical level officials makes reaching an agreement and overcoming the divergences possible. As we observe the structure of the WTO's negotiations, the informal dialogue between working-level officials provide the needed information to states about their counterparts' actions and policies and increase the opportunity of accord.

2.2.6. The World Trade Organization's Basic Principles and Rules

Fundamental principle of the multilateral trading system is non-discrimination. As it is recognized in the Preamble of the Marrakesh Agreement, this principle is the main instrument in accomplishing the aims of the WTO. Non-discrimination principle in the WTO is composed of two principles which are Most Favoured Nation (MFN) treatment obligation and national treatment obligation.

According to MFN principle, discrimination among trading partners is normally forbidden for members. In accordance with MFN principle, a Member which grants to a country a concession (for example; a lower customs duty for one of its products) must grant this concession immediately and unconditionally to all WTO members.

The second element of the non-discrimination rule is national treatment principle. This principle is related to the treatment to be applied to imported products after their entrance to a Member's territory. On the contrary, the MFN principle aims to prevent the discrimination by one Member between like products originating in or destined for other WTO members. According to the national treatment principle, a Member can not favour its domestic products over the imported products of other Member countries.

Now, the WTO's basic principles concerning market access will be addressed. Tariffication is the fundamental rule for protection in the WTO. According to the

GATT Article XI, the introduction or maintenance of quantitative restrictions are prohibited by the WTO rules (https://www.wto.org/english/docs_e/legal_e/gatt47_01_e.htm#articleXI, 23 April 2019). In the WTO, tariffs are the market access barriers that are widely used. A tariff is applied in the form of a tax on merchandise imports. The WTO permits only the implementation of tariffs as the restrictions on free trade.

As neo-liberal institutions claim that principles determine the obligations of member states and point out legitimate and illegitimate behaviours. As a clear indication of this, the GATT prohibits the use of discriminatory policies through MFN and national treatment principles and the implementation of quantitative restrictions on trade.

Although the WTO does not forbid the implementation of tariffs, it is widely accepted that tariffs are one of the barriers to trade. Therefore, the fundamental aim was reduction of customs duties gradually and mutually through tariff negotiations in the GATT and the WTO period. Reciprocity and mutual advantage and MFN treatment principles are the building blocks of tariff negotiations (WTO, 2012b, p.56).

Tariff reductions took part in the members' schedules of concessions. The schedules of tariff concessions are legal components included in the Marrakesh Agreement and they are the integral elements of the legally binding commitments of the WTO members. Each WTO member has a schedule. A Member's schedule is composed of all of its tariff bindings which are the results of the negotiations with other interested Members (WTO, 2012b, p. 57).

The tariffs which are in Members' schedules of concessions are called "bound tariffs". A bound tariff represents a specified level which the importing Member has committed not to increase. The bound level of the tariff can also be defined as the maximum level of customs duty that Member can impose on its imports of a product. Since the bound level of the tariff represents the maximum duty that can be applied, Members have not any obligation to apply tariffs exactly at the bound level. In practice, many Members impose tariffs on most of its products at levels below their bound rates. In this regard, bound rates and applied rates may differ. However, lower applied tariffs should be imposed on MFN basis (WTO, 2012b, p.58).

2.2.7. Doha Development Agenda

The Doha Round was formally launched at the Doha Ministerial Conference in 2001. At this Ministerial Conference, WTO Members emphasized that the only objective of negotiations was not to improve trade liberalization and they placed the needs and special situations of developing countries and LDCs at the heart of a new round of trade negotiations. Doha Round which is also known as Doha Development Agenda (DDA) is the first negotiation round after the formation of the WTO (Erixon, 2008, p. 55).

Doha Round aims the fuller integration of developing countries into global trade through improving their trading prospects. Doha Work Programme covers approximately 20 trade topics. Agriculture, goods and services, intellectual property, the environment and dispute settlement are some of these issues. Under Doha Work Programme, Members also target the reduction of trade barriers and the revision of trade rules (https://www.wto.org/english/tratop_e/dda_e/dda_e.htm, 16 April 2019). Doha Round can be considered as an important proof demonstrating that WTO takes into consideration the needs of developing countries. In various Ministerial Declarations and Decisions held after 2001, Doha mandate and the centrality of development are reaffirmed by WTO members. For instance, in Nairobi Ministerial Declaration accepted at the end of 10th Ministerial Conference held in December 2015, *“We recognize that many Members reaffirm the Doha Development Agenda, and the Declarations and Decisions adopted at Doha and at the Ministerial Conferences held since then, and reaffirm their full commitment to conclude the DDA on that basis”* (WTO, WT/MIN (15)/DEC, 2015, p.4).

The deadline for Doha Round was the year of 2004 (https://www.wto.org/english/tratop_e/dda_e/dda_e.htm, 19 August 2019). However, this deadline was missed due to various reasons and Doha Round still continues. First reason of deadlock which Doha Round experienced is “single undertaking principle” (Ensari, 2015, p. 39). As previously explained in this thesis, single undertaking principle can be summarized as “nothing is agreed until everything is agreed”. This principle obstructed the accomplishment of Doha Round negotiations. During the Uruguay Round, multilateral trade negotiations were also based on single undertaking

principle. However, it is more difficult to break the divergences owing to the wide coverage of Doha Round issues. For instance, agriculture is accepted as the most contentious negotiation area of Doha Round and the difficulty to reach a consensus on agriculture affects negatively the general state of play of the negotiations. It is difficult to advance multilateral trade negotiations without bridging gaps in agriculture (Ensari, 2015, p. 40).

Growing number of WTO membership can be argued as second reason for the deadlock. In the Uruguay Round, there were approximately 100 WTO members were negotiating. But, currently the number of WTO members has reached to 164. It can be asserted that it is difficult to agree on an negotiated outcome due to the large number of members (Akman, 2008, p. 19).

Third motive behind Doha stalemate was the active participation of developing countries to the negotiations. The gains of the WTO system brought about more competitive participation of developing countries and this complicated the negotiation process (Akman, 2008, p. 41). Under these circumstances, it can be asserted that there was a shift in negotiation power between members in favor of developing countries. The root cause of Doha deadlock was the fact that WTO members could not adjust to this shift of power in the negotiations (Baldwin, 2006, p.682). Wider scope of Doha Round in terms of agenda items, increasing of developing countries' voices in the negotiations due to consensus and single undertaking principles were the fundamental qualifications that distinguish it from Uruguay Round (Kleen, 2008, p. 18).

Anti-free trade sentiment and anti-globalization movements rising particularly in Western countries were the fourth reason for deadlock in multilateral trade negotiations (Akman, 2008, p. 36). Concerns about the ability of policies to adjust to the changes stemming from globalization and liberalization can be accepted as important factors behind the deadlock of Doha Round. These concerns led politicians to behave more cautious in the negotiations and created a lack of political will (Schott, 2008, p. 3).

Final reason is the shift from multilateralism towards regionalism. Failure of multilateral trade negotiations in improving market access or new regulations on new issues brought about the alternative ways (Akman, 2008, p.43). This became another

motive of the proliferation of Regional Trade Agreements³ (RTAs). We observe that growing number of WTO members with different levels of development become party to RTAs. The proliferation of RTAs poses a serious challenge on liberalizing trade multilaterally (Baldwin, 2006, p.690).

Although we observe a deadlock in Doha negotiations owing to the aforementioned motives, development continues to be at the centre of the WTO's activities. As a strong evidence of that, WTO has formed a comprehensive training programme to help developing countries enhance their trading capacities. The WTO trains officials from developing countries so that they can improve their understanding of the WTO agreements and engage more actively in trade negotiations via its Institute for Training and Technical Cooperation (WTO,2015, p.96).

2.2.8. The Opposition to the World Trade Organization

It is no doubt that WTO is a highly controversial international organization. The role of the WTO for Developing Countries has been debated in a lot of studies. From some analysts' point of view, while WTO together with IMF and World Bank played an important role in increasing wealth of the world's rich groups, they also have contributed to the impoverishment of the rest of the world (Huges, 2002, p.6). WTO is often identified as "rich man's club" by most of the scholars (Huges, 2002, p.193). From this point of view, WTO is the product of the thought which can be summarised as "free trade benefits all people". In post-war period, the liberalization of international trade was accepted as an indispensable element for the reconstruction of the world economy. (Huges, 2002, p.194) Within this understanding, WTO was given the task of trade liberalization through periodic negotiations (Huges, 2002, p.194). For these scholars, WTO is an instrument for the promotion of trade. Thus, WTO does not practice organizational, bureaucratic neutrality and has an ideological mission which is the justification of neoliberal discourse (Peet, 2009, p.194).

³ RTAs constitute an exception to GATT's Article 1 which regulates MFN principle. GATT's Article XXIV provides the legal foundation for RTAs. According to GATT Article XXIV, a free trade area or customs union can be created provided that duties and other trade barriers are reduced or removed substantially on all sectors of trade between parties. Regional trade arrangements should support freer flow of trade between members without increasing barriers on trade with third parties.

After the Uruguay Round, the criticism against the WTO rose due to its increased power in global economy and its powerful regulations compared to GATT's ones. The WTO's structure, functioning, the methods of negotiation and legitimacy had been criticized by the opponents (Akman, 2008, p. 42).

There are also other scholars who argue that WTO serves to the interests of multinational corporations. Although WTO attaches utmost importance to developing countries, a lot of thinkers argue that the WTO is under the domination of the leading industrialised countries (Kwa, 1999, n.p.). They point out that developing countries have low level of influence within the WTO structure for different reasons. The first reason is economic vulnerability and dependency of Developing Countries. A lot of developing country economies are generally dependent on US, EU and Japan in terms of imports, exports, financial aid, security. Therefore, Developing Countries which constitute two-thirds of WTO membership can not shape the outcome and agenda of trade negotiations in practice (Kwa, 1999, n.p.). Secondly, since developing countries lack of sufficient human resources and technical capacity, they begin negotiations less-prepared than Developed Countries. This asymmetry faced by developing countries poses serious challenge on the active participation of these countries to the negotiations and fairness of negotiation outcomes (Smythe, 2007, p.62). Third reason stems from the structure of trade negotiations. The core principle of negotiations is reciprocity or exchange of concessions (Kwa, 1999, n.p.). When a country provides a favour in certain area, another country agree to sign an agreement in return. The gap on giving concessions between Developed and Developing Countries cause the inequality in negotiations. These different circumstances of Developing Countries make them to be sidelined.

The United States President Trump's trade policies make harmful effects on the WTO and international trade. Trump's protectionist trade policies commenced with additional tariffs on steel and aluminium products in March 2018. Trump continued with imposing tariffs on China's exportation products to the United States. These policies created domino effect and caused retaliatory actions by the other countries. According to WTO Trade Monitoring Report published in November 2018, the value of trade hit by trade-restrictive measures arised (WTO, 2019, p. 21). For the moment, we witness escalating trade tensions. If trade wars include more WTO members and more sectors,

international trade cooperation and the WTO at its center will be damaged more. A trade tension make an average world exporter face with a 32 percentage point augmentation in tariffs (Nicita, Olarreaga & Silva, 2018, p. 1324). Figure 2 and Figure 3 show the effects of trade war on Gross Domestic Product (GDP) and trade. These figures which reflect WTO Global Trade Model simulation results provide an estimation for the period 2018-2022 and uses the case of no trade war as the baseline scenario (WTO, 2019, p. 22).

