Master's Thesis

Agricultural Sector Liberalization from the WTO to FTAs

WTO 부터 FTA 까지: 농업 부문 개방화

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Graduate School of Seoul National University

International Commerce Major, GSIS

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Abstract

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The aim of this thesis is to develop an understanding of what the main differences are between the negotiations in the liberalization of the agricultural sector in a multilateral setting and a bilateral and plurilateral setting. Through this understanding a solution to help the WTO break free of its crossroad could be found. The research is based upon two theories: the evolutionary game theory and collective action theory. These theories divide the interests of the developing and developed world, and need to be taken in account when analyzing previous negotiations in the Doha Development Round, and the negotiations in various FTAs and RTAs. In order to investigate the research question, a qualitative methodological approach is carried out by performing case studies on the WTO Ministerial Conferences, seven FTAs, and four RTAs. The case studies show that there are beneficial elements that made the agreements possible, which could be transferred to the negotiation in the liberalization of agricultural trade in the WTO. A revised "Early Harvest" scenario could be used to break the WTO free from its crossroad. Ultimately, compromises need to be made by both parties.

Keywords: Trade negotiations; Agricultural trade; Multilateral system; WTO; Doha Development Round; Trade liberalization; FTA; RTA; Early Harvest

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국문 초록

본 논문은 농산물 개방 협상 시, 다자간 협상 방식과 쌍방 및 복수 국간 협상 방식의 주요 차이점에 대한 이해를 목적으로 하고, 이를 통해 교착 상태에 빠져 있는 WTO 에 해결책을 제시할 수 있을 것으로 본다. 본 연구는 진화 게임 이론과 집단 행동 이론이라는 두 가지 이론에 근거하고 있다. 이 두 이론은 개발도상국들의 이해와 선진국들의 이해를 구분하며, 도하 개발 라운드의 이전 협상들과 여러 자유무역협정들 및 지역무역협정들의 협상들을 분석하는데 고려되어야 한다.

본 연구를 위해, 질적 연구 방법론을 통한 WTO 장관급 회의들, 일곱 자유 무역 협정들 및 네 지역 무역 협정들에 대한 사례 연구가 수행되었다. 본 사례를 통하여 협정을 성사시킬 수 있는 긍정적인 요소들이 있었음을 확인하였으며, 이러한 요소들이 농산물 무역 개방 협상에 이전될 수 있음을 보였다. 개정된 조기 수확(Early Harvest) 시나리오는 정체된 상태에 놓인 WTO 에 대한 해결책이 될 수 있으나, 궁극적으로, 개발도상국들과 선진국들 간의 양자 타협이 필요하다.

주요 핵심 용어: 무역협상, 농산물 무역, 다자 체제, WTO, 도하 개발 라운드, 무역 자유화, 자유 무역 협정 (FTA), 지역 무역 협정 (RTA), 조기 수확(Early Harvest)

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Abbreviations & Explanations

WTO	World Trade Organization
FTA	Free Trade Agreement
RTA	Regional Trade Agreement
UN	United Nations
US(A)	United States (of America)
RTAA	Reciprocal Trade Agreement Act
GATT	General Agreement on Tariffs and Trade
IMF	International Monetary Fund
GDP	Gross Domestic Product
GSP	Generalized System of Preferences
IGO	Inter-Governmental Organizations
IBRD	International Bank for Reconstruction and Development
MFN	Most-Favored Nation
ITO	International Trade Organization
NTB	Non-Tariff Barrier
EEC	European Economic Community
EC	European Community
GATS	General Agreement on Trade in Services
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
NGO	Non-government Organization
EU	European Union
SPS	Agreement on the Application of Sanitary and Phytosanitary Measures
TBT	Agreement on Technical Barriers to Trade

TRQ	Tariff-Rate Quota
NTM	Non-Tariff Measure
SSG	Special Agricultural Safeguards
USD	United States Dollar
SCM	Subsidies and Countervailing Measures Agreement
MC	Ministerial Conference
SSM	Special Safeguard Mechanism
LDC	Least Developed Country
TFA	Trade Facilitation Agreement

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Introduction

The WTO is currently at a crossroad with the Doha Development Round. It is locked in a North-South debate regarding various subjects, of which the biggest issue is the liberalization of the agricultural sector. A diverse range of possibilities were discussed during the negotiations of the Doha Development Round, but all without a favorable outcome. However, bilateral and plurilateral treaties did succeed in overcoming the same problems. This thesis will thus review the negotiations of 11 promising FTAs and RTAs, and compare these with the multilateral negotiations of the WTO. Clearly, there should be differences, as otherwise the Doha Development Round negotiations would not have been stalled this long.

The importance of agriculture, especially for developed countries, can be seen as minor at first glance, but the agricultural sector has a strong foothold in the developed world. Agriculture was seen as an importance to national security after the Second World War. It was seen as such an important sector that it was included as a "grandfather clause" in the GATT negotiations of 1948, which meant that the sector would be excluded from any tariff reductions. Nevertheless, as the voices for change from the developing world grew stronger as the decade past, these countries started to demand more liberalization of the agricultural sectors of developed countries. Especially, tariff rate quotas, agricultural export subsidies, and agricultural domestic subsidies are seen as problem areas for developing countries to enter a developed countries' agricultural

market. However, the agricultural sector has a strong foothold in the developed world through lobbying. This influence can be analyzed through Olson's Collective Action theory, where the smaller amount of "losers" from free trade in the developed world lobby and victimize themselves in order to win over the larger amount of "gainers" (Olson, 1965). Therefore, the developing world and developed world are currently clashing head on in the Doha Development Round.

This thesis will attempt to answer the following principal research question: "What can the WTO learn from successful treaty negotiations regarding the liberalization of the agricultural sector?". The purpose of this research is to list potential helpful differences between bilateral, plurilateral, and multilateral trade agreements, which could be of help for the Doha Development Round negotiations to break free from its crossroad. Existing work primarily focuses on the problems in the negotiation process in the Doha Development Round. However, this thesis will try and find a solution outside the confined scope of multilateral agreements and look at bilateral and plurilateral trade agreements for answers. To analyze the research question, various case studies will be performed on FTAs, RTAs and agreements and declarations in the WTO.

The thesis is organized as follows: the literature review will provide a background to free trade versus restricted trade and introduce the different trade agreements. It will delve further in to these different trade agreements with the examination of the current

rise of regionalism and future hurdles in the WTO through the eyes of developing and developed countries. The second part of the literature review will focus on to the importance of the agricultural sector and gives an explanation of the different ways countries restrict free trade in agricultural products. Restrictions such as tariff rate quotas, agricultural domestic support, and agricultural export subsidies. This chapter will also introduce different frameworks, such as the Collective Action theory by Olson (1965) and the Evolutionary Game Theory by Lewontin (1960). Both theories will help identifying various aspects of the reason the WTO is currently on a crossroad and could help to create an understanding in how developed and developing countries can both maximize their benefits. Through a clear understanding of the available literature, the second and third chapters will analyze the differences in negotiations in bilateral, plurilateral, and multilateral treaties regarding the liberalization of the agricultural sector, focusing on tariffs and subsidies.

1. Literature Review:

The first part of the literature review will focus on understanding the basics of free trade and trade treaties. It is divided into four sections: (1) free trade versus restricted trade, (2) an introduction to different trade treaties, (3) the rise of regionalism, and (4) the WTO at its current crossroad stage. The second part will focus on agriculture and its importance in worldwide trading. It is further divided into four sections: (1) explaining the big commotion about agriculture in the liberalization of trade, (2) subsidies and tariffs in the agricultural sector, (3) previous agreement on agriculture, and lastly (4) the future of agricultural trade.

1.1. Trade Agreements

1.1.1. Free Trade versus Restricted Trade

Restrictions on trade were common in the nineteenth and early twentieth century. There are six main reasons for governments to restrict trade: (1) to protect a domestic industry and jobs; (2) to assist infantry industry; (3) to support domestic industry; (4) to generate government revenue; (5) to protect national security; (6) to protect and promote non-economic societal values and interests (Van den Bossche and Zdouc

2013, 22-23). However, before the First World War, countries were actually trying to liberate trade from protectionist tendencies, which the League of Nations, the UN's predecessor, encouraged (Eichengreen and Irwin 2009, 2). However, the liberal character of the 1920s wherein trade proliferated, quickly came to an end when the stock market crashed and the gold standard system could not handle the shocks as prior to the First World War (Eichengreen and Irwin 2009, 6). The system broke down and in the 1930s state after state retaliated with their own "beggar-thy-neighbor" protectionist policies, plummeting the world into deep depression and war (Buterbaugh and Fulton 2007, 18).

A great example of protectionist policies found in the 1930s is the Smoot-Hawley Tariff Act of June 1930 in the USA. Even though imports were not surging into the country or causing any great economic problems, US congress still raised tariffs on imported goods with the intention of protecting farmers and manufacturers from the little foreign competition they faced (Irwin 2011, 4). This caused a raise on the average tariff on dutiable imports by about 20 percent (Eichengreen and Irwin 2009, 9). The Smoot-Hawley Act did not create any favorable outcome for the USA. It disrupted not only the US economy badly, but also the world economy. From 1929 to 1933, US exports fell from $488 million to $120 million; imports fell from $368 million to $96 million; and world trade fell from $35 billion to $12 billion (Schnietz 2000, 418). In the three years after the Smoot-Hawley Act was enacted, protectionist trade measures

proliferated, world trade collapsed, and the Great Depression intensified around the world. It also led other countries to pursue similar trade policies that discriminated against the US (Irwin 2011, 144). Even though the Smoot-Hawley Tariff Act of 1930 was not the main cause of protectionism, it did spark the fuel needed for countries to protect domestic markets and restrict imports even further.

After three years of the Smoot-Hawley Act US congress renounced its power and constitutionally granted the President of the US full power to set tariffs. The Reciprocal Trade Agreement Act of 1934 was established. From then on, trade agreements negotiated under the RTAA required no *ex post* congressional approval (Schnietz 2000, 417). The US started a steady process of tariff reduction after 1934 that helped to transform the international economy (Hiscox 1999, 669). However, most of the damages were already done. Especially in Germany, who could not devalue its currency due to reparations agreements. The German economy was destroyed and was left in a state of hyperinflation with large unemployment. Not only Germany was hit hard by the global economic turmoil, other European nations such as Austria, Hungary, and others suffered harsh economic crises (Eichengreen and Irwin 2009, 10). This indirectly gave way to the rise of fascism in Europe and the outbreak of the Second World War. After the Second World War the USA continued efforts to reduce tariffs and establishing trade agreements with other countries. Extensions of the RTAA

authority enabled US administrations to take a leadership role in negotiating multilateral tariff reductions in successive rounds of the GATT (Hiscox 1999, 671).

But why does the liberalization of trade have a more positive outcome than restricting trade? A valuable theory for lifting the restrictions on free trade is by David Ricardo, whom built upon Adam Smith's argument for specialization and international trade, namely: comparative advantage. The comparative advantage theory explains the specialization of a country's industry in which they do not have an absolute advantage (produce all goods cheaper than the country with a disadvantage), but where that country has a comparative advantage. Through a comparative advantage, a country that seems to be at an absolute disadvantage can still enter the world economy, as the country with the absolute advantage will focus on products that are valued the most. Later scholars built on this theory and argued that lifting the restrictions on free trade was therefore seen as a promoter of mutually profitable division of labor, which greatly enhances the potential real national product for all nations, and makes possible higher standards of living all over the globe (Van den Bossche and Zdouc 2013, 18-19).

On top of this a growing empirical literature seems to confirm that the liberalization of trade and the increase of trade among countries leads to a "Kantian Peace". Most of the findings suggest that countries that engage in trade are less likely to go to war with commercial partners, conditional on the presence of strong institutions (Bove et al.

2013, 2). Lifting the restrictions on trade were therefore examined, and to a certain extend pushed through by the US hegemony after the Second World War through the GATT, IMF, and other global institutions.

1.1.2. Introduction to Different Trade Treaties

Globalization increased the size and numbers of trade agreements, but they are not a completely new phenomenon. There are three different kinds of trade agreements: (1) bilateral trade agreements; (2) multilateral trade agreements; and (3) plurilateral trade agreements. These trade agreements share a similar goal, namely to reduce tariffs and other trade barriers between countries, but the way they reach their goals differs.

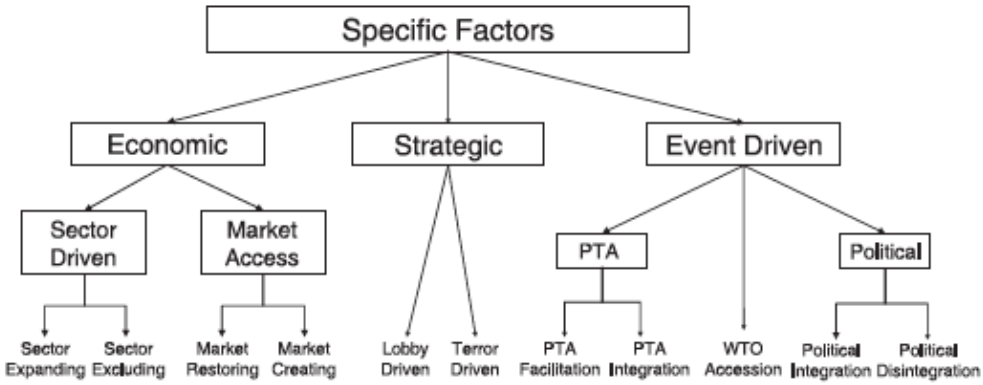
1.1.2.1. Bilateral Trade Agreements

Bilateral agreements, or FTAs, are the oldest kind of free trade agreements and dominated the mid-twentieth century, albeit not as comprehensive as bilateral agreements established between countries in the present day. Historically, these trade agreements were negotiated on a bilateral basis between two individual countries. However, lately bilateral trade agreements can also be established between a single country and a plurilateral trade agreement, such as the EU-Korea FTA, or even between a country and a dependent region of a country, such as the Taiwan-Panama

FTA (Menon 2007, 30). FTAs promote a form of market integration that removes or decreases tariff and non-tariff barriers. Creating an FTA is a complicated process of market integration since it involves both removing existing domestic rules and creating new rules for participating countries. Since the 1990s FTAs have proliferated again and started to include countries who are located geographically farther apart from each other (Park 2015, 40-41). Although allowed in the WTO under Article XXIV of the GATT 1994 these FTAs do not promote full trade liberalization and are well-known for blocking out other parties from benefits and are discriminatory in nature.

