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THE WTO AND SOME IMPORTANT ISSUES CONCERNING WORLD TRADE IN GOODS[1]

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There is a controversy between the developed and developing countries over the scope and content of the new round of multilateral trade negotiations to be conducted under the auspices of the WTO. The developed countries that shaped the Final Act of the Uruguay Round, signed in 1994, aspire to maintain the momentum of worldwide trade liberalisation and are in favour of an agenda which will broaden the scope of the WTO by altering its jurisdiction and mandate further. The developing countries, on the other hand, generally demand concentration on problems emanating from specific Agreements in the Final Act of the Uruguay Round and/or some WTO rules.

The growing concern of the developing countries over the present world trading system arises first of all from the nature of some agreements that are biased against them. Secondly, it is an outcome of the implementation of some Uruguay Round Agreements such as those on agriculture and textiles. The developing countries have observed that "universal and across-the-board trade liberalisation" has led to sudden surges in their imports, not compensated by improved market access for their exports.

This paper is an attempt to discuss the major problems of world trade in goods from the viewpoint of developing countries and will dwell on the issues of special and differential treatment, tariff reductions, trade in textiles and clothing, trade in agriculture, industrial subsidies and development, anti-dumping measures, technical standards, trade and competition and labour and environmental standards. Proposals regarding changes in existing rules and practices will also be made.

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1. INTRODUCTION

The Uruguay Round was, beyond doubt, the most ambitious effort in the history of GATT and also the most comprehensive, the most difficult and complex of all GATT negotiations ever undertaken. In brief terms, it attempted to advance liberalization in traditional areas of world trade and to extend that liberalization to new areas formerly uncovered by GATT. Tightening up of multilateral rules and of procedures concerning dispute settlement and enforcement mechanisms was also among the aims of the Uruguay Round.

The Uruguay Round (UR) also marked the beginning of a new era for the developing countries. The UR negotiations were conducted in an environment where a large number of developing countries had already begun pursuing a new development strategy, which was remarkably outward-oriented. The change in the trade policies of the developing countries had become more prominent by the end of the 1980s, when new protectionism, resorting to many different forms of non-tariff barriers (NTBs), selective impediments aimed at individual exporters, unilateral action outside GATT and a much enhanced use of contingent protection, was growing steadily in developed countries (Agosin, Tussie and Crespi, 1995: 2)

There were two major factors behind the change in the trade and development policies of the developing countries. The first was the globalization process accompanied and strongly affected by new technological developments, which seemed to offer them new opportunities. The second was the Stabilization and Structural Adjustment Programs often imposed by the Bretton Woods institutions since 1980.

As compared to the former GATT Rounds, developing countries more actively participated in the UR negotiations. There are two specific reasons for this. Firstly, they hoped to obtain improved access for their products in developed countries' markets and a ban on new protectionism. Secondly, they supported the establishment of new mechanisms that could prevent developed countries from resorting to arbitrary unilateral action.

The most significant achievement of the UR was the enhancement of the world trade system. The agreements negotiated in the UR strongly

reinforced and extended the multilateral rules for trade. The Round was also successful in setting up an integrated and strengthened mechanism under the World Trade Organization (WTO) for the settlement of disputes. The developing countries at that time considered the new mechanism to constitute a barrier that could prevent or at least reduce the use of unilateral measures.

Four years after the establishment of the WTO, substantial differences between the developed and developing countries over the world trading system began to gain significance. A consensus on launching a new round of multilateral trade negotiations was reached, but there was no consensus over the content of those negotiations. The developed countries pressed for a broad-based agenda that would further enlarge the scope of the WTO by altering its jurisdiction and mandate and provide for the maintenance of the momentum of worldwide trade liberalization. A large number of developing countries, on the other hand, considered that new negotiations should concentrate on problems emanating from the implementation of the UR Agreements and on its "built-in agenda" which had stipulated new negotiations in agriculture and services.

The growing concern of the developing countries over the present world trading system stems from three major facts. First, the UR and the practice of "universal and across-the-board trade liberalization" have not been successful in improving market access for their exports to developed country markets while leading to sudden rises in their imports. Second, the WTO rules are generally not commensurate with the principle of Special and Differential Treatment and some, such as the ones concerning intellectual property rights and use of subsidies, are biased against them. Third, their weak institutional capacities and insufficient resources restrict their ability to exploit existing opportunities and they therefore require new facilities that can help them in that respect. As long as the growing concern of the developing countries over the existing world trading system is not seriously assessed by the developed countries, there seems to be little hope for a fruitful conclusion of the new Round of multilateral trade negotiations.

This paper is an attempt to discuss the major problems of world trade in manufactured and primary goods. Within that context, issues including Special and Differential Treatment, tariff reductions, anti-

dumping, textiles, industrial subsidies, agriculture, standards, competition and labour and environmental standards will briefly be analyzed and proposals mainly aiming at the provision of solutions to existing problems will be made.

2. SPECIAL AND DIFFERENTIAL TREATMENT

The most important principle that directs multilateral trade liberalization at the world level is 'non-discrimination'. It is generally known as the most-favored nation (MFN) clause and requires that trade concessions extended by a WTO member to another member country must be automatically and immediately extended to all WTO members.

The MFN principle is an expression of the belief in trade liberalization or free trade which has been the most important goal of the GATT and the WTO ever since 1948. This goal rests on two pillars: "universality" and "uniformity". The first implies that free trade is to the benefit of all countries regardless of their level of development. The second implies that for each country, all industries and products should be subject to the same low tariffs (Shafaeddin, 2000: 5).

There are a few exceptions to this principle, however, and Special and Differential Treatment is one of them. As early as the 1947-48 Conference on Trade and Employment (the Havana Conference), developing countries challenged the assumption that trade liberalization on an MFN basis would automatically lead to their growth and development. They argued that specific features of the economies of developing countries constrained their trade prospects. This development paradigm was based on the need to improve the terms of trade, reduce dependency on exports of primary goods, correct balance-of-payments instability and disequilibria and industrialize through the protection of infant industries and use of export subsidies (UNCTAD, 1999 a: 219)

Existing GATT rules actually reflected elements of this paradigm. Article XVIII, for example, enabled developing countries to maintain sufficient flexibility in their tariff structures and to apply quantitative import restrictions for balance of payments purposes. The incorporation of Part IV into GATT in 1964 provided developing countries with further facilities of flexibility, which rested mainly on the "non-reciprocity" clause. (Article XXXVI. 8)

The Second UNCTAD held in 1968 was followed by the introduction of Generalized System of Preference (GSP) schemes by developed countries. During the Tokyo Round (1973-79), preferential treatment of developing countries was legitimized by the acceptance of the Enabling Clause, or in other words, the "Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries". This decision pertains specifically to (a) GSP, (b) non-tariff measures in the context of GATT instruments, (c) regional or global arrangements among developing countries, and (d) special treatment for Least Developed Countries (ibid.: 220).

