

THIRD MINISTERIAL CONFERENCE OF THE WTO AND IMPORTANCE OF AGRICULTURE IN TRADE TALKS

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The report starts with a brief review of the developments within the framework of the World Trade Organisation (WTO). Then, it takes up the preparations for the Third Ministerial Conference of the WTO. In this context, it concentrates on the content and related disputes regarding the draft declaration which would be issued at the end of the Ministerial Conference at Seattle. Then, it evaluates the rules governing international trade in agriculture since new trade talks on agriculture should start this year. After assessing briefly the problems of the developing countries relating to the implementation of the WTO Agreement, it concludes that the OIC Member States should increase co-operation amongst themselves in all areas in relation to the implementation of the WTO Agreement and the new multilateral trade talks.

1. INTRODUCTION

The Second Session of the WTO Ministerial Conference was convened in Geneva from 18 to 20 May 1998. On that occasion, the World Trade Organisation (WTO) also celebrated the 50th anniversary of the multilateral trading system. However, 1998 was also a year dominated by the global financial crisis, of which the damaging and destabilising effects are still being felt.

The global financial crisis, originating from the South East Asian Countries, influenced the Russian Federation in Europe and Brazil in Latin America, and spread around the globe. The crisis has significantly affected the world output. The world output growth slowed down from 4.2 per cent in 1997 to 2.5 per cent in 1998. Growth in the newly industrialised Asian economies was negative, -2.9 per cent in 1998, while GDP growth in the developing world fell sharply from 5.7 per cent in 1997 to 3.3 per cent in 1998.

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The decline in world output also resulted in a decline in the global trade volume, particularly the export side, from 10.5 per cent in 1997 to 3.5 per cent in 1998.

Against this negative environment in the global economy, the WTO Members agreed that the countries must keep their markets open in order to avoid a further deterioration in the global economic situation, when the General Council met in July 1998.

In 1998, a number of countries, the Asian Countries, in particular, continued to implement their trade liberalisation programmes. Countries like Indonesia and the Philippines are implementing medium-term tariff reduction programmes that go well beyond their commitments within the framework of the WTO agreement. South Korea has made significant moves towards financial service liberalisation.

Last year, several other countries including Bolivia, Canada, Chile, Egypt, Mexico, and Turkey also carried out unilateral MFN tariff cuts.

However, recently there has been some increase in the use of anti-dumping measures as compared to 1995 and 1996, in particular by certain major trading countries on certain products such as textiles and clothing, footwear and leather goods, and iron and steel. Industrial countries impose countervailing tariffs on such exports of developing countries.

The talks on financial services, which had been interrupted in July 1995, were resumed with the Meeting of the Committee on Trade in Financial Services on 10 April 1997. The financial services agreement entered into force on 1 March 1999, as agreed by the representatives of 52 countries¹, accounting for more than 90 per cent of the global

¹ Bahrain; Canada; Chile; Colombia; Cyprus; Czech Rep.; Ecuador; Egypt; EC and their Member States (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Portugal, The Kingdom of the Netherlands, Spain, Sweden, United Kingdom); Hong Kong, China; Hungary; Iceland; India; Indonesia; Israel; Japan; Korea, Rep. of; Kuwait; Macau; Malaysia; Malta; Mauritius; Mexico; New Zealand; Norway; Pakistan; Peru; Romania; Senegal; Singapore; Slovak Republic; South Africa; Sri Lanka; Switzerland; Thailand; Tunisia; Turkey; United States and Venezuela.

financial services in banking, insurance, securities and financial information.

Furthermore, the WTO's Council for Trade in Services decided to extend the deadline for accepting the protocol until 15 June 1999 in order to allow another 18 governments² more time to complete their domestic ratification procedures.

The combined commitments of the 70 governments cover more than the estimated 95 per cent of the world's financial service activity and eliminate or relax current restrictions on foreign financial services suppliers. The commitments cover major financial services like banking, securities and insurance. This agreement provides a base for improving financial practices and for enlarging the foreign capital available to businesses and consumers³.

Recently, the number of WTO member countries reached 134, including the Kyrgyz Republic, Latvia and Estonia as new members. 35 WTO members are OIC members. (A list of OIC members in the WTO is attached as Annex I). 32 other candidates, all developing and transition economies, are negotiating to become members of the WTO.