However, why do certain countries establish FTAs? FTAs are established because of three specific factors: (1) economic, (2) strategic, and (3) event driven factors. The economic factor can be further divided into sector driven and market access. The strategic factor is driven by lobbying or fighting terror. Lastly, the event driven factor is either driven by wanting to integrate in plurilateral trade agreements, due to political integration or even disintegration, or wanting to join the WTO (Menon 2007, 33). See figure 1: Motivations for BTAs – specific factors on the following page for more detailed information.

Figure 1: Motivations for BTAs – specific factors



Source: Menon (2007).

Other factors matter as well, such as the role of the domestic political elite, existing trade, GDP, population size, GSP, and IGOs ties positively enhance the probability of an FTA. However, not only economic IGO ties, but also socio-cultural IGO ties matter. Socio-cultural ties matter even more when there is more geographical distance between countries (Park 2015, 53-54). Eventually when an increasing amount of countries start establishing FTAs, other countries will see this as a threat to their trade possibilities and start to establish FTAs of their own, causing a domino effect (Menon 2007, 32).

This domino effect is visible today as countries that previously were not eager to engage in FTAs recently started negotiating trade agreements with other countries. A good example is South Korea, which was seen as an opponent of FTAs in the previous century, but recently took on multiple FTAs. An explanation for the proliferation of

FTAs also comes from the halting pace of the WTO negotiations. As the Doha Development Round does not seem to move forward more countries have an increased interest in establishing FTAs (Lester and Mercurio 2009, 52). The one-on-one setting of bilateral treaties can be seen as one of its merits and allows flexibility, in both terms of process and in pursuing disparate interests. Through a bilateral treaty almost any objective can be pursued, and trade-offs can be designed, to accommodate the parties concerned in a way that would be more difficult in a plurilateral or multilateral setting. Nevertheless, there is hope for consolidation into one plurilateral agreements, as what happened with the US-Canada FTA being superseded by the NAFTA and the Australia-New Zealand FTA by the AANZFTA.

1.1.2.2. Multilateral Trade Agreements

After the Second World War the world was in dire need of stability and peace. International institutions were set up to secure these dire needs and to balance the world's political situation. Initiated by the Breton Woods system, the world became incorporated with international institutions like the IMF and the IBRD, which later became the World Bank (Mason and Asher 1973, 29). The first multilateral trade agreement, the GATT, was established in 1948. The GATT was one of a kind in its inclusion of a non-discriminatory clause (MFN Principle). The founders of the GATT were interested in broad-based principles of fair and freer trade. The negotiations were

called rounds, where all contracting parties would negotiate about reducing tariffs and creating freer trade (Buterbaugh and Fulton 2007, 22). Thus, multilateral agreements are agreements between various countries that, due to its non-discriminatory clause, will apply to everyone equally and may even benefit non-member states. Even though the GATT was a weaker version of the original intended ITO, it still marked the beginning of multilateral trade agreements and emerged as the fundamental document guiding international trade for most of the twentieth century.

The main purpose of the GATT was to lower trade barriers at the border: tariffs, quotas, countervailing duties, antidumping duties, and safeguard measures. This resulted in gains for both consumers and producers. The gains for consumers were that they have a greater range of choices with lower prices. Additionally, producers of exportable goods would find an expanding market. At the political level the GATT bounded the actions of individual countries and their domestic political institutions as well. The domestic market became more like the international market as domestic rules and institutions adjust to the international regime (Barton et al. 2006, 29).

The first five rounds of the GATT were purely focused on the reduction of tariffs and happened between 1947 and 1962. However, over time the GATT had become time-consuming as an increasing amount of countries were joining the negotiations and more topics were included into the agenda (Lee 2011, 867). Starting with the Kennedy

Round (1962-1967), the GATT tried to reform its item-by-item tariff cut system into a linear cut system and also include anti-dumping and American Selling Price counter measurements in to its negotiations. The governments wanted to tighten and refine the discipline on these non-tariff barriers to trade (NTBs) and in 1967 this lead to a separate agreement within the GATT, a code which interested countries could sign (Hudec 2010, 73). However, US Congress refused to sign these codes and they were eventually disregarded. In the end, the Kennedy Round failed to achieve significant progress on the formulation of rules relating to NTBs (Jackson 1980, 22).

The Tokyo Round (1973-1979) brought up the issues that failed to see the light of day during the Kennedy Round. The GATT became increasingly legalized during the Tokyo Round (Barton et al. 2006, 23). The Tokyo Round was initiated by the developed world (mainly the US, EEC, and Japan) and a serious effort was made to revive legal disciplines and actively support multilateral and comprehensive negotiations in the framework of the GATT (Steinberg 2002, 351). The contracting parties agreed that there needed to be clearer and more demanding rules in key areas of the GATT; these would be negotiated in the form of codes on certain problem areas. These six NTB agreements were on the same basis as the codes system used in the previous Kennedy Round, however this time they were successful. Nevertheless, the Tokyo Round codes were not core GATT obligations applicable to all the GATT partners under the MFN principle. Rather, they were separate legal instruments

negotiated under the GATT system, but not fully integrated into the GATT (Appleton and Plummer 2005, 94). Most of the developed countries did sign these codes. However, of the 65 or so developing countries in the GATT at the time, only a handful signed the codes. (Hudec 2010, 77) This caused a worrisome problem and effect on the GATT system of applying some of the new codes on a "conditional MFN" basis, denying the benefits of the agreements to non-signatories (Graham 1979, 165).

The Uruguay Round (1986-1994) was the beginning of a critical process of integrating the developing countries into the world economy. As the share of developing countries in the GATT grew larger and the developing countries' economy saw higher growth rates than developed countries, it became clear that the developing countries' issues and needs needed to be discussed during the GATT negotiations more intensively. Agricultural liberation was one of the main issues for developing countries. And it was largely the agricultural issues that caused the negotiations to drag on for more than three years beyond the scheduled deadline. It caused the developed countries (US, EC, and Japan) to line up directly against the developing countries, as developing countries demanded liberalization of agricultural markets, which developed countries would not wish to give. Eventually variations of reforms were deemed acceptable and due to the yielding of the developing world the Uruguay Rounds could eventually succeed (Martin and Winters 1995, 1-3).

The WTO was established at the Uruguay Round, and was founded on January 1, 1995. With the creation of the WTO, the GATT was finally placed on a sound organizational footing, with jurisdiction to arbitrate disputes, administer the GATT, and monitor its implementation by member states (Buterbaugh and Fulton 2007, 64). The WTO became the umbrella organization for a reformed GATT agreement (GATT 1994), an agreement on trade in services (GATS), and an agreement on trade related aspects of intellectual property rights (TRIPS) (Hudec 2010, 100).

The WTO entered the new millennia with high hopes on achieving even further trade liberation than deemed possible in the previous GATT system. However, there was an increase in anti-globalization efforts by NGOs, most notably during the Seattle ministerial conference in 1999, when the public became familiar with the WTO through images of violent protest against it. However, since the Seattle deadlock the WTO's relationship with civil society has largely improved (Van den Bosch and Zdouc 2013, 99-100).

The WTO's first round, the Doha Development Round, was launched in 2001. As the developing countries now outnumbered the developed countries within the WTO, the Doha Round called for international trade to play a major role in the promotion of economic development and the alleviation of poverty and ensure the growth of developing countries (Van den Bosch and Zdouc 2013, 84). Together with the Seattle

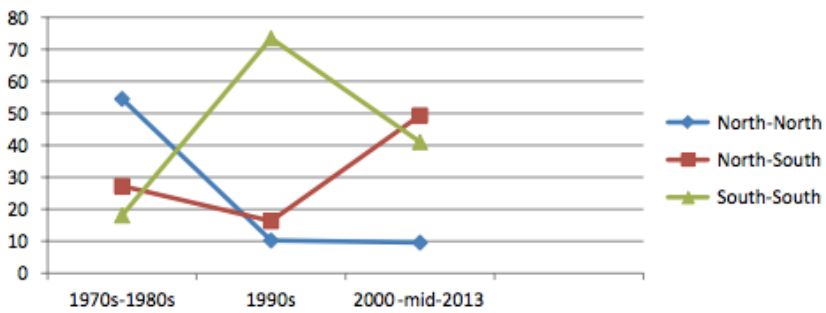
deadlock of 1999, the increase of developing members increased the pressures on the WTO to deal with the complaints from the developing world (Hudec 2010, 118). It became clear that the WTO was not a group of like-minded countries anymore. The most important issues on the table were the inclusion of industrial goods, agriculture, services, as well as the attempt to build a framework to deal with new issues regarding investment, competition policy, trade facilitation, and government procurement. However, agriculture continued to be the central issue between the developed and developing world and "will always be a deal-maker or deal-breaker" (Buterbaugh and Fulton 2007, 166). This launched a new debate in the WTO characterizing the differences between the developed North and developing South.

1.1.2.3. Plurilateral Trade Agreements

The complications and delays in the Doha Development Round did not only proliferate FTAs it also gave way for new plurilateral trade agreements, also known as RTAs. RTAs are concluded among several countries in the same 'region', with the term region more loosely defined than in previous eras. These agreements are, in essence, plurilateral agreements among countries which may or may not be in somewhat close proximity to each other, but do not necessarily include all countries from that area (Lester and Mercurio 2009, 2). RTAs were normally concluded between alike countries. Developed North countries would establish RTAs with other developed

North countries, and developing South countries would establish RTAs with other developing South countries. However, since the 2000s at least half (50%) of the established RTAs were between North and South countries (Neufeld 2014, 6). As illustrated in the graph below.

Figure 2: RTA signatories by level of development



Source: Neufeld (2014).

RTAs are not new, as the EC, which later became the EU, can be seen as the grandfather of RTAs in tenure, scope and depth of integration. The first RTAs focused merely on tariff reductions and were not a meaningful change. Nevertheless, treaties concluded by the EFTA, the EU, and the US all contain provisions that resemble each other. Their first agreements seem to have served as a blueprint for subsequent accords (Neufeld 2014, 7). Since the 1990s RTAs started to include more advanced trade procedures such as anti-dumping, and SPS and TBT matters. Nowadays, RTAs also

have dispute settlement systems, and the vast majority of all RTAs (92%) set out at least some kind of trade facilitation reforms, reflecting its growing importance at the regional level (Neufeld 2014, 4). These early RTAs do have differences with recently established RTAs, especially regarding the deepening of integration and the way they liberalize trade, paving the way for long-term broad liberalization and less emphasis on the liberalization of a few products of mutual interest (Crawford and Laird 2001, 198).

Even though RTAs are allowed in the WTO under Article XXIV of the GATT 1994, these new treaties can be either seen as a threat to the multilateral structure or as complementary. Whereas non-economists are likely to think these RTAs are good for freeing international trade. Economist worry about the theory of the second best, as it would not be a pure *laisser-faire* world: governments would still intervene to try to correct market failures (Bartels and Ortino 2006, 4). Furthermore, RTAs have discrimination against non-members, as they exclude non-members from any trade deal within the agreement. Nevertheless, some scholars do seem to think that this new regionalism could help the multilateral system. New regionalism is seen as a direct result of the success of multilateral liberalization, as well as being the means by which new countries are trying to enter the multilateral system to compete among themselves for direct investment and can be regarded much more as a complement to multilateralism (Crawford and Laird 2001, 201). Nonetheless, the exclusivity of the trade preferences which are afforded only among the RTA members is in conflict with

the MFN requirement applied to all WTO members. (Lee 2015, 357). Scholars are currently debating about the discriminatory nature of RTAs, with potential trade diversion at the center of the debate. Trade diversion is the shift of production from efficient external suppliers to inefficient members. In contrast, trade creation is the shift of production from inefficient domestic providers to efficient RTA members. While trade creation is associated with the gains from trade, trade diversion can make a trade agreement harmful for both members and non-members. (Freund and Ornelas 2010, 140)

The proliferation of RTAs also causes a potential conflict in the application of trade rules, customs procedures, and dispute settlement processes. The potential conflict is not only with the WTO disciplines but also with the rules of other RTAs. These conflicting rules may be applying to the same trade where the countries have joined multiple RTAs with overlapping membership (Lee 2015, 355). Another issue might be that RTAs, particularly those between developed countries and developing ones, may also have an effect of 'locking' the industrial structure of the participating developing countries, thereby undermining their long-term development potential. (Lee 2015, 355-356). In the end, scholars fear that regionalism could endanger multilateralism, with an emphasis on could. As Freund and Ornelas state it: “Maybe it does, maybe it does not; at the moment we just do not know” (Freund and Ornelas 2010, 160).

1.1.3. Rise of Regionalism

Regionalism hit the WTO not completely unexpected, as the rise of regionalism was already seen as a threat to the previous GATT system. However, the threats during the Kennedy Round were minor regionalist issues compared to the current scale and rise of regionalism. Not only FTAs between nations are becoming more popular, but also RTAs and even mega RTAs are becoming a larger issue for the multilateral trading system. And not only developing countries are arranging RTAs, developed countries are also starting to form RTAs and mega RTAs like the Transatlantic Trade and Investment Partnership (TTIP) between the US and the EU, and the Trans Pacific Partnership (TPP), where developed and developing countries are joined together. Due to the loophole in the WTO, where it states that members can join preferential trading groups despite their inconsistency with the MFN principle (Barton et al. 2006, 3), the WTO stands powerless. However, can we see it as a replacement to the WTO?

Prior to the establishment of the GATT the US had already entered into 32 bilateral agreements (1945). And not only the US but also other developed countries have multiple bilateral agreements with other countries under the WTO system, without any problems with staying in the WTO. However, the weaknesses of the bilateral approach became apparent early on and policymakers conceived the idea of a multilateral

agreement for mutual reduction of tariffs as early as the 1940s (Jackson 1980, 28-29). Deeming bilateral trade agreements useful in some ways, but useless in other ways.

Another distinctive feature in the rise of regionalism is the simultaneous participation of countries in various RTAs, each one, in many cases, with highly differentiated trade rules (usually also being implemented over different periods). This phenomenon introduces new complexities at the systemic level, generating new domestic requirements for the administration of the multiple and varied commitments. An interesting emerging feature of the rise of regionalism is the attempts to negotiate RTAs between regional integration groupings. Such "bloc-to-bloc" negotiations constitute a relatively novel exercise, bringing new challenges and additional rule-making requirements for successful integration. The situation emerging as result of these multiple and simultaneous participations by countries in RTAs, at different levels and of a differentiated nature. The proliferation of RTAs has been compared to a "spaghetti bowl" (Majluf 2004, 9). This spaghetti bowl phenomenon may not seem as an apparent problem in the beginning, but as more an increasing number of FTAs and RTAs are being established the spaghetti bowl problem will show itself and cause more problems.

