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Understanding the WTO: Its Role and Contribution to International Trade

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ABBREVIATIONS

DSS	Dispute Settlement System
EU	European Union
FDI	Foreign Direct Investment
GATS	General Agreement on Trade and Services
GATT	General Agreement on Tariff and Trade
ISO	International Organization for Standards
ITO	International Trade Organization
MFN	Most Favored National
OECD	Organization for Economic Cooperation and Development
SDT	Special and Differential Treatment
SPS	The Agreement on Sanitary and Phytosanitary Measures
TBT	The Agreement on Technical Barriers to Trade
TPRM	Trade Policy Review Mechanism
TRIPS	Trade-Related Aspects of Intellectual Property Rights
U.S.A.	United States of America
UR	Uruguay Round
WTO	World Trade Organization

INTRODUCTION

As a reaction to the intense economic relations between countries, international trade is constantly developing and having new agreements in order to provide a rules-based system. Needless to say, the role of globalization, which has become the keyword of today, is highly crucial in these developments. In this context, the World Trade Organization (WTO), which is one of the most important phenomena of globalization, is the last stop in this issue. The WTO aims to remove all kind of barriers to trade and provide international trade rules in order to ensure a standardization level. So, understanding this organization and its functionality in fast development and globalization environment will be crucial also in order to have an impression for the future. During this work, the WTO will be tried to understand and discussed from several aspects. The thesis consists of four parts through the help of old and new resources, as well as the past and current data references. During the research period, it was aimed and tried to approach all the thoughts equally and carried an aspect objectively by standing with a distance.

In the first part of the thesis, it will be started to understand the factors which caused to establish an organization like WTO, and then it will be explained how this organization was established. The first part will include also the accession process for the countries which would like to be a member of the organization, and it will be tried to understand the issues that countries can have during this process. Later, this part will continue with the goals and principles of the organization in order to comprehensively understand the WTO from a historical point of view.

In the second part of the thesis, in order to analyze the role and contribution of WTO to international trade as a part of the main topic, the annexes of the WTO Founding Agreement, which regulates the international trade about tariffs barriers, non-tariff barriers, intellectual property rights, trade in goods, trade in services, trade policy reviews, dispute settlement and plurilateral agreements will be examined through the agreements about this issues. Moreover, since it is impossible to understand the WTO without its Ministerial Conferences, they will also take place in the second part in order to understand what the world trade system has been through since WTO's establishment.

In the third part of the thesis, a critical issue which has been discussing and looks like will be continue to discussed also in the future will be tried to analyze, the difficulties for developing countries. This topic will be discussed from an aspect which will focus on the inabilities of developing countries in order to cope with the regulations of WTO and obstacles regarding to

these regulations which slow down the speed of the developing countries in terms of being active in the international trade environment and their development.

Last part of the thesis will focus on the main topic, which was trying to understand during this work, the role and contribution of WTO on international trade. It will be tried to analyze from different aspects in terms of economic development since they can not think separately when it is about international trade. After explaining the relation between economic growth and international trade, there will also be discussed the role of WTO on poverty reduction, and in the end, there will be tried to give an overview about the functioning of the WTO on the international trading system and economic development and the missing points which still needs to improve by WTO in order to increase its functionality.

1.THE HISTORICAL ANALYSIS OF WTO

1.1.From GATT to WTO

General Agreements on Trade and Tariffs(GATT) will be explained detaily in the following part of the thesis but briefly it could be said that it was aiming to remove all the existing barriers both tariff and non-tariff in order to increase the international trade through the mobilization of the goods and capital (WTO). So that, in the end of 80's, a lot of countries have arrived to a point that GATT could better serve o international trade envoirement if it transforms to a formal international organization because of several reosans and these reosans will be summarized better under the title of 'Why GATT was needed?'. However, it will be also tried to explain in the following in order to give a comprehensive idea about the shift from GATT to WTO.

First of all, Jackson was explaining in his paper that in 1988, it was explicitly called that international trade envoirement was missing an effective dispute settlement mechanisms and it was highly demanded by the nations to transform GATT to more rules based system through negotiations and to make it a more powerful and comprehensive organization. And in the end, it came up as World Trade Organization(WTO) which was established during the Uruguay Round between 1986 and 1993(Jackson,1994).

Eventhough GATT was missing several needs of the international trading system, it still had a lot of functions to support the international trade and it conducted 8 rounds of the negotiations with an aim to lead multilateral trading system Moreover, about the functionality of GATT, Yenipazarli had mentioned that as a result of Uruguay Rounds, it was observed and accepted by all the members the fact that all the negotiations made by GATT perspective had increased and contributed to international trade, potential of economics, employment, investment and income. However, the GATT was still missing several aspects of the 'leading functioanality' of the international trading system and it was planned to expand the rules of GATT also to be able to cover services and intellectual property rights(Yenipazarli, 2003). For instance, the implementation of regulations regarding to international trade which were decided to be implemented for the development of world trade, was considered insufficient by the member states to be implemented only in accordance with the text of the GATT interim agreement, created to reduce customs tariffs and eliminate non-tariff barriers. The need for solutions to global problems through systematic and disciplined coordination in accordance with the requirements of the era has led member states to create an international organization with an institutional status with legal and sanctioning power. In these contexts, in 01.01.1995, The

World Trade Organization (WTO) was established, which assumed an important role in the liberalization of international trade. Moreover, Moore was explaining the establishment of the World Trade Organization as told in the following sentence. ‘The tour of Uruguay, the eighth round of the GATT negotiations that began in September 1986 and lasted more than seven years, resulted not in the replacement or renewal of the GATT (1947), but in the formation of an entirely new institution.’,(Moore, 1996). January April 15, 1994 signed in Marrakech, in Marrakech Agreement and entered into force on January 1, 1995 in the final deed contained in the GATT, but more broadly established than the GATT, the WTO is the legal and institutional body of the multilateral trade system.(Graham, 2000).

In order to have a look at the older history of GATT, it is find usefull to mention the brief stroy from Van den Bossche, he was explaining it starting from IMF and Wold Bank until the establishment of WTO. Industrialized Western countries, especially under the leadership of the United States, had an international commercial and financial system. They saw it as the solution to the devastating effects of World War II. As a matter of fact, the International Monetary Fund (IMF) and the World Bank were established as a result of the “Bretton Woods Conference” convened in 1944. Despite all persistent attempts, the International Trade Organization failed to pass the draft through the US Congress. However, the negotiations on the “General Agreement on Tariffs and Trade” (GATT) carried out within this framework were successfully completed and temporarily put into effect in 1947. As a result of subsequent trade negotiations, this structure became continuous and finally institutionalized as the World Trade Organization in 1995.

The regulations introduced within the framework of the GATT and the World Trade Organization have established a framework for international trade relations and have made these relations more rules-bound. Despite the basic common principles, there are significant differences between the GATT system and the structure of the World Trade Organization. For instance, the change in the Dispute Settlement Mechanism (also used as dispute resolution) was the most important of them. Because as a result of the changes, the World Trade Organization dispute settlement mechanism came up strongly and has made the international commercial system more legally binding (Van den Bossche,2006). Also Hoekman was underlying the the differences between GATT and WTO. Eventhough the WTO is the successor to the GATT, for instance, while GATT had a more flexible policy on the implementation of procedures, WTO policies and dispute resolution procedures are binding and must be implemented by all member states. Another example in this matter, while the WTO holds conferences attended by all member states at least every two years, it was taking

ten years in the GATT period to pass through ministerial-level meetings (Hoekman, 2002). Moreover, similarly to Hoekman's definition, Chand was also defining GATT 'as the principle rule-book of WTO for trade in goods', anyway. (Chand, 2015).

In addition to the given information, The WTO also creates a platform in order bring the concerns regarding to international trade issues where they can raise their voices in front of all the other potential partners for trade and it leads and controls the implementation of the trade agreements negotiated in the Uruguay Rounds. Lastly, in order to underly the fact that The WTO is not simply GATT that had transformed into a formal international organization and it is actually much more, it could be added that it covers a much broader view, including services, intellectual property rights, security of the envoirement as well as the other rules which aims to take care of all the members (WTO). Moreover, it was also said by Graham that the WTO incorporates the principles of the GATT and provides a more enduring institutional framework for implementing and extending them(Graham,2000). The WTO also has a strong dispute settlement mechanisms which will be explain in a detailed way in the following chapters.

Why WTO was needed?

At this part of the thesis, it would be right to continue with the problems that required the establishment of WTO, under some main titles in order to understand it better and in a more comprehensive way. Because it is critical to understand of the issues that were at the forefront of the world trade and the changes in Uruguay Round Final Act. So in this way, it is going to make sense to answer this important question in order to go to the main point; What were the main issues which caused to establishment of the WTO and prepare the Uruguay Final Round?

- The continuing downward trend of average profit rates in developed countries and recessionist trends that have not been avoided since the 1970s,
- Strengthening blocation trends in the developed countries, the effect of this on the tension between the EU(European Union) and NAFTA (North American Free Trade Agreement). At this point, according to Ongun, the critical thought was whether the strengthening of blockization trends could cause cracks that could have major and serious political consequences in the end because it was an unprefered consequence,

- The new wave of globalisation within the liberalization of international capital flows which is strengthened due to rapid developments in communication and information technologies led the two main requirements for the developed countries;
 - (i) Multilateral liberalization of world trade
 - (ii) The desire to bring issues such as intellectual property rights, service trade and international investments, which were not previously included in the institutional structure of world trade, which had borders set by GATT, under the scope and discipline of the World Trade Organization. This request was cited in the pressure of the US financial sector to sign the General Agreement on trade in services (GATS), and the pharmaceutical and information sectors to sign the agreement on Intellectual Property Rights (TRIPs).

- Presenting the desire to force developing countries, which had been significantly excluded from trade liberalization under GATT until the start of the UR negotiations, to advanced tariff reductions and other compromises under the name of ‘single undertaking’, as an indispensable part of globalist policies.

- Taking the more labor intensive sectors, such as textile and clothing which are making harder the export of developing countries and having the effect of new protectionism, under the jurisdiction and discipline of the WTO, in a sense, a desire to accelerate the new international division.

- In order to make the WTO a more effective organization, the need to put the Dispute Settlement Body in a structure with a higher sanctioning power that can make a faster and more effective quick decisions (Ongun 1994, Oxley 1994).

In the post-World War II period, developed countries maintained a policy of heavy taxation on the goods of developing. GATT, on the other hand, has pursued a policy of exemption from protectionism in order to increase employment and revive the domestic industry, and both developed and developing countries have benefited as much as possible from this policy. Although developing countries have benefited from this exemption policy, they have actually

opposed this regime. Because, in 1947, 10 out of the 23 countries of GATT members were developing countries, and developing countries have also lost confidence in the GATT system by following a protectionist policy against the most important export goods of them. Developing countries have argued that the GATT system, based on a system of reducing taxes on industrial products, contributes just a little to the development of their markets and they suggested that there is a need for broader tax exemption for development on trade and development (Ford, 2002).

In 1988, also the US Congress, clearly demanded that a more effective dispute settlement mechanisms is more than a need. Moreover, by the 1990s, the developments in the world have accelerated the pace of globalization and the GATT was no longer compatible with the new economic atmosphere. (VanGrasstek, 2013). So it was already mentioned before during the explanation of shift from GATT to WTO, within the all the pressure from the countries because of the reasons mentioned previously, the WTO was established for these missing needs. It was tried to explained the benefits of WTO for the international trade but during the next chapters, it will be discussed from several aspects as well.

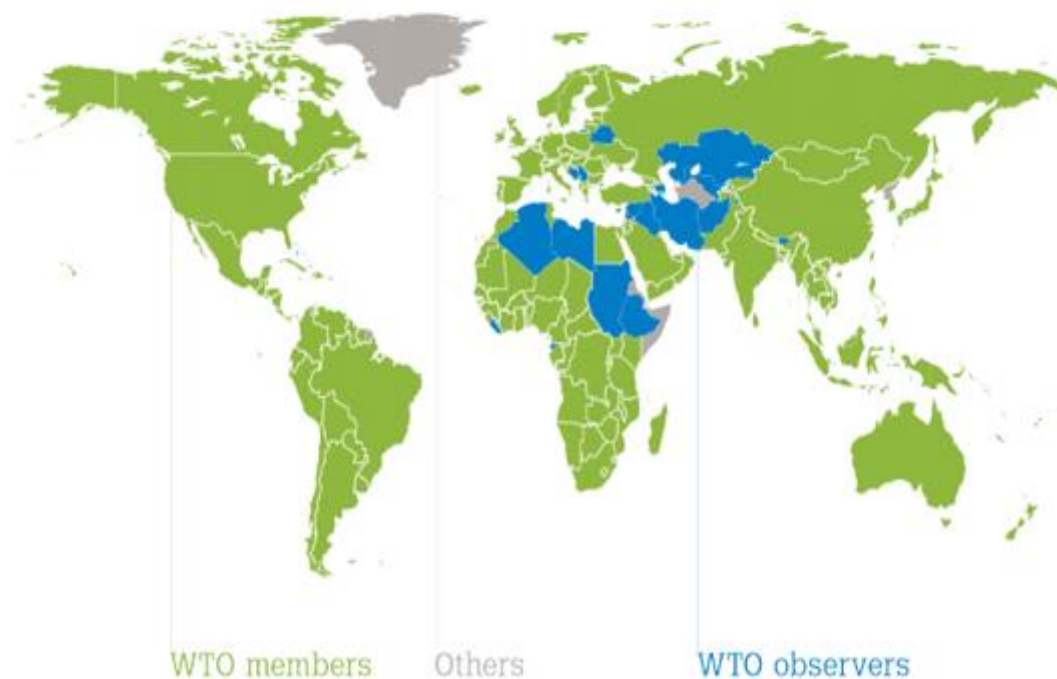
After the explanation of reasons about the needs for establishment of the WTO, it will be tried to give a brief information about the membership of this organization through the information taken by World Bank. It could be said that, there are three main benefits of WTO membership, roughly,

- ‘Strengthening of domestic policies and institutions for the conduct of international trade in both goods and services, which is required before accession into the WTO can be accomplished’;
- ‘Improvements in the ease and security of market access to major export markets’;
- ‘Access to a dispute settlement mechanism for trade issues.’

WTO membership also offers the opportunity for new members to lock in existing, relatively liberal trade regimes. Although the trade regimes in acceding economies vary considerably, many have established regimes with relatively low tariffs and no significant formal non-tariff barriers. It was said in the World Bank document of Mattoo, Hoekman and English as in the

following ‘For these countries, membership provides the opportunity to lock in these regimes by assuming legally binding obligations regarding tariff levels.’ This not only permits them to enjoy the benefits of liberal trade but also gives them a first line of defense against the domestic protectionist pressures that are present in all market economies (Mattoo, Hoekman and English, 2002). In the contrast, there are several studies which criticises the beneficial corallation between membership of WTO and the international trade benefits, in this contex, for example, in the paper of Evenett and Gage, they applied the hypothesis about the security of marcet access after the membership of the organization to two developing countries and in the end it was definitely rejected.(Evenett and Gage, 2005). However, after the analysis a lot of researches, the common idea support the beneficial role of the WTO membership.

WTO members and observers



Source: WTO

1.2.The Accession Process to WTO

Accession to the WTO is a procedure that is complex, hard and long. In May 2001, 28 countries were faced with a phase, 9 of them which were transition economies and around half of the remaining were least developed countries(VanGrasstek,2013). In this part of the thesis it will be analyzed the accession process to the WTO and it will be identified the main problems and the challenges which occurred for acceding countries;

➤ Policies and Institution

While there are major variations between the different countries looking to join to the WTO in the structural and policy environment, most of the developing countries and economies face generally with the common problems when it comes to building up the structures required to enforce WTO requirements. It could be said that the most notable part of these problems is the need to implement laws and structures free from government restrictions for the activity of private businesses and markets, rather than those specifically established by WTO legislation, such as standards, sanitary and phytosanitary (SPS) requirements, intellectual property rights, and state trade activities.