Former Director General of the WTO, Renato Ruggiero of Italy, completed his term as scheduled on 30 April 1999 after four years in office. However, the efforts to appoint a new Director General ended in a deadlock in April 1999. The WTO council could not reach an agreement on this issue: The United States and the developed countries were insisting on the former New Zealand Premier Mike Moore and the developing countries were supporting Thai Deputy Prime Minister Supachai Panitchpakdi. The deadlock could only be solved towards the end of the summer, and the new WTO Director General Mike Moore was able to assume his post on September 1st, 1999.

² Australia, Bolivia, Brazil, Bulgaria, Costa Rica, Dominican Republic, Luxembourg, El Salvador, Ghana, Honduras, Jamaica, Kenya, Nicaragua, Nigeria, Philippines, Poland, Slovenia, and Uruguay.

³ Gurler, Oker, "Recent Developments within the Framework of the WTO: From Singapore to Geneva 1998", *Journal of Economic Co-operation among Islamic Countries*, Vol. 19, No.4, October 1998, pp.59-82.

The new WTO Director General, Mike Moore, puts forward his priorities as follows:

- To help achieve a balanced outcome for all countries, from which the more vulnerable economies will benefit;
- To advocate the advantages of a more open trading system which will pave the way for better living standards and a more prosperous and safer world;
- To strengthen the WTO and its system and rules within the framework of integrity and fairness and to reshape the organisation to reflect the new reality of its membership and their needs.

The WTO General Council nominated chairpersons for the various WTO bodies on 16 February 1999. The General Council will be chaired by H.E. Ambassador Ali Said Mchumo (Tanzania), the Dispute Settlement Body by H.E. Ambassador Nobutoshi Akao (Japan), and the Trade Policy Review Body by H.E. Ambassador Jean-Marie Noirfalisse (Belgium). (The names of the chairpersons of the other WTO bodies are attached as Annex II).

2. THIRD MINISTERIAL CONFERENCE OF THE WTO

The Third Ministerial Conference of the WTO was held in Seattle, Washington, from 30 November to 3 December 1999. The US, together with Pakistan, Burkina Faso, and Colombia as the other Office Members chaired this session. Ministers and senior officials from more than 150 countries attended this important meeting at the Washington State Convention and Trade Centre in Seattle. However, the outcome was quite a disappointment against the basic expectation that this Conference would launch another round of multilateral trade negotiations in order to further liberalise markets in goods, particularly in agricultural commodities, services, and investment activities. The Conference ended without an agreement. The talks have already commenced to break this deadlock. However, the future of the trade negotiations seems to be dim at the moment with only two exceptions. New trade talks on agriculture and services will resume at the beginning of 2000, as the WTO Members have already agreed and written into the Agreement on Agriculture and

the General Agreement on Trade in Services (GATS). These two topics will constitute the major agenda items of the new trade talks in Geneva. Then, whether the WTO members will want to add other topics or complete the agenda that was under discussion in Seattle remains to be seen.

The US Government is very well aware of the global trade benefits that are reaped by the US economy. The American economy has experienced the longest and the strongest economic expansion in the US history and the lowest unemployment rate since 1957. Trade and participation in the world economy have played a fundamental role in this development. Such a long recovery and economic strength reinforced the leadership of the US in the global economy and in world politics. In this process, the impact of the Uruguay Round cannot be neglected to open markets and expand business opportunities for American citizens and companies around the world. Being aware of the benefits of the liberalisation of trade and investment activities around the globe, the US had volunteered to host the Third Ministerial Conference of the **WTO**.

The ambitious and demanding US initiatives at the Second Session of the WTO Ministerial Conference in Geneva in May 1998 and the US proposal to hold the third session in the US were signals of the utmost importance attached by the US government to the Third Session. The Third WTO Ministerial Meeting in Seattle was expected to take very important, critical decisions and to launch a new round of multilateral trade negotiations. It was designed to move the WTO agenda forward on an accelerated basis, focusing on such key issues as further trade liberalisation in services and agriculture, and taking up new issues such as electronic commerce, biotechnology, etc.