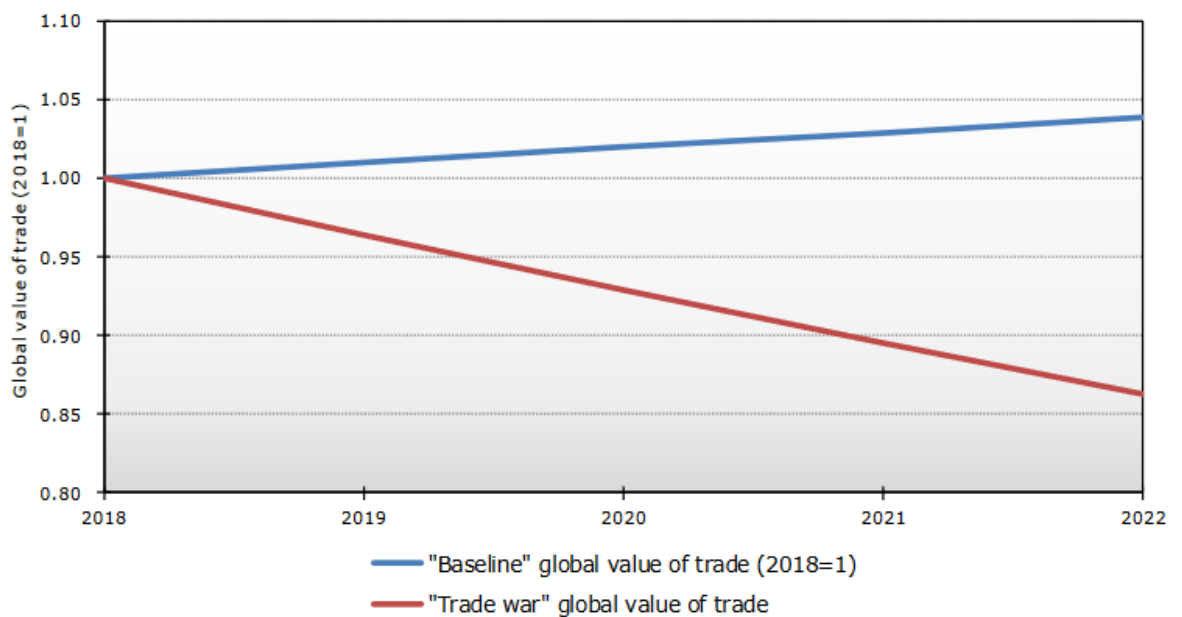


Figure 2: Value of global trade in trade conflict, 2018-2022, (WTO, 2019, p. 22)

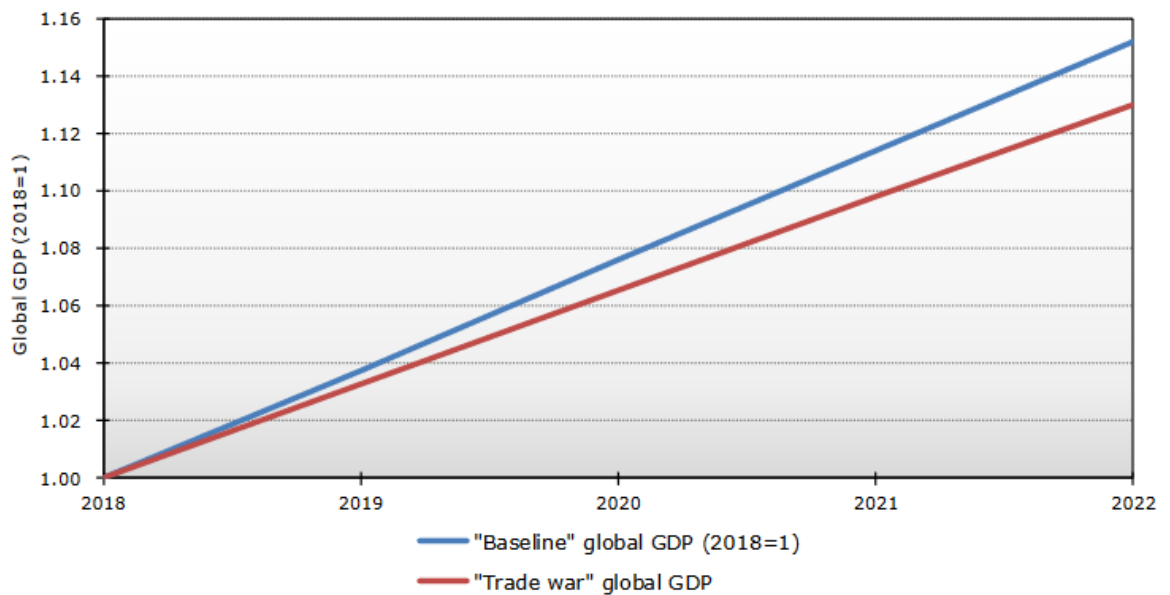


Figure 3: Global GDP in trade conflict, 2018-2022, (WTO, 2019, p. 22).

2.3. THE WORLD TRADE ORGANIZATION AGREEMENTS AND AGREEMENT ON AGRICULTURE

The current WTO Agreements which are the outcomes of the Uruguay Round of trade negotiations provide the legal basis for rules of international trade in goods, trade in services and trade-related aspects of intellectual property rights. Thanks to the WTO, members regardless of their status (developed or developing) acquired enhanced and equal market access opportunities. Apart from this gain, the WTO's most important contribution for its Members is predictability and transparency in international trade rules.

The Marrakesh Agreement establishing the WTO provides the legal and institutional basis of the WTO. The Marrakesh Agreement has four annexes:

- Annex 1 includes three sections. Annex 1A contains the revised General Agreement on Tariffs and Trade (GATT), the other agreements administrating trade in goods, and individual countries' schedules of concessions on goods. Annex 1B includes the General Agreement on Trade in Services (GATS), texts on particular services sectors, and individual countries' specific commitments on

services. The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) constitutes Annex 1C.

- Annex 2 establishes the rules and procedures for dispute settlement contained in the "Understanding on Rules and Procedures Governing the Settlement of Disputes".
- The "Trade Policy Review Mechanism" are included in Annex 3. This section covers regular reviews of developments and trends in national trade policies of member countries.
- Annex 4 covers the Plurilateral Trade Agreements applying only to the WTO Members that have accepted them. These agreements fall under the WTO framework but does not include all membership (WTO, 2012a, p. 53).

The agreements covered in Annexes 1, 2 and 3 are defined as the "Multilateral Trade Agreements". These agreements include the trade policy obligations which bind all the Members of the WTO and they are negotiated in line with the single undertaking principle. This principle was applied during the negotiations of the Uruguay Round. All agreements constitute the agents of a single package that was adopted by the Members as a whole. Single undertaking principle is summarized as "nothing is agreed until everything is agreed" (WTO, 2012b, p. 29).

AoA is the first multilateral agreement that provides rules for international trade in agricultural products. In other words, international trade in agricultural products is firstly regulated by the AoA. Until the AoA entered into force in 1995, the GATT provided the rules for agriculture. However, agricultural trade was exempt from most of the rules and disciplines applied to trade in industrial products (WTO, 2016, p.9). As a result of this, agricultural trade was highly distorted due to the measures such as high import duties, import bans, quotas, minimum import prices. In the absence of the AoA, we observed that agricultural trade was highly distorted by trade impediments (WTO, 2016, p.9). Before the AoA was adopted, trade barriers faced by major agricultural products was on a level unexperienced in the other commodities.

As studied in the first chapter, conflict rather than harmony creates cooperation. The emergence of the WTO's AoA can be seen as a proof of the fact that cooperation stems from real or potential conflict. In the GATT period, agricultural trade was highly distorted by protectionist measures. The AoA came around as a remedy to distorted agricultural trade. Hence, it is not wrong to argue that the AoA's entrance into force in 1995 was not a coincidence, rather it is a product of the period characterized by rising trade protectionism.

The 1986-1994 Uruguay Round negotiations gave birth to the first extensive group of multilateral trade rules particularly on agriculture (WTO, 2016, p.10). AoA forms a set of rules and commitments in three areas. These areas which are also named as three pillars are market access, domestic support and export competition (WTO, 2016, p.10).

The AoA starts by defining its product coverage. It does not include fisheries and forestry products (WTO AoA, Annex 1, 1995). The AoA includes legally binding commitments on market access, domestic supports and export subsidies. Reduced customs duties can be given as an example for commitments on market access. Price and income support are some of the commitments on domestic supports.

According to the AoA, developing and Least Developed countries have some flexibility in the implementation of their commitments. For instance, developing countries made smaller cuts on their subsidies and tariffs compared to developed countries and they were given additional time to do it. LDCs had the right not to make any reductions (WTO,2016,p.12).

As noted in the preamble of the AoA, establishing a fair and market-oriented agricultural trading system is the long-term objective (WTO, AoA,1995). The AoA underlined that negotiations for continuing reform process would initiate in 2000. Non-trade concerns such as food security and rural development are taken into consideration in the AoA. Developing countries have some privileges which are the outcomes of the concept of special and differential treatment (S&DT). S&DT provisions of the AoA will be touched upon in a separate chapter.

At the end of the Uruguay Round, Members were given an implementation period for their commitments. With this period, it was aimed to facilitate developing countries' adjustment more easily to the tariff and subsidy reduction commitments. Developed countries had six years to implement their commitments gradually (WTO, 2016, p.13). The implementation period for developing countries was 10 years.

When the implementation period of Uruguay Round commitments terminated for developed and developing countries, extensive tariff reductions were held. Studies unveil that the full implementation of Uruguay Round commitments by 2005 augmented world welfare by \$ 73 billion (Seyidoğlu, 2007, p. 319). Despite the essential achievements of Uruguay Round and WTO's trade liberalization efforts, non-tariff barriers continue to persist in global trade. It can be asserted that non-tariff barriers as the instruments of new protectionism became more dangerous than tariffs for international trade. Recent Organization for Economic Cooperation and Development (OECD) studies show that current levels of non-tariff barriers are more than twice that of tariffs (WTO, 2019, p. 52). Non-tariff barriers can be defined as every form of trade obstacle other than tariffs. Sanitary and phytosanitary measures, technical barriers to trade, price control measures, export related measures, quotas, non-automatic licensing, contingent trade protective measures and pre-shipment inspection and other formalities are classified as non-tariff barriers (UNCTAD, 2015, p. 3). As demonstrated in Figure 4, decreasing trade costs caused by non-tariff barriers can provide important economic gains (WTO, 2019, p. 52).

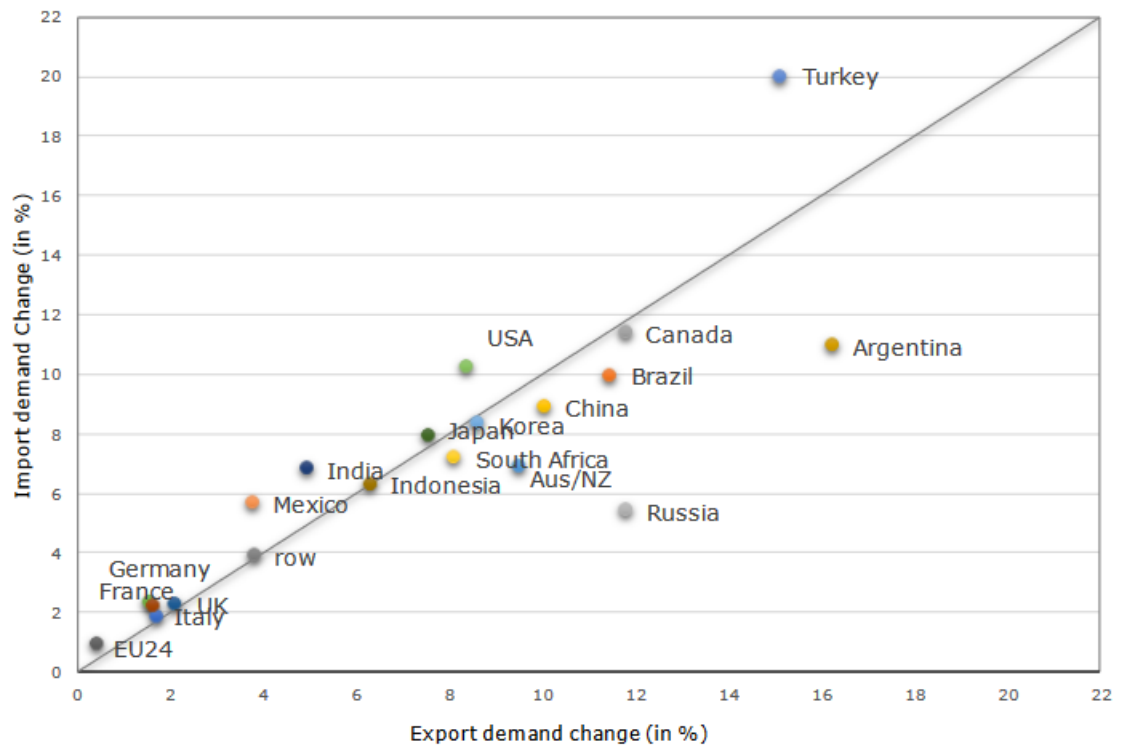


Figure 4: Change in trade from reduction in non-tariff barriers (OECD, 2017, p.28).

The WTO did not compel its members to implement their commitments immediately and gave them an implementation period for the full achievement of their commitments. This is another example of norms of an institution indicating clear instructions for its members. Implementing tariff reduction commitments gradually rather than resorting to free trade immediately is legitimized under the principles of the WTO.