It is highly important to the economy of a nation the implementation of stronger financial policy continuity, which is the product of WTO commitment, the legislation and written legal contracts. Consistency is crucial for both to domestic producers and to exporters from abroad wishing to obtain entry to the markets in these economies. For instance, trying to compliance with WTO conditions could create some benefits for the accessing countries in the matter of being efficient and productive by binding the tariffs and providing the rules for foreign direct investment(FDI) in the legislation.

From the aspect of market accession it could be divided into two main dimension for the acceding countries. Firstly; the extension of permanent and unconditional ‘most favored nation(MFN) status that the countries can have after being a member of WTO. For the non-member countries of WTO, this status was promised MFN treatment by the most of the partners. However it is not granted that this status will be keep on provided to those countries. Moreover, the second dimension is the significant proof which the incidence of antidumping actions including investigations and definitive measures are more stronger for non-members of WTO comparing to members of WTO.

➤ **The Formalities**

There are some formalities which countries that are willing to be a member of WTO need to follow. First of all, these countries need to submit their request for membership via a letter to the Director-General of the WTO by mentioning the request to join to the WTO and then this request gets consider by the WTO General Council which is including representers of all the members. In order to explain the function of this General Council, there could be given some important information. The General Council organizes a working party in a order to consider the requests by the countries which want to be a member of WTO and it puts somebody in for the working party for the goal and this position is available for all the members of WTO. However the participation number depends on the size of the countries which applied for the membership. So in this case, it is also one of the things which could affect the process of the accession. Finally it could be said that these formalities stage would not be that long, in general.

➤ **The Memorandum**

The preparation of the memorandum stage could be a hard part for the countries because of the details which is asked for regarding to countries' policies. The issues include much more than simply trade in goods and services, although describing the trade regime for services, which encompasses the financial sector, insurance, telecommunications, professional services, and the like, is a large task in itself. . Relevant subjects also include various aspects of foreign exchange management and controls, investment and competition policy, protection of intellectual and other property rights, and enterprise privatization. The preparation of the memorandum is solely the responsibility of the applicant, and so any delay in its preparation is up to country itself. Even if the original memorandum is prepared quickly, if it is incomplete in its details or if the legislation and practices described are inconsistent with WTO provisions, the subsequent questionand-answer period can be protracted. At times, members have asked the WTO secretariat to review draft memoranda before their circulation to prevent incomplete documentation from being disseminated. The secretariat, however, assumes no responsibility regarding the contents of the memorandum. One of the other demanding tasks is the process of the preparing the

memorandum because of the different types of rules which memorandum has to comply with and in such a detailed way. The process for preparing the memorandum is on the responsibility of the country which is applying for. Normally, the process for memorandum is known quite fast but because of some details and the legislation part is not proper with the rules of WTO, the resulting question-answer period may be lengthy. Eventhough sometimes countries asked responsible from WTO to check the pre-version of their memorandum in order not to have missing documents, WTO did not accept any responsibility for the process.

➤ **Questions and Answers**

After submitting the last version of prepared memorandum to responsible of WTO, as the continuing of the process, the second phase of the process begins which is a stage that responsible question the country which is applying to be a member of WTO about policies and institutions. It is a period which takes some months. So after this phase, it could be said that the real activation and importance of working party starts because there occurs a big need in order to check everything about institutions and legislation of the applying country and there could be a need for the working party to meet several times to be completely sure for the level of properness within rules of WTO. In this stage of the process, it is common to have some delays because in case of not being completely comply with the rules of WTO during the question and answer process, working party can ask to have another meeting to have a proper answer for that specific questions.

In general, the problems which could occur during this question and answer process depend on the specifically applicant country. However, it could be said that there are some common situations which happens for the countries in transition. There are two main and common issues which occurs in general from the point of operations of public and laws:

- The degree of privatization in the economy
- The level which public entities are engaged in controlling the economic activities in terms of transparent rules and criterias

A critical question for the entities is that they supposed to stay under public control is either working under market circumstances or getting the advantages of monopoly priorities. Another critical question about the application of the written and proposed policies is that if they will be applied as it is promised, in the sense of if the public organs have the enough capacity in order to comply with them or not. Because this is something which needs a full authority in each department of the government related to safety laws and regulations for international trade. In addition to that, another issue about this topic is the possibility for the local management in the government to be able to invalidate the decisions and promises which were given by the national decision makers in terms of the negotiations during WTO accession process.

➤ **Negotiations**

Generally after being done with the question and answer stage, sometimes it can be during the question and answer stage as well, the country which is applying to be a member of WTO needs to provide the draft version of the schedule for offers related to following goods and services. It could be categorized into three titles;

- A tariff program suggested by the the country which is applying for WTO, in a detailed way, for the imposition of goods and also this should include the tariffs' boundness level.
- The promises which address to the restrictions and the provision of accessment to its sector in matter of services
- All the assistance related to given promises about the plans for trade in agriculture

After the submission of all of these requested steps, the applicant country continues with the final stage. This stage include the bilateral agreements with the members of WTO that are willing to have such agreements and the country which is applying for the membership. In this stage, the negotiations are about the levels of the tariffs or the level of accession for the foreign countries to the specific markets. The time for these offers can be during the question and answer step which is early or it could be during the negotiations step as well. However, it could be said that, generally, bilateral negotiations occurs during the official working party sessions which continues to discuss questions and answers about the international trade system. However, it could be said that the duration for the negotiations' step is actually up to the supply and demand situations of the bilateral agreements because if the the country which

is applying for the membership in WTO can satisfy the demands by the country which is willing to have some negotiations with, then the process will not be longer but otherwise this phase could take much more time.

Finally, after arriving to the point where all of these agreements are done between the related parties and the country which is applying for the membership in WTO submits all the securities in order to comply with the rules by WTO in the matter of legislation and institutions, in addition, a pre-version of the report which consists of the program about the promises for all goods and services officially arranged and written down by the responsible secretary in order to get the approve of the working party.

Lastly after being approved by, the working party sends the report to the General Council and in this stage, when the report is sent to the General Council, it could be said that it is already approved because if the report is gone to the General Council, the rest of the process will be consider as a formality and then the applicant country will be invited to sign the contract for the membership in WTO (World Bank,2001).

Table 1.1. The Accession Process to WTO as 2001

Economy	Establishment of Working Party	Memorandum	Tariff Offers	Services Offers	Draft working party report
Algeria	06/87	07/96	—	—	—
Andorra	10/97	02/99	09/99	09/99	—
Armenia	12/93	04/95	01/99	10/98, 07/999	08/99
Azerbaijan	07/97	04/99	—	—	—
Belarus	10/93	01/96	03/98	05/99	—
Bosnia and Herzegovina	4/00	—	—	—	—
Bhutan	10/99	—	—	—	—
Cambodia	12/94	06/99	—	—	—
Cape Verde	07/00	—	—	—	—
China	03/87	02/87,09/93	04/94	09/94, 11/97	12/94, 05/97
Kazakhstan	02/96	09/96	06/97	09/97	—
Lao PDR	02/98	—	—	—	—
Lebanon	04/99	06/01	—	—	—
Macedonia, FYR	12/94	04/99	—	—	—
Nepal	06/89	02/90, 09/98	—	—	—
Russian Federation	06/93	03/94	02/98	10/99	—
Samoa	07/98	—	—	—	—
Saudi Arabia	07/93	07/94	09/97, 06/99	09/97,06/99	—
Seychelles	07/95	08/96	06/97	05/97	—
Sudan	10/94	01/99	—	—	—
Taiwan (China)	09/92	10/92	02/96,08/99	09/94, 08/99	08/98
Tonga	11/95	05/98	—	—	—
Ukraine	12/93	07/94	05/96	02/98, 06/98	—
Uzbekistan	12/94	09/98	—	—	—
Vanuatu	07/95	11/95	11/97,05/98	11/97,11/99	11/99
Vietnam	01/95	09/96	—	—	—
Yemen	07/00	—	—	—	—
Yugoslavia, FR	01/01	—	—	—	—

Source: WTO

At the table above, it could be seen the accession process of the countries and progressing through the process.

1.3. Basic Principles of WTO

Because of the fact that the WTO is taking care of a lot of sectors since it is an international trade rule maker, it has such long and complicated laws and rules, so in this way, there could be easier to have some basic and fundamental principles in order to lead all the sectors in an international area such as; agriculture, textiles and clothing, banking, telecommunications, government purchases, industrial standards and product safety, food sanitation regulations, intellectual property etc. So, these fundamental principles are the ones which WTO system is based on and they are creating the base of the multilateral trading system in international area(WTO).

Trade Without Discrimination

The first principle is the principle which was creating the first discipline of the GATT(General Agreement on Tariffs and Trade) and it was regulating the trade rules for the goods(WTO). In GATT 47, the same principle of the Most Favored Nation and the principle of National Action were adopted by the WTO and collected under the principle of Trade without discrimination. In addition, three other principles have been adopted. They must adhere to transparency, mutuality and tariffs. This principle was highly important in the second article of GATT and for the TRIPS (Agreement on Trade-Related Aspects of Intellectual Property Rights). It could be said that even though they were a bit different in those agreements, the aim of this principle was always the same(WTO). So this discipline is explained by WTO as the following explanation;

➤ Most favoured nation Principle(MFN)

This principle is basically supporting the idea of considering all the members of WTO in an equal way based on the agreements written down by WTO. With this principle, WTO is promising to all of its member to be treated fairly and without any kind of discrimination among the other members in the matter of trading each other. It also promises that if any kind of support is given to a country in terms of doing that country a favor, then all the other member countries of WTO will have the same level of support by the WTO as well (WTO).

Eventhough this principle is strict and highly important for the vision and mission of WTO, sometimes there could be a permit for several exceptions. For instance, sometimes the member countries of WTO may create a free trade agreement which is considerable only for goods that is exported and imported between a spesific group or countries and putting the other goods outside from other countries or if there is a member country which is having an unfair treatment for spesific products in the international trade area, then this country could have the chance to put some barriers. Moreover, it could be also related to services, more spesifically, sometimes members are permitted to discriminate their spesific services. However, the arrangements make these exceptions only under spesific conditions but mostly it could be said that, thanks to most favored nation principle, if a country is putting a trade barrier or taking it out, or letting another country to enter to a spesific market, then this rules should be applied for all the other trading partners as well, related to the certain products or services and without considering the economical or political situation of the other trade partner countries(WTO).

➤ **National treatment**

As mentioned in the previous principle, also this principle of WTO comes from GATT. It was included in the third article of GATT, in the 17th aricle of GATS and also in the third article of TRIPS. Again, as in the previous principle, it had some difference in those agreemets but the main idea of the principle was the same. National Treatmen principle is ensuring that all the nations will be trated in the same way and fairly without considering or discriminating any national factors in international trade. So, if a member country is importing a good to another member country, then those goods will be treated, as the locals will be treated, equally. This principle is also aplied to services, patents and copyrights as well. However, WTO also adds that this principle of National Tratment becomes active just after a good or service enters to market so issuing a custom import tariffs does not affect the validity of national tratment principle even if an equal duty of taxes are not imposed on domestically manufactured goods(WTO).

➤ **Freer Trade: gradually, through negotiation**

As it is known, one of the most simple means of facilitating the trade is to decrease the trade barriers and in this case, the challenges involve tariffs and customs duties. It also includes interventions such as import prohibitions or limitations which effect the volumes of export and import of the countries. Other problems have been also addressed from time to time like *red tape* and exchange rate strategies. There were done eight rounds of agreements of trade since GATT'S formation in 1947-1948 and these agreements, at the beginning, concentrated on decreasing the tariffs for imported products and thanks to these agreements, the taxation rate for the industrial products fell gradually to less than 4 percent by the mid 1990's. However, later agreements had started to extend to include non-tariff barriers for products and also for new services and intellectual property rights, by the end of 1980's. As it is known opening up the barriers for new markets are very helpful and the arrangement of these process is also highly important and in this matter, it could be said that the negotiations of WTO let countries by progressive liberalization to implement reforms and lastly, in order to meet the given promises for commitments, it is very typical being granted for a longer period for developing countries since their economical conditions are more fragile (WTO).

➤ **Predictability: through binding and transparency**

The multilateral trading system is highly important from a lot of aspects but it is also very important for the governments to have the stability and the predictability in the market. So it is not only enough to ensure that trade barriers will be lowered but it is also crucial to know that they are not going to be raised to have a clear view. Because in a country, in order to encourage the market actions, it is very important to be stable and predictable so new opportunities for employment can be done, moreover, the prices in the market can compete each other so finally the consumers can get the benefit of this competition.

In order to talk about bindings, it should be said that under WTO, there is binding part for the countries after being agreed on opening their markets for goods and services. It could be said that bindings for the goods generally amount to maximum limits of the custom duties but it can also happen that in some situations some members tax imports at rates which are less than

the bound rates and this situation generally occurs for developing countries and instead, in developed countries, the bound rates appear to be equal and the rates efficaciously charged.

Member countries could change their bindings only after being agreed with the other trade partners and it aims to compensate them to loosing trade. In this context, it should be added that one of the successes of the Uruguay Multilateral Trade Negotiations was increasing the volume of the trade related to binding agreements, as we can see in the table below , how much increased the bindings through tariffs bound before and after the 1986-94 Uruguay Talks(in percentage);

Table 1.2. The Rate of Binding Before and After Uruguay Talks

	Before	After
Developed Countries	78	99
Developing Countries	21	73
Transition Economies	73	98

Source: WTO

Note: ‘These are tariff lines, so percentages are not weighted according to trade volume or value.’

Basically, the aim of this system is to increase and develop the stability and predictability on the behalf of the member countires. In addition to these, after these all, in agriculture sector, all of the goods include binding tariffs and as a consequence, there occurs a considerable level of more financial stability in the market both for traders and investors. There are also two

other ways that this principle of WTO is working on to increase the predictability and the stability;

- Trying to avoid to usage of quotas and other mechanisms which decrease the level of import,
- Trying to transform the laws of countries in terms of providing a simple, understandable and transparent environment,

The periodic reporting of the policies about the national trade to WTO is a crucial point for the organization. Most of the negotiations of WTO ask to countries to openly report all the actions and activities to directly to ‘‘Mechanism of Trade Policy Review’’ and so it strengthens the openness of the countries’ policies not only locally but also in the international area.

Promotion of fair competition

Eventhough generally WTO is defined as a free trade organization, it could be said that it is not completely proper because tariffs, under defined conditions, are allowed by the organization with the aim of protection so in order to define it in a proper way, it is an organization which promotes an international area for a competition in a free and fair way.

So in this meaning, the principle which does not allow discrimination, through most favored nation and national treatment, promotes exactly the fairness. However, of course it is not that easy to describe what exactly ‘‘fairness’’ means and how to apply it for the countries so the policies of WTO tries to explain and describe them in a clear way in order to be able to apply them and get rid of a unfair trade environment.

To sum it up, it could be said that most of the agreement which are written by WTO have a common goal; creating a fair competition on international trade area. WTO tries to have this fairness in different areas and not only on goods but also for services, intellectual property rights etc.as well (WTO).

Encouraging development and economic reform

This principle of WTO will be discussed in a detailed way in the next chapters of the thesis but since it is one of the main principles of the organization, it will take place also in this part but only by the aspect of WTO. So by the WTO perspective, it could be said that the

organization aims to support the growth and the development. However, it is a fact that it is not that easy for the developing countries to apply all the agreements of WTO, comparing to developed countries. Moreover, since WTO follows the basics of GATT system for the agreements, naturally there is a need for support especially for developing countries.