Secondly, the WTO functions and operations could be further enlarged and intensified during the new round of multilateral trade negotiations in addition to its present role as a forum for on-going liberalisation and consultations. Actually, the scope of the WTO was expanded with the inclusion of more trade-related matters in its agenda. On the other hand, the WTO has become a really global trading system with the accession of more countries to the organisation. Enlargement of the scope and size of the WTO has already made it a very effective

Comment [SS1]: The US government attaches great importance to the Third Ministerial Meeting. According to the United States Trade Representative Charlene Barshefsky, *“This will be the largest trade event ever held in the United States and it will inaugurate global negotiations which will shape world trade as we move to the next century. Furthermore, President Clinton has called for a new, accelerated negotiating Round to include three different dimensions: global negotiations to open markets in goods, services, and agriculture; a dynamic agenda that delivers results on an on-going basis; and institutional reform to make the WTO more transparent, accessible and responsive to citizens”* (WTO, Document No. WT/MIN(99)/INF/1, 1 Feb. 1999).

institution. The rules and procedures, already determined within the WTO framework, created a unique global trading system.

The built-in agenda of the WTO already embodies a very ambitious programme of work against the hardships encountered in its implementation --including further negotiations in agriculture, services and various aspects of intellectual property; and the preparations to reach decisions in areas like investment and competition policy. In addition, as it was pointed out at the First Ministerial Conference of the WTO in Singapore between 9-13 December 1996, the problems of the LDCs and the further integration of the LDCs into the multilateral trading system were also areas of major concern. Very significant efforts should be made to enhance the LDCs' trading opportunities and to improve their conditions for foreign direct investment, export expansion and diversification.

Some countries believe that the present built-in agenda of the WTO should be consolidated and implemented before launching a new round of multilateral trade talks. Other countries also argue that future liberalisation negotiations should continue along sectoral lines involving areas like basic telecommunications, information technologies and financial services, etc.

Preparations for the Seattle Conference started quite early. The WTO's General Council began to gather the discussion topics in September 1998 and listed them in March 1999. In line with the indications given at the Special Session of the General Council on 23 September 1999, and with the continuing negotiations since then, a draft declaration was prepared to be issued at the end of the Seattle Conference. The Declaration was to serve as the fundamental document for the new round of negotiations. However, all the efforts to reach a common understanding during the Seattle Conference failed and resulted in a deadlock. In the following section, the draft declaration will be summarised to give an idea of its content to the reader.

2.1. Ministerial Declaration

The draft declaration starts by setting the major objectives and priorities. Then, it takes up the problems encountered in the implementation of

individual agreements and states the basic concerns about the implementation process. It cites textiles and clothing, anti-dumping, subsidies, technical barriers, customs valuation, sanitary and phytosanitary measures, intellectual property rights, trade-related investment measures, agriculture and services, as particular areas of concern. It also complains about the inadequate implementation of the special and differential treatment provisions in various agreements, which are in favour of the developing countries.

In this context, the draft declaration proposes certain measures relating to anti-dumping, subsidies agreement, sanitary and phytosanitary measures, technical barriers to trade, textiles, trade-related investment measures, trade-related aspects of intellectual property rights, agreement on implementation of Article VII of GATT1994 (Customs valuation and administration), agreement on rules of origin, balance of payments provisions of GATT 1994, agriculture, services, and special and differential treatment.

Furthermore, the draft declaration establishes a review mechanism to examine and address implementation-related concerns. In this respect, it could direct the General Council to conduct a full and comprehensive review of issues and problems identified by members and relating to the implementation of the existing WTO agreements and decisions. The General Council would complete its review and take or propose appropriate actions within one year.

Then, the draft declaration, recalling the commitment at Marrakesh to renew talks on agriculture and services and to further liberalise international trade in goods and services would launch a new round to start on 1 January 2000 and to be concluded within three years. However, some developing countries opposed the idea of a new comprehensive round. They were in favour of continuation of trade negotiations on a sectoral basis. In other words, they liked to negotiate within the framework of plurilateral agreements instead of multilateral agreements. Although multilateral agreements bind all the member countries of the WTO, plurilateral agreements bind only those countries which are signatory to the agreement, but not all the WTO members. Furthermore, some developing countries were also against the idea of

completing negotiations within three years. They were in favour of open-ended talks.