1.1.4. The WTO at a Crossroad

What is the exact future of the WTO? Reaching an agreement about rules and principles that will be applied to nearly 150 countries is not an easy task to begin with. It requires understanding the structure of each constituent national political economy and, in many cases, detailed information about their domestic laws and regulatory structures (Barton et al. 2006, 18). International organizations are confronted with changes in environment that challenge their institutions. For example, the League of Nations was doomed to irrelevance and eventual collapse because it failed to include constitutional rules championed by one of the great powers – the USA. Using merely this example we can say that the WTO is doomed to collapse as it fails to please the major powers in the system. However, to the contrary institutions may survive and remain a focus of international activity if they adjust well to environmental change. For example, the NATO has survived the collapse of the Soviet Union and the Warsaw Pact, the main reason why the organization was constructed, by redefining its functions and reorganizing to do so (Barton et al. 2006, 9). Therefore, using this example there still seems to be hope for a future of the WTO.

Furthermore, RTA provisions tend to go further in their specificity and reach than the language adopted in Geneva. In addition, most RTAs encompass a broader conceptual definition of trade facilitation than the agreement negotiated in Geneva, which is

largely based on three provisions of the GATT. However, at the same time, there are many areas where RTAs fall short of the newly concluded WTO Agreement. There are several ways in which the Geneva instrument will add significant value to the existing trade facilitation agenda (Neufeld 2014, 26). Moreover, the possibility of forming RTAs can also make free trade easier to achieve by inducing otherwise uncooperative countries to cooperate. Ornelas takes this perspective and shows that RTAs can help the world to get closer to free trade (Freund and Ornelas 2010, 153). It seems that the story is one of complementarity rather than conflict.

1.2. Agricultural Sector

Both the Doha Development Round's focus on development of the South and the rise of regionalism were triggered by the increasing importance of the inclusion of the agricultural sector in the liberalization of trade. Whereas average tariffs on industrial goods fell from 40% to 4% from 1945 to 1995, agricultural tariffs still averaged at 62% (Beierle 2002, 3). But what exactly is the big commotion about agriculture?

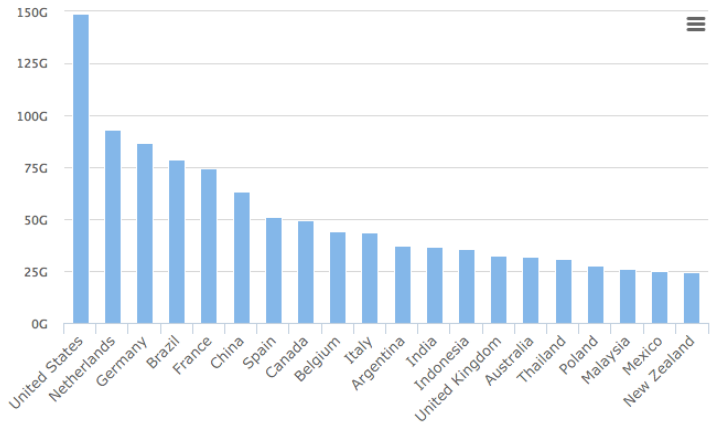
1.2.1. What is the Big Commotion about Agriculture?

It is indeed ironic that agricultural policies are so contentious, given the small and declining importance in the global economy, especially in developed countries.

However, for the developing world the agricultural sector still holds importance. Developing countries criticize the developed countries' highly protective farm policies in the WTO negotiations and demand better access to the developed countries' market for their farm produce (Anderson et al. 2010, 1-2).

Nevertheless, developed world is not eager to let developing countries enter their market and keep on protecting domestic farmers. The "national security" argument can be heard often. Developed countries argue that they need to protect their domestic agricultural market and produce enough food to sustain themselves in times of war. An agreeable argument to which most countries, developed or developing, would agree to. However, most developed countries now overproduce agricultural goods and using the word "national security" seems to become unjustifiable. The top 5 agricultural exporters comprise of the US (149 billion USD); the Netherlands (93 billion USD); Germany (87 billion USD); Brazil (79 billion USD); and France (74 billion USD). Followed by developed countries, and a handful of, mainly large, developing countries, such as Brazil, China, Argentina, India, Indonesia, Thailand, Malaysia, and so on.

Figure 3: Export volume of agricultural products, by country (2014)



Source: Wordatlas (2017).

As you can see the developed countries export high amounts of agricultural products. Even a country as small as the Netherlands, 270 times smaller than the biggest exporter (US), is the second highest exporter of agricultural products in the world. But how can the developing world be producing such high amounts agricultural goods and why? The infrastructure and technology used to farm in the Western world is highly developed and many countries use genetically modified seeds to increase yield and reduce overall costs. Additionally, the governments of these developed countries use large amounts of subsidies to promote their domestic farmers (Burfisher 2001, 7-8).

One of the main reasons for this is that agriculture shifted from a necessity to survive to becoming an industrial sector (Friedmann and McMichael 1989, 94). However, as the voices of the developing world grew larger and their percentage in the WTO grew,

the developed world is struggling to keep their agricultural market protected from the outside. Agricultural liberalization is not something new, as there has been an attempt to liberalize the agricultural market in 1995, through the Agreement on Agriculture.

1.2.2. Agreement on Agriculture

The Agreement on Agriculture came into effect at the end of the Uruguay Round in 1995. Its objective was to reform trade in the agricultural sector and to make trade policies more market-oriented to improve predictability and security for both importing and exporting countries. The Agreement applies to all agricultural products, including products derived from basic agricultural products (processed food). Compared to other agreements within the WTO, it is considered short. It only consists of 21 Articles and 5 Annexes, and specific agricultural commitments made by WTO members are not included (UNCTAD 2003, 5). There are three main pillars in this agreement: (1) market access, which concerns various trade restrictions confronting imports, of which Tariff Rate Quotas (TRQs) are the most known, (2) domestic support subsidies, and (3) export competition. The Agreement does allow governments to support their agricultural sectors, but prefers to arrange this through policies that cause the least amount of distortion to worldwide agricultural trade (WTO 2016, 10).

Additionally, WTO members agreed to “bind” tariffs, which meant that members are no longer allowed to impose import duties higher than within the “bound” tariffs inscribed in each country’s schedule. Once the tariffs were fixed, members agreed to reduce these tariffs over time. Starting from 1995, six years were given to developed countries to cut their tariffs by 36 percent on average with a minimum cut of 15 percent for any product. For developing countries ten years were given to cut tariffs 24 and 10 percent respectively. Lastly, least-developed countries were required to bind all the tariffs, but not undertake any reductions (UNCTAD 2003, 14). It was the first time a reform program in agriculture was introduced on the world stage.

Before the Uruguay Round the use of non-tariff measures was found widespread in agricultural trade. Many countries used particular types of NTMs for the benefit of their domestic market regimes. During the Uruguay Round these NTMs were converted into ‘bound tariffs’, and Article 4:2 of the new Agreement on Agriculture eliminated the grey area for NTMs, which was widely misused. This grey area consisted of quantitative import restrictions; minimum import prices; variable import levies; discretionary import licensing’ voluntary export restraints; and non-tariff measures maintained through state trading enterprises (UNCTAD 2003, 11). The article listed all the prohibit arsenal of traditional trade barriers, and by allowing only ‘ordinary customs duties’, the Agreement became much more specific compared to Article XI:1 of the GATT (Josling et al. 1996, 180). This meant the end of the

grandfather clause on agriculture. The grandfather clause was a protocol of accession or waiver to justify a non-tariff barrier in agriculture. It was a justifiable exception for one of the older members of the GATT and WTO to use NTBs.

Furthermore, developing countries enjoy special treatment in the Agreement, such as more lenient and flexible terms, known as Special and Differential Treatment, to promote their products abroad. Furthermore, there are two more exceptions to this bound tariffs only obligation. The first one if the "rice clause" of some Asian countries. Rice is seen as the staple food of Asian countries, just as potatoes and wheat are the staple food of Western countries. Asian countries have been rather self-sufficient, as the regional production accounts for 90 percent of the world total, but the share of exports is less than 25 percent (Yang and Blandford 2011, 1). However, through the Agreement Asian countries also needed to open up their rice market.

Asian countries opened up in different ways. However, there was resistance from local farmers, especially from South Korea and Japan. To ensure that the Agreement was passed a special "rice clause" was constructed. In this clause South Korea and Japan agreed to the Agreement, except they could temporarily exempt the measures applicable to rice imports from any tariff obligations (UNCTAD 2003, 13). There is still a 300 to 500 percent tariff on rice, but to compensate this the Korean government needs to allow an increasing amount of imports of foreign rice in their market every

year, by 2014 this import volume reached 410,000 tons a year or 8% of the total consumption (Dong-a Ilbo 2009). The truth is that this clause costs the Korean government more money than opening up would have costed, this is why Japan has removed the rice clause. However, Korean farmer lobbies are too strong to counter, saying that the "WTO is killing Korean farmers" (CNN 2005). There was a plan to scrap rice imports starting from 2015, but the Korean government was forced to renew the clause due to heavy protests. Agricultural lobbying is not something only happening in Korea, but it can be seen all over the developed world, as the determination of these lobbies are stronger than ever.

The second exception are the 'Special Agricultural Safeguards; (SSGs), which allows imposing additional duties in cases of import surges or world price drops. The SSGs are controlled through Article 5 on safeguards in the Agreement. Unlike normal safeguards, SSGs can be triggered automatically when import volumes rise above a certain level, or if prices fall below a certain level; and it is not necessary to demonstrate that serious injury is being caused to the domestic industry (WTO 2016, 72). Various developing and developed countries use these SSGs to protect their domestic agricultural market, for the right cause or because they want to make their own market more competitive compared to foreign imports, as it is not necessary to demonstrate that serious injury is being caused to the domestic industry.

Overall, the Agreement on Agriculture was a novel concept to introduce and liberalize agricultural trade in to the WTO system. However, severely weakened by exceptions, TRQs, and allowing governments to support their domestic agricultural market and their exports, the Agreement on Agriculture became a shell of what could have been. Nevertheless, it was a great beginning point of discussion that got the ball rolling.

2.2.3. Subsidies and Tariffs in the Agricultural Sector

As previously mentioned, the Agreement of Agriculture rests on three pillars. Which means that there are currently three different agricultural price distortions: (1) Tariff Rate Quotas (TRQs), (2) domestic support subsidies, and (3) export subsidies. TRQs account for most of the agricultural price distortions (52 percent), whereas domestic support subsidies (31 percent), and export subsidies (13 percent) are respectively second and third in price distortion levels (Burfisher 2001, 7-8).

1.2.3.1. Tariffs and Tariff-Rate Quotas

The most common way to block market access is through tariffs and Tariff-Rate Quotas (TRQs). A tariff is a trade barrier in the form of taxes imposed by the government on goods, mostly imports, when these cross borders. A TRQ is a quota for a volume of imports at a particular tariff rate. Once this quota is filled, a higher tariff is

applied on additional imports above the volume of the quota (Burfisher 2001, 59). These forms of taxation are allowed in the Agreement on Agriculture under the pillar of market access. TRQs are more commonly used after the Agreement on Agriculture in 1995, ensuring minimum access to allow new import opportunities for products (UNCTAD 2003, 14). Nevertheless, TRQs were meant to liberate exports from developing countries to the developed world, but access is still frequently blocked by imposing tariff barriers that bars entrance of developed countries' agricultural products from entering their market (Kallummal 2015, 86).

1.2.3.2. Agricultural Subsidies

The Agreement on Agriculture's key objective is to discipline and reduce all subsidies, while also leaving a scope for governments to redesign effective agricultural policies. In the Agreement subsidies to agricultural products are identified by three special "boxes", wherein Green means it is permitted and has no, or minimal, distortive effect on trade; Amber means it is possibly legal or illegal because of its distortive effect; and Blue means that there is a possible trade-distortion but these are permitted due to linkage to production limitation programs (UNCTAD 2003, 21). Nevertheless, subsidies are widely used in the developed world. Of the annual 300 billion USD all WTO member nations subsidize their agricultural sector, the EU subsidizes 134 billion USD, and Japan and the US subsidize 47 billion USD and 43 billion USD respectively

(Lee 2003, 875). Agricultural subsidies are further divided into: (1) domestic support, and (2) export subsidies.

1.2.3.2.1. Agricultural Domestic Support

Domestic support or general support subsidies provide payments to domestic farmers directly. The most popular support type is price support, which guarantees farmers a fixed price regardless of actual market prices (Beierle 2002, 12-13). Domestic subsidies are regulated by means of Articles 6 and 7 and Annexes 2, 3 and 4 of the Agreement on Agriculture. However, in the Agreement domestic support reduction concerns total agriculture spending and not commodity-by-commodity reductions. Therefore, developed and developing WTO members do not need to undertake to reduce the support granted to each product or product category by 20 or 13 percent respectively. Furthermore, there are exceptions within the Agreement. Within the Green box general applicable government programs, domestic food aid programs, direct payments, and environmental aid and regional assistance are exempted from reduction commitments. Additionally, Article 6.2 of the Agreement states that measures of assistance designed to encourage agricultural and rural development in developing countries are exempted as well (UNCTAD 2003, 22-29).

1.2.3.2.2. Agricultural Export Subsidies

The other type of trade distortion due to subsidies is export subsidies, where governments pay domestic farmers a premium above the world prices on their export, thus encouraging farmers to overproduce for foreign markets and increase foreign sales (Beierle 2002, 12-13). These subsidies may take the form of: direct cash payments; disposal of government stocks at below-market prices; subsidies financed by producers through government assessments; marketing subsidies; transportation subsidies; and subsidies for commodities contingent on their incorporation in exported products (UNCTAD 2003, 31). Export subsidies lower world prices and distort trade flows as importers no longer buy the least costly goods of the most efficient exporter, but instead purchase from whatever source can offer the lowest price net of the government subsidy (OECD 2002, 86). This increases the competitiveness of domestic agricultural producers not only in the domestic market, but also on the world market. Export subsidies are regulated by means of Articles 8, 9, 10 and 11 of the Agreement on Agriculture, and all other subsidies on export of agricultural products are prohibited through Article 3 of the SCM Agreement (UNCTAD 2003, 29).