Developing countries and transition economies create almost the 75% of the participants of WTO and more than two quarters of these countries had adopted the trade liberalization policies independently during the Uruguay Round. Moreover, countries in transition and developing countries had been even more involved and powerful comparing to any other round.

Developing countries were trained to carry a big part of the responsibilities which WTO used to expect developed countries to carry in the at the finalization of the Uruguay Round. However, they had to face with the adjustment periods to adopt with less familiar and more complicated provisions and especially for the weakest, least-developed nations, because of the agreements.

According to the last decisions which were taken at the final part of the round, it was accepted a new ministerial rule and under this rule it was clear that “the better-off countries might accelerate the the introduction of market access promises for exported products by the least developed countries.” In order to explain the aim of this decision, it could be said that this decision was trying to support the least developed countries and it was known that there was a high level of technical assistance need for these countries. Moreover, there was also other supports as well which were requested by WTO from developed countries on the behalf of least developed countries. For instance developed countries had begun allowing quota-free imports and duty-free more or less for every kind of goods from least developed countries, in the closer past. In addition to all of these information under this principle, WTO adds that it is still a process of learning by the experiences for WTO itself plus for the member countries in order to develop themselves. Lastly, it is known that WTO pays more attention to worries of developing countries regarding to the challenges which they had in order to enforce the negotiations of the Doha Development Agenda (WTO).

1.4. Main Goals of WTO

WTO was established in order to support the exporters and importers in order to carry them to an international area with better standards through applying the multilateral trade rules and as Llyod was mentioning in his paper ‘the objectives of an organisation are fundamental to the

design of its rules'(Llyod,2001) so in this matter, it is important to explain the main objectives of the WTO. Moreover, it also addresses the disputes between the member countries and supervises the implementation on the tariff and non-tariff barriers. The WTO is intended to control and rule that disputes among the countries are solved in the coherency with the rules of international trade mechanism since it is the unique international body which takes care of the international trade. It will be also included in this thesis the main goals directly written down by WTO. In WTO report, the main goals are written under the six main titles and these titles are;

Not letting discrimination among the members

The first goal of WTO stands for not letting the member countries to do some discrimination. In detailed, a member country can not do discrimination among the other trading partners and also there should not be any discrimination neither with the local and imported goods and services within WTO members.

Openness in the international area

It is known that decreasing the trade barriers is an effective way to increase the international trade volumes and for this reason, supporting a more open environment in terms of trade is also one of the main objectives of WTO.

Stability and transparency

It is another important goal for WTO because of several reasons but mostly it could be said that a stable environment is always crucial for the international trade volumes and for the level of international investment. If there is certainty and at least predictability, it would promote the investment and international trade. Moreover, if international firms and policy makers are assured that trade barriers will not be increased randomly, then these activities will be encouraged and supported in coherency with the goal of WTO.

A competitive environment

There are very complicated issues when it is about the world trade and the WTO is an organization which aims to create some rules in order to define the 'fairness' and 'unfairness' but at the same time supporting a competitive environment with the maximum level of fairness. So in this matter, WTO tries to discourage unfair activities like trying to capture market share through export incentives or 'dumping products at low costs'. Moreover, in addition to these regulations, under all of these principles, creating a competitive environment is another goal for the organization.

Supporting 'less developed countries'

The member countries of WTO consist of almost 75% of the developing countries and transition economies. So in this case, supporting them through several activities is another objective of the organization. In order to give some examples for these activities, it could be said that sometimes WTO let these countries to use more time in order to adapt to some challenging regulations and agreements by WTO. Moreover, these countries also receive a more flexible behavior and some other preferential treatment as well.

Environment protection

The last title of the main objectives of WTO is about the protection of the environment. These goal supports also the protection of public, animal and plant health as well. The regulations and agreements of the WTO encourage member countries in order to make them take steps and develop the current situation in the country. Moreover, countries have to apply these protection policies not only in the international environment but also locally as well.

1.5. The Structure of the WTO

The organizational chart of WTO is led by the central body which is Ministerial Conference and it is consisted by all the delegates of the member countries of the WTO and it is compulsory to meet minimum once in two years. In addition, these meetings aim to discuss and decide all the concerns related to agreements of multilateral trade system.

Nevertheless, in order to take care of daily issues, there are some main subordinate bodies and mainly it could be said that the General Council which is consisted of all the member countries of WTO supposed to deliver information to the Ministerial Conference. The function of the General Council is not only taking care of daily issues but also it also comes out in two different bodies;

- **The Dispute Settlement Body Form:** In order to audit the processing of dispute settlement,
- **Trade Policy Review Body Form:** In order to carry out the required assessments of the regulations on trade,

There are also other three ‘main’ bodies as well which are assigned to roles by the General Council and they are as written in the below;

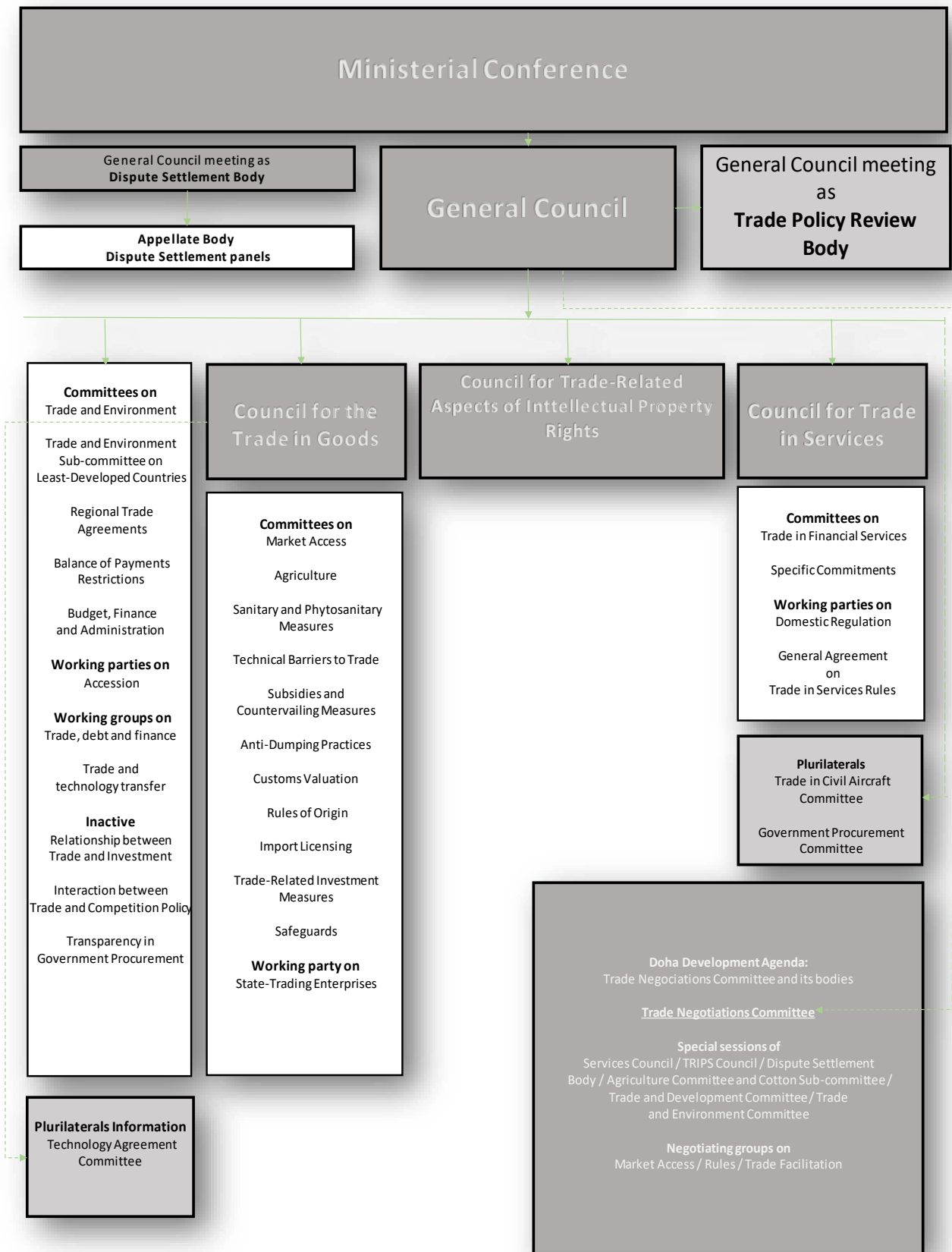
- **Council for Trade in Goods:** Eventhough there could be some particular bodies in order to take care of some particular agreements, the Council for Trade in Goods is responsible for the operation and management process of the agreements related to ‘Trade in Goods’.
- **Council for Trade in Services:** It is responsible for the operation and managment process of the agreements related to ‘Trade in Services’.
- **Council for Trade-Related Aspects of Intellectual Property Rights:** It is responsible for the operation and managment process of the agreements related to ‘Trade-Related Aspects of Intellectual Property Rights’.

However, it should be also added that when it is needed, these Councils always have the right to create their own subordinated bodies as well. As well as with these bodies, there are three more bodies that exis too. These bodies come up with a form as a ‘Committe’ and they are created by the Ministerial Conference and they need to deliver information to the General Council. These ‘main’ Committes are as written in the below;

- **Committee for Trade and Development:** This Committee is responsible for the concerns regarding the member countries which are developing and least developed,
- **Committee for Balance of Payments:** This Committee aims to provide the balance in payments through managing the negotiations between the member states and the states that implements some policies related to trade restrictions.
- **Committee for the Budget:** This Committee is responsible for the budget and financial issues of the organization.

Each of the four plurilateral agreements of the WTO - those on civil aircraft, government procurement, dairy products and bovine meat - establish their own management bodies which are required to report to the General Council(WTO). Lastly, it could be a wider look with the organizational chart of WTO, in the below;

Table 1. 3. Organizational Structure of WTO



Source: WTO

2. TRADE AGREEMENTS AND CONFERENCES

2.1. Main Trade Agreements

The WTO agreements generally address to the goods, services and intellectual property rights. These agreements which regarding to the multilateral trade system is consisted of more than 60 separate agreements, 400 pages of agreement text, more than 26.000 of commitments list. Moreover, as most of the academicians say, these agreements are highly complicated and hard to understand (Saribeylioglu, 2010). At this part of the thesis, I will try to concern Uruguay Agreements and other important agreements which are more crucial in the WTO history and the foundation

These agreements aims to explain the ideal way of the liberalization and the possible exceptions which can be allowed. These agreements also require the member states to decrease the tariffs for international trade activities and other kind of trade barriers as well as same openness also for the foreign services. Moreover, these agreements also take care of arrangement process of the dispute settlement issues and the some beneficial support on the behalf of developing countries. Lastly, another important characteristic of these agreements is that they need to be transparent regarding to the international trade rules of the WTO and the member countries need to inform the WTO periodically about their trade policies (WTO).

WTO, divides these agreements into 6 part and calls it 'Six part board outline'.

1.4. Six Part Board Outline of The Agreements

Umbrella	<i>AGREEMENT ESTABLISHING WTO</i>		
	Goods	Services	Intellectual property
Basic principles	<i>GATT</i>	<i>GATS</i>	<i>TRIPS</i>
Additional details	<i>Other goods agreements and annexes</i>	<i>Services annexes</i>	
Market access commitments	<i>Countries' schedules of commitments</i>	<i>Countries' schedules of commitments (and MFN exemptions)</i>	
Dispute settlement	<i>DISPUTE SETTLEMENT</i>		
Transparency	<i>TRADE POLICY REVIEWS</i>		

Source: WTO

This table above shows the final decision which were taken at the end of the ‘Uruguay Round of Multilateral Trade Negotiations’ and this is a simply summarized version of all the long and complicated agreements. There are actually six important areas and it starts with ‘Umbrella Agreement’ which consist of the fondamental principles of the organization within GATT, GATS and TRIPS and then it continues with the ‘Dispute Settlement and the ‘Trade Review Policies’.

2.1.1.The General Agreement on Tariffs and Trade (GATT)

These agreement aims to remove all the existing barriers both tariff and non-tariff in order to increase the international trade through the mobilization of the goods and capital. Chand was explaining the GATT briefly as mentioned in the following sentence. ‘It all began with trade in goods. From 1947 to 1994, GATT was the forum for negotiating lower customs duty rates and other trade barriers; the text of the General Agreement spelt out important, rules, particularly non-discriminations since 1995, the updated GATT has become the WTO’s umbrella agreement for trade in goods. It has annexes dealing with specific sectors such as, agriculture and textiles and with specific issues such as, state trading, product standards, subsidies and action taken against dumping’(Chand,2015). Eventhough GATT was too much

detailed and comprehensive, it could be summarize as the agreements which consists of the fundametal of WTO which aims to provide a freer trade envoirement.

2.1.2.The General Agreement on Trade in Services (GATS)

This agreement is the initial agreements which is constitutionally multilateral and legislated one regarding to trade in services. It is still ongoing to enhance the framework of the General Agreement on Trade in Services in order to include all kind of services through negotiations and it was said by Chand that ' Banks, insurance firms, telecommunication companies, tour operators, hotel chains and transport companies looking to do business abroad can now enjoy the same principles of free and fair that originally only applied to trade in goods.' These principles appear in the new General Agreement on Trade in Services (GATS). WTO members have also made individual commitments under GATS stating which of their services sectors, they are willing to open for foreign competition and how open those markets are.'(Chand,2015). Moreover acording to the growing importance of services in the world economy, this sector was brought under the purview of the multilateral trading system during the Uruguay Round of negotiations. It could be said that the resulting General Agreement on Trade in Services seeks to progressively liberalize trade in services. Moreover in order to explain how GATS addresses trade in services there will be mentioned four modes of supply of GATS, from Chanda's book : ' (1) cross-border supply; (2) consumption overseas (movement of consumers to the home country of the service supplier); (3) commercial presence (movement of capital); and (4) movement of natural persons (temporary crossborder movement of labor)'. Lastly, in the contex of the first round of GATS agreements, the member states planned their timetable in terms of market accession and the promises related to national treatment for the models of supply as mentioned previously, in individual and 'horizontally across' all services sectors(Chanda, 2001).

2.1.3.Trade Related Intellectual Property Rights (TRIPS)

This agreements create international policies in order to rule a critical area for WTO, intellecual property rights. These intellectual property rights include trademarks, copyrights and patents(WTO). It is possibile to broadly describe intellectual property like the inventions of humans and the rights for intellectual property refers to control and restriction of the usage of these inventions and creations. The Agreement on Trade Related Intellectual Property

Rights was put into force in 1995 with the formation of the World Trade Organization and it could be said that these agreements are the most detailed agreements regarding to intellectual property rights. This comprehensiveness of TRIPS is mostly related to the fact that they are active internationally. Moreover, it is compulsory that these agreements have to be adopted by all the member countries of the organization and this rule will be active also for the possible future members of WTO (Watal, 1997). It could be added that these agreement includes all the main areas of intellectual property rights and also some new areas which were not covered before. Watal was also mentioning that the application of TRIPS agreements will change the laws of member countries in terms of intellectual property rights but he was underlying the fact that TRIPS would mostly affect the developing countries because those countries would need a critical change in order to implement these agreements and indeed, some years later, developing countries had started to ask some changes because of several issues which they were facing. Lastly, after the activation of these agreements, new tools for intellectual property was also needed in order to catch up with fast improvement in the technology (Watal, 2002).

2.2.1. Dispute Settlement

It could be said that dispute settlement mechanism has a crucial importance because of several reasons but mainly since it is the center of the multilateral trade mechanism and an important benefit in order to have a stable environment in the international trade area. In addition to these, it could be meaningless and useless to have international rules if there could not exist a system in order to force to follow the rules. WTO aims to let international trading system to have more predictability and security so for this objective there should be well rules, clearly written and explained with all the deadlines and guidelines in order to finalize a case. In order to explain the system, it could be said that initially there is a 'panel' in order to do the initial ruling and then all of the member countries of the organization can approve or reject it and in this stage, there could be a need for 'appeals' depending on the related law.