Then, the draft declaration also attempts to determine the subjects for multilateral trade negotiations. At the moment, the consensus could only be reached for inclusion of agriculture and services. There has been no consensus for including other topics in the agenda of the new round of trade talks. The proposed topics are the following:

1. Market access negotiations on non-agricultural products;
2. Contingent trade remedies;
3. Subsidies;
4. State trading;
5. Regional trade agreements;
6. Investment;
7. Competition;
8. Transparency in government procurement; and
9. Trade facilitation.

In addition to these subjects, the trade talks could include additional issues on rules of origin, balance of payments, and electronic commerce. The draft declaration would also invite further co-operation amongst the WTO, the IMF and the World Bank, in particular, in order to enable developing countries to integrate fully into the multilateral trading system, participate more effectively in the WTO, alleviate poverty and induce economic and social development through increasing trade and participation in the world trading system.

The draft declaration would also take further decisions in favour of the Least-Developed Countries in order to promote those countries' fuller integration into the multilateral trading system.

The draft declaration would establish working groups in the areas of fisheries subsidies, trade and finance, transfer of technology, and trade and debt. The Working Group on Trade and Finance would examine the relationship between the multilateral trading system and current global financial and monetary systems. The Working Group on Transfer of Technology would study the implications of existing WTO Agreements for the transfer of technology on a commercial basis, and ways of

enhancing such transfer, particularly to developing countries. The Working Group on Trade and Debt would examine the relationship between trade and external debt of the developing countries with a view to determining the contribution of the multilateral trading system to the solution of the debt problems of the developing countries.

2.2. Seattle Knot

On December 3, 1999, the Conference chairperson Charlene Barshefsky, the US Trade Representative, told the Ministers at the concluding plenary session that it would not be possible to reach an agreement on the draft declaration due to the ongoing divergences of opinion amongst the participating countries. The intention was to take a time-out, consult with one another and to reach a consensus. For this reason, the WTO General Council was first scheduled to meet on 17 December. Then, it was postponed until early 2000. It seems that the points of divergences still continue. Meanwhile, the meetings continue to solve this deadlock. Whether an agreement will be reached at the end of these discussions will be seen later. For the time being, the sole agreement is to start the multilateral talks in agriculture and services at the beginning of 2000 which was, in fact, approved and written into the agreements on agriculture and trade in services in Marrakesh years ago. Whether there will be additions to these two topics within the framework of the multilateral trade negotiations remains to be seen.

Divergences of positions of the WTO member countries continued on various issues. One of the most heated discussions was on “labour standards”. The US wanted to form a working group within the WTO to develop “core” labour standards which would include the determination of standards for wages, working conditions and other labour issues. The WTO member countries could be forced through trade sanctions to conform to these “core” labour standards if they fail to do so. Formation of such a group was strongly rejected by the developing countries led by India, Egypt, Brazil and Thailand. They insisted that these issues should not be included in the work of the WTO, and should remain within the domain of the International Labour Organisation (ILO). US insistence to include labour and environmental issues on the agenda of the “*Millennium*” round and to exclude anti-dumping measures from the agenda was one of the main reasons for the failure of the Seattle Conference.

Furthermore, the rigid position of the European Union (EU) with respect to the agricultural subsidies within the framework of its “Common Agricultural Policy” (CAP) was another contributing factor to the collapse of the Seattle Conference. The inexperience of Mike Moore, new Director General of the WTO may have been yet another factor. Consequently, those most responsible are, inevitably, the US and the EU.

On the other hand, the developing countries also complained about the implementation of the WTO agreements. According to them, the implementation of the WTO agreements was unbalanced. Industrial countries, in general, failed to honour their obligations to open up their domestic markets to the exports originating from the developing countries. In this regard, the WTO agreements were very far from generating enough benefits for the agricultural and textile products of the developing countries. Furthermore, the developing countries wanted their obligations to be eased in various areas such as intellectual property rights, investment protection, subsidies, etc. They also complained about the unfair implementation of the anti-dumping measures by the developed countries.