Developing countries have been strongly committed to the Special and Differential Treatment Principle even though the practice of GSP has not been completely successful in the realization of its objectives due to the stringent limitations imposed by the developed countries on the expansion of manufactured goods exported by the developing countries. Some economists therefore have asserted that MFN tariff reductions, which are permanent in nature, were better for the developing countries than the GSP, which was a temporary arrangement.

The UR Final Act still contains some special and differential treatment for developing countries. This treatment is a little more generous for the least developed countries as displayed by the WTO Decision on Measures in Favour of the Least Developed Countries adopted on 15.4.1994, which calls for the provision of positive measures in favour of them. In most of the Agreements of the UR, developing countries have been allowed extra time to fulfill their commitments.

Some provisions in the field of textiles and clothing, trade in services and technical barriers to trade, aim at increasing the developing countries' trading opportunities through greater market access. There are also certain provisions relating to safeguards, anti-dumping, etc., which require that the WTO members should consider the interest of developing countries while dealing with technical standards and phytosanitary standards (Gürler, 2001: 41).

The present disenchantment with the implementation of the Principle of Special and Differential Treatment since 1995 stems from the following facts:

- The developed countries have been slow in liberalizing their trade in textiles, agriculture and some other labour-intensive products. The developed countries in practice have done little to implement their commitments to give priority to the removal of trade barriers on products of interest to least developed countries, to refrain from introducing new barriers on these products, or to encourage imports from these countries (Das, 1999: 158-59).

- In spite of the fact that the developed countries have not fulfilled their liberalization commitments, they have been striving to expand the existing WTO agreements to include labour standards (social dumping), environmental standards and issues connected to trade-related investment.

- Social and employment issues are more important in developing countries as compared to developed countries. Economies of developing countries are more fragile and prone to shocks. For these reasons they should not be expected to liberalize rapidly. It has been observed that premature liberalization results in de-industrialization and severe unemployment.

- "The provisions in the WTO Agreements foresee general and nebulous types of measures in the context of the Special and Differential Treatment of the developing countries. For this reason, the developing countries want them to be clarified and to be written explicitly into the agreements" (Gürler, 2001: 42).

The objections raised by developing countries against trade policies implemented by the developed countries which are not in conformity with the principle of Special and Differential Treatment have not generally been accepted by developed countries. Instead, they have been inclined to propose that more advanced developing countries should open further their markets to the products of least developed countries. This is contradictory to the basic understanding in the UR trade negotiations and the resulting trade agreements of 1994 which confirm that "discrimination will only be allowed between the developed and developing countries, not between the more advanced developing countries and the least developed countries" (ibid.: 43). This fact, however, should not imply that there is no scope for greater South-South cooperation in trade. "With the rapid industrialization achieved by a number of East Asian and some other

developing-country exporters of manufactures, dependence for growth on exports to industrial countries has weakened somewhat" (UNCTAD, 1999 b: 133). Preferential tariffs can certainly help such an expansion in trade. But "still the South needs to look to the North for capital and intermediate goods and to gain access to technology. Consequently, both the growth of northern markets and access to them are vital" (ibid).

3. SOME CRITICAL ISSUES IN THE TRADE AGENDA OF DEVELOPING COUNTRIES

It has become clear at the end of the WTO Ministerial Conference held in Qatar in November 2001 that the new round of multilateral trade negotiations was scheduled to commence in 2002. The discussion of critical issues related to trade in manufactured and agricultural goods will start in this study with an appraisal of tariff reductions since the end of the UR.

3.1. An Overview of Changes in the Tariff Structure

The UR Agreements culminated in low average import duties and this fact contributed to the widespread belief in liberalization of international trade. Six years after the establishment of the WTO, it seems evident now that international trade is quite far from being liberalized.

An important outcome of the UR was the substantial increase in bindings on MFN rates by developing countries. The overall percentage of the bound rates of developed countries increased from 96 to 99 per cent, while that of the developing countries rose from 14 to 59 per cent. The rise in transition economies was from 74 to 96 per cent (UNCTAD, 1999 a: 153).

The average trade-weighted tariff rate was reduced by 38 per cent and tariffs on imports from developing countries by 34 per cent. UR tariff reductions are to take place within 5 to 10 years (10 years were given to the least developed countries).

As a result of the UR, the average MFN tariff rate in the major advanced industrialized countries is expected to fall to between 3.7 per cent (the US) and 7.1 per cent (Canada) following the full implementation of negotiated tariff reductions. Over 10 per cent of the

tariff universe of the EU, Canada, the US and Japan made up of 4.000 tariff lines, however, will continue to face tariffs in excess of 12 per cent ad valorem. One fifth of the peak tariffs of the US, 30 per cent of those of Japan, one quarter of those of the EU and about one seventh of those of Canada exceed 30 per cent (UNCTAD, 1999 b: 134-35).

Most of the sectors in which high tariffs prevail, however, are of particular export interest to developing countries. Textiles and clothing constitute the most typical example. Clothing and textile producers are not only protected by high tariffs but also by import quotas and other restrictions. According to UNCTAD, in 1999 the preferential rates for clothing under EU's GSP scheme was nearly 11.9 per cent. The US excluded most textiles and clothing products from its scheme and its MFN tariff rates ranged from 14 to 32 per cent for most synthetic, woolen and cotton clothing. Canada applied MFN rates of about 18 per cent and the GSP rates of Japan ranged from 6 to 11 per cent (ibid.).

Leather, rubber footwear, travel goods and transport equipment are subject to the above average tariffs, which is also true for food products. For example neither the US nor Canada accords preferences for footwear, leather and leather goods. According to the UNCTAD Secretariat, MFN rates ranged from 38 per cent to 58 per cent for certain types of shoes in the US and from 16 per cent to 20 per cent for all footwear in Canada. Tariffs on footwear in the EU were generally at 11.9 percent for GSP beneficiaries. Japanese MFN tariffs reached 30 per cent for leather. In addition to high tariff rates, almost all GSP imports were subject to stringent ceilings (ibid.: 135).

Tariff peaks are lower in low-technology manufactures compared to agricultural products. Frequency of Post-Uruguay Round tariff peaks in agriculture, in terms of percentage of tariff lines, change between 19 per cent and 48 per cent. The highest figure belongs to the EU and the lowest to the US (ibid.).