In market access pillar, the major change brought by the AoA was binding all tariffs in agricultural products. With the AoA, the tariffs of all Member countries had been legally bounded on all agricultural products and had been specified in their WTO schedules. Developed countries accepted to decrease their tariffs by an average of 36 % on all agricultural products and not to cut less than 15 % on product basis. The average cut rate for developing countries was 24 % which is subject to a 10 % minimum and would be phased in 10 years. Some developing countries which did not bound their tariffs before the Uruguay Round had the right of “ceiling consolidation”. With ceiling consolidation, these developing countries were given the opportunity to bound their tariffs for the products which were not in GATT schedules of concessions at ceiling levels higher than the rates of 1986. Thanks to this privilege, developing countries

began to decrease their tariffs from a higher level. This was a flexibility given only to developing countries. In other words, developed countries did not have this privilege (Ensari, 2015, p.33).

Another important development was “tariffication”. Tariffication means converting non-tariff barriers into tariffs. The non-tariff measures were prohibited by the AoA. Instead of non-tariff measures, tariffs giving an equal level of protection were authorized for agricultural products (WTO, 2016, p.15). As a result, the AoA outlawed all quotas and import bans on agricultural products. It is essential to mention about another dimension of tariffication process. Tariffication was made by members themselves. The tariff levels from which the reduction would be started was left to members’ decision. Each member began to reduce customs duties from the highest level. This caused the higher level of duties than the actual tariff levels implemented in the signature process of the AoA. Therefore, members determined 1986 as the base year for starting tariff reduction. In 1986, tariff levels reached the highest level. For these reasons, this tariffication process was identified as “dirty tariffication” (Ensari, 2015, p.31).

Due to the tariffication process, Members were given a right which is called “Special Safeguards” (SSG) on agricultural products. With this element, Members had the right to increase import duties temporarily on tariffied products in order to tackle with import surges or price fall (WTO, 2016, p.17). This right can merely be used if it is reserved in Members’ schedules. SSG can be defined as the antecedent of Special Safeguard Mechanism (SSM) which is still under negotiation. However, SSG is not a S&DT provision. This right was given to all Members (developed or developing) which converted their non-tariff barriers into tariffs.

Under the AoA, all domestic support benefited by farmers is subject to rules. In the AoA, there are two categories of support which are trade distorting and non-trade distorting. Supports that does not distort trade or does distort trade minimally is not subject to any limitation. Trade distorting support is constrained by the AoA.

The AoA does not forbid the imposition of export subsidies. However, export subsidies are subject to some rules. According to the AoA, Members can provide export subsidies

for the products pointed out in their schedules and these subsidies can not exceed Members' commitment levels. All these export subsidies had to be decreased. Members' export subsidy limits and how they are reduced are specified in their schedules of commitments. As an indication of S&DT, developing countries had smaller cut rates of export subsidies in longer implementation period (WTO, 2016, p.19).

Evaluations

The WTO as the main governor of the international trade relations was formed in 1995. Whilst there are some similarities between the GATT and the WTO, the latter one has some distinctive features that its predecessor does not have. Its permanent institutional character, strengthened dispute settlement system and coverage of some new issues such as services, intellectual property rights can be given as the examples of different character of the WTO. However, this does not require the denial of the important argument of neo-liberal institutionalism. This argument is that new international institutions are built upon the old ones' experiences and values. One of the key findings of this chapter is that the WTO provides crucial examples confirming the assumptions of neo-liberal institutionalist theory. The formation of the WTO presents us an explicit proof for the neo-liberal institutionalist argument that mutual interests can evolve to cooperation. The emergence of the AoA after a period with highly distorted agricultural trade and informal discussions held between members' officials constitute the other confirmations of the assertions of the neo-liberal institutionalist scholars. All these developments occurred in the WTO can be understood within neo-liberal institutionalist perspective.

This chapter also points out that the WTO has also some unique characteristics that differentiate it from the other two institutions of the Bretton Woods system. As opposed to the IMF and World Bank, the WTO is driven by its members governments rather than a board of directors. The main decision-making principle of the WTO is consensus. All the member governments actively take part in multilateral trade negotiations held under the WTO's framework and they provide inputs for these negotiations. Thanks to these features, the WTO takes into consideration of the voices of its members independently from their level of development or the share in the global trade.

Trade liberalization is not the only objective of the WTO. The guardian of the multilateral trading system, the WTO, places development at its center of its work. Apart from its other functions, the WTO helps developing and least-developed countries to integrate into the global trade and to accomplish their developmental aims. It can be claimed that these important characteristics of the WTO provides essential examples for its unique character.

In light of these theoretical and conceptual analyses in an endeavour to elucidate the questions about whether the WTO takes into consideration the interests of developing countries, subsequent chapter of this thesis will examine the concept of special and differential treatment and the flexibilities granted by the WTO for developing countries within the S&DT.

CHAPTER 3

FLEXIBILITIES DESIGNED FOR DEVELOPING COUNTRIES UNDER THE WORLD TRADE ORGANIZATION SYSTEM AND WORLD TRADE ORGANIZATION'S AGRICULTURE NEGOTIATIONS

There is no doubt that the concept of Special and Differential (S&DT) constitutes one of the most important concepts in the multilateral trade negotiations. This concept emanated from the fact that developing countries face different obstacles during their integration to the international trade. With this concept, it was aimed to address the special needs of developing countries in designing the regulations of the global trading system. To this end, various mechanisms were developed. The indicators of S&DT can be in the form of technical assistance, derogation from the rules as well as extended duration for undertaking the multilateral commitments.

We can observe the explicit examples of S&DT in the WTO agreements. Since the WTO places the development at the heart of its work, nearly all WTO agreements contain S&DT provisions for developing and least-developed countries. Close connection between multilateral trade rules and development concerns is the most important feature that renders the WTO different from other international organizations.

In this chapter, the concept of S&DT of the WTO system will be defined and its historical background will be addressed initially. After this initial examination of S&DT, the concrete examples of S&DT will be displayed through the analysis of the relevant provisions of the WTO's AoA. This chapter also analyses two S&DT instruments of the WTO agriculture negotiations namely, Special Safeguard Mechanism and Special Products. This chapter's final topic is the WTO's recent S&DT provisions embedded in the WTO Nairobi Ministerial Decisions on agriculture.

3.1. THE CONCEPT OF SPECIAL AND DIFFERENTIAL TREATMENT IN THE WORLD TRADE ORGANIZATION SYSTEM

Special and Differential Treatment (S&DT) in the GATT and the WTO is a recognition of the fact that Developing Countries can not reap fully the benefits of trading opportunities due to their structural problems, low levels of industrialization, limited access technologies and inadequate infrastructure (Food and Agriculture Organization [FAO],n.d.p.3). S&DT measures recognize the interests and special needs of Least Developed Countries (LDCs) and Developing Countries.

S&DT links with the principle of “non-reciprocity” in international trade negotiations. The principle of “non-reciprocity” was one of the important accomplishments in the 1950s and 1960s (Singh, 2003, p.2). Non-reciprocity represented a recognition of the international society that developed and developing countries can not participate in global trade due to their differences in terms of capital, infrastructure, skills, industrialization. Therefore, developing countries had acquired the privilege of preferential access to developed countries’ markets without providing reciprocal access in their own markets (Singh, 2003, p.2).

For developing countries, the history of S&DT can be divided into two periods: before and after the Uruguay Round. The WTO period brought major differences in S&DT concept (Fritz, 2005, p.5).

In the original version of the GATT dated 1947, there were not specific provisions for developing countries. The rights and obligations of the original GATT did not contain any differences between developed and developing countries.

In the years following GATT’s entrance into force, Southern governments raised their voices so that their special needs could be taken into account in international trading system (Michalopoulos,2000, p.2). We observed the first success of Southern governments during the review of GATT in 1954/55. GATT’s revision yielded some privileges which were given only to developing countries. Thanks to the first revision, developing countries were given the right of modifying or withdrawing obligations to decrease tariffs so that the establishment of a particular industry can be promoted (Fritz,

2005, p.6). With second revision to GATT, developing countries had the right to impose quantitative and qualitative import restrictions so as to put an end to a serious reduction in their monetary reserves (Whalley, 1990, p.1320). Third revision allows support for infant industries provided that some preconditions were respected (Fritz, 2005, p.6).

We can assert that the first S&DT provisions for developing countries aimed to prevent balance of payments risks and to safeguard domestic industries. For developing countries, the concessions permitting to impose import restrictions with the concerns of industrial development and balance of payments were not sufficient. Their ultimate aim was the establishment of a new organization whose the agenda items were merely trade and development issues (Fritz, 2005, p.7).

The UN Conference on Trade and Development (UNCTAD) was created in 1964. The concept of S&DT is associated with Dr. Raul Prebisch who is UNCTAD's first Secretary-General. Following the foundation of UNCTAD, Article XXXVI was included in the GATT. Thanks to the Article XXXVI, for the first time non-reciprocity principle entered into the trade regime (Michalopoulos,2000, p.19). According to GATT Article XXXVI, the developed contracting parties do not request from less-developed contracting parties reciprocal concessions for reducing or removing tariffs and other impediments in trade negotiations (GATT,1994).

UNCTAD II is the conference where the Generalized System of Preferences (GSP) was accepted. At this conference held in New Delhi in 1968, the generalized, non-reciprocal, non-discriminatory system of preferences for the developing countries were acknowledged. This system of preferences also includes special measures in favour of the least developed among the developing countries. Increasing LDCs' export revenues, supporting their industrialization and expediting their economic growth rates are defined as the objectives of GSP (<https://unctad.org/en/Pages/DITC/GSP/About-GSP.aspx>, 17 April 2019).

Preference- providing countries granted reduced or abolished tariff rates over the MFN rates for selected products produced in developing countries under their GSP schemes. LDCs enjoy more favourable treatment than developing countries. For instance, they

have special and preferential treatment for extensive coverage of products and deeper tariff cuts (<https://unctad.org/en/Pages/DITC/GSP/About-GSP.aspx> , 17 April 2019).

In 1971, a waiver was provided to GATT's Article I (MFN) in order to authorize the GSP scheme. At the outset, this waiver had time limitation which is 10 years. After the adoption of the Enabling Clause in 1979, the time limitation of the MFN exemption for the GSP was abolished and this waiver became permanent. The decision of the 1979 Enabling Clause is as follows (<https://unctad.org/en/Pages/DITC/GSP/About-GSP.aspx>, 17 April 2019):

Differential and more favourable treatment, reciprocity and fuller participation of developing countries, creating a permanent waiver to the most-favoured-nation clause to allow preference-giving countries to grant preferential tariff treatment under their respective GSP schemes.

GSP was another important measure introduced by the Enabling Clause. We can acknowledge that the basis for the GSP was provided by the Enabling Clause for a long time. Although this clause provided legal integration of S&DT, it could not go beyond legally non-binding measures. According to the Enabling Clause, preferences given under a GSP scheme are unilateral and non-binding concessions. Therefore, developing countries do not have the right of legal recourse in case of the retreat of their preferences (Fritz, 2005, p.8).

We observed the reaffirmation of S&DT at the Tokyo meeting of GATT in 1973. The adoption of the "Enabling Clause" during the Tokyo Round was the official introduction of S&DT for developing countries in 1979. The content of the "Enabling Clause" is as follows (Fritz, 2005, p.8):

- preferential market access for developing countries on a non-reciprocal and non-discriminatory basis,
- differential and more favourable treatment of developing countries with regard to GATT provisions on non-tariff barriers,
- the conclusion of preferential agreements between developing countries,
- special treatment of LDCs. The Enabling Clause was integrated into GATT 1994 and thus into the WTO. During the Uruguay Round, the principle of single

undertaking was accepted. The principle of single undertaking constituted a milestone in the design of S&DT provisions in the WTO agreements (Fritz, 2005, p.11). Major changes occurred in S&DT measures due to the principle of single undertaking. The aim of S&DT provisions adopted before the Uruguay Round were ensuring preferential and non-reciprocal market access for developing countries in developed countries' markets (Singh, 2003, p.7). However, post-Uruguay Round S&DT measures had different character. The post-Uruguay Round S&DT measures aimed to support developing countries in implementing the WTO agreements' provisions (Singh, 2003, p.7). To this end, developing countries gained extra time and technical assistance to adjust into the new global trading system.

The WTO Secretariat created a typology for S&DT provisions in 2001. This six-fold typology includes (WTO, 2001):

- provisions aimed at increasing the trade opportunities of developing country members;
- provisions under which WTO members should safeguard the interests of developing country members;
- flexibility of commitments, of actions, and use of policy instruments;
- transitional time periods;
- technical assistance;
- provisions relating to least developed country members.