It could be said that, disputes occurs generally related not followed commitments in the WTO system. If the member countries in the organization come to an agreement where they think that other member countries broke the rules regarding to international trade, in that case, these countries will apply to the 'multilateral system of settling disputes' and they should not take an action by themselves so they need to follow and respect to the general rules of dispute

settlement. The basic principles of the dispute settlement are being quick, fair and acceptable mutually.

There was also a modality regarding to dispute settlement system in the previous GATT as well but that one did not have a proper schedule and in addition, it was more possible to break the rules and a lot of times cases have dragged on unsatisfactorily. As a following step, The Uruguay Round aimed to come up with a better and well defined process in the legislation. Moreover, it also added superior principles in order to have adjustable timelines in order to define different steps of the process. This agreement also addressed that a quick resolution is crucial for the the organization in order to work efficiently. So in this way, it shows all the rules in a more detailed way and also the scheduling with more details. About timetable, it could be said that normally a case does not long more than one year. However, if there is a disput and if it exceeds its schedule until to 'first ruling', then the case is appealed. Lastly, it could be also added that the negotiating programme is flexible and if there is a critical situation, then the attention is more intensified. In order to understand the process on a settlement of a disput, the table below explains it in a more comprehensive way;

Table 1. 4. Dispute Settlement Process

60 days	<i>Consultations, mediation, etc</i>
45 days	<i>Panel set up and panellists appointed</i>
6 months	<i>Final panel report to parties</i>
3 weeks	<i>Final panel report to WTO members</i>
60 days	<i>Dispute Settlement Body adopts report (if no appeal)</i>
Total = 1 year	<i>(without appeal)</i>
60-90 days	<i>Appeals report</i>
30 days	<i>Dispute Settlement Body adopts appeals report</i>
Total = 1y 3m	<i>(with appeal)</i>

Source: WTO

2.2.2. Trade Review Policies Mechanism

All the entities and also the individuals need to be informed about the rules regarding to international trade as the active players of the game so at this point, it is crucial that all of those rules and legislations are completely transparent, and being transparent is guaranteed by the ‘trade review policies’. So it could be said that there two modality in order to achive it in the WTO system;

1. Countries must deliver information to the organization itself and also to the related member countries in terms of regulations and legislations, regularly
2. As the following, the organization performs the ‘trade policy reviews’ of those countries’, regularly.

Also Anderson was mentioned on his paper that ‘for many developing countries and countries whose economies were formerly centrally planned, trade review policies mechanism requirement was a major step toward more transparent governance (Anderson, 2020). As it was mentioned at the beginning, only the agreements which were done at the end of the Uruguay Round have been explained at this work so in this matter, Trade Review Agreements are also included there. However, actually these were begun some years before than the finalization of the Uruguay Round. More detailed, the participants took a decision in order to arrange the rules for Trade Review Policies in 1988 which was the half part of the round and one year later, the initial trade review actually done and it was taking place under the GATT and as it was not mentioned before, it was not including the services and the intellectual property rights but just goods. In the following time period, in 1995, within the establishment of World Trade Organization, it expanded its framework in a way also covering services and the intellectual property rights too.

Moreover, the organization explains the goals of the trade review policies as written in the following;

1. Having a review of the impacts of the policies on the international trade area.
2. Monitoring the trade policies of the members in order to have a better perception and a more transparent environment.
3. Having a higher quality of the discussions regarding to the issues international and public.

In addition, this mechanism concentrates on the member countries’ trade policies and related activities through considering also the larger economic frame such as requirements for economic development, goals and also the external threats which they need to go through. From a wide point of view, it could be said that trade policy reviews come along with two consequences;

1. Letting other parties to observe a member countries conditions and the policies.
2. Letting reviewed member country to have a feedback about its success in terms of the conditions of the system.

Lastly, about the amount of these trade policy reviews, it could be said that it totally depends on the size of the member country. For instance the four main players in the international area which are USA, EU countries, China and Japan are having these reviews more or less once in 2 years. According to the size of the countries' importance and power in the international area, following sixteen countries are having these reviews once in 4 years. The rest of the members are having these reviews once in 6 years but there is always a special treatment for the least developed countries also for this case. However, with the last updates on the policies related to trade reviewing, the first part of the countries are having it once in 3 years, the following sixteen countries are having it once in 5 years and the rest of the member countries are having these reviews once in 7 years since 2019. In terms of the processing of the trade review policy mechanism, there was written two files and one of them was a statement of the policy of the government which was under review and the other one was a report prepared by the WTO in a comprehensive way.

2.2.3. Plurilateral Agreements

These agreements were the ones which were not subscribed by all the member countries of the organization, in other words, WTO describes these agreements as the agreements of 'minority interests'. It could be said that a majority of the member states had agreed on the agreements in general but there were 4 agreements which were not followed by all the member in the following period of the Uruguay Round. These four agreements were actually agreed on in the end of the Tokyo Round but still they were subscribed by a minority group but the rest of the agreements were compulsory to follow since 1995, the creation of the organization. These four plurilateral agreements are as in the following;

1. 'Agreements on trade in civil aircraft'
2. 'Agreements of government procurement'
3. 'Agreements of dairy products'
4. 'Agreements of bovine meat'

Agreements on trade in civil aircraft

This agreement was put on the legislation in 1980 and subscribed by 32 member countries of the WTO. The function of the agreement was eliminating the custom duties off 'all air craft', except for 'military aircraft'. Moreover, it also includes other related goods such as engines and other parts of the aircraft as well as 'flight simulators' and its components. Lastly, the agreement also covers the principles regarding purchases directly by the government for the civil aircraft as well as the financial subventions of the government.

Agreements of government procurement

This agreement was signed and put into legislation in 1981, during the Tokyo Round, and it aims to create an environment for the competition in the international trade area, as much as possible, with 21 parties comprising 48 member countries of the organization. This agreement addresses to laws and regulations related to member countries in order to progress in a full transparency. Moreover, it also tries to make sure that member countries react in an equal way to both imported goods and the distributors. It had been updated twice within the Doha Round and the Uruguay Round between the countries which has signed for and then finally in 2014, it had its the most recent edition and it serves for two main processes;

1. Generalizing the rules and responsibilities;
2. Preparing the timetables for each participant

The first one, more specifically, addresses to the 'tendering procedures' through various types of agreement in order to improve the quality of fairness as well as non-discrimination in the international trade environment. Moreover, it is also expected that countries need to prepare their own public procedures in order to let bidders to have a better competition and also to observe if it complies with the requirements of the agreement.

Agreements of dairy products and bovine meat

Since these agreements were not active by 1997, the details related to these agreement will not be detaily explained. However, in order to give a brief information about them, it could be said that members who had subscribed to this agreement came up with a decision which supported the idea that these sectors used to manage in a better way, under another agreement which is the agreement of ‘Agriculture, Sanitary and Phytosanitary’. WTO explains the reosan under this decision as in the following; ‘Some aspects of their work had been handicapped by the small number of signatories. For example, some major exporters of dairy products did not sign the Dairy Agreement, and the attempt to cooperate on minimum prices therefore failed — minimum pricing was suspended in 1995.’(WTO).

2.3. MINISTERIAL CONFERENCES

Since it was detaily explained during the explanation of the organizational structure of the WTO, at this part of thesis, there will be only a brief summary about the Ministerial Conferences, and then the section will focus on the contents of the each conference.

Ministerial Conference is the top decision maker body in the organization and there are meetings, generally, once in two years. In these conferences, all the member countries of the organization come together and then in this conferences, all kind of decisions of the multilateral trade system get takes(WTO).

In the followig, there will be shown all the Ministerial Conferences which are made up so far respectively from the latest to the oldest;

- **The Ministerial Conference in Buenos Aires**
(2017)
- **The Ministerial Conference in Nairobi**
(2015)
- **The Ministerial Conference in Bali**
(2013)
- **The Ministerial Conference in Geneva**

(2011)

- **The Ministerial Conference in Geneva**
(2009)
- **The Ministerial Conference in Hong Kong**
(2005)
- **The Ministerial Conference in Cancún**
(2003)
- **The Ministerial Conference in Doha**
(2001)
- **The Ministerial Conference in Seattle**
(1999)
- **The Ministerial Conference in Geneva**
(1998)
- **The Ministerial Conference in Singapore**
(1996)
- **The Ministerial Conference in Singapore**

It was the first ministerial conference which held in 1996 and it was including the issues which will be discussed at the following ministerial conferences as well. So in Singapore, the titles below were the main titles which had raised during the Ministerial Conference;

- Investment and competition,
- Transparency in public procurement,
- Trade facilitation possibilities,

Moreover, according to these titles, there were established some working groups specifically for the mentioned issues.

- **The Ministerial Conference in Geneva**

At the Ministerial Conference in Geneva which held in Switzerland, in 1998,

was including the review of decisions determined in past periods and also addressing to the reviewing the decisions below;

- Evaluation of decisions taken,
- Rejection of the protectionist system,
- Facilitating market access in least developed countries,
- Development of multilateral trade system,
- Place on issues such as ensuring the integration of countries into WTO trade rules (WTO, 2017).

➤ **The Ministerial Conference in Seattle**

The WTO's third Ministerial Conference was held in Seattle, USA, in 1999 and this Ministerial Conference had become the scene of significant developments. It was a conference where the opposite voices had raised against to organization and so the process was blocked due to the failure to make any progress at the conference. As a result of this conference where the Singapore issues were discussed, members had a lot of conflict regarding to the industrial tariffs and antidumping practices and also about the formation of a new round of negotiations, a result paper for the conference had not been published (Sener, 2015)

➤ **The Ministerial Conference in Doha**

The fourth Ministerial Conference of the WTO took place in the capital city of Qatar, in 2001, with the aim of elimination of the failure in Seattle and also in order to restore the importance of the organization in the world trade. Under the Doha Development Tour, negotiations had began under 12 chapters and had taken a decision in order to complete them by 2005. At the end of this conference, the negotiations had been carried out regarding to the titles below and reconciliation had been achieved (Cam, 2009).

- Resolution of issues that could not be solved in the Uruguay Round,

- Addressing the importance of transparency regarding to the issues of environment, investment, competition and public procurement,
- Reduction in applications for export subsidies in agriculture,
- Improving the market entry in agriculture,
- Making arrangements for the domestic support in agriculture,
- Discussions of intellectual property rights issues,
- Removing of tariff and non-tariff barriers in industrial products,
- Creating a new agenda within the framework of the development vision

➤ **The Ministerial Conference in Cancún**

The fifth Ministerial Conference of the WTO which held in Cancun, Mexico had ended with a failure because of the disagreements between the members. The member countries could not get agreed on and progress on many issues identified under the name of the Doha Development Agenda, there has not been achieved any progress. In this context, the results of the negotiations were as in the following;

- Singapore issues have been removed from the agenda.
- The negotiations on cotton were postponed to further dates by developed countries.
- The issues which discussed in the framework of the Uruguay Round in agricultural products could not achieve any progress.
- No new steps had been taken in terms of entering of non-agricultural products in the market. (Cam, 2009)

After the failure of the Cancun Ministerial Conference, as a result of the initiatives in terms of completion of the process, the framework text was adopted in Geneva in 2004;

- Acceptance of a commitment which ensures the high amount of discount against high rate of customs duties.
- Lower discount rates for and longer periods in order to perform was granted to the developing countries.

- Tariff privileges had been introduced to all countries for sensitive products.

- It was committed to stay in the time according to the results of negotiations in terms of export subsidies and the same level of effective supports

- Decision that no assistance program will be applied which could disrupt the international trade environment.

- More discounts were requested for the countries with high support in domestic area.

- Implementation of the framework which specified in the domestic support boxes had been repeated (Buyukersen, 2008).

➤ **The Ministerial Conference in Hong Kong**

The sixth Ministerial Conference which was held in Hong Kong in 2005 had begun with member countries using incriminating statements to each other. Developed countries were criticizing the developing countries in terms of not opening their markets to international trade enough while developing countries were expressing a view that the developed countries were doing reforms ‘only in the image’.

As a result of these discussions, there were reached an agreement on agriculture and non-agricultural market entry, services trade and development issues and the Ministerial Declaration was published.

According to that;

- It was decided that the countries with a high AMS ratio in domestic supports will need to apply more reductions.

- It was decided that all the member countries will remove export subsidies by 2013.
- Harmonizing the credit and insurance programs under 180 days according to the market references was asked.
- It was agreed on by all that the food aid should not be disrupted in emergency situations.
- It was decided that the subsidies of developed countries on cotton will be removed until the end of 2006.
- It was noted that developing countries could determine a certain number of special products within the framework of Rural Development and Food Security.
- It was noted that the market entry of the least developed countries on cotton will be possible in tariff-free and quota free way.
- It was decided that the tariff reductions related to entering into market on agriculture will be in four-band but the level of thresholds and discounts will be determined in the next period.

It could be said that eventhough it used to seem as if decisions had been taken in order to achieve a reconciliation on all of these issues, the existence of different interest groups and the sensitivity level of the issues drove the progress to be unsuccessful. However, with the continuation of negotiations, it was agreed to keep the subjects on the line and continue the tour (Cam, 2009).

➤ **The Ministerial Conference in Geneva**

After the agreement which had reached due to the long negotiations with the Hong Kong Conference, the global financial crisis which occurred in 2008 had let countries, especially United States of America to create new economic scenarios. These scenarios were leading the developed countries in order to have more liberalization on trade, in highly competitive sectors, while leading them in order to have a more protectionist policy on the other issues. As following of these negative news, the

seventh Ministerial Conference was held in Geneva. In this context, taken decisions and issues are as in the following;

- It had been decided to resolve all problematic negotiation issues by 2010.
- U.S.A. had supported the idea that the market entry of countries such as India and China should be facilitated.
- Banana producer countries have demanded tariff-free entry into the EU market.
- Cotton producer countries have expressed their discomfort with the U.S.A's cotton policy and they mentioned that some reforms should be made.

In this context, The seventh Ministerial Conference had ended without achieving any progress on the issues of Doha Agenda (Ozalp, 2014).

➤ **The Ministerial Conference in Geneva**

The 8th Ministerial Conference was held in Geneva again, in 2011. It had been conducted under the topics of multilateral trading system, Doha Agenda and development. In this conference which had emphasised the importance of the multilateral trading system, it was mentioned that it is not possible to move forward on the issues which discussed in a single package and it was suggested that there should be conducted meetings on more negotiable issues. So in this context;

- It was decided to revision of public procurement agreement through improving its content.
- The importance of strengthening the multilateral trade system through taking into account the interests of members in terms of development, employment and economic growth had been mentioned.
- It was asked by the members the assessment of the effective consolidation of the global supply chain.

There had been reached an agreement only on the titles of the importance of the multilateral trading system and revision of the Public Procurement Agreement among the issues discussed at the conference. Especially, there had not been achieved any progress in the issues of agriculture (Kara, 2012).

➤ **The Ministerial Conference in Bali**

The 9th Ministerial Conference was held in Bali, Indonesia, in 2013. There had been achieved a progress through reaching on a agreement on multilateral trading agreement between countries. Moreover, the ‘early harvest’ approach had been adopted as well as emphasising the common decision-making issues. As a result of the conference, there had been reached on an agreement on 10 decision and some of them were as in the following;

- The negotiations on the Trade Facilitation Agreement which had been discussing since 2006 had been concluded and it was decided to enter into force in 2015.
- There had been reached an agreement about non-commitment and tariff-free market entry opportunities for the least developed countries for their development.
- It was decided to monitor and work on tariff and non-tariff measures which was applied in cotton trade.
- The commitments regarding to removal of export subsidies and co-effective measures which could disrupt agricultural trade had been repeated.
- It was decided to make arrangements in the tariff quota usage procedures of agricultural exporting countries.
- It was decided that issues supporting rural development, such as rural employment programs and land conservation should not be subject to domestic support reductions.