The reduction of tariff escalation was also one of the objectives of the UR. Tariff escalation takes the form of rising tariffs from raw materials to intermediate products and sometimes reaches peak levels in finished manufactured goods. It generally affects food products, textiles and clothing, leather and footwear that are all products of export interest to many developing countries.

It now seems clear that the UR has not succeeded in eliminating tariff escalation. It is stated that "by contrast, after the full implementation of the Round's tariff negotiations, tariffs on processed goods will be eight times higher than those on primary products (compared to four times before the Round)" (UR, 1999 a: 158). Tariff escalation is an instrument which hampers the industrialization and vertical export diversification efforts of developing countries through its negative effects on exportable manufactured goods.

Fast and across-the-board trade liberalization has failed in a large number of least developed and other low-income countries characterized by a low level of industrial capacity to diversify into manufacturing exports. The change in the industrial structure of many developing countries, especially in Latin America, has been in favour of resource-based industries and against labour-intensive industries in which these countries could attain dynamic comparative advantages (Shafaeddin, 2000: 3).

3.2. Textiles and Clothing

The UR provisions on textiles and clothing were regarded as "probably the most important for developing countries as exporters" (Weston, 1995: 68). This evaluation was based, firstly, on the fact that textiles and clothing constituted the largest export items (22 per cent of all developing country industrial exports) of developing countries and, secondly, by the fact that trade in textiles and clothing had been governed by the Multi-Fibre Arrangement which enabled developed countries to impose bilateral quotas on their imports since 1974. Incidentally, it should be stated here that prior to the Multi-Fibre Arrangement (MFA), there existed other restrictive agreements that were not multilateral and not as effective as the MFA. In fact, for a long time the MFA stood as the most severe and costly derogation of GATT principles from the perspective of developing countries (Rodrik, 1995: 46).

With the UR, a new Textile Agreement designed to govern the gradual liberalization of world trade in textiles and clothing came into force at the beginning of January 1995. The Textile Agreement is to expire on January 1, 2005 and all textile and clothing products will be restored to GATT rules by the termination of a three-stage period of 10 years.

During each stage, a portion of products comprising tops and yarns, fabrics, made-ups and clothing is to be integrated into WTO rules. The percentage of products to be placed under the WTO rules has been fixed as 16, 17 and 18 per cent for the three successive stages, starting at the beginning of 1995, 1998 and 2002. On January 1, 2005, the last remaining part of the import volume subject to restrictions will have been abolished. Small exporters whose share in quota totals is 1.2 per cent have been allowed to pass directly to the second stage starting in 1998. It was also stipulated that non-GATT barriers to textile imports which are comprised mainly of EU agreements with the African, Caribbean and Pacific (ACP) and some Mediterranean countries were to be brought into line with the Agreement in 1995 or abolished in accordance with a plan to be submitted by the importing country within six months.

The abrogation of the MFA and other barriers was expected to vitalize trade in textiles, expand textile exports and improve welfare in contracting parties. According to estimates by the European Consumer Association, it was asserted that the developing countries could expect an increase in trade to the tune of 40 to 50 billion US dollars and consumers in the industrial countries could expect price reductions of 5 per cent (Grossmann et al., 1994: 108).

Seven years after the establishment of the WTO, the results seem far from being satisfactory for many textile exporting developing countries. This is, however, no surprise. A close look at the UR Agreement on Textile and Clothing provides us with some important clues that provide an explanation to the paradoxical situation (GATT, 1993: 1-32).

- The safeguarding of particularly “sensitive” product groups by importing countries for 10 years has been allowed.

- A specific safeguard clause has given the importers the right to apply new selective safeguard measures during the term of the Agreement. According to that clause, importing countries can resort to such measures if an actual or threatened increase in imports from exporting countries causes or threatens to cause serious damage to their domestic industry.

- The importing countries have been allowed to choose freely the products to be placed under WTO rules at each stage, provided that

they put goods (regardless of their share) from each product category, namely tops and yarns, made-up textile products and clothing.

- The Textile Agreement covers products identified by the Harmonized Commodity Description and Coding System (No. 50-63) and also products not included in the MFA but whose texture contains textiles. Most of the latter have not been subject to former restrictions. Therefore, importers have been given the right to choose these products for subordination to the new rules at the early stages.

Textile and clothing are two of the major exceptions to significant tax reductions after the UR and imports subject to high tariff rates are expected to fall from 35 per cent to 28 per cent during the implementation period. The reductions to be implemented in the sector are between 15.5 per cent and 12.1 per cent. The low tariff reduction rates to be implemented in the sector have been tried to be justified on the ground that replacement of import quotas by tariffs was a much more important aspect of liberalization for textiles and clothing.

Developed countries are slowly implementing the commitments that have been stated in the Agreement on Textiles and Clothing (ATC). Developed countries have preferred to integrate unimportant items into WTO rules first and postpone integration of products which are of importance to developing countries. The US and the EU have left about two thirds of their ATC imports to be integrated to WTO rules to 2005. “According to the integration programmes so far developed for stages 1 and 2 (1995-2002), the products selected were concentrated in less-value-added items, with a small share being allocated to clothing. For example, the percentage share of clothing was 3.9 out of 33.24 (a percentage of 1990 imports of textiles and clothing which is supposed to be integrated into WTO rules by the end of stage 2, i.e. end of 1992) for the United States, and 2.53 out of 33.31 for the E.U. Moreover, the contribution of integrated items to the value of imports during the period 1995-1997 was around 6 per cent for the United States and 4 per cent for the EU’’ (Shafaeddin, 2000: 26).

ITCB figures also indicate that additional increases in quota accesses have been very limited. According to the ATC, textile importers are

required to increase the existing growth rates of quotas by at least 16, 25 and 27 per cent during the three consecutive stages. The total increase in access by the US has been 6.36 per cent, by Canada 7.53 per cent and by the EU only 4.49 per cent (ITCB, 2000 a: 6-9).

As a result of the slow liberalization, the expansion in world trade in textiles and clothing has been rather modest.

Table 1. World Trade in Textiles and Clothing

Annual average % change	Textiles	Clothing
1980-85	–1	4
1985-90	15	17
1990-2000	4	6
2000/1999	7	7

Source: WTO, International Trade Statistics, 2001.