The S&DT principle is deeply embedded in the WTO Agreements which had been accepted at the end of the Uruguay Round. Paragraph 44 of Doha Ministerial Declaration which was accepted at Doha Ministerial Meeting stated:

We reaffirm that provisions for special and differential treatment are an integral part of the WTO Agreements. We note the concerns expressed regarding their operation in addressing specific constraints faced by developing countries, particularly least-developed countries. We therefore agree that all special and differential treatment provisions shall be reviewed with a view to strengthening them and making them more precise, effective and operational. In this connection, we endorse the work programme on special and differential treatment set out in the Decision on Implementation-Related Issues and Concerns.

In February 2002, the WTO's TNC decided that paragraph 44 of the Doha Ministerial Declaration's mandate should be included in the Committee on Trade and Development (CTD) in Special Sessions as a negotiation issue (Singh, 2003, p.4). It should be noted that a Decision was made at the Bali Ministerial Conference in December 2003 to form a Monitoring Mechanism on S&DT. This Mechanism functions in Dedicated Sessions of the CTD. Bali Decision mandated the Monitoring Mechanism to be responsible for analysing and reviewing the implementation of S&DT provisions within the WTO framework. In the Mechanism, written inputs submitted by Members and the reports of other WTO bodies provide the main contribution to the process of the monitoring of special and differential provisions (WTO, WT/COMTD/W/239, 2003, p.4). The WTO informs that no written submissions from members have been made.

Developing countries were given longer transition periods for the implementation of their obligations by nearly all WTO agreements. In this regard, these countries enjoy greater flexibility. Currently, there are 183 S&DT provisions covering 16 WTO agreements (WTO, WT/COMTD/W/239, 2003, p.6). The categories of these S&DT provisions are as follows (WTO, WT/COMTD/W/239, 2003, p.6):

- 15 of total S&DT provisions are the provisions targeted enhancing the trade opportunities of developing countries;
- 47 of total S&DT provisions which require the protection of the interests of developing country members by the other WTO members;
- 44 of total S&DT provisions grant flexibility to developing countries for the implementation of commitments and use of policy instruments;
- 27 of total S&DT provisions provide transitional time periods;
- 25 of total S&DT provisions provide technical assistance;
- 25 of total S&DT provisions are designed for least developed country members.

3.2. SPECIAL AND DIFFERENTIAL PROVISIONS OF WORLD TRADE ORGANIZATION'S AGREEMENT ON AGRICULTURE

AoA includes 13 S&D provisions (WTO, WT/COMTD/W/239, 2003, p.21). S&D provisions of AoA are divided into four categories. Provisions designed for enhancing

trading prospects of developing country members fall under the first category. Transitional time-periods are in the second category. Flexibility for the implementation of commitments and use of policy instruments fall under the third category. Provisions relating to LDC members are in the fourth category.

In line with these provisions, WTO Members should grant privileged treatment for developing country Members, LDCs and Net Food-Importing Developing Country Members (NFIDCs). Actions which may be taken by developing countries as a result of exemptions are also included within S&D provisions (WTO, WT/COMTD/W/239, 2018, p.21).

Paragraph 5 of the Preamble of the AoA contains an S&D provision designed for enhancing trading capabilities of developing country members. The Preamble states:

Having agreed that in implementing their commitments on market access, developed country Members would take fully into account the particular needs and conditions of developing country Members by providing for a greater improvement of opportunities and terms of access for agricultural products of particular interest to these Members, including the fullest liberalization of trade in tropical agricultural products as agreed at the Mid-Term Review, and for products of particular importance to the diversification of production from the growing of illicit narcotic crops (WTO AoA, 1995, n.p).

As a reflection of the understanding of S&DT, developed country Members' reductions in tariffs were greater-than-average for the products which are important for developing countries and are generally implemented in an accelerated time-frame (WTO, WT/COMTD/W/239, 2018, p.22).

The article 15.2 of the AoA is also a S&D provision which provides transitional time periods. This article states that developing country Members were given a duration of up to 10 years to implement their reduction commitments. According to the article 15.2, LDC Members shall not be required to commit any reduction. (WTO AoA, 1995). Developing countries and LDCs made use of this provision to establish scheduled commitments in three pillars namely, market access, domestic support and export subsidies. For developing countries, the transition period ended in 2004.

The provisions which fall under the category of flexibility for the implementation of commitments and use of policy instruments are as follows; Article 6.2; Article 6.4; Article 9.2(b)(iv); Article 9.4; Article 12.2; Article 15.1; Annex 2, paragraph 3 and footnote 5; Domestic food aid: Annex 2, paragraph 4, footnotes 5 and 6; Annex 5, Section B) (WTO, WT/COMTD/W/239, 2018, p.21).

The article 6 of the AoA regulates domestic support commitments of member countries. The Article 6.2 states:

In accordance with the Mid-Term Review Agreement that government measures of assistance, whether direct or indirect, to encourage agricultural and rural development are an integral part of the development programmes of developing countries, investment subsidies which are generally available to agriculture in developing country Members and agricultural input subsidies generally available to low-income or resource-poor producers in developing country Members shall be exempt from domestic support reduction commitments that would otherwise be applicable to such measures, as shall domestic support to producers in developing country Members to encourage diversification from growing illicit narcotic crops. Domestic support meeting the criteria of this paragraph shall not be required to be included in a Member's calculation of its Current Total Aggregate Measurement of Support (AMS).

Since the Article 6.2 is a S&D provision, it is solely open to developing country members. This article is also known as “development programmes”. Individual domestic support notifications reveal that most of developing countries including Turkey have actually benefitted from this provision. The exception of development programmes embedded in the Article 6.2 is vital especially for developing country Members who have not AMS entitlements.

The Article 6.4 of the AoA contains S&DT provisions providing flexibility for the implementation of commitments and use of policy instruments. According to the Article 6.2 of the AoA, a developing country Member's product-specific domestic support is not included in the calculation of its Current AMS. In accordance with the AoA, AMS of a developing country Member is limited with 10 per cent of its total value of production of an agricultural product. In other words, developing country Members have not an obligation to decrease their product-specific domestic support provided that this support does not exceed the de minimis percentage. The same principle is

implemented for non-product specific supports. According to the Article 6.2, if non-product specific support does not transcend 10 per cent of the value of developing country Member's total agricultural production, it is not required to be included in that Member's calculation of its Current AMS. While de minimis percentage for developing country Members is 10 per cent, this percentage for developed country Members is 5 per cent. Developing country Members can provide higher levels of domestic support compared to developed country Members. This right is a privilege given by the AoA for developing country Members.

The Article 9 of the AoA provides the rules for export subsidy commitments. S&D provision covered by the Article 9.2 fall under the category of flexibility for the implementation of commitments and use of policy instruments. The Article 9.2 (b) states:

the Member's budgetary outlays for export subsidies and the quantities benefiting from such subsidies, at the conclusion of the implementation period, are no greater than 64 per cent and 79 per cent of the 1986-1990 base period levels, respectively. For developing country Members these percentages shall be 76 and 86 per cent, respectively.

A number of developing countries benefited from this provision in scheduling their export subsidy commitments. All developing Members which had export subsidy entitlements made use of this flexibility. They applied a lower reduction rate due to this flexibility (WTO, WT/COMTD/W/239, 2018, p.23).

The Article 9.4 also contains a S&D provision for developing country Members. The Article 9.4 of the AoA states:

During the implementation period, developing country Members shall not be required to undertake commitments in respect of the export subsidies listed in subparagraphs (d) and (e) of paragraph 1 above, provided that these are not applied in a manner that would circumvent reduction commitments.

The paragraph 1 of the Article 9 covers the export subsidies that are part of the reduction commitments of Members. Sub paragraphs (d) and (e) of the Article 9.1. represent another flexibility granted to developing country Members. In line with the Article 9.4. of the AoA, developing country members had the flexibility not to make

commitments for the diminution of export subsidies which fall under the subparagraphs (d) and (e) of the Article 1. The subsidies aiming to reduce the costs of developing country members' exportation of agricultural products are included in these subparagraphs. In other words, developing country Members could provide the export subsidies falling under the Article 9.4 without being subject to any limitation during the implementation period.

The implementation period terminated in 2004 for developing country Members. However, the Nairobi Ministerial Decision adopted in 21 December 2015 stated that developing country Members shall continue to make use of the provisions of the Article 9.4 of the AoA until the end of 2023. Thus, the Article 9.4 is still valid for developing country Members.

Article 12.2 of the AoA includes another S&D provision. Article 12 contains the disciplines for export prohibitions and restrictions. According to Article 12, a Member instituting a new export prohibition or restriction on foodstuffs should fulfill some requirements. The Article 12.2 does not oblige developing country Members to meet these preconditions for imposing a new export prohibition or restriction. However, this article provides an exemption for making use of this flexibility. Developing country Members were given this flexibility in imposing an export prohibition or restriction on foodstuffs on the condition that their trading partner is not a net-food exporter of the product concerned.

Article 15 whose title is "Special and Differential Treatment" implies the central understanding of all S&D provisions of AoA. Article 15.1 states:

In keeping with the recognition that differential and more favourable treatment for developing country Members is an integral part of the negotiation, special and differential treatment in respect of commitments shall be provided as set out in the relevant provisions of this Agreement and embodied in the Schedules of concessions and commitments.

S&D provisions touched upon above demonstrates that development and the concerns of developing countries are at the centre of the WTO's work.

3.3. THE SPECIAL AND DIFFERENTIAL TREATMENT INSTRUMENTS IN THE WORLD TRADE ORGANIZATION AGRICULTURE NEGOTIATIONS

3.3.1. Analysis of the Concept of Special Safeguard Mechanism

S&DT was part of AoA signed as a consequence of the Uruguay Round in 1994. From the perspective of developing countries, these S&DT provisions were not sufficient for their economic development and the balance of advantages in AoA favoured developed countries. Thus, developing countries aimed to rebalance of commitments of AoA since the beginning of agriculture negotiations (Matthews, 2007, p.79). Article 20 of AoA provides the legal basis for the continuation of reform process in agriculture. According to the Article 20 of AoA, members recognize that comprehensive reductions in agricultural supports and protection is an aim that can be achieved through long-term and ongoing efforts. Article 20 also spells out that negotiations for continuing the reform process starts in 2000. The year of 2000 corresponds one year before the termination of the implementation period for developed country Members. This article requires WTO members to take into consideration the impacts of the implementation of reduction commitments in agricultural trade, non-trade concerns and S&D in conducting agriculture negotiations.

In accordance with the Article 20, WTO agriculture negotiations kicked off in June 2000. In the same year, developing countries submitted a paper for a Development Box. From their point of view, this box should be designed as an instrument demonstrating their negotiation objectives is enhancing domestic agricultural production and preserving the livelihoods of the poor and small scale farmers (Matthews, 2007, p.80). To this end, they need sufficient flexibility in the agriculture negotiations. Developing countries believe that unequal trade liberalization in agriculture damages their food security and rural poor people's livelihoods. WTO agriculture negotiations have been included in Doha Development Agenda launched in 2001.

S&DT is one of the most contentious issues in the WTO agriculture negotiations. Paragraph 13 of Doha Ministerial Declaration which is specific to agriculture states that:

...special and differential treatment for developing countries shall be an integral part of all elements of the negotiations and shall be embodied in the Schedule of concessions and commitments, and as appropriate, in the rules and disciplines to be negotiated, so as to be operationally effective and to enable developing countries to effectively take account of their development needs, including food security and rural development.

As indicated in Doha Ministerial Declaration, S&DT was not seen merely as a concept designated to ease the participation of developing countries into the global trading system, but in addition as a mechanism (probably more permanent) for the promotion of developing countries' food security and development objectives (Morrison & Sarris, 2007, p.80).

The WTO's General Council Decision on 1 August 2004 reaffirmed the commitments of Doha Ministerial Meeting. In addition to this reaffirmation, special treatment of developing countries was approved by General Council Decision. Due to this decision, special treatment gained the justification of its role in addressing developing countries' food and livelihood security, rural development and poverty reduction (Matthews, 2007, p.80).

WTO agriculture negotiations have three main pillars which are market access, domestic support and export competition. Tariffs, tariff rate quota expansion, special and sensitive products, Special Safeguard Mechanism (SSM) are discussed under market access pillar of the negotiations. Reduction of trade distorting support, de minimis, product-specific limits, green box and blue box disciplines are the issues discussed in the negotiations of domestic support pillar. Export subsidies, agricultural exporting state trading enterprises, export credits and international food aid are the topics of export competition pillar (WTO, 2016, p.26).