1.2.4. Future of Agriculture Trade

As mentioned before, the Agreement on Agriculture was a novel start to get the ball rolling for the liberalization of agricultural trade. However, the Agreement was not strong enough to make sure that developing countries could access the agricultural market of the developed world, nor was it strong enough to make sure the developed world would lessen their price distortion on the agricultural world market. Nevertheless, with the Doha Development Round the WTO started to focus more on the developing countries and their growing voices in the WTO. Many developing countries are blaming the WTO for promoting trade unevenly in favor of the developed world. Furthermore, the developing world thinks that it is time to search for a compromise in the WTO negotiations on agriculture.

1.2.4.1. Resistance from the Developing World

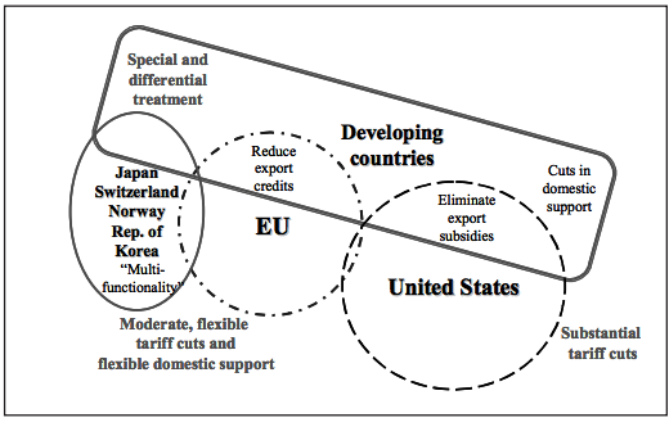
The Uruguay Round showed the world the new willingness of the developed countries to yield, when opposed by a large coalition of developing countries. Developing countries outnumber the developed countries in the WTO, as about two thirds of the WTO of the around 164 members are developing countries (WTO 2017). Which is a large shift from the starting points of the GATT where mostly developed countries were contracting parties (members). The developed countries were like-minded

countries and could agree easily on subjects and tariff reductions. However, now that developing countries outnumber developed countries, reaching a decision proves to be harder. Especially now that the developing countries are starting to raise their voices.

The new strategy of developing countries standing stronger together can be explained through the evolutionary game theory. The evolutionary game theory is an analytical method and was adopted by Lewont (1960) to interpret ecological phenomenon, the theory was later on expanded to the Evolutionary Stable Strategy (ESS) by Maynard Smith (1973 and 1974). The theory has been extensively applied to ecology, sociology, and economics in order to find out the evolutionary process of group behaviors (Lee 2011, 869). Lee uses the evolutionary game theory to access the best strategy for developing countries to get the maximum benefits out of trade negotiations in the WTO. He assumes that there is a grouping of both developed countries and on the other side the developing countries. If both groups refuse to give in to any proposals, the situation is unfavorable for the developing countries. The developing countries lose, whereas the developed countries do not lose anything. However, this is mostly used to pressure the developing countries in taking the least rewarding option to have at least some form of compensation. It shows us that the WTO negotiations are considered asymmetrical evolutionary games (Lee 2011, 871).

From the developing world perspective, the analysis by Lee suggests that to maximize their trade benefits, the developing countries should adopt a unified position, and focus on single rather than diversified topics to develop independent economies (Lee 2011, 867). However, looking at the current situation, the developing countries bloc is involved in a wide range of topics, overlapping with different nations and different plans (Peters and Vanzetti 2004, 3), as seen in this Euler diagram.

Figure 4: Euler diagram of the developing countries' overlapping plans



Source: Lee (2011).

The most important task at hand for the developing countries is thus figuring out how to develop economy by implementing the out-of-fashioned topics, instead of how to identify new topics. Furthermore, if all developing countries do not stand on the same side, they have to deal with a difficult situation. Therefore, unity is extremely important for the developing countries. The more unity, the higher the benefits (Lee

2011, 878). If the developing countries stand on the same line, there is only "one voice" representing the group. Whereas, if the developing countries scatter, their voices will be reduced to unpleasant noises to the developed countries.

Furthermore, the developing countries have to adopt a diversified trade policy, so that they do not have to rely on developed countries. For example, a developing country cannot keep relying on agricultural trade, when it has reached a certain threshold it needs to adapt and start industrializing its economy further. A good example might be South Korea, who started as one of the poorest countries in the world at the beginning of the 1960s, but experienced high growth rates averages of roughly 9 percent between the early 1960s to the mid-1990s (Beck 1998, 1018), becoming the 15th largest economy in the world. This shift was caused by shifting focus from an agricultural economy to an industrial economy and right timing by institutions and leaders.

Additionally, large developing countries have to establish an independent national economic system with emphasis on trade decentralization, diversification, and domestic market development (Lee 2011, 878). Something which can be seen with the establishment of the BRICS (Brazil, Russia, India, China, and South Africa), a group which represents rapidly developing economies, and is seen as a leader of the developing countries. These countries also established the New Development Bank (NDB) and China in particular established the Asian Infrastructure Investment Bank

(AIIB) to counter the Asian Development Bank (ADB) and the World Bank, whom are heavily influenced by developed countries. Large developing countries are thus actively negating the influence of the developed world in international organizations.

Nevertheless, some scholars are still not convinced that the WTO has proven to be useful for the promotion of trade. Some even take it as far as saying that it is surprisingly hard to demonstrate convincingly that the GATT and the WTO have encouraged trade (Rose 2002, 22). However, other scholars agree that the GATT and WTO have increased world trade, but unevenly (Subramanian and Wei 2007, 173).

1.2.4.1. Resistance from the Developed World

However, there is a growing resistance to these changes in the developed world, as farmers victimize themselves towards the general public as victims of globalization. This approach can be seen as a success, as the losers of free trade are a smaller group than the winners of free trade. However, whereas the winners each only win a small part, the losers lose everything. The theory to understand this phenomenon is called: "Collective Action". If a number of individuals have a common interest or goal, these individuals will group together to strengthen their winning chance of reaching their goal. If the individuals remain scattered will not win as easily as they might if they become united. Unification is mostly found in organizations which can serve purely

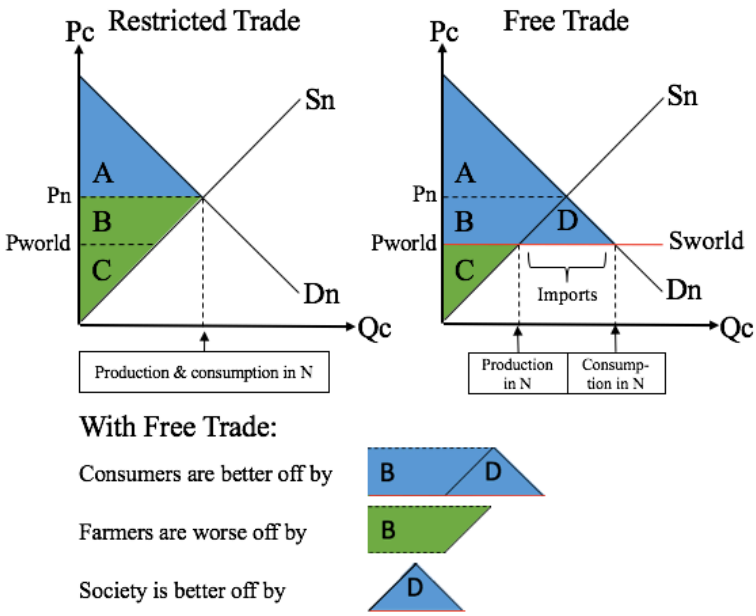
personal, individual interests, but their characteristics and primary function is to advance the common interest of groups of individuals (Olson 1965, 7). Regarding the agricultural liberalization in developed countries the agricultural lobbies can be seen as these large organizations Olson mentions.

As the agricultural sector in the developed world became an industry, industrial lobby groups and labor unions were established as well. Lobbying means to attempt to influence business and government leaders to create legislation or conduct an activity that will help a particular organization. Lobbying is found in any industrial sector, but it is big business in the agricultural sector. Only in the US, the annual expenses on lobbying for agricultural products in 2016 was 127 million USD (Open Secrets 2017), and similar figures can be seen in other developed countries such as the EU and Japan. So why do these groups lobby? Lobbyists want to ensure to keep profits high and make sure to have more favorable outcomes. However, we cannot say that all farmers are just in it for the profit. Whereas big farming corporations can make dues without tariffs and subsidies, smaller farmers cannot. Therefore, to maximize chances, larger farmers include smaller farmers to ensure support for their cause through victimizing.

Olson explains that within a democracy, the people worry about the majority overpowering the minority. If the smaller group appears to be suffering it will almost inevitably result in organized political pressure to relieve this suffering and establish a

lobby to push the government in to their direction and give incentives towards the victims (Olson 1965, 123). However, due to Collective Action problems and different abilities to access resources through which these incentives are given, the population of interest groups often poorly reflects the distribution of interests in society as a whole (Olson 1965, 51). This can be explained in the following diagram.

Figure 5: Restricted trade versus free trade



Source: Krugman et al. (2014), edited by author.

In this diagram the benefits of liberalizing the agricultural sector for society as a whole in a developed country is larger than the losses for a small part of the population of the

country (farmers). The benefits are that world prices for agricultural produces will drop, which makes it cheaper for consumers to buy food and increases their purchasing power. Consumer surpluses may even be as high as 10 to 30 percent for the EU (Peters and Vanzetti 2004, 23). However, if you split the benefits of the liberalization for the society as a whole in individual benefits, the benefit per person is low. A milk carton might be a couple of cents cheaper, but most people will not see a huge difference in food prices. These benefits are much smaller than the losses of the smaller group, who will lose their entire livelihood. Especially in the EU, where farmers are much less export-oriented than in the US, producer surpluses may drop ranging from minus 10 to 30 percent (Peters and Vanzetti 2004, 23). EU farmers are thus more prone to disagree with any further liberalization of agricultural trade, rather than US farmers, and thus creating a separation in the developed world on how to further liberalize trade.

This can be further analyzed through the N-person prisoner's dilemma, which is part of Olson's model that shows why two "rational" parties might not cooperate, even though it is in both of their best interests to do so (Subramanian and Wei 2007, 152) Olson's N-person prisoner's dilemma allows us to better understand Collective Action. Furthermore, it gives an intuitive explanation of the situation faced by the group. It means that everybody could be better off if all of them worked together to produce a more positive outcome. However, if in the prisoner's dilemma all parties choose to produce zero, everybody ends up with a lower payoff (Reuben 2003, 5-6).

Olson's theory on Collective Action (1965) and the lobbying of the agricultural sector in the developed world is useful in reading through the negotiations. Together with the previous mentioned evolutionary game theory by Lewont (1960) and further explained by Lee (2011), which explains the stances of the developing world, the negotiations can be seen in a different light. This thesis will go into more detail in to the resistance from both the developing and developed world about the new agricultural trade liberalization deals. Additionally, the schism seen in the developed world, where once like-minded countries are now moving apart on the issue of agricultural liberalization, is an interesting subject which will be brought to light in the following chapters.

2. Agricultural Sector Liberalization in the WTO

As mentioned before the negotiations in the trade liberalization of the agricultural sector within the WTO have reached a crossroad. However, why exactly have they reached a crossroad and what is the current state of play of the negotiations in the WTO? This chapter will therefore focus on the events happening within the WTO, starting from the Doha Ministerial Conference. It is divided into two sections: (1) the current state of play of the negotiations, including a timeline of the most recent ministerial conferences, and (2) conflicting interests, between developed and developing, but also between like-minded countries.

2.1. State of Play of the Negotiations

The WTO's topmost decision-making body is the Ministerial Conference (MC). The conferences bring together all members of the WTO whom usually meet every two years. The conferences can take decisions on all matters under any multilateral trade agreements within the WTO. There have been 11 Ministerial Conferences since the establishment of the WTO in 1995, and on the fourth conference in Doha, Qatar, the Doha Development Round was launched.

2.1.1. Doha Ministerial

The fourth MC was held in Doha on November 9-13, 2001. The city of Doha in Qatar was chosen after the Seattle breakdown, as it would be harder for NGOs and protestors to come to the conference. At this conference the Doha Round was launched, the first round of the newly established WTO. It was named the Doha Development Round, to highlight the importance of placing developing countries' needs and interest at the heart of the work program adopted in its declaration. The WTO would continue to make positive efforts designed to ensure that developing countries, and especially the least-developed countries, secure a share in the growth of world trade and to accommodate the needs of their economic development. Reflecting on the Agreement on Agriculture, both developed and developing countries strongly complained about the trade distorting practices of rich countries and argued that the previous Agreement was too weak (CRS 2006, 19). Not only was the importance of agriculture a reason to start new negotiations, the stagnating world economy, and most important, the increase in bilateral and regional trade agreements, which violate the general nondiscrimination principle of the WTO, called for a new round as well (CRS 2011, 2).

The Doha MC focused on six subjects: agriculture, implementation, environment, rules issues, Singapore issues (related to investment and government procurement), and intellectual property and access to medicines/public health. However, from these

subjects agriculture became the main issue in the Doha Development Round. The developing countries demanded a focus on the three pillars of the Agreement of Agriculture: market access, domestic support, and export subsidies. The Doha Ministerial Declaration mandate for agriculture called for comprehensive negotiations aimed at three pillars of agricultural reform: (1) improving the market access; (2) the reduction, with a prospect of phasing out, all forms of price-distorting export subsidies; and (3) considerable reductions in trade-distorting domestic support (Doha Declarations 2001, 6).

Furthermore, developing countries would receive special and differential treatment (CRS 2006, 20). The Doha MC thus saw the first signs of large disagreements in the liberalization on agriculture, where developing countries bloc lined up right against developed countries, but also a divided point of view within the developed countries bloc. The EU wanted to have a more reasonable liberalization in the agricultural sector, which they call Multifunctionality. The EU gets support from other developed countries such as Norway, Switzerland, Japan, and South Korea. Nevertheless, the concept of what Multifunctionality encumbers remains quite vague (Landau 2001, 916). However, the US takes on a more aggressive stance, as the US wants to free the agricultural sector of an excess of subsidies and supports.

After the MC the formal negotiations started. The Doha Development Round was supposed to be less time consuming than the previous GATT rounds, as the WTO became a fully-fledged organization. According to the declaration, the trade negotiations should have been concluded no later than January 1, 2005 (Doha Declarations 2001). The deadline to reach an agreement on "modalities" (targets, formulas, timetables, etc.) for achieving the mandated objects was set on March 31, 2003. However, this deadline was missed and negotiations continued.