At the Ministerial Conference of Bali, it was thought that reaching an agreement on some of the issues discussed within the scope of the Doha Development Agenda would accelerate the efforts in order to complete the tour (Firat, 2013).

➤ **The Ministerial Conference in Nairobi**

The 10th Ministerial Conference was held in Nairobi, Kenya, in 2015. It had resulted without completing the Doha Round again, which had started 14 years ago.

(Yolchuyev, 2016). The procedure for continuing negotiations on the issues which could be reached an agreement was adopted also at this conference and had been reached an agreement on some negotiation issues. At the conference, the countries' approaches to the Doha Round had become clearer and in particular, the developed countries such as the U.S.A. and EU countries were moving towards bilateral and regional agreements and they had taken a more distant approach to the Doha Round negotiations. The issues agreed on, as a result of the negotiations at the conference were as in the following;

- It was decided that export subsidies will be removed immediately by developed countries while developing countries will have time until 2018.

- It was decided to facilitate market entry of the least developed countries on cotton without applying any quotas or tariffs.

- It was mentioned that the customs duties on information and communication Technologies will be removed, gradually until 2016.

- It was decided that the public stocks on food supply security will be discussed at special session of Agriculture Committee (Akman and Aran, 2015).

➤ **The Ministerial Conference in Buenos Aires**

The 11th and last Ministerial Conference was held in 2017, Buenos Aires, Argentina. It could be said that at this meeting, serious steps were not expected to be taken which could contribute to the future of the trading system. Indeed, at the preparatory meetings held at the technical level in Geneva, it had become clear that a ministerial declaration could not be agreed upon with the influence of the United States, and as a result, the declaration could not have been published. Instead, there had to be satisfied within the reputation of a summary of the conference's results by Argentina's Economy Minister Susana Malcorra, who chaired the meeting. In other words, the

results of Doha Negotiations which was started in 2001 could not have reached a clear point as well as continuing of the serious problems about the future of the negotiations continued in main areas such as agriculture, services and non- agricultural products. As 'hopeful' results of the conference, it could be said that there had been reached to some decisions at the ministerial level regarding to some issues which had started before. However, the biggest results of this conference were getting agreed on the importance of cooperation between countries and preparing a future work schedule in terms of several important issues (ICTSD, 2017).

3.WTO REGULATIONS AND DEVELOPING COUNTRIES

As it was already mentioned at this thesis, the Doha Development Agenda took the current situation of developing countries as the major issue related to negotiations by WTO and how it will effect the multilateral trade system. In order to explain in a clear way, the Doha Development Agenda was focused on the problems of developing countries which were asked by themselves about inequalities and the disadvantages that they used to face so far. The more influential critiques had sought to concentrate on aspects of legal systems that overwhelmingly benefit constituencies in some developed nations through laws like some regulations in intellectual property rights, some trade settlements and agriculture (Finger and Nogués, 2002). Moreover, some other issues reflected on the inability of developing countries to enforce current obligations and promises in some important sectors for these countries like textile. However, as a reaction of developing countries, they have confidently tried to bring these concerns on the agenda of the Doha round, and it was mentioned by Smith that the results of developing countries' issues was going to up to also their way of handling and approaching to these issues (Smith, 2004). Lastly, also he has mentioned the inability of developing countries in order to cope with the regulations of WTO and the difficulties of being active under the WTO system.

As it was discussed in the paper of Esserman and Howse, the probability of having new regulations to increase the presence of developing countries through new accession during Doha, only in that case, given promises could be important like the organization which implements them. Again in the same paper, it was said that most of the analysts considered the WTO's system of dispute settlement process '*crown jewel*' regarding to multilateral trade system (Esserman and Howse, 2003). Actually it was hoped to let developing countries to have more advantage regarding to the Uruguay Round through legal procedures of dispute settlement system and it was marketed like a 'major promise of fair trade for weaker countries in the WTO by Renato Ruggiero the first director of WTO. Moreover, also at Whalley's paper, it was believed that developing countries could be better to come up with conflicts and then settle them on their behalf and these assumptions mirrored the common consensus which efforts to create binding and plus, a third party arbitration that usually on the behalf of weaker countries (Whalley, 1995).

However, it could be said that the most important critiques regarding to the new system of WTO was coming from the beneficiaries and a systematic analysis of the WTO dispute

settlement. In addition to issues related to developing countries, it should be added that their requests were representing the worries related to consequences of the international trade system's legalization and they were coming up with some ambitious offers for regulations. Some delegations with claimant expertise like Ecuador and Mexico were concentrating on the unfairness in the some laws and also some other delegations like Jamaica, some African communities and an alliance of specifically just least developed countries were addressing to the fundamental imbalances related to experiences in the legal systems which makes everything harder for them, plus, the lack of capabilities which makes it challenging even to comply with the WTO's growing wider constitutional law system, less than that to claim and protect like defense attorney (Smith, 2004). Regarding to mentioned issues, firstly, it will be analysed the Dispute Settlement Mechanism from the aspect of developing countries.

3.1. Developing Countries and Dispute Settlement Mechanism

The history of majority decision-making mechanism at the WTO is found a bit complicated to find a compromise in the continuing analysis of dispute settlement system. However, it could be said that it could also create a valuable meaning of influence for the developing countries because like the ones in the European Union and the one in United States, it guarantees a veto which was seeking to expand the different approaches for the new elements of the system which they disagree. However, still it does not mean that a veto means that the framework is not going to move in a way that is detrimental for developing countries in the future.

At this part of the thesis, in order to give a more comprehensive aspect, it is crucial to explain 'Appellate Body'. Appellate Body is the final decision maker related to legal disputes and it is an autonomous third party with a high degree of power. It could be said that it was one of the leading tools of the reforms in terms of new multilateral trade system. In addition, it completed several decisions between member countries regarding to unfair situations during the dispute settlements. More specifically, Appeal Body let third parties to have wider rights through letting applications of private parties and organizations in order to support the rights of member countries via private attorneys. However, still there were a lot of negative thoughts about its functionality.

The effects of Appellate Body regarding to developing countries are discussed as in the following in the book of Smith. In the related chapter of the book, it was mentioned that in order to go along with its 'own institutional interests', Appellate Body could follow

procedures which can be more favorable or less favorable for developing countries. He also added that ‘ Its rulings on basic systemic issues may have the effect of exacerbating or mitigating any intrinsic bias against developing countries. In my view, the Appellate Body’s major decisions to date are likely to have mixed but on balance negative effects on developing countries in the WTO. The moves to broaden access for third parties and amicus briefs seem clearly detrimental in the short term, while the inclusion of private counsel offers at best limited relief’(Smith, 2004).

It was analysed by a lot of researches that only a few numbers of developing countries were able to use dispute settlement system and others had never brought a case. It could be said that there had found three main reasons for this issue;

1. Lack of institutional and governance abilities
2. Possible threats from developed countries
3. Lack of financial capabilities in order to come up with a case

It should be said that, these reasons are just the fundamental of other several reasons because within these factors, developing countries had a lot of other obstacles as well. So that, there are several factors which stop developing countries in order to file a case. However, a lot of researches still think that there is hope for developing countries in order to use its advantages and get benefit of it but they also add that it will be up to improvements in the dispute settlement system as well as within the approach of developing countries (Smith, 2004). Moreover, Wilson’s thoughts about the dispute settlement system was more positive. From his part, it was thought that developing countries might use the WTO dispute settlement mechanism to raise concerns about whether particular standards in import partners meet SPS and WTO rules(Wilson, 2003).

Table 3.1. Number of DSU Cases between 1995 and 2000

	Complaint by			Share of total cases (percent)
	Industrial countries	Developing countries	Total complaints	
<i>Complain against:</i>				
Industrial countries	89	35	124	60
Developing countries	65	18	83	40
Total	154	53	207	100
Share of total cases (percent)	74	26		
<i>Memorandum:</i>				
Share of cases under GATT (percent)	84	16		

Source: WTO, Based on Weston and Delich, 2000

Lastly, also Delich, in her paper about Dispute Settlement system and developing countries, she was seeing this system a good opportunity for developing countries in terms of using it as a tool to gain experiences, carrying them to a better level, to learn from developed countries and also cope with WTO agreements. Moreover, when the numbers were examined, comparing to GATT period, the increased share of bringing a case were showing the light for developing countries in terms of improving themselves (Delich, 2000).

3.2. Developing Countries and Special and Differential Treatment

Special and Differential Treatment was already explained with details at the previous part of the thesis. However, at this part, it will be examined from the aspect of developing countries and also whethered it have served actually on the behalf of developing countries or not. Briefly, the aim of special and differential treatment was to support developing countries and least developed countries in the multilateral trading system and it was providing several rights and priorities for these countries since their development level was highly lower comparing to developed countries from several aspects. However, it had appeared that, unfortunately, these countries could not get advantage of it as much as it was expected and so the voices have started to raise regarding to this issue. The reasons for these reproaches regarding to functioning of Special and Differential Treatment were depending on mostly reasons in the following;

- As it is known, labor intensive products are the key products of developing countries in order to be active in international trade environment. However, developed countries were acting very slowly in terms of liberalizing these products' sectors. Moreover, it was observed that developed countries have kept only some of their promises in terms of removing the trade barriers for these countries (Das, 1999).
- In addition to fact that developed countries had not kept their promises, they had been trying WTO agreements to include also social and environmental standards. The part related to standards will be explained under the next title with details but regarding to social standards such as social dumping, it should be said that since the economies of developing countries are more sensitive for issues and crisis, it should not be expected from them to cope with these standards fastly. It was analysed that fasting these kind of processes in developing countries have caused some serious problems such as unemployment (Ongun, 2002).
- As a last reason, it could be said the generality and unclearness of Special and Differential Treatment for developing countries. So that, developing countries had brought this concern about SDT that it should be implemented through agreements and also it should be clarified in a more detailed way in order developing countries and the least developed countries to get advantages of it. Because otherwise, the generality of SDT let developed countries to act in a more care-free way and not to comply with it as they had committed before (Gurler, 2000).

However, the concerns which brought by developing countries in terms of the fact that developed countries have not followed the rules of SDT had not been accepted by developed countries, in addition, they had choose a way to react in an aggressive way and came up with new ideas regarding to better developing countries to give some priorities to the least developed countries. However, this idea was not complying with the fundamental of SDT and also Uruguay Round trade negotiations. Because as a result of this negotiations and following agreements, it was clear that these priorities will be between developed and developing countries. Eventhough, some developing countries are having fast economic growth rates and getting better on international trade, it is still a fact that developed countries need to support developing countries for the development process(Ongun, 2002).

Lastly, it could be said that since the fundamental goal of Special and Differential Treatment was to support developing and the least developed countries in terms of developing, it is clear

that there should be done some redefinitions and specifications in terms of these countries' concerns (Oyejide, 2000).

3.3. Developing Countries and Standards

The role of WTO in terms of decreasing or removing the tariff and non tariff barriers has already explained and will be continued to explain in the next parts as well. However, it is a fact that while removing the tariff barriers are relatively easy comparing to non-tariff barriers, developing countries had several issues regarding to non-tariff barriers. The non-tariff barriers such as technical and regulatory issues have been creating several obstacles for the developing countries' international trade. Moreover, for example, reaching to several compulsory standards in terms of exports of developing countries have created several additional costs while their financial and legal capabilities were already not enough to handle with these kind of issues.

There are different kind of standards, some of them are mandatory and some of them are 'not mandatory'. However, it should be said that even though some of them are not mandatory, still, countries can use these standards against to import from developing countries very possibly. For example, as a non- mandatory standard, such as (ISO) International Organization for Standards, They have created several obstacles for developing countries in terms of reaching its conditions and using their current resources in order to be able to comply with them. Moreover, also countries' own regulations regarding to some tests and certifications could also constraint import and so international trade, through these local standards without depending on any global obligations.

In order to better explain the standards, it could be said that they are separated into 2 main groups;

- 1. Product Standards**
- 2. Process Standards**

While the products standards are generally related to characteristics and specifications of the products, services and materials, process standards are related to quality checks and standards during the production process. If the standards are not depending on the legal international

regulations or regulations on governance level, the voluntary and the most common ones such as the International Organization for Standardization(ISO) and International Electrotechnical Commission (IEC), they are not mandatory and not required or asked by WTO to adopt with. However, as it was already mentioned before, it is very common for developed countries to use them as a stop for import. So in context, it will be tried to understand how these standards actually have effected the international trade.

There are several empirical analysis which have analysed these effects on international trade and most of them also analysed the fact how these standards have constrained the import from developed countries for developing countries. Moreover, researches have also shown the effects of these standards as a tool to increase costs. For example, OECD analysed that providing these standards could consist the cost of a product until 10% (OECD, 1999).

From point of WTO, it should be said that, WTO does not have obligations for its members in terms of standards for goods, opposite, WTO tries to be sure that there are no barriers as an obstacle for international trade. So in this context, there should be mention 2 agreements of WTO in terms of regulating the standards;

1. The Agreement on Technical Barriers to Trade (TBT)

2. The Agreement on Sanitary and Phytosanitary Measures (SPS)

TBT have created to take care of standards for goods while SPS have created to take care of possible issues which could occur due to the adoption process. The Agreement on Technical Barriers to Trade tries to ensure that standards or other technical obligations cope with basic principles of WTO such as

- Transparency,
- Non-discrimination,

For the main goals of The Agreement on Sanitary and Phytosanitary Measures, it could be said that it aims to decrease the negative effects of the countries' processes while they are trying to reach these standards and also supporting them in order to be able to apply these standards.

Finally, it could be said about standards and developing countries that standards are something that developing countries can not ignore in at least international environment, otherwise their capabilities in terms of increasing their export will not be possible. Moreover, at this part of the thesis, standards are analysed from an international trade point of view but it should not be forgotten that these standards include also a lot of benefits for human health as well as for a sustainable development, economically and also for the environment. So that, developing countries need to take care of this issue but at this process, they should receive more support, for sure. Because, several times, developing countries have complained about the unsatisfaction of TBT and SPS agreements and it looks quite impossible for developing countries to reach these standards without receiving the enough support from WTO in a meaning to use WTO as an international platform to voice their concerns, otherwise it is clear that taking care of these standards are nothing related to expertise of the organization but it is clear that the development of these countries is a part of global development, so it could be better to consider the difficulties of developing countries in the process and application of these standards (Wilson, 2003).

Lastly, regarding to development of developing countries, McRae was seeing the challenge of development for the WTO is responding to the concerns and inabilities of developing countries for an international trading system that will promote their economic development. It was including also finding ways to allow developing countries to participate effectively in the international trade environment as well as in a way which they can implement all the obligations to be actively act on international trade, so that their economic development could be enhanced rather than frustrated. In addition, it requires WTO members to act to facilitate and not to block development when it is occurring. This may challenge some of the assumptions on which the WTO system is based and require rethinking of some of the rules (McRae, 2005).

It is highly important to evaluate the effects of these assumptions on the developing countries, to be able to understand the real impact of the WTO's role in the development process since developing countries have the majority of the poor in the world. It is also a fact that there could be poor in the developed countries but still it could be said that developed countries have better abilities to handle with poverty with their own capacities. However, it is also a fact that the abilities of the developing countries are less comparing to already developed countries as it was already mentioned and also they have a higher percentage of the poor citizens in their countries. So in this case, it is clear that developing countries are more

fragile and sensitive related to regulations on international trade and they need receive more support to cope with all the regulations and necessities (Joseph, 2001).