SSM is one of the most crucial issues discussed in the market access pillar of the agriculture negotiations. SSM is a S&DT instrument that is still being negotiated in agriculture negotiations. The proponents of SSM are developing countries. SSM is a mechanism would allow developing countries to defend themselves from import surges and price depressions. SSM permits developing countries to impose additional tariffs for a limited time period in order to safeguard their agriculture sector from price

depressions or import surges (International Centre for Trade and Sustainable Development [ICTSD], 2005, p.57). SSM is designed as an instrument solely for developing country Members. This mechanism's main aim is maintaining developing country Members food, livelihood security and preserving their poor and small scale farmers against price volatility and import surges faced by agricultural commodities (https://www.wto.org/english/tratop_e/agric_e/guide_agric_safeg_e.htm, 20 April 2019).

There are couple of factors that constitute the rationale behind developing countries' request of SSM. Firstly, agricultural markets are cyclical naturally and exposed to wide diversification (ICTSD, 2005, p.10). Due to the reduction of tariffs, developing countries became more vulnerable to external agricultural market instabilities. Import surges and price volatilities in agricultural markets harm easily developing countries' agricultural production activities. Developing countries that opened up their markets to trade need an instrument to deal with world price instability and increases in import volumes. It is a reality widely accepted that developing countries avail the removal of trade distortions in agricultural trade (ICTSD, 2005, p.1). But, it is also undeniable fact that small scale farmers may suffer from the trade liberalization. Because, small and resource-poor farmers constitute large populations in many developing countries (TN/AG/GEN/45, 2017, p.1). By the removal of tariffs, these farmers whose access to infrastructure and employment opportunities are restricted become more open to negative effects of international competition.

Secondly, world price movements such as the persistence of low prices are one of the important problems faced by agricultural producers in developing countries. The problem of import surges is closely linked to price fluctuation. In general, price fluctuations are acute temporary rises that we observe in import volumes above a trend level (ICTSD, 2005, p.10). Import surges that stem from various reasons affect negatively food security and threaten viable and efficient agriculture sectors (ICTSD, 2005, p.10).

Thirdly, developing countries have restricted policy instruments to protect their agriculture sectors. The main reason of that is their limited financial resources (TN/AG/GEN/45, 2017, p.4). Most of the developing countries are also deprived from

the tools of domestic supports and export subsidies. Developing countries generally do not have AMS entitlements. Thus, their right of providing domestic support is limited with “de minimis” (10 per cent of agricultural production). There are 18 countries that have export subsidy commitments. Therefore, export subsidies are not a tool to defend agriculture sector for most of developing countries.

Fourthly, developed countries’ agricultural production and exports that are highly distorted due to the subsidies depress world prices and undermine development process of developing countries (ICTSD, 2005, p.1). Most of major developed agricultural producers and exporters have AMS entitlements and export subsidy commitments. It is no doubt that small scale farmers of developing countries suffer from highly subsidised agricultural products of developed countries⁴.

Fifthly, many developing countries do not have recourse to SSG which is embedded in Article 5 of AoA. Since many developing countries did not convert their non-tariff restrictions into tariffs during the Uruguay Round, they can not take recourse to SSG provisions. Instead of converting non-tariff barriers into tariffs, many developing countries opted for binding their tariff rates at ceiling level (Ensari, 2015, p.66). As a consequence of this, these developing countries are not allowed to apply SSG. Only 23 developing countries have acquired the right to benefit from SSG (Ortiz & Hepburn, 2016, p.55).

SSM is one of the issues that has a long-lasting negotiation history. The first proposal for allowing all developing countries to avail special agricultural safeguards were submitted by India in the preparation period of Seattle Ministerial Conference in 1999 (Dhar, 2016, p. 55). In India’s submission, it is underlined that non-availability of SSG for the large majority of developing countries restricts their instruments for bumpering against possible world market imbalances (WTO, WT/GC/W/342, 1999). From India’s

⁴ The European Union’s Common Agricultural Policy (CAP) made detrimental effects on developing countries’ agriculture sectors. The initial aim of CAP was providing high prices for European farmers. The agricultural products of European farmers was bought by the European Union when the prices decrease below support levels. This policy caused excess of supply in agricultural products. With the aim of reducing stockpiles, the European Union started to provide export subsidies. The European Union made export subsidy payments in order to balance the divergence between world and European prices (Krugman & Obstfeld, 2009, p. 193).

point of view, developing countries should be permitted to avail safeguard mechanisms so that the harmful impacts of import surges on food security and rural development can be alleviated (WTO, WT/GC/W/342, 1999).

Jamaica submitted the first proposal aiming the designation of SSM solely for developing countries in the run-up to Seattle Ministerial Conference. In Jamaica's proposal, special safeguard mechanism for developing countries was designed as practicable simply and inexpensively. Jamaica asserted that SSM will be an important S&DT instrument for developing countries since it is closely related with their food security and non-trade concerns (WTO, WT/GC/W/370, 1999).

In the first SSM proposals presented by developing countries, SSM was designed as a S&DT provision. In these proposals, it is observed that developing countries which refrained from linking SSM with market access negotiations considered it as an instrument to protect their food, livelihood security and development needs.

SSM owes its genesis to paragraph 13 of Doha Ministerial Declaration (Ortiz & Hepburn, 2016, p. 55). In post- Doha process, the proposals of SSM became more concrete.

Until 2003, only interested developing countries had tabled submissions on SSM. In 2003, we observed that Stuart Harbinson, the Chair of the Committee on Agriculture discussed the issue of SSM in his draft modalities, so SSM gained legitimacy (Dhar, 2016, p.58). The Harbinson modalities mentioned SSM in two parts. First, it proposed the invoke of SSM by developing countries for "strategic products," which were considered as indispensable for satisfying food, livelihood security and rural development concerns (Ortiz & Hepburn, 2016, p.59). Harbinson also suggested the revision of Article 5 of the AoA so that developing countries' development needs can be taken into consideration and these safeguard measures can be implemented effectively (WTO, TN/AG/W/1/Rev.1, 2003, p.6).

It is important to note that the level of ambition of Harbinson's SSM was lower than that designed by the developing countries' proposals (Ortiz & Hepburn, 2016, p.59). The most important difference between Harbinson modalities and developing

countries' submissions is the product coverage of SSM. In developing countries' submissions, SSM covers all agricultural products. On the contrary, the Harbinson modalities restricted the product coverage of SSM. In Harbinson's text, SSM could merely be invoked for a group of products selected clearly. The LDCs were given the right of designating greater number of products in comparison with the more advanced developing countries (Dhar, 2016, p.59).

In the Harbinson modalities, the implementation of SSM is dependent on two conditions. First condition is that SSM should not reduce import access opportunities below a level. In Harbinson's text stated that this level corresponds to average annual imports during the period 1999-2001. Secondly, special safeguard measures should not be invoked in a manner that reduced the imports of designated products originating in other developing countries (Ortiz & Hepburn, 2016, p.59).

We observed that the request for SSM was voiced loudly by the important grouping of developing countries named the G-33. G-33 appeared around the WTO's Fifth Ministerial Conference held in 2003. At the outset, G-33 was a group consisting of 22 members and its original name was "Alliance for Strategic Products and Special Safeguard Mechanism" (Dhar, 2016, p.59). Now, G-33 is called "Friends of Special Products" in agriculture. G-33 is one of the most influential negotiation groupings composed of developing countries and it is of the view that developing countries should have the flexibility of undertaking limited liberalization in agriculture (www.wto.org, 19 April 2019).

In the July General Council Decision of 2004 and the Hong Kong Ministerial Conference of 2005, SSM was declared as an integral part of DDA negotiations. In the July Decision of 2004, SSM was put under the title of special and differential treatment of market access pillar of agriculture negotiations. Under the title of Special and Differential Treatment of General Council Decisions, it is stated (WTO, WT/L/579, 2004, para. 39):

Having regard to their rural development, food security and/or livelihood security needs, special and differential treatment for developing countries will be an integral part of all elements of the negotiation....

A Special Safeguard Mechanism (SSM) will be established for use by developing country Members.

The Hong Kong Ministerial Declaration accepted in 2005 was a milestone for SSM negotiations. In the Hong Kong Ministerial Conference, Ministers agreed that:

Developing country Members will also have the right to have recourse to a Special Safeguard Mechanism based on import quantity and price triggers, with precise arrangements to be further defined. Special Products and the Special Safeguard Mechanism shall be an integral part of the modalities and the outcome of negotiations in agriculture.

The Hong Kong Ministerial Declaration provided the foundation for the following negotiations on the framework and content of the SSM (Dhar, 2016, p.60). This declaration also pointed out the controversial issues in SSM negotiations. The product coverage of SSM was the most important controversial issues between members. Some members requested that SSM should cover the products which are mostly affected by tariff liberalization and have been bounded at low levels. On the other hand, some members especially (developing countries) suggested that the whole agricultural products should be covered by SSM.

The proposal of the main demandeur of SSM, namely G-33 provided a better understanding of the negotiating dynamics and technical details (Ortiz & Hepburn, 2016, p.60). Detailed submission of G-33 on SSM came in 2006. The proposal provided an uncomplicated method for taking recourse to SSM. In the proposal, G-33 designed low levels of the thresholds for the implementation of additional duties and higher levels of duties for the sake of small-scale producers in the developing countries (Dhar, 2016, p.60). This submission demonstrated the main logic of developing countries that SSM should help to protect their food and livelihood securities.

Some agricultural products' exporters opposed to G-33's proposal. For example, the United States resisted G-33's perception of SSM in terms of the extent of products, the triggers for using the mechanism and the extra duty to be imposed (Ortiz & Hepburn, 2016, p.60). From the United States' standpoint, the number of products for which SSM can be invoked should be limited through detailed tariff line levels and developing

countries should take recourse to SSM for products which are produced domestically or are close substitutes of products produced domestically (WTO, JOB(06)/120,2006, p.1). The United States also proposed high level of volume trigger and stringent price triggers.

The proposals of G-33 and the United States are crucial proposals that reveal the divergences between developing and developed countries' perspectives on SSM. While developing countries design an SSM which is easy to trigger and covers wide range of products, developed countries aim to restrict the availability of SSM in terms of its product coverage and triggers.

In 2008, Crawford Falconer, the Chair of the Committee on Agriculture drafted a proposal which is known as Falconer Modalities to overcome the deadlock in the negotiations. Falconer Modalities reflected the divergence between the demanders of SSM and the other members. Since these modalities suggested that SSM should be invoked for all agricultural products, they are similar to the submissions of G-33. On the other hand, the triggers and the additional duties for volume as well as price triggers proposed by Falconer Modalities were different from the G-33 proposal. In the Falconer Modalities, SSM was designed as follows (WTO, TN/AG/W/4/Rev.3, 2008, p.21-23):

The SSM shall have no *a priori* product limitations as to its availability, i.e. it can be invoked for all tariff lines in principle. A price-based and a volume-based SSM shall be available. In no circumstances may any product be, however, subject to the simultaneous application of price- and volume-based safeguards.

As regards the volume-based SSM, it shall be applied on the basis of a rolling average of imports in the preceding three-year period.

As regards the price-based SSM, it shall be applicable where the c.i.f. import price of the shipment entering the customs territory of the developing country Member.

Developing country Members shall not normally take recourse to the price-based SSM where the volume of imports of the products concerned in the current year is manifestly declining, or is at a manifestly negligible level incapable of undermining the domestic price level.

The calculation of volume or price triggers, and the application of measures in accordance with the relevant provisions of this section, shall be on the basis of MFN trade only.

The volume-based SSM may be maintained for a maximum period of 12 months from the initial invocation of the measure, unless a seasonal product is involved, in

which case the SSM shall apply for a maximum of six months or to cover the period of actual seasonality, whichever is the longer.

The above provisions on triggers and remedies apply subject to the limitation that the pre- Doha bound tariff is respected as the upper limit and shall prevail as such.

Although the Falconer Modalities tried to narrow the gaps between the proponents of SSM and developed countries, it could not achieve this goal. In the negotiations, the topic of augmentation of duties above the pre-Doha bound levels as a remedy had been the main divisive point between negotiating groups. Developed countries strongly opposed to the idea of increasing import duties above bound rates as remedies. In their view, duties above pre-Doha Round bound rates would harm tariff liberalization process. However, G-33 believed that additional duties above pre-Doha Round was the sole viable remedy to fight against import surges (Dhar, 2016, p. 61). The issue of SSM had been the most controversial issue during the Mini Ministerial in July 2008. Rev.4 Modalities which had been adopted in 6 December 2008 constitutes the main text for the agriculture negotiations. These modalities contain comprehensive and detailed provisions for SSM. In this text, SSM was under the title of special and differential treatment of market access part. Rev.4 Modalities had significant similarities with the Falconer Modalities. Rev.4 modalities include technical details on SSM. (For Rev.4 Modalities, see Appendix 3, WTO, TN/AG/W/4/Rev.4, 2008, p.24- 26).