3. IMPORTANCE OF AGRICULTURE IN TRADE TALKS

3.1. The Agreement on Agriculture

One of the most heated agenda items in the Uruguay Round was trade in agriculture and, most likely, the very same topic will be again the most controversial agenda item in future negotiations. Agricultural products were excluded in earlier GATT talks simply because some industrial countries had strong reservations about the inclusion of that topic in the General Agreement in 1947. Thus, the agricultural sector in the industrial countries, the US, the EU, and Japan, has been supported and protected considerably. The main objective of the negotiations on trade in agricultural products was, therefore, to reduce the trade restricting effects of these policies. Supportive and protectionist policies by industrial countries have distorted domestic and international market prices for food and agricultural goods, and resulted in ever-increasing stocks and even waste and misuse of such products, while people in Africa or other parts of the world starved because they lacked income to buy food to sustain their lives.

The Uruguay Round negotiations on agriculture have resulted in a three-part Agreement: the Agreement on Agriculture, the Agreement on Sanitary and Phytosanitary Measures, and the Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries.

The Agreement on Agriculture included the following main provisions:

A. Market Access (Part III, Articles 4-5 of the Agreement)

1. All non-tariff measures such as import bans, voluntary export restraints, import quotas, etc., except those to be justified under normal GATT exceptions (e.g. balance of payments), will be converted to tariffs that provide substantially the same level of protection--a process called 'tariffication'--at the start of the implementation period, the six-year period commencing in the year 1995.
2. The new tariffs resulting from this 'tariffication' process and the existing tariffs on agricultural products are to be reduced by an average 36 per cent in the case of developed countries.
3. Tariff reductions are to be made over 6 years from a 1986-88 base in the case of developed countries, with a minimum reduction of 15 per cent on all tariff lines.
4. Tariff bindings, obligation not to raise tariff rates above a certain level without compensating reductions in other tariffs, increased from 81 per cent to 100 per cent of imports in industrial countries, from 25 per cent to 100 per cent in developing countries, and from 54 per cent to 100 per cent in transition economies. That is, all tariff lines will be 'bound'; they cannot be raised in the future.
5. The tariffication package also provides for the maintenance of current access opportunities and the establishment of minimum access tariff quotas. In the case of tariffied products, if imports are less than 3 per cent of domestic consumption in the 1986-88 base

period, access must increase to at least 3 per cent at the beginning and 5 per cent at the end of the implementation period. If the access level is greater than 5 per cent in the base period, this level of access must be maintained.

6. In the case of developing countries, tariff reductions are set at two thirds the level of the developed countries, that is, average tariff reduction will be 24 per cent with a minimum reduction of 10 per cent for each tariff item and spread over 10 years.
7. Developing countries are exempted from the tariffication commitment on any agricultural product that is a primary staple in a traditional diet, such as rice in the case of Korea and the Philippines.
8. The least developed countries are exempted from all tariff reduction commitments.

B. Domestic Support Commitments (Part IV, Articles 6-7 of the Agreement)

1. Domestic support measures that have, at most, a minimal impact on trade (called 'green box' subsidies) are excluded from reduction commitments. These policies include general government services in areas such as research, disease control, infrastructure, food security, etc. This set of measures also includes direct payments to producers like structural adjustment assistance, direct payments under environment programmes or regional assistance programmes.
2. The other support measures that are not subject to reduction commitments are direct payments under production limitation programmes, government assistance to improve agricultural and rural development in developing countries, subsidies for diversification away from production of illicit narcotic crops in developing countries, input subsidies for low-income producers in developing countries, and other support which makes up only 5 per cent, in the case of developed countries, and 10 per cent, in the case of developing countries, of the value of production of the individual products or the value of total agricultural product, in the case of non-product-specific support.

3. All other internal support, as calculated by the Total Aggregate Measurement of Support (Total AMS) for all products taken together, must be reduced by 20 per cent from a 1986-88 base over the implementation period. This figure is in line with the figure proposed in the Common Agricultural Policy (CAP) of the European Union.
4. In the case of developing countries, the reduction level was determined as 13.3 per cent. The least developed countries were exempted from all reduction commitments of this sort.