4. THE ROLE OF WTO ON GLOBAL ECONOMIC DEVELOPMENT

4.1. THE CONTRIBUTION OF WTO ON INTERNATIONAL TRADE

Latest improvements in international trade contains activities of those main actors of the international trade who falls beyond the rules of the WTO. Some concerns of the member countries include the speed of the negotiations, some procedures over trade and other member countries' actions and thoughts for the international trade caused to a big pressure for the general system itself and also for the promises which promotes the development of the international trade. So in order to understand the contribution of WTO on international trade, it will be tried to understand the important role of the organization in the multilateral trading system through different actions to encourage the international trade such as decreasing the tariff barriers, trying to protect the international trade envoirement, being against to an international war for trade and trying to provide an envoirement which is out of uncertainty and highly transparent. It could be said that one of the most important role of the WTO is providing stable and certain policies for the international trade so that it actually encourages not only trade but also the international investment (Koopman, Hancock, Piermartini, Bekkers, 2020). So in order to understand the value of WTO as a mechanism which develops and implements the rules on the international trading system, it will be analysed the negotiations and how they effected the internaional trading sytem. It could be said that there are a lot of papers which supports the idea that WTO does not have an important role on the world trade system but there are also a lot of papers which supports the critical role and importance of the WTO. At this part of the thesis, it will be tried to understand the importance and contribution of the WTO on international trade but it will be also tried to understand the general idea and the reosans why there were a lot of papers which were rejecting the contribution of the WTO on international trade.

It is known that The World Trade Organization has direct and indirect benefits for the international trading system. For instance, in the paper of Koopman, Hancock, Piermartini and Bekkers it was mentioned that sometimes it could be seen that these indirect effects are analysed less important or ignored while they could be crutial and more important through a system which based on clear and transparent rules. For instance, these indirect benefits of the WTO could be providing information with a higher level of transparency for the finanical activities as well as with a higher level of security and stability. Moreover it also includes, maybe more importantly, the creation of an envoirement where opinions could be discussed

openly about the current situations and problems of the world trade itself and the problems of the member countries and how to solve and improve them.

In the same paper, another ignored fact by the others was described as in the following sentence. The multilateral trade system was established as a reaction to the II. World War and the basic idea behind of its establishment was the rebuilding the international trade in terms of peace and international stability. Now, in this century, the highly globalised and digital situation of international trade and economics address the critical importance of the multilateral trading system again and again with an increasing importance. It is definitely not easy to analyse the importance of transparency and safety of the system for international trade in terms of importance for the economics but it is still very clear that preventing the disputes and supporting the collaborative work in the international area are the most important role of this international organization more than general calculations such as the effects on the cost of international trade (Koopman, Hancock, Piermartini, Bekkers, 2020).

In this thesis, it was mentioned several times with all the details the functions of the World Trade Organization in the international trade area but it could be useful to giving a brief explanation again in order to better understand its contribution on international trade. WTO creates a crucial platform for the agreements on multilateral liberalization in terms of negotiations. In addition to this, It provides basic principles for regulating the international trade and also a crucial system, dispute settlement mechanism, in order to solve the disagreements. It could be said that WTO is the unique mechanism in order to bring together all the countries without discriminating strong or weak and making them collaborate together regarding to solve the problems of the trade and not in the battles of trade but with dispute settlement system. Moreover, it could be also said about the trade barriers in the history that they saw the bottom point thanks to WTO. In additions to these, eventhough it was explained in this thesis before, thanks to WTO, international rules of the trade had started to include not only tangibles like goods and materials but also intangibles such as intellectual property rights and services as well as international investment. Lastly, maybe the biggest sign and proof of the effectiveness and the contribution of the WTO could be that more or less all the countries, because still there are countries which are still in the process to be a member country in the organization, are the players in a system which is depending on the rules. So that, being a member of the WTO means, at least gives opportunity, to be a player in the international trade as well as having a platform where countries can raise their voices about their concerns regarding to the international trade issues.

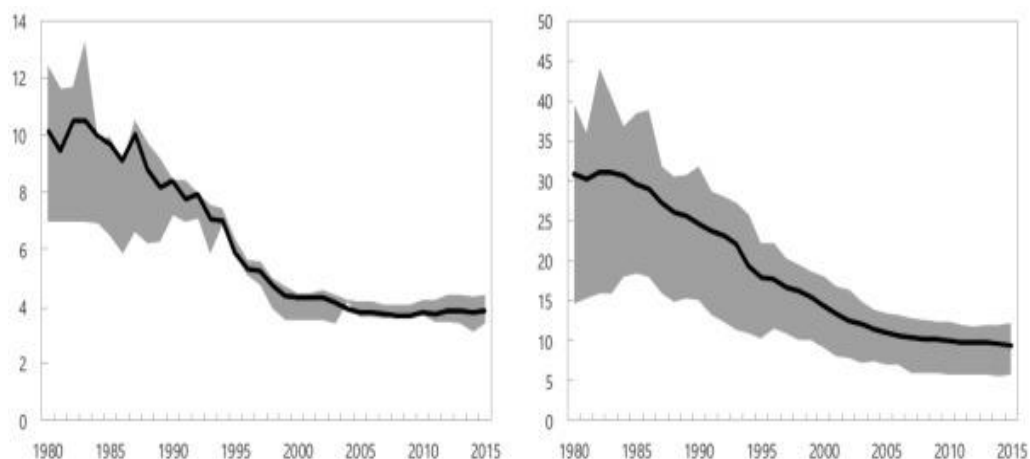
The current interconnected international economy does not depend on only the mechanism of multilateral trade but also unilateral agreements, bilateral agreements and regional agreements. So, it could be said that they were also the significant reasons of this interconnection, as well as with the improvements in the technology. This is a clear fact that, for instance, internet opportunities have been the main actor in order to decrease the cost of trade for the current global integration. However, it is still an unrejectable fact that without the stability and safety which multilateral trading system offers, it could be hard for the countries to fully engage in this internationally integrated world economy. Moreover, sometimes missing the critically important function of WTO by the others does not make it less important or useless. Even though several times it is mentioned the role and the success of the WTO in this thesis, it is also a fact that it also generated some difficulties. For instance, multilateral trade regulations which drove the current development in the world trade have been having some challenges in terms of being old and not enough for the current speed in the international area. Moreover, it could be said that it is way harder to catch up with the current speed of the development in the global economy for the system and maybe one of the biggest reasons of it could be that now because there are more players in the international area and all of them would like their problems to be solved and reaching efficient and beneficial results. So, it could be said that it had its latest regulations a long time ago, just right after the world met internet, and in that moment the biggest actors of the internet were on the stage yet. So that, within the increasing number of actors, also the new challenges had taken place as a following result. For example, it was not guessed that countries like India and China could be this much important in the world economy. Moreover, less powerful countries were also willing to have a louder voice in order to solve their problems on behalf of their advantage and to be able to have an increasing activeness in the international trade. Lastly but importantly, while the number of actors were increasing, it was a clear result that also the usage of dispute settlement system was increasing and as a consequence, also the importance of discussing and analysing these disputes were being much more important and crucial. So it could be said that while the general importance of all of these issues were increasing, it was impossible for the WTO, its decisions and the results of the decisions not to be analysed and criticized more comparing to before. Moreover, the evaluation of the multilateral trading system for the new century had to face several financial crisis and disputes as a result of the evaluation of economical actions, new player on the global environment and as it was mentioned before, new technological improvements. All of these factors were effecting the current rules of the WTO and the established relationships between the countries. Moreover, all of them were also pushing countries to update their approach, legislations and the basic

rules and countries were 'learning by doing' in a way. Eventhough there was occuring some problems during this process, the long term tren was clear. It was going in a way to be more comprehensive, deeper and more flexible as a following need of the speed of the new era. (Koopman, Hancock, Piermartini, Bekkers, 2020). Finally, it should be said that the importance of the organization more than a easy way of saying, decreasing the costs of international trade, it is way more regarding to preparing a international platform for the countries to bring their concerns and also adding some values to the international trade envoirement and withing those tools, increasing the economic welfare and growth of the countries. As at this part of the thesis it is trying to be comprehend the contribution of the WTO on international trade from several channels, it could be useful to divide these contribution into some main parts and explain them with details.

Contribution of WTO through decreasing the cost of trade and tariff bindings

At the beginning of this chapter, it was briefly mentioned that one of the values of the WTO for the international trade was reducing costs of trade but it will be tried explain better under this title. So that, in terms of numbers, it could be said that in the period of trade war, in 1930s, the tariff rates were around 50% and when we look at the recent tariff rates which have been imposing by the member countries of the organization, they are more or less 9%.

Graph 4.1. The change in the average tariffs



Source: Koopman, Hancock, Piermartini, Bekkers, 2020

So in the graph above, it can be seen how the average international tariff rates changed from 80s to recent years in the world. It is clear to see the significant decrease. Moreover there was a decrease also in the distribution of tariffs time by time and also over the members (IMF, WB, WTO, 2017). It could be said that one of the other underrated contribution of the WTO on international is sometimes ignoring the effect of the organization in terms of helping the tariffs to decrease by the others. The next direction in the thesis will be having a look at the some general and important numbers about international trade and the contribution of WTO on these numbers. So, by the 2020, roughly, the amount for the international trade was as in the table below;

Table 4. 2. Global trade amounts by 2020

Total Amount	\$22 trillion dollars
Goods Trade	\$17 trillion dollars
Services Trade	\$5 trillion dollars

Source: Koopman, Hancock, Piermartini, Bekkers, 2020

After being mentioned the total numbers, now it could be analysed the role of WTO over these given amounts. So that, in the paper of Koopman, Hancock, Piermartini and Bekkers,

they were explaining the role of WTO as in the following ‘ Of this trade about 85% is traded on WTO most favoured nation (MFN) tariffs, 50 percentage points of which is WTO MFN of zero tariffs and 35% is WTO MFN of greater than zero rate (i.e. dutiable)’ (Koopman, Hancock, Piermartini, Bekkers, 2020).

In order to talk about the tariff bindings of the WTO, briefly it could be said that they create safety for the business in order to have the predictability in the international environment. However, what does it exactly mean? So, thanks to WTO that it obligates to have tariff bindings, it ensures the actors of the international trade that the tariff will not have significant changes in one night. For instance, it was a crucial point for the world crisis which took place in 2008 because as it is known, the crisis of 2008 was the worst and the most challenging economical period since 1930s and there was not a ‘wholesale protectionism’ which had marked that previous era. Even though the monetary and fiscal policies of the countries of the G-20 have positively influenced the situation of 2008 crisis, still, the rules of multilateral trade were actively taking role in terms of being against to actions which were restricting the trade.

So to sum it up, it could be said that, in the situations of ‘import shocks’, it is classical for the countries to respond with protectionist policies. However, according to the rules of the organization, only under some conditions and with some restrictions, which were explained in the previous parts of the thesis, members could raise the tariffs. Moreover, according to the analysis of the organization, bindings are actually tools to help the prevention of the increasing of the import shocks which causes by increase of tariffs and the final result is decreasing the protectionist policies. Lastly it could be added that if there would not be bindings, the 23% of the overall international trade would get impacted due to the raise in the tariffs while by 2019 this impact was only 4% of the international trade (Jakubik, Piermartini, 2019a).

Contribution of WTO through creating predictability and stability

At the beginning of this chapter, it was mentioned the contribution of WTO in terms of creating a predictable environment for the international trade. However, in order to better understand, it could be useful to go into details for this topic. So there could be starting with a basic question; How does predictable environment contribute to international trade? Piermartini and Gaffuri were answering this question through mentioning the fact that it helps companies to arrange their production activities more tend to increase the export and sourcing

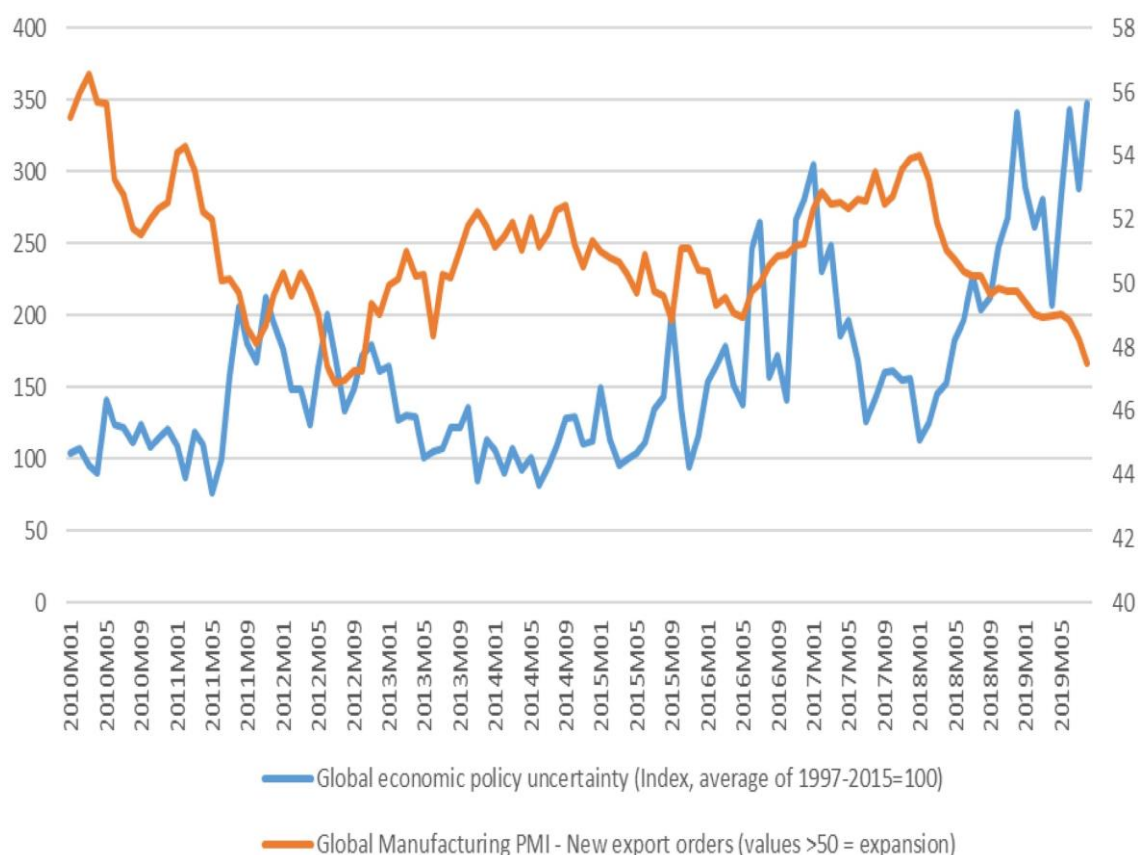
for import. Moreover, in the same paper, there were also some given numbers in order to show the effect of a predictable environment in the international trade environment. So thanks to this contribution of the WTO, there was observed an increase from 15% to 30% in terms of amount of goods sold as well as trade volumes (Piermartini, Gaffuri, 2018).

For a company which is planning to export, especially if this export will be to somewhere further, it is a very critical situation for the companies related to trade barriers since the company will have to consider all the related risks as well. So in this case, it could be said that it is vital to have clear rules in terms of trade in order to have the certainty in the environment for the international business to flow smoothly and in this case, WTO have a crucial part with its rules for the trade in order to have a certain environment. For example, Jakubik and Piermartini was supporting this idea in their paper with an example related to China. The export rate to United States of America from China has increased about 22% after being a member of the organization thanks to a more certain environment regarding to tariffs. Moreover, it should be also added that this advantage was not only for China, it helped also to other member countries, which were willing to enter to China, to have certainty and more clear ideas about Chinese market. In this context, in order to support the previous sentence, there could be given the numbers related to tariff rates which United States of America used to face before the China's membership to the WTO. This rate was more or less 20% while in 2016 it was only 5% so the parties who were doing export from U.S. to China were having a more certain environment but not only because of binding the tariffs but also Chinese autonomy in terms of authorising the tariffs were also taking action in a way which was more decreasing. According to the analysis of the organization, when the sectors were analysed partially from sector to sector, it was clear that the sectors which had a higher decrease regarding to the tariff bindings rate were having a higher speed of export growing volume from United States of America to China so there was occurring a contribution on international trade from the WTO (Jakubik, Piermartini, 2019b).