Rev.4 modalities provide a flexibility for the rule which prohibits imposing additional duties above pre-Doha bound rates. Benefiting from this flexibility depends upon meeting some conditions. These conditions vary on the basis of country status. Developing countries, LDCs and Small and Vulnerable Economies should meet different conditions in order to use the flexibility.

Rev.4 is a milestone for WTO agriculture negotiations. Due to its comprehensive coverage of S&DT provisions, Rev.4 constitutes a basis in WTO agriculture negotiations particularly for developing countries. Between 2010 and 2012, Rev.4 modalities' provisions constituted the main text for agriculture negotiations (Ensari, 2015, p. 41).

However, developed countries particularly the United States opposed to negotiate on the basis of Rev.4 modalities. From developed countries' perspectives, Rev.4 modalities which contains some flexibilities for developing countries (such as SSM) is not ambitious in terms of market access expectations.

Group/Countries	Position In the Negotiations
G-33	<ul style="list-style-type: none"> • underlines that developing countries need a SSM protection that is effective and easy to implement against high levels of domestic supports and export subsidies provided by developed countries for agriculture. • advocates that remedies (additional tariffs to be implemented under SSM) should exceed pre-Doha (Uruguay Round period) bound rates so that SSM can function effectively.
Developed Countries	<ul style="list-style-type: none"> • asserts that additional tariffs to be implemented under SSM should be limited by pre-Doha bound rates. • advocates that additional tariffs exceeding pre-Doha bound rates will have negative consequences on tariff liberalization.

Table 2: Negotiation Positions In SSM Negotiations

Since 2014, G-33 accelerated its efforts to achieve concrete outcomes in development issues such as SSM negotiations. In this period, G-33's efforts concentrated on revitalization of the issue of SSM in agriculture negotiations.

G-33 submitted a proposal on SSM in July 2014. In this proposal, G-33 offered more moderate volume and price triggers than those of the earliest proposals. In G-33's paper, lower additional duties were determined under different thresholds of volume-based SSM (Ortiz & Hepburn, 2016, p.61). In this submission of G-33, the triggers and remedies suggested were the same with the Falconer modalities' proposal. It is important to note, G-33 underlined that it was ready to negotiate flexible triggers and remedies.

G-33 tried to put SSM in the negotiating package of Nairobi Ministerial Conference held in 2015. G-33 accelerated its efforts to have a negotiating package with SSM which has no linkage with additional concessions in market access pillar.

In the negotiations held prior to the Nairobi Ministerial, developed countries especially European Union and the United States strongly opposed to an agreement including

SSM without tariff reduction in market access pillar of agriculture negotiations (https://www.wto.org/english/news_e/news17_e/agng_19jul17_e.htm, 17 April 2019).

G-33 adopted a negotiation strategy so that a SSM with low level of ambition could be accepted in Nairobi Ministerial Conference. To that end, G-33 submitted proposals which take into consideration the concerns of developed countries. We witnessed that G-33 tabled a new submission just a couple of days before the Nairobi Ministerial. In this paper, G-33 suggested a Ministerial Decision making an amendment in the AoA so that SSM could be included (WTO, JOB/AG/65, p.2). With this submission, G-33 wanted to show that it was eager to negotiate three main components of SSM, namely the extent of products, the volume and price triggers and the remedies (Ortiz & Hepburn, 2016, p.62).

G-33's efforts were rewarded by adoption of a Ministerial Decision on SSM at Nairobi Ministerial Conference. This decision will also be touched upon in this chapter.

After the adoption of Nairobi Ministerial Decision on SSM, two camps of SSM negotiations, namely developed and developing countries preserved their negotiating positions.

3.3.2. The Analysis of the Concept of Special Products

Developing countries' request for special products (SPs) is justified with the view that trade liberalisation might cause negative impacts on food and livelihood security and rural development. SPs like SSM was designed as an instrument under the concept of S&DT of agriculture negotiations. The main motivation of designating SPs is safeguarding the rural populations of developing countries against the potential negative effects stemming from trade liberalisation (ICTSD, 2005, p.4). Thanks to the concept of SPs, developing countries will be given the right to indicate some products on the basis of their needs for food and livelihood security or rural development. These products will have the exemption from tariff reduction or minimal tariff cuts over a longer transition period (Laborde & Martin, 2002, p. 23). It would not be possible to compete for these products which are produced generally by small-scale farmers under liberal market conditions without the protection (ICTSD, 2005, p.4).

It is widely accepted that small-scale farmers constitute a large percentage of developing countries' rural populations. Protecting these farmers is the main objective of SPs. From the perspective of developing countries, the concepts of food and livelihood security, rural development and trade liberalization are closely interconnected (ICTSD, 2005, p.6). With respect to livelihood security, developing countries underlined that agriculture is the main employer in their economies. They stressed that large numbers of small-scale farmers have restricted employment opportunities. Thus, developing countries alleged that agriculture remains the only viable livelihood source (Hoda, 2005, p.6).

Large share of rural populations in developing countries operate in agriculture sector. Thus, agriculture is the main source of developing countries' GDP. Therefore, vibrant agricultural activity plays an important role in rural development. It is important to note that rural development plays a crucial role in poverty alleviation efforts. Trade liberalization can contribute a lot to solve the problem of underdevelopment and poverty. But, further liberalization under the trading environment which is shaped by highly subsidization and massive distortions may create the opposite effect for developing countries (ICTSD, 2005, p.7).

Most developing countries have a large amount of undernourished people. Therefore, food security is an important issue for them. No doubt, food security concept has evolved over time. Food security formerly meant self-sufficiency in the production of foodstuffs (Hoda, 2005, p.5). Due to the expansion of world trade, food security concerns had been transformed and people's access to food became the indicator for food security (ICTSD, 2005, p.8). Low trade barriers made food imports the primary source of food security. However, the availability of imported food through commercial imports entails risks for particularly for poor countries. Because few commodities whose prices are highly volatile and have declining trend in long-term constitute the main elements of poor countries' exportation (ICTSD, 2005, p.8). Although developing countries try to diversify their exports, large proportion of their exports still comprise traditional export products such as raw materials. This reality causes uncertainty about the sufficiency and stability of their exports to afford food imports (Hoda, 2005, p. 5). It is another problem that international commodity markets are highly volatile. Therefore,

dependence on food imports makes domestic market more vulnerable to international price fluctuations (ICTSD, 2005, p.8). Under these circumstances, food security needs to be achieved especially for developing countries.

As discussed earlier in this thesis, Doha Ministerial Declaration made several commitments to support development processes of developing countries. Doha Ministerial Declaration's paragraph 13 is a clear example of this reality. We can assert that paragraph 13 provides an important mandate for SPs' negotiations. The General Council Decisions of July 2004 reiterated the commitment of Doha Ministerial Conference. These decisions reiterate the commitment "to fulfilling the development dimension of the DDA which places the interests of developing and least-developed countries at the heart of the Doha Work Programme"(WTO, WT/L/579, 2004, p.1).

The July 2004 General Council Decisions state (WTO, WT/L/579, 2004, paragraph 41):

Developing country Members will have the flexibility to designate an appropriate number of products as Special Products, based on criteria of food security, livelihood security and rural development needs. These products will be eligible for more flexible treatment. The criteria and treatment of these products will be further specified during the negotiation phase and will recognize the fundamental importance of Special Products to developing countries.

The Hong Kong Ministerial Declaration stated in 2005 (WTO, WT/MIN (05)/DEC, 2005, p.):

Developing country Members will have the flexibility to self-designate an appropriate number of tariff lines as Special Products guided by indicators based on the criteria of food security, livelihood security and rural development.

There are basic differences between the July 2004 General Council Decisions and the Hong Kong Ministerial Declaration of 2005. The latter text included the flexibility for designating the products (self-designation), specific number of tariff lines and reference to SPs' indicators (Morison & Sarris, 2007, p.148). The association of the designation of SPs with improving food security, livelihood security and rural development was the core message given by 2005 Hong Kong Ministerial Declaration. In this document, it was also underlined that the identification of SPs should be discussed on the basis of a development friendly and comprehensive approach

(https://www.wto.org/english/thewto_e/minist_e/min05_e/final_text_e.htm, 30 August 2019).

The modalities of SPs which belong to the market access pillar of agriculture negotiations are perceived as S&DT provisions for developing countries. SPs as an instrument of S&DT reflect the development side of WTO agriculture negotiations. Direct linkage with three dimensions of development which are food security, livelihood security and rural development established by SPs gained them unique feature among current modalities (Morison &Sarris, 2007, p.149). In addition, the modalities of SPs give a chance to developing countries for linking their trade and development policies (Morison &Sarris, 2007, p.149). It is essential to emphasize that the identification process of SPs sees products as a part of development plans. Thus, SPs can be accepted as instruments underpinning diversification, supporting the economic activities of rural areas.

The modality of SPs is an important instrument allowing developing countries to implement policies flexibly so that development concerns can be promoted. Food security, livelihood security and rural development constitute three building blocks of this modality. The definitions of these building blocks of SPs were presented below.

According to FAO's definition, "Food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life".

Having the sufficient and sustainable access to income and other resources required to meet basic needs can be determined as livelihood security (Morison &Sarris, 2007, p.156). Within this definition, there are having sufficient access to food, potable water, health institutions, opportunities for education and social integration.

Rural development is a process which influences the well-being of rural people. Maintaining basic needs and services (such as access to food, water supply, health services, basic infrastructure etc.) and the education of human capital are included in the concept of rural development (Scoones, 2009, p. 172). Rural development also contains the activities reducing the vulnerability of the agricultural sector.

The designation of SPs by developing countries has the possibility to encounter an opposition from some members, especially developed ones. The flexibility of SPs can be considered as an instrument for protectionism or opposition to trade liberalization (Ford, Koroma, Yanoma & Khaira, 2005, n.p.). However, SPs should be seen as a mechanism providing room for developing countries to meet their development needs which might not be achieved by trade liberalisation.

In designation of SPs, members should take into consideration some indicators. Rev.4 document which is the main document in WTO agriculture negotiations determines these indicators. Rev.4 which had been adopted in 2008 states (WTO, TN/AG/W/4/Rev.4, 2008, p.23):

Developing country Members shall be entitled to self-designate Special Products guided by indicators based on the criteria of food security, livelihood security and rural development. There shall be 12 per cent of tariff lines available for self-designation as Special Products. Up to 5 per cent of lines may have no cut. The overall average cut shall, in any case, be 11 percent.

Rev.4 presented the indicators for the designation of SPs (For Rev.4 Modalities, see Appendix 4, WTO, TN/AG/W/4/Rev.4, 2008, p.55-56). The indicators included in Rev.4 aim to simplify the determination of SPs. Food security, livelihood security and rural development are the core criteria used for the identification of SPs. Developing countries need a comprehensive approach and building SPs into development and agriculture sector for the designation of SPs. To this end, commodity development plans are also important (Deep Ford, Koroma, Yanoma & Khaira, 2007, p.153).

The issue of SPs is still discussed under market access pillar of agriculture negotiations. Member countries' divergences continue to exist in the negotiations. Developed countries demonstrate the unwillingness to give this flexibility to developing countries without moving forward market access negotiations. However, developing countries oppose the foundation of a link between SPs and market access pillar of agriculture negotiations. In developing countries' opinion, SPs is an issue closely related with food security, livelihood security and rural development and it should be conceived as an instrument of S&DT.

3.4. WORLD TRADE ORGANIZATION NAIROBI MINISTERIAL DECISIONS ON AGRICULTURE

3.4.1. Ministerial Decision on Export Competition

At the Nairobi Ministerial Conference held in 2015, agricultural export subsidies were abolished. Export credits, international food aid and exporting state trading enterprises constitute the other elements of Ministerial Decision on Export Competition. Within the framework of WTO agriculture negotiations, these four issues are named as “export competition” (https://www.wto.org/english/thewto_e/minist_e/mc10_e/briefing_notes_e/brief_agriculture_e.htm#exportcompetition, 26 April 2019).

This historic decision fully eliminated every form of agricultural export subsidies and plays a fundamental role in reforming agricultural trade. With this decision, members undertook the commitment not to implement trade-distorting export subsidies. Farmers in poor countries are the group that will benefit mostly from this decision. Because they are in a disadvantaged position due to rich countries’ subsidized exports. (https://www.wto.org/english/thewto_e/minist_e/mc10_e/briefing_notes_e/brief_agriculture_e.htm#exportcompetition, 26 April 2019).