C. Export Subsidy Commitments (Part V, Articles 8-11 of the Agreement)

1. Export subsidies must be reduced by 36 per cent in value over the 6-year implementation period from a 1986-90 base period. The quantity of subsidised exports must also be lowered by 21 per cent over the same period.
2. If subsidised exports have increased since the 1986-90 base period, 1991-92 can be used as the beginning point of reductions, although the end point remains on the 1986-90 base period level.
3. In the case of developing countries, the reductions are two thirds those of developed countries over a ten-year period. Certain export subsidies are excluded from the reduction commitments. These are those subsidies given to reduce the marketing cost of exports of agricultural products, internal freight and transport charges on export shipments.
4. Food aid is exempted from export subsidy commitments, provided that it is not tied to commercial exports and is supplied on terms no less favourable than those of the 1986 Food Aid Convention are.
5. The least developed countries are exempted from all export subsidy commitments.

In addition to the above-mentioned provisions of the Agreement, a peace clause, for a nine-year period, prohibited countries from disputing

the internal policies of other members, provided the latter conform to the commitments made in the agreement. These internal policies were green box policies, domestic support and export subsidies which were maintained in conformity with the agreed commitments.

Finally, the Agreement also established a Committee on Agriculture to review the implementation of the commitments under the reform programme as set out in the Agreement.

3.2. New Trade Talks in Agriculture

As part of the WTO Agreement, member countries agreed to begin negotiations on agriculture by January 2000 to continue substantially reducing support and protection in the agricultural sector. Negotiations on agriculture are expected to continue the liberalisation process that began under the Uruguay Round through expanding market access, reducing and eliminating export subsidies, and further disciplining the use of trade-distorting domestic subsidies.

The overall level of protection in the agriculture sector is not only relatively higher than that in the manufacturing sector, but also uneven across countries and commodities. All the countries have not the same level of agricultural tariffs and all agricultural commodities are not subject to the same level of tariffs. Tariffs for some agricultural commodities are high and this issue will hold an important place during the negotiations. More specifically tariff-related issues such as tariff escalation and dispersion of tariffs are likely to be discussed during the new round.

4. PROBLEMS OF THE DEVELOPING COUNTRIES

Some developing countries argue that earlier commitments should be fulfilled before launching a new round of multilateral trade negotiations aimed at further liberalising trade and related activities. Developing countries identified a number of problems most of which are related to the implementation of earlier commitments made by the industrial countries within the framework of the WTO Agreement. These include high levels of protection and support of agriculture in industrialised countries, continued high tariffs, tariff peaks and tariff escalation in the

field of industrial tariffs, and lack of meaningful liberalisation in textiles and clothing. The requirements of the developing countries, which are expected to influence the Seattle Conference, can be summarised as follows:

1. **Full implementation of existing liberalisation commitments:** Developing countries complain that they encounter unexpected problems while implementing the existing Uruguay Round commitments. The agreements have deficiencies that only become apparent during the implementation process. Developing countries also argue that the industrialised countries have not fulfilled their commitments about liberalisation agreements on textiles, made excessive use of anti-dumping measures and failed to respect the principle of special and differential treatment in favour of the developing countries. Developing countries are dissatisfied with the results of the existing agreements and observe an imbalance in the outcome of the new trading system. They insist that these problems should be addressed on political rather than technical terms.
2. **Improved market access for the exports of developing countries:** This is an especially important objective for the least developed countries. The European Union has taken the necessary steps to provide duty-free access for the export products of least-developed countries. The elimination of all obstacles to trade in favour of the least-developed countries by all industrial countries will be one of the key agenda items of future trade talks.
3. **New technologies:** Sophisticated high technology sectors such as telecommunications, financial services, information technologies and electronic commerce, etc., will hold an important place in future negotiations. These sectors and their trade-related issues cannot be considered as limited to developed countries only, because they open new ways and dimensions in accessing knowledge and provide new trade and business opportunities by shrinking time, distance and energy. Being aware of the technology barriers between themselves and the industrial countries, the developing countries will try to remove these barriers and seek measures to close the technology gap.