However, the enthusiasm was undermined by the delay in the EU Common Agricultural Policy (CAP) reform, which was finally finalized in June 2003. There were no large increases in subsidy levels, but neither were there large cuts in subsidies either. The composition of the support was significantly modified, but there was no change in the level of support (OECD 2004, 43). Another reason to undermine the enthusiasm was the 2002 US Farm Bill. The 10-year lasting US Farm Bill, signed by former President Bush, promised an increase to $190 billion to expand subsidies to growers (CNN 2002). Many WTO members felt that both the EU CAP reform and the US Farm Bill undermined further negotiations. The WTO members were particularly taken back by the US, as the US had taken a relatively bold negotiating stance in the WTO, criticizing the EU for its large subsidies and calling for substantial reductions in trade-distorting domestic support and tariffs (GAO 2004, 10).

2.1.2. Cancun Ministerial

The fifth MC was held in Cancun on September 10-14, 2003. As the two deadlines on modalities were not met on March 31, 2003, the Cancun MC included further negotiations on these topics. The main purpose of the conference was to make progress in the negotiations, adopt a new framework, and set new deadlines for subsequent work on the three main pillars of the agricultural negotiations. However, the clash between the developed and developing countries became more obvious during the conference. There were five main issues concerning both parties: (1) agriculture, (2) market access, (3) special and differential treatment, (4) new subjects for WTO commitments, and (5) services liberalization. Although the progress on agriculture remained central to the movement on other issues (GAO 2004, 10).

However, various countries and country blocs still differed in their opinion and objectives for the agriculture negotiations. It soon became obvious that the Cancun MC was doomed for disaster. The MC collapsed for several reasons. Firstly, the differences over the Singapore issues, regarding the liberalization of the service sector seemed irresolvable. Even though developed countries retreated on some of their demands, developing countries refused to consider any of the issues at stake. Secondly, due to this stance it was questioned whether some countries had come to Cancun with a serious intention to negotiate at all, or only came to Cancun to repeat their demands

without talking about any trade-offs (CRS 2011, 3). Thirdly, the divide between developing and developed countries across virtually all topics remained a major obstacle. For example, prior to the conference, the US and the EU reached an agreement on a broad framework for negotiating agricultural trade liberalization. The Cairns Group, an interest group of 20 agricultural exporting countries composed of both developed and developing countries, made a counter proposal. Their proposal emphasized a further reduction in agricultural subsidies and tariffs for developed countries with fewer demand on developing countries (CRS 2006, 20). Furthermore, many developing countries wanted a reduction in developed countries' agricultural subsidies and market access barriers while, at the same time, wanted less ambitious obligations to liberalize their own market access barriers (GAO 2004, 11), in particularly for their service industry. And finally fourthly, there was criticism on the procedure of the agenda, as some claimed it was too complicated. Furthermore, there was also criticism regarding the Ministerial chairman, Mexico's foreign minister Luis Derbez ended the meeting instead of trying to move the talks into areas where progress could have been made (CRS 2011, 3).

In the end neither of the proposals of the Cairns Group or the EU-US agreement were adopted. The Chairman of the Cancun MC issued a draft declaration (Derbez text), a compromised text attempting to reconcile the differences between the developed and developing countries on agricultural issues (WTO 2003), which also failed to be

adopted. The Cancun MC ended without a consensus and without an agreement on a framework to guide future negotiations. This failure to advance the Doha Development Round resulted in a serious loss of momentum among developed and developing countries alike and brought into question whether or not the January 1, 2005, deadline could even be met (CRS 2011, 3). Further drawbacks were the protests caused by anti-globalization protestors, claiming that the WTO is killing farmers, in which a South Korean farmer even went as far as stabbing himself to death in protest against WTO policies (The Guardian 2003).

Nevertheless, after the MC the Derbez text drew the attention of several members including the US-EU bloc and the Cairns group. The Derbez text included a larger cut from domestic support programs than the US-EU proposal made, contained a blended tariff approach instead of just the Swiss 25 formula (US supported) or the harmonizing formula (EU supported), offered better terms for developing countries, and provided support for the elimination of export subsidies for products of particular interest to developing countries (CRS 2011, 4).

2.1.3. Hong Kong Ministerial

The sixth MC was held in Hong Kong on December 13-18, 2005. After a disastrous end of the Cancun MC and the failure to meet the proposed deadline of January 1st

2005. Instead of focusing on agricultural issues, the MC's first day focused more on market access for non-agricultural products. However, the conference became known for one of the largest protests against the WTO. Thousands of anti-globalization activists gathered in Hong Kong to march against the meeting. It turned out to be of the same extremity as in Seattle in 1999, but this time not only NGOs from developed countries joined the protests, NGOs and farmers from developing countries joined forces as well (NY Times 2005).

The protestors' anger had been stirred up by reports that the WTO negotiators were moving closer to a compromise package that did not include the key demands of many NGOs, namely: an end to EU and US agricultural subsidies, which they state "are destroying the livelihood of farmers in poor countries" (The Guardian 2005). The protestors demanded more rigorous steps to bring down the market barriers and price distortion caused by the EU and US, while keeping the market of developing countries completely shut. As Indian farmers' group spokeswoman, Fatima Bernad, said: "We don't want the WTO to reach any agreement on agriculture. It's spoiling our industry." (NY Times, 2005). This was not only the message from developing countries, but from some developed countries as well. The protestors included many South Korean farmers, as thousands flew over from South Korea to Hong Kong to voice their displeasure with globalization and imports. As seen in previous protests, the protests quickly escalated and protestors tried to break through the designated protest zone. The

Hong Kong police needed to use pepper spray and tear gas to diffuse the situation (CNN 2005). In the end, over 130 people, including 61 police officers were injured during the confrontations and over 900 protestors were arrested (China Daily 2005).

Nevertheless, the Hong Kong MC did reach to a signed agreement. However, this agreement was limited on precise numerical formulas or targets for the liberalization of agricultural trade (CRS 2011, 5). Regarding agriculture, the Hong Kong agreement dealt with all three pillars of the agricultural negotiations. Most progress was made in negotiations on the export competition pillar with an agreement on a specific end date for the elimination of export subsidies, namely by the end of 2013. However, it remained difficult on establishing detailed negotiations on domestic support and market access (CRS 2006, 4). The Hong Kong agreement also set new deadlines for completing the Doha Development Round in 2006 (WTO 2005). None of these deadlines were met and in July 2006 the WTO announced that the negotiations were to be suspended indefinitely.

A breakthrough in the negotiations on agriculture was almost reached in 2008, when negotiators met in Geneva, in what was described as a 'make-or-break' summit to reach to an agreement. However, once again, trade ministers failed to reach an agreement with the talks reaching a deadlock on a Special Safeguard Mechanism (SSM) for agricultural products (CRS 2011, 6). The deal ultimately collapsed after

India and China clashed with the US over measures to protect poor farmers. This stalemate allowed a package worth more than 130 billion USD a year in tariff savings to slip through the fingers of the WTO (The Guardian 2008). The Indian Commerce and Industry Minister summarily rejected with the remark: “I reject everything. I cannot put the livelihoods of hundreds of millions of people at risk.” (Baldwin 2009, 521). This was as close as the WTO could have been to a possible breakthrough, however, up until now there has not been a viable breakthrough in the negotiations.

2.1.4. Geneva Ministerials

The seventh and eight MCs were held in Geneva on November 30 to December 3, 2009 and on 15-17 December 2011. After the protests in Hong Kong, the WTO relocated back to its home base in Geneva. The main objective of both Ministerials were different as well. While previous Ministerials had negotiations as their centerpieces, these Ministerials sought to avoid detailed negotiations and were designed to address other concerns facing the WTO (CRS 2011, 7). The failure to reach deadline after deadline led to a scaling-down of the MCs and to emphasize more on a transparent meeting with an open discussion, rather than small group discussions and meetings. The first MC in Geneva was scaled down heavily and only focused on one Working Session: "The WTO, the Multilateral Trading System and the Current Global Economic Environment". Yet, trade ministers were positive about the future of

the WTO and "reaffirmed the need to conclude the Round in 2010" (WTO 2009) However, no further breakthrough was achieved and another MC was held in Geneva.

The second Geneva MC on December 15-17, 2011 focused on three Working Sessions, namely: "Importance of the Multilateral Trading System and the WTO", "Trade and Development" and "Doha Development Agenda". Negotiators had already begun thinking of a "plan B" after the first Geneva meeting, focusing on a set of deliverables that would be more agreeable for the second meeting. An "Early Harvest" proposal for LDCs, which would have included such items as a deal on trade facilitation, duty-free-quota-free market access for LDCs, rules-of-origin proposals, movement on the cotton issue and a waiver to favor services for LDCs. However, this plan reached a stalemate and was abandoned in July 2011 at a general council meeting (CRS 2011, 8). Nevertheless, the members did make certain statements and decisions regarding intellectual property, e-commerce, small economies, LDC's accession, services waiver for LDCs, and trade policy reviews (WTO 2011).

2.1.5. Bali Ministerial

The ninth MC was held in Bali on December 3-7, 2013. After two MCs without any negotiations, the Bali MC was the first conference to start with negotiations again. The aftermath of the 2008 US credit crisis and the following ongoing EU debt crisis had

shocked the world, and trade volume remained virtually stagnant in 2013. Furthermore, WTO economists now predicted lower global trade growth, compared to the high growth rates in between 1980-2011 (Karmakar 2013, 2). It was clear that the world economy was in a slum and needed to be pulled out of it. The lingering effects of the economic crises made the Bali MC one of the first successes after the opening of the Doha Development Round and was seen as the first major breakthrough in the negotiations surrounding the liberalization of the agricultural sector. After five years of standstill in the Doha Development Round the "Bali Package" was greatly welcomed by trade ministers and considerably helped to restore the credibility of the WTO as a negotiating forum in the presses.

Even though widely welcomed the Bali Package was not considered a big package. It consists of ten separate decisions, covering four areas: (1) trade facilitation, which was ratified as the Trade Facilitation Agreement (TFA) on February 22, 2017, (2) agriculture, (3) development, and (4) LDC issues. Regarding agriculture, it did not go in to detail about the three main pillars, but merely focused on covering food security in developing countries. There were four main issues: general services, public stockholding for food security purposes, understanding on tariff rate quota administration provisions of agricultural products (defined in Article 2 of the Agreement on Agriculture), and export competition (WTO 2013). The proposals regarding TRQs and export competitions were largely in favor to reform developed

countries' farm trade policies, while the other issues addressed problems in the developing world (Bellmann 2014, 22).

Even though it was a small package, the Peterson Institute for International Economics estimated that if the TFA measures were implemented properly they could create a total of 1,043 billion USD in export gain, support 20.6 million export related jobs (mostly in developing countries), and increase the global GDP by 960 billion USD (Hufbauer and Schott 2013, 7). It could create even more than double the benefits if all the other agreements on the agenda were to be implemented as well.

However, at first glance the agreement seemed doomed to fail as the US, supported and encouraged by the G33 of developing countries, and India started the talks in a disagreement. India insisted that it would only back an agreement if there was a compromise on food subsidies, related to its program for stockpiling food to feeds its poorer population. Members saw the stockpiles as a necessity to ensure poor farmers and consumers survive, but it also involves subsidies which distort international trade (BBC News 2013). As it distorts trade this controversial topic can be labeled as an Amber box violation and is subject to WTO limitations (Bellmann 2014, 25). However, where the possible agricultural breakthrough of 2008 failed because of the conflict between the US and India, the 2013 agreement was successful. The agreement became possible after both the US and India compromised. While India insisted on a

permanent exemption, the final text aimed to recommend a permanent solution within four years (NY Times 2013). Most scholars give the developing countries and emerging powers the credit for this deal. The emerging powers brokered their way in to the first substantive deal within the Doha Round (Wilkinson 2016, 328).

Many scholars agree that the Bali package had a strong tilt in favor of the LDCs, both through the LDC-specific decisions as well as through the developmental aspects of other decisions. This resulted into the fact that one-third of the Bali Package deals directly with LDC concerns, while other aspects of the package also take the needs of the LDCs into account. Needless to say, this is a great outcome for the world's poorest countries ever achieved in a multilateral negotiation (Narlikar and Priyadarshi 2014, 1059). However, other scholars seem to think that the eventual results will be more in favor of the developed world.

The Bali Package, like any other agreement in the WTO, is asymmetrical as previously mentioned by Lee in the evolutionary game theory (Lee 2011, 871). Furthermore, it seems that the developing world's voice has broken up in multiple coalitions and has thus been fractured, which will make it more difficult for them to advance their collective agenda in future negotiations. In the end, although LDCs will certainly benefit from all three parts of the package, the gains from trade facilitation will be mostly directed towards the developed world. Meanwhile, the LDC package contains

little of substantive value (Wilkinson et al. 2014, 1045). Lastly, it is important to remember that the Bali Package is just a small fraction of the work program of the Doha Development Agenda. Additionally, the issues in the Bali Package only cover the least contentious issues.

These issues aside, the real work began after the negotiations. To avoid losing the newly regained credibility, rebuild confidence in the multilateral trade system, and create political momentum, the Bali package needed to be successful. The Bali package left a lot of unfinished business and as WTO Director-General Roberto Azevêdo said: "the risk of failure is still present" with little time left to deal with the remaining "big icebergs" (Karmakar 2013, 3). Nevertheless, no clear process has been established to bring the Doha to a closure. Instead Members have given themselves twelve months to prepare a "clearly defined work program on the remaining Doha Development Agenda issues" (WTO 2013). However, in August 2014, the WTO stated that it has failed to agree a global customs pact, part of the TFA, drawn up in the Bali meetings. It was finally blocked by India's demands for concessions on the stockpiling of food. Breaking up the coalition between India and other developing countries (G33). The US ambassador to the WTO, Michael Punke said that the failure to agree a deal had "put this institution on very uncertain new ground" (BBC News 2014). Indeed, the failure to agree on the TFA did raise questions about whether the WTO has a future as a forum for international trade negotiations, as FTAs and RTAs are proliferating.

Table 1: Bali Ministerial Declaration "Package" summary

	Agenda items	Sub-items		Decision
Part I	Reaffirming principles and objectives set out in the Marrakesh Agreement establishing the WTO			Welcoming advances made
Part II	1. Trade Facilitation	Agreement on Trade Facilitation		Decision(s) made
	2. Agriculture	(1) General Services		
		(2) Public Stockholding for Food Security Purposes		
		(3) Understanding TRQ Administration Provision of Agricultural Products		
		(4) Export Competition	(i) Export subsidies	Reaffirmation of MC9
			(ii) Export credit	
			(iii) International food aid	
			(iv) State trading enterprises	
	3. Development	Improvement of S&DT provisions		Decision(s) made
	4. LDC issues	(1) Preferential Rules of Origin		
		(2) Preferential Treatment for Services/Service suppliers		
		(3) Duty-Free Quota-Free Market Access		
		(4) Cotton		Reaffirmation of MC9
Part III	Post-Bali Work			Reaffirming commitment

Source: Author's compilation, format used from Suh and Lee (2016).