The European Union has so far implemented the most restrictive policies. A plan proposed in 2000 for EU's integration program for the third stage of the ATC has revealed that although 51 per cent of the trade in textiles and clothing will have been integrated to WTO rules by the end of 2004, a large bulk of it consists of products that are not subject to import quotas and only 52 out of 219 quotas will have been liberalized by then. This means that 79 per cent of restricted trade will remain subject to quotas up until the end of 2004, i.e. the termination of the ATC (Shafaeddin, 2000: 26).

Developing countries are the main suppliers of textiles and clothing to developed countries. In 2000, the share of former MFA countries in the total textile and clothing imports of the EU 15 was nearly 46 per cent. Together with Mediterranean countries (including Turkey) and the ACP area this figure rises to 69 per cent.

The trade balance of EU in fibers, textile and clothing was -14,625.5 million Euros in 1995. This deficit slightly fell in 1996 and steadily increased afterwards. The sharpest rise occurred in 2000 when the deficit increased by 17.9 per cent and rose from -24,731.0 to -29,147.7 million Euros (Textile Outlook International, September 2001: 26).

The two top suppliers of textiles and clothing to the US were two NAFTA members (Mexico and Canada) followed by eight major developing countries.

Table 2. Shares of the EU 15 Textile and Clothing Trade by Region and Grouping, 2000

(In per cent)

	Imports		Exports	
	Volume	Value	Volume	Value
Industrialised countries[a]	8.2	8.5	25.9	34.7
Of which: USA	3.0	2.5	10.1	12.9
MFA countries[b]	48.6	45.6	8.9	11.2
Of which: China	12.0	13.3	0.9	1.0
Central and Eastern Europe[c]	15.2	16.5	31.4	26.6
Mediterranean countries	19.5	21.5	19.9	16.3
Of which: Turkey	11.7	11.4	5.2	3.7
Autonomous countries[d]	3.5	3.0	5.3	4.7
Of which: Russia	0.9	0.4	2.4	2.5
African, Caribbean and Pacific countries	1.7	1.9	2.1	1.6
Other countries	3.2	3.0	6.7	4.9
Total	**100.0**	**100.0**	**100.0**	**100.0**
Total volume ('000 tons)	**5,647.1**	**n/a**	**2,774.9**	**n/a**
Total value (Euro mn)	**n/a**	**62,412.0**	**n/a**	**33,299.8**
% change[e]	8.1	16.1	15.5	16.3

Source: Textile Outlook International, September 2001: 29.

NB: MFA products only; numbers may not sum precisely due to rounding.

[a]Including Bosnia-Herzegovina, Croatia, Serbia-Montenegro. [b]Excluding Vietnam. [c]Including the Baltic States (Estonia, Latvia and Lithuania). [d]Including CIS countries and Vietnam. [e]Percentage change in totals previous year.

The trade balance of the US for the textiles and clothing sector gave a deficit of 57.9 billion dollars in 2000. This deficit was 44.9 billion dollars in 1999.

Exports to the US soared by 23 per cent in 2000 as the Euro weakened. (*Textile Outlook International*, March 1999 and September 2001).

It is quite evident that the ATC has not yet radically altered access to developed country markets. Developed countries have continued to implement new protectionism in textiles and clothing trade, basing their

arguments on the need for more time to adjust. This argument does not seem plausible because the textiles and clothing sector was protected strongly throughout GATT history by the developed countries and that protection has provided the developed countries with sufficient time to adjust. It is also contradictory to observe that while developing countries, with the exception of the least developed ones, are forced to implement most provisions of the UR Agreements that place them under a heavy burden, the abrogation of the MFA is supposed to take 10 years from 1995. Even after 2005, significantly high tariff rates and the new safeguard clause which allows for certain import restrictions against growing exporters for a maximum period of four years, based on "disproportionate growth of exports" and "serious injury to domestic industries", will enable developed countries to impose import restrictions. During the new multilateral negotiations to begin in 2002, developing countries should strive for radical reduction in tariff rates and for changes in the existing Agreement that can prevent developed countries from resorting to arbitrary restrictions by making use of safeguard provisions.

Table 3. USA: Leading Suppliers of Textile and Clothing Imports[a], 1997, 1999, 2000 (mn sme[b])

	1997	1999	2000
Mexico	3,041.1	4,142.7	4,746.5
Canada	2,082.9	2,835.5	3,204.0
China	2,094.9	2,035.5	2,217.9
Pakistan	1,125.9	1,544.8	1,996.8
South Korea	817.7	1,222.1	1,311.8
Thailand	768.6	1,117.5	1,318.3
India	985.7	1,149.4	1,248.3
Taiwan	1,197.4	1,269.9	1,233.3
Bangladesh	765.0	910.5	1,130.8
Indonesia	855.0	907.3	1.052.7
Others	9,160.3	11,479.9	13,403.8
World	**22,894.5**	**28,615.0**	**32,864.2**

Source: Textile Outlook International, September 2001: 23.

NB: numbers may not sum precisely due to rounding. [a]Made from MFA fibres. [b]Square metres equivalent.

3.3. Agriculture

International trade in agricultural goods was not covered by the GATT from the beginning. Furthermore, in 1955, the US was granted by other Contracting Parties a waiver that provided for the imposition of import fees and quotas. At the Tokyo Round (1973-79), regulation of the agricultural sector was raised as an issue, but was opposed by the European Community (EC). The EC, committed to the maintenance of the principles of its Common Agricultural Policy, was not willing to accept an agricultural trade reform. "In particular it was resolved to continue using the variable import levy and the variable export subsidy to maintain Community Preference and high domestic price support" (Rayner et al., 1993: 1518).

During the 1980s, the US, who previously had succeeded in excluding agricultural policy from various GATT agendas, strongly insisted on agricultural policy reforms and the liberalization of trade in agricultural products, this time drawing support from the Cairns Group (Ongun, 1995: 124). This change in the US stance was a result of her declining agricultural trade surpluses, falling from $ 24.7 billion in 1981 to $ 7.6 billion in 1985. During the same span of time, EC's share of world wheat exports increased from 12 per cent to 17 per cent, compared to a reduced US share from 50 cent to 25 per cent (Koopman 1986: 306).

As a consequence of opposing interests, agricultural trade, which became the focus of UR negotiations, almost led to the failure of the Round in 1990. A breakthrough was achieved in November 1992 by the Blair House compromise between the US and the EC, followed by the signing of the Agreement on Agriculture. The main provisions of this Agreement can be summarized as follows:

- All non-tariff barriers to trade will be converted into tariffs. The deadline for this conversion ends in 2001 for developed and in 2005 for developing countries. The least developed countries, which are almost exclusively net food importers, will be free from this obligation.