4. **Foreign direct investment and competition policy:** A higher level of investment is essential for the growth and development aspirations of the developing countries, particularly the least-developed countries. However, lack of investment and foreign capital are major problems of the developing countries. The higher level of investment provides access to more productive capital, advanced processes and new technologies, and improves managerial and marketing skills. The developing countries try to encourage foreign direct investments by creating a better economic and business environment for the private sector. They provide investment security and business confidence for the foreign investors. However, the products of these plants in the developing countries face barriers in the form of labour, environmental, technological and quality control standards. It seems that conventional trade barriers such as tariffs, quotas, etc., were replaced by more sophisticated ones.
5. **Coherent and integrated strategy for development:** The WTO *Decision on Measures in Favour of Least-Developed Countries* adopted in Marrakesh, Morocco, on 15 April 1994, provides for the WTO members to adopt positive measures in favour of the Least Developed Countries. Moreover, at the First Ministerial Conference of the WTO in Singapore from 9 to 13 December 1996, the Ministers adopted the 'Comprehensive and Integrated WTO Plan of Action for the Least-Developed Countries'. This Plan of Action aims basically to further integrate the LDCs into the multilateral trading system, to enhance their trading opportunities and to improve conditions for investment, export expansion and diversification. However, trade alone cannot solve the problems of these countries. A more comprehensive integrated strategy, which takes into account issues from health and education to technical assistance, capacity building and debt relief, will be adopted. This can be realised through co-operation of the WTO with the World Bank, the IMF, the UNDP, the UNCTAD and other similar international institutions. Such a comprehensive integrated approach will be one of the outcomes of the next Conference in favour of the least-developed countries.
6. **Equal responsibility for the system:** Developing countries underline the fact that there will be no sustained economic recovery in the developing world, without a sustained recovery of their global

trade. Developing countries have integrated themselves into the global economy over the past three decades. In 1970, trade as a share of GDP in developing countries was slightly less than 20 per cent. Today it is 38 per cent, while it is less than 15 per cent in the case of the EU and 11 per cent in the US. However, UNCTAD's 1997 report states that "Liberalisation of the world economy has proceeded so far in a lop-sided way. For example, trade liberalisation has proceeded more slowly in products where developing countries are more competitive" (UNCTAD, *Trade and Development Report 1997*, p. 65). Furthermore, UNCTAD's 1999 report states that "in the present era, when the world economy is more integrated than at any time in its recent history, developing countries depend even more on external resources...." These statements indicate that trade is now even more critical to the economic future of the developing countries.

Based on these considerations, developing countries tried to defend their interests during the Third Ministerial Conference. Furthermore, they are ready to discuss openly their problems and seek a reasonable solution to them. Future trade negotiations should be balanced reflecting the expectations and the perspectives of the developing countries. They should properly take into consideration the economic and trade interests of the developing countries. Furthermore, the negotiations should not be overshadowed by discussions amongst the developed countries, and the world's main trading powers should meet their responsibilities with respect to the least developed and developing countries.

5. CONCLUSION

The Uruguay Round Negotiations had been launched in Punta del Este, Uruguay, with a controversial agenda in 1986. It took eight years to reach an agreement at the end of the Uruguay Round. When developing countries signed the *Final Act* concluding the Uruguay Round Negotiations, better known as the '*Marrakesh Declaration*' in Marrakesh, Morocco, on April 15, 1994, they were very optimistic about the future of the liberalisation process, particularly in the sectors of export interest for themselves. Furthermore, prospective studies were promising major benefits to the developing countries which would take part in the liberalisation process of the global trade. However, since the

establishment of the World Trade Organisation (WTO) and during the implementation process of the Agreement, the developing countries experienced various difficulties. Meanwhile, they have also realised that their difficulties and problems stemmed from the implementation of the WTO Agreement.

Increases in the application of anti-dumping measures in industrial countries constitute a trade barrier for the exports of the developing countries. Theoretically, the developing countries have the right to defend themselves against anti-dumping measures. However, in practice, making a complaint against these anti-dumping measures is a complicated and very costly process, which in most cases exceeds the capacities of some developing countries.

The Dispute Settlement Mechanism of the WTO is a very important and effective tool to protect the trade benefits of the signatory countries⁴. Disputes may occur when a member country takes an action that may be interpreted by another member as a violation of the WTO Agreements. The Dispute Settlement Mechanism is based on well-defined rules, procedures and timetables for completing a case.