2.1.6. Nairobi Ministerial

The tenth and most recent MC was held in Nairobi on December 15-19, 2015. The Nairobi MC focused on five key issues: (1) agriculture, (2) LDC issues, (3) development, (4) transparency, and (5) rules. However, only the issues related to

agriculture, and three out of four LDC issues were agreed upon during the meetings. These agreements were then put into a much smaller package than the previous package: The Nairobi Package.

Agriculture again became the core part of the negotiations. The members agreed on issues regarding export competition, special safeguard mechanisms for developing countries, and public stockholding for food security purposes (WTO 2015). The WTO deal on export competition was the most successful part of the Nairobi Package. It required export subsidies to be eliminated by developed countries immediately and by developing countries within three years (by 2018), while allowing extensions for developing and LDCs regarding marketing and transportation costs subsidies. However, there was an exemption for developed countries allowing them to maintain export subsidies until 2020 for processed products, dairy products and pork meat. Furthermore, despite the efforts by G33 countries, they failed to incorporate SSM as a new trade remedy measure that would allow developing countries to impose tariffs on agriculture products in the event of disruptive import surges (Suh and Lee 2016, 2), and opted for a watered down SSM. Regarding public stockholding for food security purposes the members reaffirmed their commitment to continue efforts to find a permanent solution to this problem, but it did not contain anything new compared to the previous Bali Package.

However, important issues arose during the Nairobi MC, namely the future of the WTO multilateral trading system. The Ministerial Declaration acknowledgement the deep division between its Members and even though they agreed on a strong commitment to advance the negotiations, including the three pillars of agriculture, the text seemed worrisome about the future of the Doha Development Round. Another issue is that the USA and EU, with support from a large number of other members, seem to have agreed that the Doha Development Agenda no longer presents a viable means of moving the multilateral trading system forward. They argue that the Doha Development Round is frozen in time and want a new framework for negotiations, a fresh start with a new round with different issues. Whereas, India, the G33, LDCs, the ACP, and the Africa Group argued that there are too many unfinished businesses in the Doha Development Round for it to be buried, blaming other countries for blocking its continuation (Financial Times 2015).

However, the Ministerial Declaration of the Nairobi Round did reintroduce a framework for negotiation permitting the conclusion of small group agreements, which was a main feature of almost all trade rounds before the Uruguay Round. This decision is a small recognition that the pursuit of universal agreements like the Doha Development Agenda are too difficult without the kind of institutional bargaining that enabled the Uruguay Round to be concluded (Wilkinson et al. 2016, 254). Final verdicts on the outcomes of the Nairobi Ministerial Conference range from "Another

failure at the WTO" to WTO Director-General Roberto Azevêdo's praising of a "historic breakthrough" (WTO 2015). Complete failure was certainly avoided, but the much needed confidence in the future of the current agenda faded away.

Table 2: Nairobi Ministerial Declaration "Package" summary

<table>
<tr><th></th><th>Agenda items</th><th colspan="2">Sub-items</th><th>Decision</th></tr>
<tr><td>Part I</td><td colspan="3">Background and twentieth anniversary of the WTO</td><td>Made beforehand</td></tr>
<tr><td rowspan="12">Part II</td><td rowspan="6">1. Agriculture</td><td rowspan="4">(1) Export Competition</td><td>(i) Export subsidies</td><td rowspan="6">Decision(s) made</td></tr>
<tr><td>(ii) Export credits</td></tr>
<tr><td>(iii) State trading enterprises</td></tr>
<tr><td>(iv) International food aid</td></tr>
<tr><td colspan="2">(2) Special Safeguard Mechanism</td></tr>
<tr><td colspan="2">(3) Public Stockholding for Food Security Purposes</td></tr>
<tr><td rowspan="4">2. LDC Issues</td><td colspan="2">(1) Duty-Free Quota-Free Market Access</td><td>Deleted from agenda</td></tr>
<tr><td colspan="2">(2) Preferential Rules of Origin</td><td rowspan="2">Decision(s) made</td></tr>
<tr><td colspan="2">(3) Preferential Treatment for Services/Service suppliers</td></tr>
<tr><td colspan="2">(4) Cotton</td><td>Partial decision made</td></tr>
<tr><td>3. Development</td><td colspan="2">Improvement of S&DT provisions</td><td rowspan="5">No decision(s) made</td></tr>
<tr><td rowspan="3">4. Transparency</td><td colspan="2">(1) Domestic service rules</td></tr>
<tr><td colspan="2">(2) RTA notification</td></tr>
<tr><td colspan="2">(3) Notification of fisheries subsidies</td></tr>
<tr><td>5. Rules</td><td colspan="2">Prohibited subsidies (fisheries subsidies)</td></tr>
<tr><td>Part III</td><td colspan="3">Reaffirmation of Doha Development Agenda</td><td>Recognizing differences in opinions</td></tr>
</table>

Source: Edited by author, from Suh and Lee (2016).

2.1.7. Buenos Aires Ministerial

The eleventh MC will be held in Buenos Aires on December 11-13, 2017. However, a lot has changed in the developed world. The main difference is the US, where the pro-liberalization democratic leader, former President Obama, has been replaced with the anti-liberalization republican leader, President Trump, who will put American interests first in trade deals (White House 2017). Under his administration further compromises in favor of the developing world in the WTO will be hard to be accomplished, as the US, the biggest economy in the world, will most likely back out, as they did with the TPP. On the other hand, the developing world has fully united and China and India proposed a joint removal of US and EU farm subsidies. Their proposal will eliminate 160 billion USD of trade-distorting farm subsidies and has come as a game changer in global farm trade negotiations, which is more than 90 percent of the global entitlements (Economic Times 2017). This can be achieved through the elimination of the Aggregate Measurement of Support (AMS) within the WTO's Agreement on Agriculture, which India and China describe as largely asymmetrical in favor of the developed world (WTO 2017). The EU seems more positive in response to these new agricultural proposals, whereas the US has yet to release a statement.

The WTO knows what is at stake and reassures its members that there is indeed "life after Buenos Aires" (WTO 2017), and want to make sure that its Members know that

this is not the end of the WTO, how ambiguous as their previous texts and statements might have sound. It is clear that during the Buenos Aires MC the future of the Doha Development Round will be decided, which is one of the biggest disagreement among WTO Members, together with the WTO's negotiation function and the one-vote system (Lester 2016, 2). Nevertheless, it seems that the developed world is certain that the Doha Development Round is dead and should not be revived, but leaves space open for a revival of trade multilateralism (Financial Times 2015). However, what the exact future of the WTO will be, will be made clear after the eleventh MC.

2.2. Conflicting Interests

As made clear in the previous part of this chapter, there are some conflicting interests between WTO members. Clearly the WTO is not a like-minded unified group of countries anymore. The developed world and the developing world are on the opposite side of each other and finding a middle ground has proven to be difficult. However, this is not the only problem that has arisen during the Doha Development Round. There has been a schism within both coalitions as well, as the developing countries coalition and the developed countries coalition seem to have shown some cracks. These cracks, together with the main schism, will be analyzed in this part.

2.2.1. Developing versus Developing

Since the Uruguay Round it seemed that the developing countries unified themselves in one bloc, which has played an important role in consolidating between the developed world and the emerging powers such as India, China, and the other BRICS countries. Through the brokering power of the developing countries bloc the Bali Package was agreed upon, the first major breakthrough in the WTO since its founding. However, as strong as this new bloc with one voice may seem, it does show some cracks. After the Bali Package we see that the developing world's voice has broken up in multiple coalitions and has thus been fractured, which will make it more difficult for them to advance their collective agendas in future negotiations under the asymmetric evolutionary game theory the multilateral system is currently in.

Nevertheless, the emerging powers in the WTO have begun rallying up other countries to fight against the US and EU dominance. Not only developing countries have joined the emerging powers, large agricultural exporting developed countries such as Australia and Canada (and others in the Cairns Group) have chosen the side of the emerging powers in demanding more liberalization in the agricultural sector of the US and EU. And recently a fully united developing world under China and India proposed a joint removal of US and EU farm subsidies through the elimination of the AMS within the WTO's Agreement on Agriculture, which India and China describe as

largely asymmetrical in favor of the developed world. As the EU responded somewhat positive to these new agricultural proposals and the US under President Trump has yet to release a statement, it seems that this new bloc may break up the developed countries' bloc. Nevertheless, the emerging powers need to keep the developing countries bloc together, which is the biggest issue right now with RTAs proliferating.

2.2.2. Developed versus Developed

The developed countries bloc seems less secure than it was before. Previously, there were only two different strategies regarding the agricultural liberalization within the developed world: (1) large liberalization with the elimination of export subsidies, supported by the US, and (2) Multifunctionality with moderate and flexible tariff cuts and flexible domestic support, supported by the EU, Norway, Switzerland, Japan and South Korea. Nevertheless, these differences seem easier to fix than the developing versus developed debate, as the EU and the US have reached multiple agreements on broad frameworks for negotiating the agricultural trade liberalization. And in the past, as long as the EU and the US see eye to eye, the rest of the developed world followed.

However, the EU and US have lost some power since the Uruguay Round and the developed countries bloc is showing some cracks. The developed world is not one voice anymore. Large agricultural export developed countries such as Australia and

Canada (Cairns Group) now demand more agricultural liberalization from the EU and US in order to increase the exports of their agricultural products. The Cairns Group seems to be in line with what the US wants, to eliminate export subsidies, but the US is against the cuts in domestic support, which the Cairns Group desires. It seems that a third strategy has surfaced within the developed world: (3) the strategy of the Cairns group, which is in line with what the developing countries want: complete liberalization of the developed countries' agricultural market.

The developed world seems heavily fractured, not only on a country level, but also from within. NGOs from the developed world criticize their government for its protectionism in their agricultural market and in return are destroying the livelihood of farmers in poor countries. These NGOs have become a powerful voice since the Seattle Ministerial Conference of 1999 and have resurfaced since the Hong Kong Ministerial Conference in 2005. However, agricultural lobbies from the developed world have the exact opposite opinions about the opening up of the developed world's agricultural market. Farmers in the developed world are starting to lobby against the new agricultural reforms. Not only farmers from EU countries, one of the heavily subsidized agricultural market, but also from other developed countries such as South Korea and Japan. Farmers from major EU agricultural export countries, such as France and the Netherlands, receive a huge amount of direct payments from the EU to sustain their exporting powers and are not willing to retreat easily. Major companies and

farmers' cooperation have unified in the SOS (Save Our Subsidies) lobby, and brace for battle to save their subsidies (Politico 2016). Not to mention the lobbies from Korea, which seem to be even more braced for battle.

The reason why farmers from these developed countries from the Multifunctionality strategy are becoming fiercer is because unlike other heavily subsidized countries such as the US, farmers from these countries cannot survive without subsidies and will be forced to sell their livelihood and start anew again. And for most of the farmers, they just lack the education and will to start all over again. Especially for these farmers a new strategy must be found, such as replacing their food-focused agricultural production for biofuel-focused agricultural production. Recent studies have shown that if EU farmers switch from food to biofuel farming, 33 percent of the food support could be removed with no net farm revenue loss, using the profits from biofuel to compensate for subsidy reductions (Baka and Roland-Holst 2009, 2505). Another strategy was proposed by the German Minister of Agriculture, Renate Künast, who wanted to steer the CAP in a new direction. Subsidies should help organic farming, and not the intensive methods that now predominate the agricultural sector. Thus in short, if farmers want subsidies, they need to switch to organic farmers (Landau 2001, 924). Due to the increasing voice of the developing countries, these might seem to be the only choices the developed world has to keep the WTO alive.

2.2.3. Developed versus Developing

Nonetheless, the biggest schism in the WTO is the one between the developed and developing countries. Now that the developing countries outnumber the developed countries, and large emerging economies are getting a foothold in the institutions, the old mindset of the WTO institution seems to be crumbling down. The developed countries are not enthusiastic about their institution crumbling down and are trying everything to save what is left. This lack of enthusiasm could be seen at the start of the Doha Development Round when the EU CAP reform was delayed, and when it was finally released there were no large cuts in subsidies. Another example is the US Farm Bill of 2002, which increased subsidies by $190 billion. To the developing countries this shows as a lack of good faith. Nevertheless, the developed countries did want to go on with the negotiations and offered small packages and reduced their demands on the opening up of the developing countries' economy. However, the developing countries started to unite and become "one voice" representing a group. Further "breakthroughs", as the developed world called them, were blocked by this new bloc of developing countries with the emerging powers of the BRICS countries as their leaders.

However, the unity of the developing countries is quite brittle, which can be seen in the bloc breaking up on certain issues. It seems that the developing countries are not as united as they imagined to become. Nevertheless, these are some small issues that can

be fixed easily, under strong leadership. However, even though strong leaders such as India, China, and the other BRICS countries are emerging on the stage of multilateral trade, their foothold remains weak. This can be explained through the asymmetric nature of the multilateral trade system. From the start the GATT was always in favor of the developed countries, as these were the only member countries. When the developing countries entered the playfield they entered a largely asymmetrical institution which has been built by the developed countries, in favor of the developed countries. While the purpose of the GATT and WTO has been to aid economic growth and expansion in developed countries, it also offered developing countries the chance of real, but considerably smaller benefits when joining the multilateral trading system.

Furthermore, now that the Doha Development Round is not going the way the developed countries want it to go, they start to back off, as seen during the Nairobi Round, where the developed countries start to become more in favor of plurilateral solutions. The developed countries want a fresh start with different issues, as they say it is frozen in time and out of fashion. Whereas the developing countries argue that there are too many unfinished businesses in the Doha Development Round for it to be buried. The reason for this death declaration by the developed countries might be found in the fact that the developed countries cannot make any progress in the WTO, without giving up major protectionist measures in place to protect their own industry. And seem to search for trade liberalization elsewhere, namely in plurilateral

agreements such as the TPP and TTIP, excluding the emerging developing powers such as China, India, and others, that not share their opinion about agricultural trade liberalization. It seems that the emerging powers have reached a glass ceiling (Wilkinson 2016, 327).