- Tariffs are to be reduced by an average of 36 per cent in the developed and 24 percent in the developing countries. The

calculation is based on the difference between the world and domestic prices. The tariff reduction will be at least 15 per cent for each product. For agricultural products whose imports constitute less than 3 per cent of domestic production, lower tariff rates will be applied. Least developed countries will be free from this obligation.

- Developed countries will reduce their "aggregate measurement of support" to agriculture by 20 per cent within 6 years. This rate is 13.3 per cent for developing countries. Least developed countries are excluded. The base period for this reduction is 1986-88. Support provided by developed and developing countries that do not exceed the production value by 5 per cent and 10 per cent respectively do not have to be reduced.

- Some forms of domestic support have been excluded from tariff reduction obligations. Such forms of domestic support should have no distortive effect on trade and have no effect or a minimal effect on production. According to this principle, forms of domestic support that are allowed consist of: (a) expenditures that do not involve a payment to the producer or processor, but provide benefits to the agriculture or the rural population (b) public stocking aiming at food safety (c) food aid to the population in need of it (d) direct payments which do not require transfer of funds from consumers and which do not have the effects of providing price support to producers (e) government contributions to revenue insurances (f) payments made against natural disasters (g) “structural adjustment” funds (h) aid that is a part of regional development programs.

- Export subsidies are to fall to 64 per cent of the 1986-90 average, while the volume of agricultural export subsidies are to fall to 79 per cent of the same period's average in developed countries. These ratios will respectively be 76 per cent and 86 per cent for developing countries.

- A “special safeguard clause” allows additional tariffs to be applied, if the import volume exceeds a relatively low ceiling (trigger level), or the import price falls below the average price (trigger price) for 1986-88. A “special treatment” clause also allows resort to non-tariff barriers under specified conditions.

What positive effects were expected from the enforcement of the UR Agreement on Agriculture? “Restraint of farm subsidy wars (especially those between the US and the EU), a fall in the food prices for consumers in countries formerly protected, better market opportunities for efficient producers, special treatment for developing countries’’ is the answer (SESRTCIC and ICDT, 1995: 71). On the other hand, the main negative effect conceived was the rise in world prices that could hurt poor food-importers (ibid., Awuku, 1994: 89-90).

Even at the outset, agricultural liberalization seemed far from being complete due to the definition of reference periods (low average prices valid for the reference years), the exclusion of a number of subsidies and the inclusion of numerous safeguard mechanisms (Grossman et al., 1994: 109). In addition to these factors, the manner in which non-tariff measures were converted to tariff equivalents also significantly contributed to the limitation of the trade-liberalizing effect. The conversion into tariffs resulted in peak tariffs often exceeding 100 per cent ad valorem (UNCTAD 1999 a: 50). "For three widely traded commodities - rice, coarse grains and sugar - many governments chose to set their maximum permitted tariff in the UR well above the actual tariff collected in 1986-88 (World Bank, 2000: 63).

Within this context, the role of tariff rate quotas also deserves attention. The Agreement on Agriculture introduced a system of tariff quotas. The main purpose was to ensure that the tariffication process would not reduce the current level of imports or prevent the achievement of an agreed-upon level of access for products previously subject to non-tariff measures (UNCTAD 1999 a: 53). In the schedules of WTO members, there are both allocated and pre-allocated quotas. The former are global and are in principle available on an MFN basis to all suppliers, the latter are bilateral in character and are provided to specific traditional export suppliers. Therefore, they reflect current access opportunities. The allocated (global) quotas, on the other hand, reflect tariff quotas under minimum access opportunities (ibid.: 54). Since the WTO members have been allowed to incorporate their preferential regional and bilateral arrangements related to market access through tariff quotas, extra complications have arisen. There are problems in the administration of quotas. Tariff quotas have often been used as disguised forms of quantitative restrictions, sometimes impeding preferential access through the GSP.

The change in the value of world trade in agricultural products has been disappointing during the past few years. A sharp drop was observed in 1998, resulting mainly from the fall in the prices of many agricultural commodities due to the Asian Crisis.

Table 4. World Trade in Agricultural Products, 2000

(Billion dollars and percentage)

Value	558
Annual % change	
1980–85	–2
1985–90	9
1990–00	3
1998	–5
1999	–3
2000	2
Share in world merchandise trade	9.0
Share in world exports of primary products	40.7

Source: WTO, International Trade Statistics 2001: 97.

World trade in agricultural products continues to be a predominantly intra-western trade although there is a remarkable rise in exports from Latin America to North America.

Table 5. Major Regional Flows in World Exports of Agricultural Products, 2000

	Value	Annual percentage change		
	2000	1990-00	1999	2000
Intra-Western Europe	174.2	2	–2	–4
Intra-Asia	67.2	5	2	14
North America - Asia	36.0	1	2	10
Intra-North America	33.3	7	7	4
Latin America to North America	21.7	8	2	21
Latin America to Western Europe	18.3	3	–7	–2

Source: WTO, International Trade Statistics, 2001: 97.

Agricultural products constitute 9 per cent of world merchandise trade. The share of agricultural products in total merchandise exports reaches its highest level in Latin America, to be followed by Africa. The

most important importers of agricultural products are Africa and the Middle East respectively.

Table 6. Share of Agricultural Products in Trade in Total Merchandise and in Primary Products by Region, 2000

(Percentage)

	Exports	Imports
Share of agricultural products in total merchandise		
World	9.0	9.0
North America	10.0	5.9
Latin America	18.4	9.0
Western Europe	9.4	10.0
C./E. Europe/Baltic States/CIS	8.9	10.7
Africa	12.9	15.1
Middle East	2.4	13.1
Asia	6.5	9.4
Share of agricultural products in primary products		
World	40.7	40.7
North America	58.2	33.8
Latin America	47.3	44.1
Western Europe	57.2	47.3
C./E. Europe/Baltic States/CIS	20.7	41.8
Africa	17.7	51.9
Middle East	3.2	59.9
Asia	48.0	34.7

Source: WTO, International Trade Statistics, 2001: 97.

The absolute impact of the UR Agreement on agriculture has been small, smaller than the Agreement on Textiles and Clothing. The main causes of this outcome can be briefly summarized as follows:

- Protracted structure of the timetable prepared to return to normal GATT rules;

- Peak tariffs resulting from the conversion of non-tariff measures into tariffs and continuing tariff escalation;

- The modesty of the commitments made by developed countries regarding domestic support (Aggregate Measure of Support) and export subsidies;

- The definition of reference periods which favour developed countries;

- The allowance for special safeguards to be used for certain predesignated sensitive products.