Lastly, it could be said that the uncertainty which comes from the economic policies effect the volume of international trade in a negative way and in order to see it clearly, the graph below will show the correlation between these two between 2010 and 2019;

Graph 4. 3. Global economic policy uncertainty and global new export orders

2010-2019



Source: IHS Markit-JPMorgan global manufacturing purchasing managers' index (PMI); the trade-related uncertainty index is the index based on Ahir, Bloom and Furceri, 2018

As we can see clearly on the graph above, the uncertainty which causes by economic policies and the international trade associate adversely. Actually it could be said that until the trade war occurred between two important actors of the international trade United States of America and China, it was going comparatively in a low level in the last 20 years but of course then with the effect of this trade war, it peaked as a consequence. Moreover, as a following consequence of this peak, it was observed that the volume of export had seen its the down since 2012 so that it is very clear the negative impacts of an uncertain environment for the international trade. According to the analysis of the organization, it was observed that during 2019 the volume of trade was more or less stable while in the previous two years it was 3%

and 4. 6% respectively and the reseraches were saying that in the next years these rates will rely on the relation between countries (Koopman, Hancock, Piermartini, Bekkers, 2020).

Moreover, about the stability related to export, it was observed by Mansfield and Reinhardt that being a member of WTO decreases the uncertainty more than 30%. Eventhough it will be explain the contribution of international trade on economic growth in the next part of the thesis, it is useful to mention that stability for the export earnings have supported especially developing countries in terms of increasing not only their range for the goods but also for the ability to export also further countries as well as increasing the quality of the goods (Mansfield and Reinhardt, 2008).

Contribution of WTO through creating competitiveness and productivity

This contribution of WTO effects the living costs of the consumers indirectly through increasing the number of the companies which does export. Because in this way, the number of new entrants increases thanks to stability and predictability provided by WTO and the competition levels increases as well. Within the increased competition, other companies need to decrease the level of the prices in order to be able to compite and so the consumers get advantage of this situation clearly through the lowered prices. In the paper of Handley and Limao it was said that the income of the citiziens increased about 1% after China became a member country of the organization thanks to the decrease on the prices of the products (Handley and Limao, 2017). Moreover, in terms of productivity, it could be said that innovation is a key point to increase it and researches have shown that the size of the market is important in order to increase the innovation for the companies. In addition to these information, there were also researches which shows the importance of a certain trade envoirement on the investment for the innovation. For instance in the paper of Coelli, it was proved through an empirical analysis. Because it was observed that the investment level on the innovation increases when the uncertainty is took out from the model. Moreover, when it is analysed through countries and sectors, as an example the way of China to the United States of America after China became a member country of the WTO, it was also observed that the level of patenting in the spesific sectors was increasing due to the taking out of the trade policy uncertainty (Coelli, 2018).

Lastly, it was observed in the paper of Nguyen and Piermartini that after Vietnam become a member country of the organization, the level of investment and productivity was increasing while the unemployment level was decreasing for the Vietnamese companies which got

advantage of a more certain environment for the international trade (Nguyen and Piermartini, 2018).

Contribution of WTO through domestic credibility and comprehensiveness

In the previous chapter of the thesis, it was already mentioned that WTO helps countries to increase their governance credibility locally and internationally and as a consequence of this increased trust on the reforms positively effects countries' international trade in general but particularly the least developed countries as well as developing countries gets advantage of this even more since their abilities regarding to the local institutional organization level is relatively low comparing to developed countries. At this part of the thesis, it will be explained how this relation between having stronger agreements regarding to the trade policies and the increase on the international trade occurs.

First of all, if a government is declaring a new regulation for the policies, it is clear that it could be more reliable through an international agreement. Moreover, it also make the commitments stronger because maybe if it was just a local reform, there could be raised the opposite voices inside of the country from the ones who are against to have openness in terms of international trade. However, when these reforms come through an international agreement, it will be known that those commitments are more binding and they bring high costs when in case of breaking them so it could be clearly said that it provides to countries a proper climate for the new trade policy regulations. There are also researches which proves how WTO commitments positively effect the increase on the international trade as well as the economical growth but the economic growth part will be discussed with the details in the next part of the thesis but briefly it could be mentioned the fact that the membership of WTO and the increase on the investment and economic growth are generally relates to each other but it is much more visible on the members which need to apply important regulations since they are already behind comparing to others regarding to the institutional quality and Tang and Wei showed in their paper that it is very important the first couple of years in terms of observing the growth effect on the countries and as it was mentioned in the previous phrase, of course this is more visible since when the institutional quality of a country starts from a lower level. So, it could be clearly said that WTO contributes countries' economical development and international trade skills through supporting them to improve the quality of their governance (Tang and Wei, 2009).

Lastly about this title, it should be added that another important value of the WTO regarding to contribution on international trade is positively effecting not only the member countries of

the WTO but also the countries which are out of the organization. So actually the rules of WTO are mostly created to be apply on an international level as well as creation of an envoirement where the international trade issued can be adressed openly. It could be said that it is not something rare that also non-member countries get the advantage of the organization. For instance, as it was mentioned also in the previous part of the thesis, WTO regulates not only the tariff barriers but also non-tariff barriers as well. Most Favoured Nation rule was explained in the previous part of the thesis but as it is known, it is actually the fundamental part of the organization and it supports the idea in terms of not to differantiate between the states as members or not members and the basic idea under this is actually that the rates over the tariffs which countries imply do not differ between them thanks to the Most Favoured Nation rules. These are not the unique benefits that non-member countries of the WTO get benefit of, there are also others since the WTO is actually looking for to be beneficial for all actors of the international trade as a public service. Actually the regulations of the WTO which create a transparent envoirement on the international are positively effects also the non-member countries since this transparency does not occur only fort he members. Moreover, some preventions for the situations which could cause some conflicts in the international trade envoirement also effect in a positive way the non-member countries too, as well as the legislative rules which WTO obligates to apply (Koopman, Hancock, Piermartini, Bekkers, 2020).

Lastly, there could be added another fact about this issue but related to the WTO's dispte settlement mechanism, Shin and Anh have mentioned on their paper that also dispute settlement mechanism does not help to solve the problems just between those who are the actors of these disputes but also thanks to solved problems related to trade, also other parties get advantage of this better trade envoirement through solved problems (Shin and Anh, 2018).

Contribution of WTO through preventing trade wars and regulating trade of services

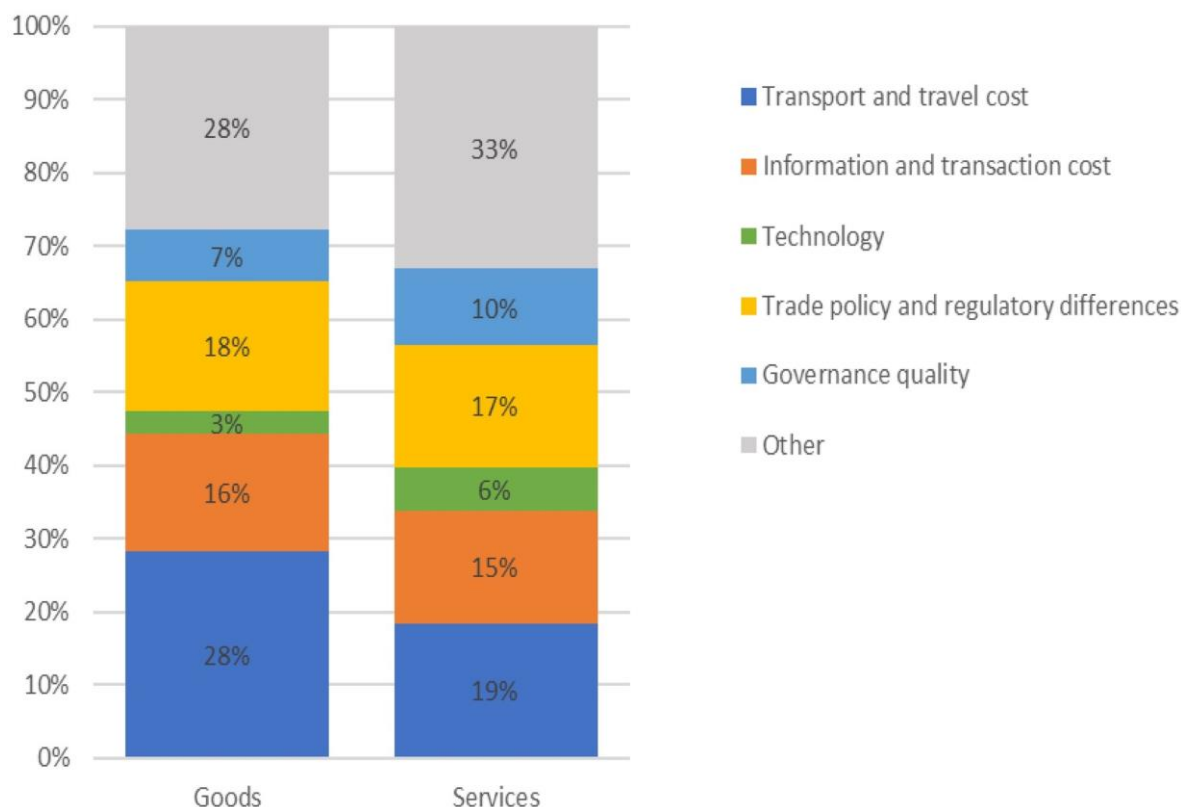
At the beginning of this chapter, it was briefly mentioned the importance of WTO in terms of preventing the trade wars but at his part of the thesis, there will be given some reseraches in order to show the possibile negative effects of the trade wars in the economy. For example, in the paper of Bakkers and Teh it was shown that there could be seen a decrease in 2022 around 2% in global GDP and 17% of a decrease rate on international trade regarding to a dispute on the international trade from 2019 relatively to the reference period. This assumptions were

done according to the possible scenarios regarding to the raising of tariff rates due to a trade war and related to these numbers, it should be added that as a consequence of the crisis in 2009, international trade had decreased 12.4% while global GDP was decreasing 2.1% (Bakkers and Teh, 2019). It should be added that these assumptions were considering only the direct effects of possible increase on the tariff rates. However, this calculation is not that simple and easy because in case of a trade war, increase on the tariff rates will not be the only effect which international trade environment will have to face. There will be also several negative effects regarding to the increase uncertainty on the international area. In this context, it is useful to mention the paper of Bakkers and Schroeter because they analysed in their paper that, the negative effects of an uncertain environment on the international trade environment because of a dispute is way higher than the negative effects of increased tariff rates. Lastly, it was also observed in the same paper that, in case of having the negative effects of a trade war on the WTO's rules based multilateral trade mechanism as well as the increasing uncertainty regarding to non-tariff barriers, there could be even worse consequences on the international trade environment (Bakkers and Schroeter, 2020). In order to understand the key role of WTO in terms of preventing a trade war, in addition to these numbers, there are also several researches which show how much it would affect also the unemployment rates in a negative way so in the end how much painful it could be for all of the world.

The role of the WTO in terms of regulating the tariff barriers and other kind of regulatory actions in order to have a rules based system is a crucial point as mentioned in the previous part of the thesis. However, when it is about international trade, there should be considered also other kind of costs regarding to total cost of an international trade action. For instance, in an overall trade cost, cost of shipping as well as the communication are highly important as well. It was observed in the paper of Anderson and Wincoop that transporting a product to the consumer in another country, after the production phase is done, ranged around 300% in the developing states while it ranged around 200% in the developed states. Moreover, in the same paper it was also shown that only the 24% of the overall cost was generated by the trade barriers (Anderson and Van Wincoop, 2004). So in this context, it is very important to understand the importance of other kind of cost as well. Moreover, it should be added that the improvement in the technology and the transportation capabilities of the countries are very important in order to comprehend all of the costs of an international trade. In order to see all the components of a trade, the graph below will be useful;

Graph 4. 4. Trade cost of components for goods and services

2016



Source: WTO, Based on Koopman, Hancock, Piermartini, Bekkers, 2020

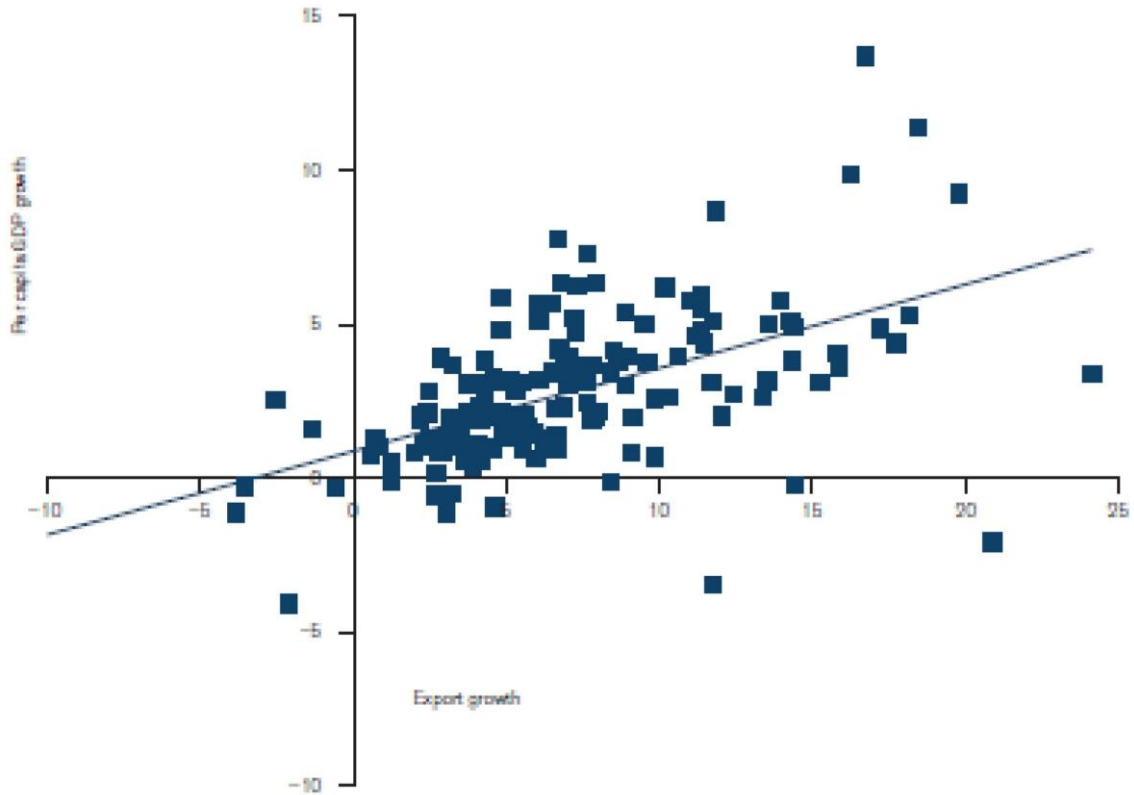
As we can see in the graph above, the yellow part which represents trade policy and regulatory differences does not consist a big part of the a whole cost of a international trade neither in goods and services. Moreover, it was analysed by the WTO in 2019 that the rate of international trade of services raised around 24% in recent years and according to fast improvements in the technology and the opportunities due to the e-commerce, the estimations by the WTO related to rate of international trade of services shows that it is going to raise within 30% of an increase. In addition to these, barriers related to trade have a larger part in the services comparing to products and in general, cost of international trade on services is relatively higher than the cost of international trade on goods (WTO, 2019).