Export competition has been one of the most challenging issues of the WTO’s agricultural negotiations. The abolition of all forms of agricultural export subsidies is also one of the UN Sustainable Development Goals. We observed the proliferation of export subsidies in the years before the Uruguay Round. Thus, this issue was at the centre of Uruguay Round negotiations and it preserved its importance in the WTO for the subsequent years. (https://www.wto.org/english/thewto_e/minist_e/mc10_e/briefing_notes_e/brief_agriculture_e.htm#exportcompetition, 27 April 2019). Thus, Nairobi Ministerial Decision is a milestone for fully eliminating all forms of export subsidies in agricultural trade. Besides, this decision constitutes the only concrete multilateral outcome on agriculture since Doha Round was initiated in 2001.

According to the Ministerial Decision on Export Competition, developed countries immediately abolished export subsidies, but they were given a flexibility not to

eliminate the subsidies for a group of agriculture products. The decision gave three years to developing countries for eliminating agricultural export subsidies and they were required to abolish them by 2018 (WTO, WT/MIN (15)/45, 2015, p.2). Nairobi Ministerial Decision includes additional S&DT provisions for developing countries. They were given the right to provide their export subsidies for some products until 2022 on the basis of some criteria. In addition to this privilege, developing countries will have the flexibility of providing agricultural export subsidies to afford marketing and transport costs until the end of 2023. The poorest and food-importing developing countries will have extra time to abolish their export subsidies (WTO, WT/MIN (15)/45, 2015, p.2).

As indicated above, Nairobi Ministerial Decision on Export Competition contains S&DT provisions for developing countries. The decision authorizes developing countries to abolish their export subsidies on agricultural products in a longer time period. Therefore, this decision is also an important sign demonstrating that the needs and concerns of developing countries are taken into account by the WTO.

3.4.2. Ministerial Decision on Special Safeguard Mechanism For Developing Countries

This Ministerial Decision states as follows:

The developing country Members will have the right to have recourse to a special safeguard mechanism (SSM) as envisaged under paragraph 7 of the Hong Kong Ministerial Declaration.

To pursue negotiations on an SSM for developing country Members in dedicated sessions of the Committee on Agriculture in Special Session ("CoA SS").

The General Council shall regularly review progress in these negotiations.

Nairobi Ministerial Decision does not include any technical detail on SSM. However, this decision is important since it provides a political mandate from Ministers on SSM. In accordance with the Nairobi Ministerial, the negotiations on SSM is being pursued in dedicated sessions of COASS. There is no any progress in SSM negotiations. G-33 demands that SSM as a S&DT provision should be given to developing countries against import peaks and price volatilities. The exporters of agricultural products such

as European Union and the United States reiterate their position that SSM should not be established without achieving an outcome on market access pillar of the WTO agriculture negotiations (JOB/AG/163, 2019,p.9).

Evaluations

S&DT has been one of the most crucial concepts in the multilateral trading system. S&DT has been successfully applied into trade rules, principles thanks to the WTO's policies adapted to special needs of developing and least-developed countries. These countries are positioned in a privileged category under the WTO's rules. As a clear indication of this, different forms of S&DT provisions are included in the WTO agreements. These provisions targeted to help developing countries to participate into the international trade and protect them from the negative impacts of trade liberalization.

Like the other WTO agreements, the WTO's AoA includes S&DT provisions for developing and least-developed countries. We can observe these provisions in all three pillars of the WTO's AoA, namely, market access, domestic support and export competition. These provisions help to alleviate the negative consequences of trade liberalization on developing and least-developed countries. Apart from these privileged provisions embedded in AoA, additional S&DT flexibilities are under negotiation in the WTO.

SSM and SPs are the most important flexibilities negotiated under market access pillar of the WTO agriculture negotiations. Both of them have long history of negotiation in the WTO. SSM is a mechanism designed for developing countries and it will allow them to protect their agricultural sector from import surges and price declines. The flexibility of SPs will permit developing countries to designate a group of products that will be exempt from tariff reduction or subject to lower levels of reduction. Developing countries can designate these types of products on the basis of three criteria, namely food security, livelihood security and rural development.

Although these two flexibilities are still under the negotiation, crucial Ministerial Decisions were adopted and important negotiation modalities were accepted on these

two issues. As a clear indication of fact that S&DT is still an integral part of the WTO's work, the WTO's historic decision on Export Competition has S&DT provisions and the Nairobi Ministerial Decision on SSM provided a strong mandate for the conclusion of SSM negotiations. In light of this analysis of the place of S&DT in the WTO's agriculture negotiations, it will not be wrong to claim that the WTO takes into consideration the needs and concerns of developing countries.

CONCLUSION

The theoretical roots of the establishment of the WTO can be found in neo-liberal institutionalism. From the perspective of neo-liberal institutionalists, international institutions contribute to advance cooperation and to alleviate the lack of trust between states. The other key features of international institutions is providing a flow of information and a forum for negotiation between states.

It is important to underline that neo-liberal institutionalism argues that international organizations are efficient in the areas where states have mutual interests such as open and free trade. Thus, neo-liberal institutionalism as the theory of international organizations focuses its studies on the issues where states can cooperate around mutual interests. Topics of global governance, the foundation and provision of institutions constitute the current study areas of neo-liberal institutionalist scholars.

After the Second World War, international organizations were established to ease cooperation in the global economy. Bretton Woods system was a product of liberal economic theories based on an open and competitive international economy. The establishment of three institutions of a new world economic order was a historic step. One of the three agents of Bretton Woods system was the GATT whose rules governed global trade between 1948 and 1994.

With the end of the Cold War, the assumptions and the concepts of liberal theory acquired more importance. International institutions constitute one of these concepts. In the aftermath of the end of the Cold War, there was a robust need to have more detailed information about the international institutions. The centrality of international organizations like IMF and World Bank in global economic system presents an explicit proof of the influence of neoliberalism in the post- Cold War era.

The main concern of this study was demonstrating whether WTO has an essential role in helping developing countries to trade. The core question for which this thesis researched was: what is the role performed by the WTO for developing countries? This study also tried to explore the responses of these secondary questions: Is the World Trade Organization solely driven by the interests of Developed Countries? Do

Developing Countries have the capability of shaping the World Trade Organization's negotiations and decisions? What are the flexibilities and privileges designed for Developing Countries under the World Trade Organization's AoA and agriculture negotiations?

Before providing answers for these questions, this thesis addressed the GATT's and the WTO's rules, principles, functions and decision-making procedure and AoA which is the sole multilateral agreement regulating agricultural trade from neo-liberal institutionalist perspective. The foundation of the WTO, the method of its negotiations, the emergence of agreements shows parallelism with neo-liberal institutionalism's main assumptions.

The provisional GATT was replaced by the WTO in 1995. The WTO is one of the key institutions of Bretton Woods System with the IMF and the World Bank. The establishment of the WTO demonstrates the accuracy of one of the main arguments of the neo-liberal institutionalist theorists. As neo-liberal institutionalists argue that the experiences of old international institutions have a significant role in the formation of new ones. The WTO was built upon the GATT's experience of administering international trade relations.

The WTO provides a good example that demonstrates how shared interests of states can evolve to the formation of an institution as neo-liberal institutionalist scholars argue. Mutual interests which are trade liberalization through reduction of tariffs, the formation of non-discriminatory international trade regime and sustainable development united the WTO's member governments' around a shared purpose and they constructed an institutionalized cooperation in international trade area.

Today, WTO constitutes single platform for multilateral trade negotiations. The WTO is a member-driven international organization. Member countries are the decision-makers in the WTO. The decision-making principle of the WTO is normally consensus. The working structure of the WTO is designed to permit its members to oversee the implementation of legal provisions and procedures administering their trade relations.

Decision-making principle of the WTO renders the organization distinct from the other international organizations. The WTO with its feature of being a Member-driven, consensus-based is a unique organization. If no Member, participating to a meeting where a decision is taken, officially objects to the suggested decision, consensus is reached in the WTO. Thanks to consensus principle, all members' interests are fairly taken into account.

Despite its uniqueness and significance in the global trading order, WTO is an organization highly criticized particularly by opponents of globalization. From WTO opponents' view, WTO is a "rich man's club" which benefits Developed Countries more than Developing Countries. However, it is difficult to accept these allegations due to the unique characteristics of the WTO.

The WTO members are generally grouped as "developed Members" or "developing Members" on the basis of their level of development. Developing countries constitute more than two thirds of the WTO membership. The needs of developing countries was put at the centre of WTO's work. As a clear indication of this, one of the main functions of the WTO is enhancing trading capability of developing countries. WTO uses the instruments of technical assistance and capacity building so that developing countries can take advantage of multilateral trading system.

At Doha Ministerial Conference, WTO Members emphasized that the only objective of negotiations was not to improve trade liberalization and they placed the needs and special situations of developing countries and LDCs at the heart of a new round of trade negotiations. Doha Round aims the fuller integration of developing countries into international trade through improving their trading prospects.

In Doha Ministerial Declaration, it was reaffirmed that provisions for S&DT constitute an integral part of the WTO Agreements. The initiation of a trade negotiation round with S&DT at its centre is a demonstration of the importance of developing countries in the WTO's work. Developing countries were given longer transition periods for the implementation of their obligations by nearly all WTO agreements. In this regard, these countries enjoy greater flexibility. Currently, there are 183 S&DT provisions covering 16 WTO agreements. The WTO Agreements' wide coverage of S&DT provisions

provides an important proof of that developing countries' concerns are taken into account.

In the thesis, the special and differential provisions included by the AoA have been studied. The AoA contains 13 S&DT provisions. In line with these provisions, WTO Members should grant privileged treatment for developing country Members, LDCs and NFIDCs. Actions which may be taken by developing countries as a result of exemptions are also included within S&D provisions.

In the Preamble of the AoA, it is underlined that the special needs and conditions of developing country members would be taken into consideration by developed countries in fulfilling of commitments on market access. As a reflection of the Preamble, developing country members make lower reductions in tariffs. According to AoA, developing country members had longer implementation periods of reduction commitments.

Thanks to the special and differential provisions of AoA, some types of domestic support and export subsidies were designed for the implementation of developing countries. These provisions contribute to enhance the participation of developing countries into global trade.

As a reflection of the centrality of S&DT in the WTO work, various S&DT instruments are currently negotiated under the WTO agriculture negotiations. S&DT is one of the more complicated issues in the WTO agriculture negotiations. In Doha Ministerial Declaration, S&DT was not accepted merely as a concept facilitating the participation of developing countries into the global trading system, but also as a mechanism allowing developing countries to accomplish their food security and rural development objectives.

SSM is a S&DT instrument that is still being negotiated in market access pillar of agriculture negotiations. The proponents of SSM are developing countries. SSM is a mechanism would allow developing countries to defend themselves from import peaks and price depressions. SSM permits developing countries to impose additional tariffs for a limited time period to protect their agriculture sector from price depressions or

import surges. The objectives of SSM are maintaining of developing countries' food security and rural development and safeguarding the small scale farmers from price volatility and import surges.

SSM has a long-lasting negotiation history. The product coverage, the levels of trigger and remedy, the upper limit of additional tariffs are the most important controversial issues in the negotiations. Despite these problematic issues, various Ministerial Decisions and Declarations mandated that developing countries should have access to SSM which is an instrument of S&DT.

Another instrument designed under the concept of S&DT of agriculture negotiations are SPs. The main motivation of designating SPs is safeguarding the rural populations of developing countries against the potential negative effects stemming from trade liberalisation. Thanks to the concept of SPs, developing countries will be given the right to indicate some products on the basis of their needs for food and livelihood security or rural development. These products will have the exemption from tariff reduction or minimal tariff cuts over a longer transition period.

SPs like SSM was designed as an instrument under the concept of S&DT of agriculture negotiations. The idea behind the SPs is to protect the rural populations of developing countries from the potential negative effects of trade liberalization. Various WTO Ministerial Declarations and General Council Decisions had reaffirmed that developing country Members should have the right to self-designate a group of products as SPs.

SSM and SPs are still discussed under market access pillar of agriculture negotiations. Member countries' divergences continue to exist in the negotiations. Developed countries demonstrate the unwillingness to give these flexibilities to developing countries without moving forward market access negotiations. However, developing countries oppose the foundation of a link between SSM, SPs and market access pillar of agriculture negotiations.

The reaffirmation of WTO Ministerial Declarations and General Council Decisions for the designation of SSM and SPs for developing countries show the centrality of S&DT in the WTO work. At the WTO's Tenth Ministerial Conference, two important

decisions on agriculture were adopted. These are Ministerial Decisions on Export Competition and SSM for Developing Countries. Nairobi Ministerial Decision on Export Competition includes S&DT provisions for developing countries. Nairobi Ministerial Decision on SSM for Developing Countries underlined that these Members will have the right to benefit from a special safeguard mechanism. This decision is important since it provides a political mandate from Ministers on SSM. Both of these Ministerial Decisions demonstrate that S&DT and development are the issues which are at the center of the WTO's work.