Since the enforcement of the Agreement on Agriculture, the US and the EU have intervened in the production of and trade in agricultural products through their support and stabilization programs. In the US, programs concentrated on wheat, maize, cotton, soya beans, rice, wool, barley, oats, sugar and some other products. The EU intervened in the production and trade of agricultural products mainly in the form of price support and subsidies (Shafeaddin, 2000; 22). The EU concentrated mainly on wheat, meat and sugar. "According to OECD estimates, consumption expenditures on domestically-produced [agricultural] commodities was 34 per cent higher than at world prices. Total support to OECD agriculture from consumers and taxpayers (TSE) was estimated at US $ 362 billion in 1998" (Shafaeddin 2000: 22, quoting from Cahill, 1999: 31). More than 90 per cent of the total base-year Aggregate Measurement of Support ($ 198 billion) was provided by OECD countries (UNCTAD, 1999 a: 62-63).

On the other hand, since most developing countries, and especially those that were under structural adjustment programs, could not afford huge domestic support subsidies, they had little concern with reductions in domestic subsidies. Some 61 out of 71 developing countries notified that they provided no domestic support that was subject to reduction commitments.

Between 1995 and 1997, seven countries were noted to have taken special safeguard actions. A total of 175 national tariff lines have been affected by these actions, over 60 of these actions were price-based and those over 115 were volume-based. Almost all the products on which (price or volume-trigger) special safeguard provisions were initiated were those whose rates formed tariff peaks (ibid.: 59)

In the following WTO Multilateral Negotiation Round, the main goal of developing countries with respect to agriculture should be to restrict radically and effectively domestic support and abolish export subsidies pertaining to the sector. The restriction on domestic support

should only allow support (i) in the form of food aid (ii) designed as an important part of regional development and (iii) aiming at security.

It is clear that in agriculture, exports from developing countries are seriously hampered by domestic support and export subsidy programs implemented in developed countries, together with tariff peaks and intricate tariff quotas. Under the prevailing conditions, many developing countries have little to gain, but a lot to lose, if they accept a trade liberalization that aims at further reductions in tariffs on agricultural commodities but allows for the existing support and subsidization programs of developed countries.

On the other hand, non-trade concerns should also be taken into account. These consist of food security, problems faced by net food importing developing countries and other social effects emanating from trade liberalization. World food prices, which cover sugar, beef, maize, wheat, rice and beans, rose by 6.8 in 1996 and 5.9 per cent in 2000 over the previous years but declined during the 1997-99 period. The average percentage fall for that period was around 11 per cent (UNCTAD, 2001: 34). Net food importing countries that are generally the least developed countries, however, are not in a position to obtain benefits from such movements. Therefore, increased assistance to cover costs of food, technology and other intellectual property, to adjust to import liberalization and new trade rules, and to cover cuts in export preferences should be provided to them (Weston, 1996: 93).

The following negotiations should be conducted in the direction adopted during the UR, i.e. integration of trade in agricultural goods to general multilateral rules governing world trade. This approach should lead to abandonment of new protectionist measures by developed countries while ensuring sufficient flexibility to poor and predominantly rural countries.

3.4. Industrial Subsidies and Development

Subsidies have been serious causes of tensions and disputes throughout the history of GATT. Prior to the UR Agreements, there was no consensus over the legitimate subsidies. Developed countries were inclined to restrict subsidized exports mainly by imposing countervailing duties, so as to prevent “material injury” to domestic

producers, despite the fact that Article XVI of the GATT dealt specifically with subsidies (Agosin et. al., 1995: 9).

The Agreement on Subsidies and Countervailing Measures reached in the UR defines subsidy as "a financial contribution by a government or any public body" that confers a benefit, and states that only subsidies "specific", in the sense that they favour particular firms, industries or groups composed of firms or industries within the jurisdiction of the authority granting the subsidy, fall under the WTO auspices. The agreement differentiates between three types of subsidies: they are prohibited, actionable and non-actionable subsidies.

Prohibited subsidies are those subsidies the granting of which depends upon a particular export performance or on the preferential use of domestic products (import substitution).

Actionable subsidies are subsidies that can lead to serious injury in importing countries. When a subsidy is greater than 5 per cent of the product value, the subsidizing country may be requested to bring evidence that the subsidy does not cause serious injury to the plaintiff.

Non-actionable subsidies are subsidies provided to support (i) development of disadvantaged regions, (ii) research and development, and (iii) environmental protection.

A section of the Agreement is devoted to countervailing measures. According to provisions related to these measures, the subsidy investigation should be suspended if the rate of subsidy is less than 1 per cent. The least developed countries and developing countries with a per capita income of less than 1000 dollars are allowed to make use of export subsidies. Developing countries, other than those mentioned above, are given 8 years to eliminate prohibited export subsidies, a period that can be extended to 10 years. If a developing country reaches export competitiveness in a particular product, it is expected to eliminate its export subsidies on that product within 2 years. A de minimis provision exempts from countervailing action suppliers of all developing countries obtaining subsidies equal to less than 2 per cent or 3 per cent of export values for least developed and low-income countries.

A few more words need to be said about non-actionable subsidies. Subsidies for research and development cover activities undertaken by firms and/or research and educational establishments up to 75 per cent of costs of industrial research or 50 per cent of the costs of precompetitive development activity. For disadvantaged regions to benefit from subsidies, the per capita income of the region should be at least 85 per cent of the average of the country, and the rate of unemployment be 110 per cent of the country's average. In this case, export activities located in the disadvantaged region can benefit from the subsidy. Assistance for the adaptation of existing facilities to new environmental requirements, up to 20 percent of the related cost on a one-time basis as long as it is available to all firms concerned, is allowed.

As is well known, Article XVIII of the GATT provides for the selective protection of industries in the case of countries, which are in early stages of development. This enables developing countries to apply a dynamic trade policy based on the selection of specific industries for protection. The UR Agreement on Subsidies and Countervailing Actions is in conflict with Article XVIII since it bans subsidies tied to export performance and import substitution (Sahafaeddin, 2000: 23-24).

This contradiction should be removed in the following Round of multilateral negotiations and selective support of domestic industries be allowed. Further clarification concerning the selective application of subsidies, may, however require more elaborate stipulations.