Lastly, regarding to the digital trade, unfortunately the information about the significant barriers are not too much yet but it is still very clear that, digital trade could have several barriers without the international regulations probably because of the problems regarding to the global coordination and lack of a regulatory system. So that, as it was mentioned before, according to the increasing importance of the international trade on services and e-commerce as well as with the significant importance of the trade policy barriers in the overall cost of international trade on services, it could be said that WTO is a crucial need for this sector. Moreover, since the importance of this sector is increasing, as a consequence, it is a clear fact that the role of WTO will increase as well. Another following consequence due to the fact that the importance of this sector has been increasing, it is sure that there will be raising more rules as well in order to lead the this area of international trade so also in this context, WTO will be even more crucial in this area. With the lead of WTO, which means a good coordinated international system and detailed rules could drive this sector to a better level. For instance, there could be achieve a more consistent area in terms of policies and rules which means reducing the possible conflicts that could occur without the existense of the WTO. In addition to these, regarding to fact that the improvement is pretty fast in this area, it is very clear that the organization will be quite necessary and contribute a lot of benefits in the sense of protecting the envoirement for the unexpected trade barriers as well as providing and ensuring the actors that the predictability will always exist (Koopman, Hancock, Piermartini, Bekkers, 2020).

4. 2. The Importance of International Trade on Economic Growth and WTO's Role

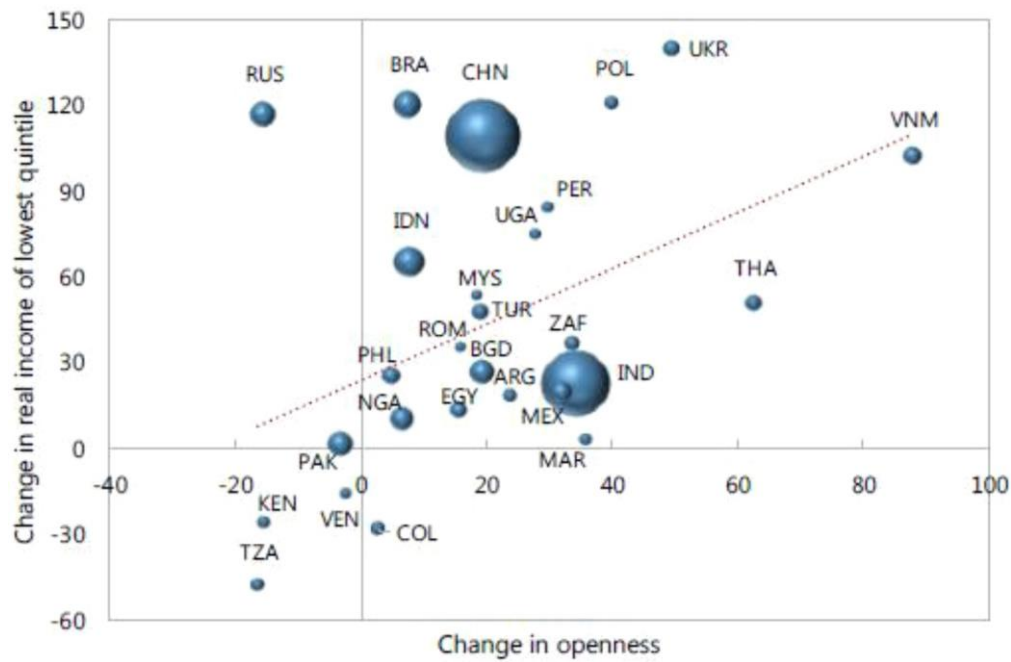
At this part of the thesis, it will be tried to understand the importance of international trade on economis growth through analysing the several aspects of this topic. Before starting, it should be said that, between 1980 and 2015, it was observed the growing speed of international trade. Moreover, one of the significant components of GDP, international trade, have also increased its share in GDP (WTO, 2015). So in this context, the two graphs below will be useful to understand the topic better. The first one will show the correlation between the increse of export and countries' economic growth while the second one will be useful to see the correlation between opennes and the income change of the poorest 20% part of the countries.

Graph 4.5. The Correlation between export and GDP growth



Source: WTO, 2015

Graph 4.6. The Correlation between openness and income growth for the poorest 20%



Source: IMF, 2017

It was analysed by Acemoglu that there are two main ways to increase GDP;

- The first way is increasing the resources as well as increasing the investments through physical and information assets,
- The second way is increasing the efficiency of the usage of resources,

It is clear that the way of countries' usage of technology has a significant effect over how countries actually use their resources and so it also affects their economic growth of the countries. Moreover, it was analysed on the several researches that the main reason under the income differences between countries was actually the technological differences between those countries. (Acemoglu, 2009).

As it was already shown through the previous graph, increasing the openness in the trade has a positive correlation with the countries' economic growth and it happens through the ways which have been mentioned above. In this context, it should be mentioned The Theory of Comparative Advantages by David Ricardo as a fundamental information of International Trade. So that, within this theory, it is better for the countries to produce the goods which they can produce with lower cost comparing to other products and they import the other goods. So that, they can get benefit of the comparative advantages and moreover, through this international trade, resource allocation increases as well and the role of the WTO for providing an environment for it is highly crucial .

There are also other several aspects in order to realize the contribution of international trade on economic growth. For instance, it is clear that when the companies become active in the international trade, also the size of that specific sector gets developed and it affects back the companies in that sector in a positive way, they get bigger and specialize so that, they get the advantage of economies of scale and also they increase their productivity level. In addition to these, international trade contributes also to long term economic growth of the countries. Within an international trade environment, companies can observe the better technological opportunities of the others and so it leads them to invest more on the innovation technologies and both of these aspects increase efficiency over the usage of current resources (Koopman, Hancock, Piermartini, Bekkers, 2020).

Moreover, in order to better understand the importance of international trade for economic growth, it is useful to have a look at the analysis from Auboin and Borino. It was already mentioned at the previous part of the thesis how much investment is important for GDP growth (Auboin and Borino, 2018). So in this context, it was observed by them that

investment is highly effected by the international trade which means it includes a lot of foreign capital. In addition to this, also IMF observed the importance of international trade from several aspects. For instance, it was observed that international trade had a major contribution in order to decrease the cost of capital goods. Moreover, it also effected in a positive way to increase the quality and variety. Lastly and maybe more importantly, it also helped to reach lower cost for crucial investment components which means it actually facilitates the capital accumulation and at the beginning of this part of the thesis, it was mentioned the importance of it as a way of increasing the economic growth (IMF, 2019).

It was already mentioned the negative effect of technological gap between countries and in this context, it is important to mention the fact that FDI(Foreign Direct Investment) helps to decrease this gap between countries. It is known the lack of information technology in developing countries. So that, this countries generally need to use foreign capital and IT in order to increase their efficiency in terms of production and also in order to cope with the international trade envoirement. Moreover, it was analysed by Piermartini and Rubinova that thanks to information flow through international value chains have increased the innovation around 5% and also it is know that the competition in the international trade envoirement as well as the opportunity to observe others and learning by doing help countries to improve themselves (Piermartini and Rubinova, 2020).

As a summary, when all the factors mentioned above consider, the role of WTO on economic growth through its channels is highly clear. Because all of these factors to develop countries economic growth directly or indirectly related to good functionality of the WTO as tried to explain from the beginning until the end of the thesis.

4.3. The Role Of International Trade In Poverty Reduction and WTO's Role

At the beginning of this title, it was already showed through a graph how the opennes in international trade positively effects the income of the poorest part of the countries. The effect of fast speed of the improvement in the technology as well as the opennes in the international trade have shown themselves on the increased living conditions of the billions of citizens but not only for the middle class but also for the poorest parts of the countries. There are also other effects on this increased living standarts of the poorest part of the countries. However, the high rates of the economic growth in developing countries was the most important reosan in terms of decreasing the number of the poorest part of the countries between 1990 and 2010.

It could be said that clearly the increase in GDP supports to have resources in order to increase the living standards of the citizens.

In addition to indirect effect of international trade, there are also direct effects of international trade in order to decrease the level of poorness. For instance, as it was already explained in this thesis, international trade helps consumers through decreasing the prices of the products. So that, it increases the purchasing level of the poor citizens. Moreover, thanks to international trade opportunities, within the increased access, it also creates new job opportunities and decreases the unemployment level. For instance, within the increased opportunities in the agricultural sector, there could occurred several possibilities for farmers who generally take place in the lowest level regarding to average income. Lastly, it was observed in developing countries that companies which are active in international trade have more female employees comparing to ones which are not active in international trade. So that, international trade actually increases the woman employment level. It could be said that within the increased woman employment, they can also fight against poverty (WTO-WBG, 2020).

Moreover, it is useful to show the reason why actually relatively poor countries are having difficulties or completely not able to compete in international area. So that, because their goods actually having more trade barriers comparing to others and it also decreases the average salaries in those countries too. So in that case, it also emphasizes the importance of the organization once again in terms of decreasing the poverty. It is clear the high correlation between increased international trade opportunities and increase welfare of the citizens and WTO is highly important as a main tool to let countries to have better opportunities in terms of international trade, it could be said that its role has a crucial importance also in terms of reducing the poverty (WTO- WBG, 2015).

However, the researches also show that it is not working in a way that all the poor citizens are taking advantages of international trade opportunities equally. These advantages depend on several conditions such as their gender, abilities (since international trade request higher skills from employees), the place they live and also what kind of improvements have done regarding to trade policies inside of the country. Moreover, in this context, also the employees' mobility costs matter. According to WTO report, the benefits on international trade were changing according to locations as too (WTO, 2017).

In addition to these, it is also crucial how countries are using the benefits of international trade. More detaily, normally increased international trade show the same effect on the

resources of countries' and as it was explained before, there should be a positive correlation between these available resources and the economic growth as well as the reduction in poverty. However, this growth may not positively effect the development of the countries if they do not have enough capabilities to do that. Joseph was explaining the actions which countries need to take in terms decreasing the poverty and achieve development from several aspects in order to use it a tool for development;

1. Countries' trade policy should always consider economic development in order to get rid of poornes,
2. Countries always need look for to improve their abilties in order to fullfil the human right neccesities,
3. Countries need to pay attention to the allocation of benefits which were gained from international trade opportunities,
4. Fairness, accountability and comprehensiveness always need to be the fundamental principles regarding to TP of countries, (Joseph, 2011)

Finally, it could be said that the mission should be supporting international trade through considering the resourse allocation inside of the country as well and the role of the WTO sometimes can not be enough in terms of supporting the rights of developing and least developed countries which have a big part of the poor population in the whole world. During the cheapter related to developing countries and WTO regulations, it was mentioned the need for more detailed and more supporting WTO rules and it was already explained how developed countries were using the some shortages of these regulations against to development of these countries. So in this context, regarding to poverty reduction, it is clear that WTO contributed significantly but considering the lack of capabilities of developing and least developed countries, the rules need to be more supportive from several aspects in order to support the development of these states such as being more binding for developed countries to make them more comitted for the rules on behalf of the developing countries, being more detailed and certain to support the more fragile economies of these countries and assisting and leading them more in a way that they can use their allocated resources also for increasing their development level.

CONCLUSION

The process which has started within the Industrial Revolution has continued with the development in technology and the idea of the production line. As a result of these improvements, the countries which saturated their domestic market have started to look for new markets in order to sell their products. Market researches, experienced economic crisis, problems such as countries' inability to provide employment has formed the main reasons for the two big world wars. Even though periods of war and the Great Depression were domestic market-oriented and protectionist policies were applied, it was a temporary process, and later, there was returned to Smith's and Ricardo's theory of free international trade and has continued to look for new markets.

The United Nations Monetary and Financial Conference came together in order to bring back the activation of international trade, having the power to rebuild Europe after two wars and to have its political self-sufficiency in Bretton Woods. As a result of the conference, there an agreement was signed in order to fulfill these goals, and it was decided to establish IMF, WB, and ITO. IMF and WB have provided support and incentives for the re-development of all countries which were harmed because of the war but with the condition only if countries agree to implement liberal policies. Moreover, the third part of the agreement ITO was put on the shelf that it interfered with the domestic laws of the countries, and instead, the GATT interim agreement was signed in 1947.

GATT 1947 Agreement consisted of commitments of member states in order to revive international trade and to systematize it. Even though many negotiations were held in order to solve the conflicts between countries and correct the problems in the system, there were not any effective sanctions since it could not go beyond to be just an agreement. So that, as a result of the inability to reach an agreement on the issues discussed during the negotiations, the limited sanctioning power of the GATT and the other several missing points, the confidence for GATT and the number of countries which participates in the negotiations has decreased time by time.

In order to change the negative thoughts regarding GATT 1947 Agreement, Uruguay Round was organized, and as a result of it, the commitments of member states, the GATT 1947 Agreement, and newly adopted decisions were collected under a single final system, and it was decided to establish the WTO. With The WTO Founding Agreement, which was signed in 1994 and put into force in 1995, and also with the additional agreements, the system was completely changed. It has started to cover a lot of different areas that GATT was missing.

All of them were tried to explain during the thesis, but briefly, it could be said that WTO covers a much broader view, including services, intellectual property rights, the security of the environment as well as the other rules to create a complete rules-based system in order to provide a regulatory mechanism in the international trade environment. Moreover, it also has sanctioning body as well as a dispute settlement system in order to give countries a chance to raise their voices regarding their concerns. With the rules it brings, the WTO leads and accelerates international trade. Moreover, through the rules that it has introduced which member states are obliged to apply, it brought new standards to world trade, and with these new standards, it also provided a rapid adaptation and integration to the process of globalization. So in this context, it was aimed in this thesis to really understand the WTO and its role and contribution to international trade. At the first two parts of the thesis, it was completely focused on WTO itself in order to understand what it actually stands for and how it operates in the international trade environment. Since the third part of the thesis, a critical issue, developing countries and WTO regulations are analyzed together. It is observed that, because of several reasons such as their institutional inabilities or financial problems, they were not able to use dispute settlement mechanism efficiently. Moreover, the standards were creating some obstacles against their development, and unfortunately, developed countries were not being helpful. Instead, they were increasing these obstacles against developing countries. Lastly, the Special and Differential Treatment was discussed regarding its functionality in terms of being behalf of the developing countries, and in the end, it was observed that WTO needs to do some redefinitions and specifications in order to cope with its goal because otherwise the rules were not well-written about it and they were open to being used in a negative way by the developed countries against to developing countries.

Lastly, it was tried to analyze the real value of WTO and look from an economic development point of view to the international trade and the role of WTO in this process. It was observed what kind of channels WTO uses in order to contribute to international trade and economic development. It is clear that the value of the organization goes beyond an easy saying of, 'It decreases the cost of trade, or it increases the trade.' It means clearly much more. Briefly, it creates a platform in order to bring the concerns and to experience from other countries. In addition to these, how WTO played a critical role in providing a predictable and transparent environment is another value of the organization. Also, the opposite thoughts took place in the thesis and discussed by several authors, but in the end, it was believed that even though WTO was missing several points and still need a lot of improvements in order to cope with the speed of globalization and technological developments, its crucial role and value are highly

important and this importance increases and looks like will continue to increase as well, and it was believed that some authors used to ignore some of the indirect contributions of the WTO.

In addition to these, it is also shown the impact of international trade on economic growth and in this context where WTO stands for. It is observed that the growth in export and increase in openness have a strong correlation with GDP and income growth of the countries. Moreover, the two factors of GDP growth; increasing the resources and investments, and the efficiency for the usage of these resources and contribution of WTO in terms of these factors were discussed. In the end, it was understood how WTO contributes to this development directly and indirectly from different channels. Lastly, it was also tried to understand the role of WTO and international trade in poverty reduction since the increase in international trade or economic growth does not directly mean the poverty reduction itself. The conclusion in this topic was that WTO had a positive impact on poverty reduction, but there is still a need to create more supportive and clear rules in order to decrease it and be more efficient.

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