However, there is a small crack in the plan of the developed world, the Trump administration. Where plurilateral agreements such as the TPP and the TTIP were supposed to undermine the increase of power to the emerging powers, by excluding them, President Trump seems to undermine this plan. When ascending to power, President Trump immediately "killed" the TPP and put the TTIP on hold (NY Times 2017). Especially the TPP, could have become one of the strongest plurilateral agreements to create an economic bulwark against a rising China, by excluding it from this 12-nation mega-agreement. However, because of Trump's ignorance, this might be just the right time for the developing countries and the emerging powers to gain a foothold in the WTO.

Looking at the evidence from the current WTO Ministerial Meetings, it is up to the developing world to come up with a different way to save the system. A failure to get a new deal will only be bad for the developing world, not the developed world (see Evolutionary Game Theory). However, under President Trump's leadership the US will most likely be unreasonable. Therefore, the developing countries need to unify and

see to get the EU and other developed countries on their side. And maybe give up some of their areas they do not want to liberalize (such as intellectual property, e-commerce, service industries, among others), in order for the EU to liberalize their agricultural sector. A balance must be found in which both the developed and developing countries can find a way to sell it to their citizens. Since the start of the Doha Development Round it there has only been a "take" attitude, but now there needs to be a "give and take" attitude, coming from both developing and developed countries.

3. Agricultural Sector Liberalization in FTAs and RTAs

Where negotiations in the trade liberalization of the agricultural sector within the WTO have reached a crossroad, the negotiations in bilateral (FTAs) and plurilateral (RTAs) agreements have been more successful. However, what exactly have these FTAs and RTAs done differently compared to the negotiations in the WTO, and why have they seem to succeeded where the WTO cannot succeed? This chapter will therefore focus on the successes of FTAs and RTAs in consolidating on reforms and liberalizations in their agricultural sector. It is divided into three sections: (1) the agricultural sector liberalization in various FTAs, (2) the agricultural sector liberalization in the most relevant RTAs, and (3) confirming interests, found within the negotiations.

3.1. Agricultural Sector Liberalization in FTAs

To conduct this analysis 253 FTAs were researched if they included cuts on agricultural tariffs and if they included an agricultural chapter in their agreement (See Annex 1: Free Trade Agreements). These 253 FTAs also include FTAs between individual countries and RTAs, such as Canada-EU FTA (CETA). Of the 253 FTAs, 88 did not include tariffs cut on agricultural products (34.8%); 164 did include tariffs cut on agricultural products to a certain degree (64.8%); and 1 was signed but the text was not available yet (0.4%). Furthermore, of the 253 FTAs, 80 did not include articles

on agricultural products (31.6%); 172 did include articles on agricultural products, mostly referring back to the WTO's Agreement on Agriculture (68%); and 1 was signed but the text was not available yet (0.4%).

There were some reoccurring elements that could be easily seen in most of the 252 FTAs. The FTAs conducted prior to the 2000s mostly did not include any agriculture provision, nor did they focus on tariffs cuts for agricultural products. Most of these pre-2000s FTAs focused on basic trading in industrial goods. It is quite interesting to notice that the pre-2000s FTAs between former Soviet Union states were mostly regarding defense systems, minerals, nuclear industries, protection of people and public moral, and IP protection. However, after 2008, right after the disastrous Hong Kong Ministerial Meeting of the WTO, most FTAs do include a considerable amount of agricultural tariff cuts, although most of these are staged cuts, where tariffs will be eliminated over a certain period of time. After 2008 we can see different countries on the stage of FTAs negotiations who are dominating the field, including: (1) Multifunctionality strategy (EU, EFTA, Korea, Japan); (2) the US strategy; (3) the immediate liberalization strategy of the Cairns Group countries (ASEAN; Australia, New Zealand, Canada, Latin America); and most noticeable (4) the full on liberalization strategy of Singapore and Brunei.

Knowing the different players and their strategies it becomes easier to pick which FTAs to focus on. To conduct this research, the focus will be laid not merely on tariff reductions on certain agricultural products, but on far reaching tariff reductions on agricultural products, where the ultimate tariff will become 0% (immediately or in staged), and the inclusion of an agricultural chapter, which does not merely refer back to the WTO's Agreement on Agriculture.

Furthermore, three different approaches could be seen in the liberalization of agricultural goods: (1) bottom-up approach, with a positive listing, used in treaties with the USA; (2) top-down approach, with a negative listing, used in treaties with multifunctionality countries; and (3) full-on liberalization, used in treaties with Cairns Group countries. These elements, including the four different strategies is why the FTAs in table 3 were chosen to be researched more thoroughly.

Table 3: Researched Free Trade Agreements

Approach:	**FTAs:**
Bottom-up approach	Korea-Canada; Korea-USA; Australia-USA
Top-down approach	EFTA-Singapore; EU-Canada (CETA); Korea-ASEAN
Full-on liberalization	Singapore-Australia

Source: Author's compilation.

3.1.1. Bottom-up Liberalization

3.1.1.1. Canada-Korea FTA

Canada and South Korea agreed to form an FTA on September 22, 2014, and entered into force January 1, 2015 (Canada-Korea FTA 2014). When fully implementation the FTA will eliminate 97.8 percent of Korean products to Canada and 98.2 percent of Canadian products to Korea (CBC News 2014). In this agreement, both countries differ in strategy on how to liberalize the agricultural market. South Korea prefers gradual liberalization and flexibility in terms of subsidies. Whereas Canada, as a major exporter of agricultural products and part of the Cairns Group, wants to completely liberalize the agricultural market, so that its producers can achieve higher profit rates. Nevertheless, a common ground was found and compromises were made to form this FTA. Most of the compromises were made for Korea in the agricultural goods listing, but Canada has reserved some exemptions as well.

Firstly, market access and tariff reductions. Tariff schedules are divided into six main categories: (1) Category A tariffs will be eliminated entirely and such goods shall become duty-free on the date the agreement enters into force; (2) Category B tariffs shall be removed in three equal annual stages; (3) Category C tariffs shall be removed in five equal annual stages; (4) Category D tariffs shall be removed in 10 equal annual

stages; (5) Category E tariffs shall be exempted from tariff eliminations; and (6) Category F tariffs shall be removed in 11 equal annual stages. However, there are exemptions to these categories, namely 15 extra staging categories only applicable to Korea. However, Canada does not have these exemptions. Most important in these exemptions are the following categories: (1) Categories M and N, which remain at the base rates of 100% for 9 years and then have equal annual stages of tariff removal; (2) Category S, which has a seasonal shift where from December 1 through April 30 in each year one to fifteen, customs duties shall be eliminated entirely. Tariffs will be eliminated entirely by year fifteen; (3) Category X, which does not have any obligations regarding custom duties according to the exemption in the agreement as it has a waiver from the WTO.

Looking at the tariff schedules for both countries, there seems to be mostly listing of products, with some excluding. Canada has 246 pages of listed products, whereas Korea has 286 pages of listed products. The Korea-Canada FTA states that except as otherwise provided in the agreement, the market access chapter applies to the trade in goods of a Party (Article 2.1), but not all goods. The Korea-Canada FTA thus takes a bottom-up approach of positive listing in the liberalization of goods. Both Korea and Canada will eliminate mostly all tariff duties on industrial goods starting from the date the agreement enters into force (Category A). However, regarding agricultural products both countries have a different strategy.

Regarding Canada, as it is a major exporter of agricultural products, a lot of its agricultural products will be exempted from tariff duties from the start (Category A), however there are also some B and C categories which cover the over access commitments (mostly wheats and barleys). Exempted from the agreement (Category E) are mostly diary and some poultry products.

Regarding Korea, its obligations to liberalize its agricultural market are more restricted by annual staged tariff reductions. A lot of the A categories were already at the 0 percent base line, thus free of any tariffs, and the other agricultural products are mostly falling in to B, C, or D categories. Under the exempted from any obligations category E, Korea lists mostly distinctive Korean products such as bean paste, gochujang, ginseng, samgetang, and fermented alcohol. Cigars and cigarettes are also listed under category E, most likely an effort to combat smoking as has been government policy in recent years. Under the special categories which are only applicable to Korea, categories M and N seem to only focus on certain fishes such as mackerel, Alaskan Pollock, and croakers. Category S only focusses on potatoes at a 304% base rate. And lastly category X, which is a complete exemption of tariff reduction obligations, is due to Korea's WTO waiver on rice (rice clause), which allows Korea to not have any obligations to open up its market to foreign rice.

TRQs will be implemented and administered by both Canada and Korea, in accordance with Article XIII of the GATT 1994, but need to be fully transparent. TRQs are implemented on pork, apples, pears, barley, potatoes, and flours, but will be removed after 16 to 21 years together with the safeguard duty, with trigger levels rising every year. However, TRQs on honey, fodder, soybeans and malt will not be removed, but trigger levels will rise every year to accommodate increases in trade.

Secondly, domestic subsidies and export subsidies on agricultural goods were not discussed in this agreement. The agreement refers back to the rights and obligations of the parties in respect of subsidies governed by Articles VI and XVI of the GATT 1994, the WTO Agreement on SCM.

Thirdly, this FTA also includes an extensive chapter on Trade in Services (chapter 9), Trade in Financial Services (chapter 10), Telecommunications (chapter 11), IPR (chapter 16), environmental protection (chapter 17), and a dispute settlement system (chapter 21). Furthermore, what is interesting is that in the exemptions chapter (21), aside from the general exemptions and WTO waivers (Korea's rice clause), the agreement also exempts cultural industries except as specifically provided in Article 1.6 (Cultural Cooperation) and 2.3 (Tariff Elimination).

Concluding, the market access part of the FTA shows the differences between both countries. The Multifunctionality strategy of Korea prefers flexibility and graduate elimination of tariffs, with large exclusions in domestically important agricultural industries, such as in Korean products and rice (which is allowed due to its WTO waiver). The Cairns Group strategy of Canada is shown in its willingness to completely eliminate tariffs on a lot of its agricultural products, if Korea does liberalize its agricultural market. In this agreement Canada compromises its demands with Korea by giving Korea the opportunity to gradually remove its market access barriers, and by not mentioning any export subsidies or domestic subsidies in the agreement. By compromising Korea and Canada, two countries with completely different liberalization strategies, can be in an agreement with each other.

Table 4: Korea-Canada FTA quick summary

Signing date	September 22, 2014
Date of enforcement	January 1, 2015
Approach	Bottom-up approach (positive listing)
Elimination rate	99.8% of all tariffs on goods
Liberalization type (Agriculture)	Gradual staged liberalization
Market access focus	Agriculture and vehicles
Exemptions	Dairy and poultry products; distinctive Korean products; cigars and cigarettes; Rice (Korea's WTO waiver); TRQs
Subsidies	Refers back to WTO treaties (GATT '94; SCM)
Including modern chapters	Investment; Trade in Services (excluding cultural sector); IPR; Environment; Dispute Settlement system
Compromises	To open up the Korean agricultural market, Canada opened up its automobile market.

Source: Author's compilation.

3.1.1.2. USA-Korea FTA

The USA and South Korea agreed to form an FTA (KORUS) on June 30, 2007, and entered into force March 15, 2012 (KORUS 2007). It was the largest trade deal the US has signed since the signing of the NAFTA in 1993. When implemented by January 1, 2016 the KORUS FTA eliminated 95 percent of all tariffs on trade on goods between the USA and Korea (USTR 2014). The KORUS FTA focusses on the liberalization of the Korean agricultural market and lifting tariffs on automobiles from Korea to the USA. Nevertheless, the KORUS FTA is currently under stress of the US, as President Trump states that the FTA is unfair and largely in favor of South Korea and is demanding a renegotiation or even withdrawal (The Washington Post, 2017).

Firstly, market access and tariff reductions (chapter 2). Article 2.1. of the KORUS makes clear that except as otherwise provided in the agreement, the market access chapter applies to trades in goods, but not all goods. Annex 2-B provides a listing of tariff schedules for both the USA and Korea, which follows a bottom-up approach with positive listing. Interesting in this chapter is also Article 2.13 which lists distinctive products, distinctive to a region in the USA or Korea, such as Tennessee whiskey or Andong soju as protected by this agreement. Chapter 3 on Agriculture also includes the approval of using TRQs (Article 3.1) and Annex 3-A concerns Korea's legal usage of

trigger levels and maximum duties on sensitive agricultural products such as bovine meat, pork, alcohol, and commonly farmed vegetables and fruits.

There are 5 kinds of general categories in the tariff elimination schedule (Annex 2-B). (1) Category A tariffs will be eliminated upon the date the agreement will enter into force; (2) Categories B to H tariffs shall be removed in equal annual stages (two to fifteen); (3) Category I tariffs will be reduced in unequal stages; (4) Category J tariffs will follow the base rate from year 1 through 8 and will then be removed in four equal annual stages; and (5) Category K tariffs will continue to be free.

There are additions to these categories. Regarding the USA, 2 extra categories are implemented: (1) Category R tariffs, which imposes duty on an assembled article, which shall be treated as the full value of the article, until year 10; and (2) Category S tariffs which will be completely duty free regarding some sensitive articles. Regarding Korea, 5 kinds of extra categories are implemented: (1) Categories L, M, O, P, and Q tariffs are equal annual stages; (2) Categories N and Z tariffs are eliminated but will have ad valorem taxes of 20 to 30 percent, which will be completely duty free starting from 15 and 9 years respectively; (3) Categories U, V, and W tariffs are related to the seasons and will eventually be eliminated; (4) Category X tariffs shall remain at base rate (only applicable to Korea); and (5) Category Y tariffs will be exempted from elimination due to Korea's WTO waiver (rice clause).

Looking at the Tariff Elimination schedules the USA stands out for not having any exceptions. Most of its tariffs on agricultural products will be eliminated as soon as the agreement is in effect. Additionally, most of the industrial goods were already duty-free, only tariffs regarding vehicles will be gradually removed within 15 years. Regarding Korea, the story is somewhat different. Most of Korea's tariffs on agricultural products will have a long liberalization process. Especially categories U, V, and W are interesting in Korea's case, as the seasonal categories only seems to list potatoes and fresh grapes. Furthermore, category Y is indeed the Rice Clause, which allows Korea to implement tariffs on rice products. Looking at industrial goods, Korea will eliminate mostly all tariffs as soon as the agreement is in effect.

As mentioned before, TRQs are allowed in the KORUS. The US will have TRQs on dairy products, which will be lifted after 10 years. However, Korea has a more extensive list of products that will be subjected to TRQs. TRQs on the following products will be eliminated after 10 to 15 years: flatfish, Alaskan Pollock, croaker, food whey, butter, cheeses, barley, malt, maize, ginseng, fodder, dry milk, feeds, and dextrin. TRQs on the following products will not be eliminated, but the quota will be raised by 3 percent annually, after year 5: milk/cream powder, honey, potatoes, oranges, and soybeans.