A close look at the summary of countervailing duty actions reported to the WTO reveals that the number of initiations against subsidies in 1998 was 21, it was 36 in 1999. In 1998, 12 of these initiations were of US and 8 were of EU origin. These figures are 10 and 20 respectively for the year 1999. The number of countervailing measures in force at the end of 1998 and 1999 was 100 and 108 respectively. At the end of 1998, 60 of the measures were being implemented by the US and 3 by the EU. At the end of 1999, 61 of such measures were implemented by the US and 11 by the EU (WTO Annual Report 1999: 57 and WTO Annual Report 2000: 46).

3.5. Anti-dumping Measures

The Anti-dumping Agreement of the UR contains more detailed rules compared to the Anti-dumping Code of the Tokyo Round. Important elements of the new Agreement are:

- A "sunset clause" which states that anti-dumping measures must be abolished at the latest, 5 years after they have come into force, unless an examination clarifies that the abolition of dumping measures would cause further injury resulting from dumping practices.

- A "de minimis clause" which states that antidumping investigations should be immediately suspended in cases where the dumping margin is below 2 per cent and the import volume subject to dumping is negligible.

- A rule concerning the definition of methods utilized in the determination of dumping, criteria for proving injury to the domestic industry, procedural regulations to be used in the initiation and conduct of investigations against dumping and the implementation and duration of anti-dumping measures.

- A rule clarifying the role of panels for settling disputes in cases of anti-dumping.

Although the UR Agreement contained improvements compared to the old code, these improvements seemed insufficient to prevent arbitrary resort to anti-dumping practices since it did not specify the underlying causes for "predatory" dumping (Grossman et al., 1994: 111). The provisions related to anti-dumping investigations were important to developing countries because anti-dumping action had, by then, become the principal means by which developed countries were exercising new protectionism (Rodrik, 1995: 48).

Unfortunately, anti-dumping rules have been used by some developed countries as a tool of new protectionism against developing countries' exports of products such as textiles, clothing, base metals, steel, toys, etc. Developed countries accounted for 68 per cent of the dumping investigations by GATT/WTO between 1987 and 1997. Out of

the cases investigated by developed countries, 39 percent were against developing countries and 23 per cent against countries in transition (Financial Times, October 29, 1989). Summary of anti-dumping actions for the period of January-June 1999 reveals that there were 1097 anti-dumping measures in force and 183 of them were implemented by the EU and 336 by the US (WTO Annual Report, 2000: 47).

The arbitrary nature of anti-dumping practices partly stems from conceptual issues involved in its definition (Shafaeddin, 2000: 27). According to Article VI of the GATT and Article 2 of the UR Agreement, dumping is defined as selling a product to a foreign country below its sales price in the exporting country, which is called the normal value. There are however two practical problems involved. Firstly, marginal cost pricing, which generally arises as an outcome of economies of scale, is common to most of the export industries and may allow export prices to be lower than domestic sale prices because as sales increase the unit costs decrease. Secondly, differential pricing emanating from differences in tastes and preferences in export markets affects the average marketing cost.

The sufficient condition for an importer country, to claim that dumping exists, depends on material injury caused by the imported item. But is it fair to assert that an efficient export industry which possesses comparative advantage and succeeds in expanding its exports significantly owing to a devaluation practices dumping just because its exports harm some industries in the importer country and since its export price has fallen below its constant domestic price after the devaluation? (Shafaeddin, 2000: 27).

Conceptual considerations regarding dumping and the implementation of anti-dumping measures imply that a much more refined agreement on anti-dumping has become a necessity.

3.6. Technical Standards

The reduction of tariff rates and a growing concern about the environment led to a search for other instruments in the 1980s to constrain market access. We observe a mushrooming of technical, sanitary and phyto-sanitary standards (SPS) in the years preceding the UR. One of the objectives of the UR was to determine certain principles that would be adhered to by all countries.

There are two agreements related to technical standards. The first is the Agreement on Technical Barriers to Trade. This Agreement aims at limiting the damage to world trade resulting from differences in standards. Technical barriers to trade take the form of diverging norms for products and processes, hygiene standards, testing procedures, conformity controls, etc. between different countries. The Agreement on Technical Barriers to Trade states that:

- Contracting parties are obliged to develop national regulations concerning standards, on the basis of internationally accepted standards.

- In this work, the leading principle will be the equal treatment of foreign and domestic products (non-discrimination).

- Norms regarding processes and procedures are also covered by the Agreement.

General objectives common to both agreements include transparency, use of the least trade-restrictive measure and harmonization with internationally accepted standards. The stated agreements recognize the right to establish protection for human, animal or plant life, health and the environment at levels they consider appropriate and express that they should not be prevented from ensuring that their aimed standards are met.

Although the usage of international standards is encouraged by both agreements, no specification is made as to the acceptance of a standard as international. In the absence of more precise definitions, standards determined by a few countries or approved by a few participants may acquire the status of “international” (UNCTAD, 1999 a: 137). Developing countries have also expressed that harmonization of procedures would mark the beginning of the establishment of a more coherent and transparent system of standardization. Suggestions made during reviews of the Agreement on Technical Barriers have not provided a satisfactory solution to that problem.

In the case of Sanitary and Phytosanitary Standards, which are very important for developing countries, the concerned Agreement requires standards to have scientific justification or a form of risk management.

Developing countries, and especially the least developed countries, find it difficult sometimes "to comply with one Sanitary and Phytosanitary Standard rule, namely that exporting countries be required to prove that their standards are equivalent to those in the importing country" (Weston, 1995: 78). By the Agreements, developing countries have been given longer periods to comply with the commitments. Technical assistance has also been promised, with priority being given to requests by the least developed countries. But problems cannot be solved simply by providing technical assistance to developing countries to comply with the agreements (UNCTAD, 1999 a: 151).

Different ways to enable developing countries to participate more effectively in the formulation of international standards should be found so that they can gain access to mutual recognition agreements signed among developed countries. The developing countries on the other hand, should clarify their positions as to whether they wish for modifications in existing rules or whether they are specifically concerned with certain standards, procedures and conformity assessments.

3.7. Trade and Competition

In the 1990's, induced efforts for investment liberalization and growth of trade in goods and services led to a sharp reduction in barriers to trade and, hence, barriers imposed by the private sector started to attract more attention. Concern of developing countries in the early 1980s about anti-competitive behavior, such as operation of international cartels in several countries or anti-competitive abuse of market positions by foreign enterprises, led to the preparation of international rules to control restrictive business practices. This resulted in "The Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices".

At the GATT Ministerial Meeting in Marrakech in 1994, "trade and competition" was assessed as an item to be included within the framework of WTO issues. A working group was established to study issues related to trade and competition. Their work focused on the following subjects: (1) The relationship between the objectives, principles, concepts, scope and instruments of trade and competition policy, (2) Stocktaking and analysis of existing instruments, standards and activities regarding trade and competition policy and (3) interaction between trade and competition policy (ibid.: 176).