The developed countries were largely involved in this mechanism and tried to settle their trade problems with the other countries in order to protect their own trade interests. The United States is the most active user of the WTO's Dispute Settlement Mechanism, the results of which have created important market opening gains for the US agricultural, manufacturing, and services sectors. The US government is very keen to protect the US interests in the global economy by making use of such means.

However, the figures related to the number of complainants show that this mechanism is not being utilised effectively by the developing countries and particularly the OIC countries. Amongst the OIC countries, it was observed that only Indonesia, Malaysia and Pakistan made one complaint each within the dispute settlement mechanism of

⁴ Gürler, Oker, "Recent Developments within the Framework of the WTO: From Singapore to Geneva 1998", *Journal of Economic Co-operation among Islamic Countries*, Vol. 19, No.4, October 1998, pp.59-82.

the WTO. Such a low level of complaining within this mechanism might be due to a lack of information on ways and means of using this mechanism within the WTO. Additionally, it is also a costly procedure necessitating the hiring of expensive legal experts in international trade law. In order to make a more effective use of the Dispute Settlement Mechanism of the WTO, the specialised institutions of the OIC may organise training programmes, workshops or seminars for the OIC member countries. The OIC countries themselves may also establish a mechanism to exchange and share their views and expertise on the operations of the Dispute Settlement Mechanism of the WTO. Furthermore, the OIC member countries should improve consultations, co-operation and co-ordination amongst themselves in all areas in relation to the implementation of the WTO Agreement and the new multilateral trade talks.

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ANNEX I**OIC Members in the WTO (as of September 1999)**

Bahrain	1 January 1995
Bangladesh	1 January 1995
Benin	22 February 1996
Brunei Darussalam	1 January 1995
Burkina Faso	3 June 1995
Cameroon	13 December 1995
Chad	19 October 1996
Djibouti	31 May 1995
Egypt	30 June 1995
Gabon	1 January 1995
Gambia	23 October 1996
Guinea	25 October 1995
Guinea-Bissau	31 May 1995
Guyana	1 January 1995
Indonesia	1 January 1995
Kuwait	1 January 1995
Kyrgyz Republic	14 October 1998
Malaysia	1 January 1995
Maldives	31 May 1995
Mali	31 May 1995
Mauritania	31 May 1995
Morocco	1 January 1995
Mozambique	26 August 1995
Niger	13 December 1996
Nigeria	1 January 1995
Pakistan	1 January 1995
Qatar	13 January 1996
Senegal	1 January 1995
Sierra Leone	23 July 1995
Surinam	1 January 1995
Togo	31 May 1995
Tunisia	29 March 1995
Turkey	26 March 1995
Uganda	1 January 1995
United Arab Emirates	10 April 1996

OIC Members that requested to join the WTO: Albania, Algeria, Azerbaijan, Jordan, Kazakstan, Oman, Saudi Arabia, Sudan and Uzbekistan.

ANNEX II

Newly Appointed Chairpersons for the WTO Bodies

General Council	Ambassador Ali Said Mchumo (Tanzania)
Dispute Settlement Body	Ambassador Nobutoshi Akao (Japan)
Trade Policy Review Body	Ambassador Jean-Marie Noirfalisse (Belgium)
Council for Trade in Goods	Ambassador Roger Farrell (New Zealand)
Council for TRIPs	Ambassador Carlos Pérez del Castillo (Uruguay)
Council for Trade in Services	Mr. Stuart Harbinson (Hong Kong, China)
Committee on Trade and Environment	Ambassador István Major (Hungary)
Committee on Trade and Development	Ambassador Absa Claude Diallo (Senegal)
Committee on Budget, Finance and Administration	Mrs. Laurence Dubois-Destrizais (France)
Committee on Balance-of-Payments Restrictions	Mr. Tomasz Jodko (Poland)
Committee on Regional Trading Agreements	Ambassador Krirk-Krai Jirapaet (Thailand)
Working Group on the Relationship between Trade and Investment	Ambassador Man Soon Chang (Korea)
Working Group on the Relationship between Trade and Competition Policy	Prof. Frédéric Jenny (France)
Working Group on Transparency in Government Procurement	Ambassador Ronald Saborío Soto (Costa Rica)
Committee on Trade in Agriculture	Ambassador Nestor Osorio Londoño (Colombia)