As a consequence of the examination of relevant books, articles, the WTO's agreements, legal texts and the negotiation modalities, an important consequence appeared in this thesis. The key conclusion of this thesis's findings which are summarized above is that the needs of developing countries can also lead WTO negotiations and therefore, developing countries can make an impact on trade negotiation outcomes. The analysis made from the dimension of the WTO's agriculture negotiations in this study provides proofs demonstrating that WTO is not driven solely by the interests of developed countries. Today, concerns about food security are privileged by the majority of the countries. The WTO's AoA includes instruments helping developing countries to ensure their food, livelihood security and rural development. From the study, it can be understood that the WTO's agriculture negotiations aim to improve agricultural trade rules via taking into account challenges faced by especially developing countries. Thus the study claims that considering WTO only as an institution aiming trade liberalization is not true.

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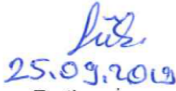
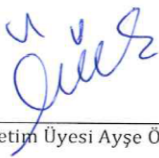
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APPENDIX 1. ORIGINALITY REPORT

 <p>HACETTEPE ÜNİVERSİTESİ SOSYAL BİLİMLER ENSTİTÜSÜ YÜKSEK LİSANS TEZ ÇALIŞMASI ORJİNALLİK RAPORU</p>
<p>HACETTEPE ÜNİVERSİTESİ SOSYAL BİLİMLER ENSTİTÜSÜ ULUSLARARASI İLİŞKİLER ANABİLİM DALI BAŞKANLIĞI'NA</p> <p style="text-align: right;">Tarih: 25/09/2019</p> <p>Tez Başlığı : Tarım Müzakereleri Çerçevesinde Dünya Ticaret Örgütü'nün Gelişmekte Olan Ülkeler İçin Oynadığı Rol</p> <p>Yukarıda başlığı gösterilen tez çalışmamın a) Kapak sayfası, b) Giriş, c) Ana bölümler ve d) Sonuç kısımlarından oluşan toplam 97 sayfalık kısmına ilişkin, 23/09/2019 tarihinde şahsım/tez danışmanım tarafından Turnitin adlı intihal tespit programından aşağıda işaretlenmiş filtrelemeler uygulanarak alınmış olan orijinallik raporuna göre, tezimin benzerlik oranı %8 'dir.</p> <p>Uygulanan filtrelemeler:</p> <ol style="list-style-type: none"> 1- <input checked="" type="checkbox"/> Kabul/Onay ve Bildirim sayfaları hariç 2- <input checked="" type="checkbox"/> Kaynakça hariç 3- <input checked="" type="checkbox"/> Alıntılar hariç 4- <input type="checkbox"/> Alıntılar dâhil 5- <input checked="" type="checkbox"/> 5 kelimedenden daha az örtüşme içeren metin kısımları hariç <p>Hacettepe Üniversitesi Sosyal Bilimler Enstitüsü Tez Çalışması Orijinallik Raporu Alınması ve Kullanılması Uygulama Esasları'nı inceledim ve bu Uygulama Esasları'nda belirtilen azami benzerlik oranlarına göre tez çalışmamın herhangi bir intihal içermediğini; aksinin tespit edileceği muhtemel durumda doğabilecek her türlü hukuki sorumluluğu kabul ettiğimi ve yukarıda vermiş olduğum bilgilerin doğru olduğunu beyan ederim.</p> <p>Gereğini saygılarımla arz ederim.</p> <p style="text-align: right;">  25.09.2019 Tarih ve İmza </p> <p>Adı Soyadı: <u>Güliz ÇETİNKAYA</u></p> <p>Öğrenci No: <u>N11223562</u></p> <p>Anabilim Dalı: <u>Uluslararası İlişkiler</u></p> <p>Programı: <u>Uluslararası İlişkiler-Tezli Yüksek Lisans</u></p>
<p>DANIŞMAN ONAYI</p> <p style="text-align: center;">UYGUNDUR.</p> <p style="text-align: center;">  <u>Dr. Öğretim Üyesi Ayşe Ömür ATMACA</u> </p>



**HACETTEPE UNIVERSITY
GRADUATE SCHOOL OF SOCIAL SCIENCES
MASTER'S THESIS ORIGINALITY REPORT**

**HACETTEPE UNIVERSITY
GRADUATE SCHOOL OF SOCIAL SCIENCES
INTERNATIONAL RELATIONS DEPARTMENT**

Date: 25/09/2019

Thesis Title : The World Trade Organization's Role For Developing Countries Under The Agriculture Negotiations

According to the originality report obtained by myself/my thesis advisor by using the Turnitin plagiarism detection software and by applying the filtering options checked below on 23/09/2019 for the total of 97 pages including the a) Title Page, b) Introduction, c) Main Chapters, and d) Conclusion sections of my thesis entitled as above, the similarity index of my thesis is 8 %.

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Güliz
25.09.2019
Date and Signature

Name Surname: Güliz ÇETİNKAYA

Student No: N11223562

Department: International Relations

Program: Master of Arts in International Relations

ADVISOR APPROVAL

APPROVED

Ayşe

Assist. Prof. Dr. Ayşe Ömür ATMACA

APPENDIX 2. ETHICS COMMISSION FORM

 <p>HACETTEPE ÜNİVERSİTESİ SOSYAL BİLİMLER ENSTİTÜSÜ TEZ ÇALIŞMASI ETİK KOMİSYON MUAFİYETİ FORMU</p>
<p>HACETTEPE ÜNİVERSİTESİ SOSYAL BİLİMLER ENSTİTÜSÜ ULUSLARARASI İLİŞKİLER ANABİLİM DALI BAŞKANLIĞI'NA</p> <p style="text-align: right;">Tarih: 25/09/2019</p> <p>Tez Başlığı: Tarım Müzakereleri Çerçevesinde Dünya Ticaret Örgütü'nün Gelişmekte Olan Ülkeler İçin Oynadığı Rol</p> <p>Yukarıda başlığı gösterilen tez çalışmam:</p> <ol style="list-style-type: none"> 1. İnsan ve hayvan üzerinde deney niteliği taşımamaktadır, 2. Biyolojik materyal (kan, idrar vb. biyolojik sıvılar ve numuneler) kullanılmasını gerektirmemektedir. 3. Beden bütünlüğüne müdahale içermemektedir. 4. Gözlemsel ve betimsel araştırma (anket, mülakat, ölçek/skala çalışmaları, dosya taramaları, veri kaynakları taraması, sistem-model geliştirme çalışmaları) niteliğinde değildir. <p>Hacettepe Üniversitesi Etik Kurulları ve Komisyonlarının Yönergelerini inceledim ve bunlara göre tez çalışmamın yürütülebilmesi için herhangi bir Etik Kurul/Komisyon'dan izin alınmasına gerek olmadığını; aksi durumda doğabilecek her türlü hukuki sorumluluğu kabul ettiğimi ve yukarıda vermiş olduğum bilgilerin doğru olduğunu beyan ederim.</p> <p>Gereğini saygılarımla arz ederim.</p> <div style="text-align: right;">  25.09.2019 Tarih ve İmza </div> <p>Adı Soyadı: Güliz ÇETİNKAYA</p> <p>Öğrenci No: N11223562</p> <p>Anabilim Dalı: Uluslararası İlişkiler</p> <p>Programı: Uluslararası İlişkiler-Tezli Yüksek Lisans</p> <p>Statüsü: <input checked="" type="checkbox"/> Yüksek Lisans <input type="checkbox"/> Doktora <input type="checkbox"/> Bütünleşik Doktora</p>
<p><u>DANIŞMAN GÖRÜŞÜ VE ONAYI</u></p> <p style="text-align: center;">UYGUNDUR</p>  <hr/> Dr. Öğretim Üyesi Ayşe Ömür ATMACA
<p>Detaylı Bilgi: http://www.sosyalbilimler.hacettepe.edu.tr</p> <p>Telefon: 0-312-2976860 Faks: 0-3122992147 E-posta: sosyalbilimler@hacettepe.edu.tr</p>



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ETHICS COMMISSION FORM FOR THESIS

HACETTEPE UNIVERSITY
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INTERNATIONAL RELATIONS DEPARTMENT

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My thesis work related to the title above:

1. Does not perform experimentation on animals or people.
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I respectfully submit this for approval.

[Signature]
25.09.2019
Date and Signature

Name Surname: Güliz ÇETİNKAYA

Student No: N11223562

Department: International Relations

Program: Master of Arts in International Relations

Status: MA Ph.D. Combined MA/ Ph.D.

ADVISER COMMENTS AND APPROVAL

APPROVED

[Signature]
Assist. Prof. Dr. Ayşe Ömür ATMACA

APPENDIX 3. REV.4 MODALITIES ON SPECIAL SAFEGUARD MECHANISM

The SSM shall have no *a priori* product limitations as to its availability, i.e. it can be invoked for all tariff lines in principle. A price-based and a volume-based SSM shall be available. In no circumstances may any product be, however, subject to the simultaneous application of price – and volume-based safeguards.

As regards the volume-based SSM, it shall be applied on the basis of a rolling average of imports in the preceding three-year period (hereafter "base imports").

As regards the price-based SSM, it shall be applicable where the c.i.f. import price of the shipment entering the customs territory of the developing country Member, expressed in terms of its domestic currency falls below a trigger price equal to 85 per cent of the average monthly MFN-sourced price for that product for the most recent three-year period preceding the year of importation for which data are available.

The price-based SSM remedy shall apply on a shipment-by-shipment basis. The additional duty shall not exceed 85 per cent of the difference between the import price of the shipment concerned and the trigger price.

Developing country Members shall not normally take recourse to the price-based SSM where the volume of imports of the products concerned in the current year is manifestly declining, or is at a manifestly negligible level incapable of undermining the domestic price level.

The calculation of volume or price triggers, and the application of measures in accordance with the relevant provisions of this section, shall be on the basis of MFN trade only.

The volume-based SSM may be maintained for a maximum period of 12 months from the initial invocation of the measure, unless a seasonal product is involved, in which case the SSM shall apply for a maximum of six months or to cover the period of actual seasonality, whichever is the longer.

The above provisions on triggers and remedies apply subject to the limitation that the pre- Doha bound tariff is respected as the upper limit and shall prevail as such.

APPENDIX 4. REV.4 MODALITIES ON SPECIAL PRODUCTS

The product is a staple food, or is a part of the basic food basket of the developing country Member through, *inter alia*, laws and regulations, including administrative guidelines or national development plan or policy or historical usage, or the product contributes significantly to the nutritional or caloric intake of the population.

A significant proportion of the domestic consumption of the product in its natural, unprocessed or processed form, in a particular region or at a national level, is met through domestic production in the developing country Member concerned.

Domestic consumption of the product in the developing country Member is significant in relation to total world exports of that product; or a significant proportion of total world exports of the product are accounted for by the largest exporting country.

A significant proportion of the total domestic production of the product in a particular region or at the national level is produced on farms or operational land holdings of up to and including 10 hectares, or is produced on farm or operational land holdings which are of a size equal to or less than the average farm size of the developing country Member concerned, or a significant proportion of the farms or operational land holdings producing the product are up to and including 10 hectares in size or of the average farm size or less of the developing country Member concerned.

A significant proportion of the total agricultural population or rural labour force, in a particular region or at the national level, is employed in the production of the product.

A significant proportion of the producers of the product, in a particular region or at the national level, are low income, resource poor, or subsistence farmers, including disadvantaged or vulnerable communities and women or a significant proportion of the domestic production of the product is produced in disadvantaged regions and areas including, *inter alia*, droughtprone or hilly or mountainous regions.

A significant proportion of the total value of agricultural production or agricultural income of households, in a particular region or at the national level, is derived from the production of the product.

A relatively low proportion of the product is processed in the developing country Member as compared to the world average; or the product contributes a relatively high proportion to value addition in the rural areas, in a particular region or at the national level, through its linkages to non-farm rural economic activities, including handicrafts and cottage industries or any other form of rural value addition.

A significant proportion of the agricultural customs tariff revenue is derived from the product in a developing country Member.

A significant proportion of the total food expenditure, or of the total income, of households in a particular region or at the national level in the developing country Member concerned, is spent on the product.

The product in respect of which product specific AMS or blue box support has been notified by any WTO Member and which has been exported by that notifying Member during any year from 1995 to the starting date of the implementation of Doha Round.

The productivity per worker or per hectare of the product in the developing country Member, in a particular region or at the national level, is relatively low as compared to the average productivity in the world.