Competition is not a new theme for the WTO and rules related to competition exist in the UR Agreements of the TRIMs, the GATS, the TRIPs and in the newer Agreements on Telecommunications. Developing countries have been sensitive on the issue of competition and trade policy and they demonstrated this sensitivity in the UR negotiations on TRIMs (UNCTAD, 1999 b: 42).

There is a continuing debate on the necessity of a multilateral discipline on competition. Some experts assert that competition is a domestic issue and, hence, should be dealt with by national governments. Some defend the view that existing multilateral trade agreements should be reviewed and strengthened in the light of competition principles, while some emphasize the need for a multilateral agreement (UNCTAD, 1999 a: 183-84).

A multilateral agreement on competition can only be fair and acceptable if it fully takes into account the special and differential treatment approach, which was reflected in the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices. Development objectives should delineate the scope of exemptions and exceptions from multilateral rules.

3.8. Labour and Environmental Standards

Two new issues were brought by the US to be placed on the agenda of the UR after the ratification of the UR Accord on December 15, 1993. These consisted of labour and environmental standards.

Labour and environmental standards have come to be discussed extensively since 1994 within the GATT/WTO and other international circles. They are at the top of the trade agenda of developed countries today. The “Workers Rights and Labour Standards” in the WTO terminology include prohibition of forced, compulsory and child labour, provision of safety at the work places, insurance of the right to organize in unions and the right to strike to workers.

The motives of these themes have been looked upon with suspicion not only by developing countries but also by distinguished economists like Dani Rodrik. In Rodrik’s words, concerns on labour “are rooted in the labour-market difficulties experienced in the developed countries.

The European Union has a severe unemployment problem, with an average rate of 11 per cent. In the United States, unemployment is less of a problem, but there has been a marked deterioration in the relative earnings of unskilled labour (Rodrik, 1995: 52).

The concerns regarding labour standards are valid to a certain extent. In this connection, child labour deserves closer attention. In developing countries, about 250 million children between the ages of 5 and 14 work, at least 120 million of them full time, in Africa 32 per cent; and in Latin America 7 per cent. Around 70 per cent of all child laborers are unpaid family workers" (The World Bank, 2000: 62). But the problem is that the logic of harmonization of labour standards contradicts with the foundation of the theory of comparative advantages which provides an explanation to the gains from trade. "Most developing countries compete on the basis of their relatively large endowments of unskilled labour, that is, on the basis of low-cost labour. The upward harmonization of labour standards serves to raise labour costs and hence reduce the poor countries' gains from trade. The situation is analogous in many pollution-intensive basic industries in which middle-income developing countries have become competitive" (Rodrik, 1995: 53). With respect to the issue of environmental standards, it has been asserted that promotion of free trade has led to a downward harmonization of environmental standards and, consequently, to a rise in environmental problems. "Transnational companies as well as domestic firms are encouraged, the argument goes, to produce in countries where environmental regulations are the weakest. This harms the global environment and puts pressure on developed countries to relax their own standards for fear of losing employment to the South" (ibid., 52). Since environmental amenities are subject to lower valuation in developing countries, they provide for a genuine source of comparative advantage. Raising worldwide environmental standards and linking them to trade rules are, therefore, ideas not acceptable to developing countries.

Developing countries have firmly opposed the proposal of linking labour and environmental standards to WTO rules since 1994. They have defended the view of leaving these issues to the responsible international organizations and/or related agreements. They should continue to do so in the future.

4. CONCLUDING REMARKS

The first six years of the post-UR era have not, in general, been promising for developing countries. Developed countries have resorted to anti-dumping, special safeguard provisions, countervailing measures and technical barriers to trade more often. The UR Agreement on Textiles and Clothing has provided ample time to developed countries for lifting stringent import restrictions gradually and slowly. The Agreement on Agriculture, which enforced the conversion of non-tariff measures to tariffs, has given rise to a structure with excessively high average tariff rates. Meanwhile, some disguised forms of protection continued to be provided for many agricultural commodities and developed countries continued to support their agricultural sectors extensively.

On the other hand, many of the developing countries were faced with a surge in imports. The average annual changes in the volume of imports and exports of developing countries in goods for the ten year period of 1983-92 were 3.4 and 6.0 respectively. These figures are 7.2 and 8.7 for the 1993-1999 period (IMF, 2001: 193). Premature trade liberalization has in many cases harmed domestic industries and led to bigger trade deficits. Developing countries should take into consideration recent experiences when marking concessions in return for improved market access for their exports.

Under the circumstances, the new WTO multilateral trade negotiations, expected to begin in 2002, are of the utmost importance to the developing countries. These countries should adopt a new stance and pursue a different strategy in the new Round.

First, they should thoroughly prepare for an active role in the WTO and, for this purpose, improve and strengthen their institutions. It is not too late to do that. To play an active role this may not be sufficient; they should aim at adopting a proactive role in the WTO negotiations which involves extensive bargaining (Shafaeddin, 200: 34). There are several reasons for the ineffective role played by developing countries in the WTO in the past. One of them lies in the decision-making process of that organization that does not offer a majority of developing countries the opportunity to participate in the actual negotiations which take place

in small groups behind the scene (Das, 1999: 153). The new Round can and should mark the beginning of a change in that role.

Secondly, this change can be assisted by increased cooperation and coordination among developing countries. It is true that developing countries are not a homogeneous group, but they still have interest in cooperating with each other if they want genuine change in different areas of the existing world trading system. Countries sharing common interests can establish closer ties to a greater extent.

Thirdly, they should pursue dynamic trade policies linked to their developmental objectives which mainly depend on their level of industrialization. These policies should be clear and realistic. Design and implementation of prudent policies require, among other things, strong institutional capacities and sufficient human and financial resources. The UR Agreements have given place to the provision of financial assistance to developing countries for various purposes. The developing countries should demand that responsible organizations meet these obligations.

Specific changes pertaining to different areas of world trade in goods, which are to the interest of developing countries, have been suggested in the previous parts of this paper. The last word to be said concerns bargaining. It should not be forgotten that the GATT/WTO negotiation tradition rests primarily and almost exclusively on bargaining and bargaining involves a very difficult process. This process requires not only knowledge and information in the field of world trade, but also training in international commercial diplomacy. Skillful and prudent handling of issues and problems of world trade will, no doubt, assist developing countries in becoming more self-confident and more capable.

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