Secondly, domestic subsidies and export subsidies on agricultural goods were not fully discussed in this agreement. Neither does it refer back to the GATT 1994, the WTO Agreement on SCM, and the WTO Agreement on Agriculture, as most agreements do. This is most likely due to the protests of Korean farmers, to further liberalize the Korean agricultural market. Thousands of Korean farmers protested against the KORUS FTA, and one protestor even set himself on fire and later succumbed to his injuries (The Hankyoreh, 2007). But also the US agricultural lobby were heavily in favor of excluding subsidies from the agreement.

Thirdly, the KORUS also focusses on modern aspects of trade liberalization, including an extensive chapter on pharmaceuticals (chapter 5), investment (chapter 11), and the liberalization of trade in services (chapter 12, 13, 14, and 15). Furthermore, it includes a chapter on government procurement (chapter 17), IPR (chapter 18), and environment (chapter 20). Lastly, its Dispute Settlement system (chapter 22), like any other FTA, looks alike the WTO Dispute Settlement system.

Concluding, the KORUS largely focuses on opening up the Korean agricultural market to the US and opening up the USA's automobile market to Korea. However, as long as compromises go the KORUS is largely a compromise by the USA in favor of Korea. The Korean agricultural market will not be liberalized as soon as the USA's automobile market, and the Korean agricultural market is considerably smaller than the

USA's automobile market, which will be fully liberalized. The agreement also does not mention any elimination in subsidies, which can create even more trade distortion in the Korean agricultural market. In the end, it seems like this FTA was indeed more favorable to Korea, as President Trump mentioned. Nevertheless, a renegotiation or even worse a withdrawal of the FTA will worsen the political relations between Korea and the USA.

Table 5: USA-Korea FTA quick summary

Signing date	June 30, 2007
Date of enforcement	March 15, 2012
Approach	Bottom-up approach (positive listing)
Elimination rate	95% of all tariffs on goods
Liberalization type (Agriculture)	Gradual staged liberalization
Market access focus	Agriculture and vehicles
Exemptions	Rice (Korea's WTO waiver); TRQs
Subsidies	Allows domestic and export subsidies
Including modern chapters	Pharmaceuticals; Investment; Trade in Services; Government Procurement; IPR; Environment; Dispute Settlement system
Compromises	To open up the Korean agricultural market, the USA needed to open up its automobile market to Korea

Source: Author's compilation.

3.1.1.3. Australia-USA FTA

The USA and Australia agreed to form an FTA on May 18, 2004, and entered into force on January 1, 2005 (Australia-USA FTA 2004). When fully implemented the

Australia-USA FTA will eliminate 99 percent of all tariffs on trade on goods between the USA and Australia (Australian Government 2005). In this case Australia is part of the Cairns Group and is actively pursuing full agricultural liberalization. However, the USA does have some reservations about full on liberalization of its agricultural market, especially regarding the elimination of subsidies. USTR Robert R. Zoellick said that: "This is the most significant immediate cut in industrial tariffs ever achieved in a U.S. free trade agreement, and manufacturers are the big winners." (USTR 2004). For the USA the focus thus laid on the liberalization of industrial goods.

Firstly, market access and tariff reductions (chapter 2). The agreement makes it clear that except as otherwise provided in the agreement, each party shall eliminate its custom duties on goods originating from the other party (Article 2.3), but not all goods. The Australia-USA FTA thus uses a bottom-up approach with positive listing. Furthermore, in the agricultural section (chapter 3) both parties agreed to work together on reaching a substantial Agreement on Agriculture in the WTO which will improve the market access of goods, phase out all forms of export subsidies, and reduce trade distorting domestic support subsidies (Article 3.1). It does not say it wants to completely eliminate domestic support subsidies, due to the farmer lobbies in the USA. TRQs are also allowed in the agreement, but need to be consulted before implementation (Article 3.5). Additionally, both parties agreed that neither shall establish agricultural safeguard measures (Article 3.4).

There are 5 kinds of general categories in the tariff elimination schedule (Annex 2-B). (1) Category A tariffs will be eliminated upon the date the agreement will enter into force; (2) Category B tariffs shall be removed in four equal annual stages; (3) Category C tariffs shall be removed in eight equal annual stages; (4) Category D tariffs shall be removed in ten equal annual stages; and (5) Category E tariffs will continue to be free. Furthermore, each country has four additional textile related tariffs: (1) T1 tariffs shall not exceed 3 percent, and will be duty free starting from January 1, 2010; (2) Tx tariffs shall not exceed 5.5 percent until January 1, 2010, 3 percent until January 1, 2014, and will be duty free afterwards; (3) T2 tariffs shall not exceed 8 percent until January 1, 2010, 3 percent until January 1, 2014, and will be duty free afterwards; (4) T3 tariffs shall not exceed 15.5 percent until January 1, 2010, 8 percent until January 1, 2014, and will be duty free afterwards.

There are country-specific additions to these categories. Australia only has one extra category, namely: Category L tariffs, which will be removed in equal annual stages and will be duty free by January 1, 2010. The USA has five extra categories, namely: (1) Category F tariffs, which shall be removed in eighteen equal annual stages; (2) Categories G and H tariffs, which will be at base rate during year 1 through 8, and will then drop 5.6 and 6.7 percent annually until year 14, drop 11.1 and 13.3 percent annually until year 18, and will become duty-free by year 19; (3) Category I tariffs, which will be exempted from any tariff cuts and will remain at base rate; and (4)

Category J tariffs, which will be valued at costs outside the US and will become duty free in year 10 (concerning spare-parts).

Looking at the Tariff Elimination schedules Australia stands out for not having any exceptions and for liberalizing its entire agricultural market to the USA starting from beginning of the agreement. Category B and C are not included in its tariff schedule. Category D is included, but is only applicable to certain footwear. Furthermore, Category L only applies to vehicles, which will be duty-free starting from the January 1, 2015. Furthermore, most of Australia's tariffs were already eliminated (category E). The USA's tariff elimination schedule is somewhat more complicated. It does not free up tariffs on agricultural products as quick as Australia, and most of its agricultural products thus fall under categories B, C, D, and F. Contrary to Australia, the USA exempts some products (dairy related products, and peanuts) from tariff reductions under category I. For both Australia and the USA categories T1, Tx, T2, and T3 are indeed only related to textile products.

As mentioned before, TRQs are allowed in this agreement, but are currently only implemented by the USA. There are 2 types of TRQs allowed in this agreement: (1) TRQs that will be duty-free after 11 to 19 years, and (2) TRQs that will increase on a fixed track till year 18 and percentage wise every year after year 18. In the first type, TRQs on beef, peanuts, tobacco, cotton and avocados will disappear after year 19, the

TRQs on wine will disappear after year 11. In the second type, creams (including ice-creams) and condensed milk TRQs will increase by 6 percent after year 18. Butter, milk powder and cheeses will increase by 3 to 5 percent after year 18. Australia does not have any set TRQs.

Secondly, domestic subsidies on agricultural goods were not fully discussed in this agreement. However, the use of export subsidies is included and is banned from usage by either party, other than provided within the agreement (Article 3.3). Currently there are 2 kind of export subsidies allowed within the agreement: (1) price-based safeguards for horticulture products (onions, garlics, tomatoes, asparagus, pears, apricots, peaches, juice (orange and grape), and tomato sauces), and (2) beef related export subsidies. Both export subsidies are only used by the USA.

Thirdly, the FTA between Australia and the USA also focusses on modern aspects of trade liberalization, including an annex on pharmaceuticals (Annex 2-C), the liberalization of trade in services (chapter 10, 12, and 16), and investment (chapter 11). Furthermore, it includes a chapter on government procurement (chapter 15), IPR (chapter 17), and environment (chapter 18). Lastly, its Dispute Settlement system (chapter 21), like any other FTA, looks alike the WTO Dispute Settlement system.

Concluding, the Australia-USA FTA focuses on the liberalization of both parties' agricultural market. However, it seems that Australia opens its agricultural market open completely and instantly. Whereas the USA opts for a gradual liberalization of its agricultural market, including exemptions on certain products, and TRQs on other products. The compromise here was that other Australian industries could have free access to the American market. The real compromise was thus made by Australia.

Table 6: Australia-USA FTA quick summary

Signing date	May 18, 2004
Date of enforcement	January 1, 2005
Approach	Bottom-up approach (positive listing)
Elimination rate	99% of all tariffs on goods
Liberalization type (Agriculture)	Full-on liberalization (Australia); graduate liberalization (USA)
Market access focus	Agriculture and industrial goods
Exemptions	USA (dairy related products, and peanuts); TRQs
Subsidies	Allows domestic subsidies; bans export subsidies
Including modern chapters	Pharmaceuticals; Trade in Services; Investment; IPR; Environment; Government Procurement; Dispute Settlement system
Compromises	To gradually open up the USA agricultural market, Australia entirely liberalized its agricultural market.

Source: Author's compilation.

3.1.2. Top-down Liberalization

3.1.2.1. EFTA-Singapore FTA

The EFTA and Singapore agreed to form an FTA on June 26, 2002, and entered into force January 1, 2003 (EFTA-Singapore FTA 2002). When fully implemented the EFTA-Singapore FTA eliminated 99.8 percent of all tariffs on trade on goods between Singapore and the EFTA. In this case both parties differ in strategy on how to liberalize the agricultural market as well. Singapore is a city-state and does not have any agricultural production on its own, it is therefore easy for Singapore to completely liberalize its agricultural market together with its trading in industrial goods. On the other hand, the EFTA member countries (Norway, Switzerland, Liechtenstein, and Iceland) are not too keen on liberalizing their agricultural market, which is also the main reason they will not join the EU. Therefore, the EFTA countries are actively pursuing a Multifunctionality strategy in the liberalization of their agricultural markets.

Firstly, market access and tariff reductions. This FTA follows different strategies than the previously researched FTAs, as it does not have different categories in which agricultural products will be freed. Furthermore, only the liberalization of processed agricultural products is mentioned in the FTA. Nevertheless, as Singapore is a country without any agricultural production of its own this decision makes sense. Singapore

also abolishes all customs duties on imports from EFTA states on agricultural products (Annex III Article 3). Knowing this it is easy to see that Singapore can nearly completely eliminate all tariffs on Singapore's domestics exports (99.8 percent) to the EFTA member countries, as the remaining Chapters 25 to 95, which deal with non-agricultural goods of the Harmonized System will be opened up. The EFTA-Singapore FTA thus takes a top-down approach of negative listing in the liberalization of goods. The remaining 0.2 percent must deal with barriers on some processed agricultural products mentioned in the agreement.

Therefore, this agreement only deals with agricultural products in Annex III of the Agreement, where only Iceland, Norway, Switzerland and Liechtenstein are mentioned. Most of the agricultural products mentioned in the Annex will be free of any tariff duties, nevertheless, the EFTA countries still are allowed to take account of differences in the cost of the agricultural raw materials incorporated into the products and thus not preclude (Annex III Article 1): (a) the levying, upon import, of a fixed duty, and (b) the application of measures adopted upon export. Of the listed products, milk, pastas, malt, bread, soups and caseins and dextrin products fall under Article 1. Switzerland and Liechtenstein also can levy tariff duties on jams. Furthermore, there are some further exceptions for Liechtenstein and Switzerland. Furthermore, as some EFTA nations (Norway and Iceland) are major fish exporters, a separate chapter on the elimination of custom duties on imports of fish is included.

Secondly, domestic subsidies and export subsidies on agricultural goods were not fully discussed in this agreement. The agreement refers back to the rights and obligations of the parties in respect of subsidies governed by Articles VI and XVI of the GATT 1994, the WTO Agreement on SCM, and the WTO Agreement on Agriculture, as per usual in trade agreements with Multifunctionality countries.

Thirdly, even though it is an early FTA signed in 2002, it was one of the first FTAs to include chapters on the liberalization of trade in services, including financial and telecommunication services (Part III) and investment (Part IV). Nevertheless, in the investment chapter there are some reservations regarding power and energy sectors and repair of transport equipment sectors. EFTA countries also reserves the right to exclude their national cultural sectors from the agreement. Furthermore, all EFTA countries and Singapore reserve the right to lay extra restrictions upon the ownership of companies, land, and real estate. The agreement also includes the protection of IPR (Part VII) and a Dispute Settlement chapter (Part IX).

Concluding, this FTA is a prime example of a shift in focus to services industries and investment policies. The agreement does not focus too much on agricultural products, as Singapore does not produce any raw agricultural products by itself, therefore, it only focusses on processed agricultural products Singapore may produce. Singapore is known for its full liberalization strategy, which can be seen in their liberalization to the

EFTA. However, the EFTA, as a Multifunctionality country, does not follow the same strategy, but compromises in some sectors to create an agreement with Singapore.

Table 7: EFTA-Singapore FTA quick summary

Signing date	June 26, 2002
Date of enforcement	January 1, 2003
Approach	Top-down approach (negative listing)
Elimination rate	99.8% of all tariffs on goods
Liberalization type (Agriculture)	Gradual staged liberalization
Market access focus	All types of goods
Exemptions	Processed agricultural goods; fisheries
Subsidies	Refers back to WTO treaties (GATT '94; SCM; AA)
Including modern chapters	Investment; Trade in Services; IPR; Dispute Settlement system
Compromises	To open up the EFTA agricultural market, Singapore opened up its entire market

Source: Author's compilation.

3.1.2.2. EU-Canada FTA (CETA)

The EU and Canada agreed to form an FTA (CETA) on October 30, 2016, and entered into force September 21, 2017 (CETA 2016). When implemented the CETA eliminated 98 percent of all tariffs on the trade on goods between the EU and Canada, and when fully implemented will eliminate 99 percent of all tariffs (EC 2015). The road to forming the CETA was met with resistance from EU farmers, but nevertheless was pushed through all European parliaments. The EU is known for its agricultural

subsidies, both domestic and export, from which most European farmers cannot live without. Therefore, the CETA is one of the most important FTAs in the world that was able to bring together a country with a liberalization strategy on agriculture (Canada) and one of the most restrictive agricultural markets in the world (EU). It also means it is one of the biggest documents among FTAs, with 1,598 pages of texts.

Firstly, market access and tariff reductions. The CETA will apply to all goods from chapter 1 to 97 of the HS codes, except otherwise provided by Annex 2-A, as mentioned in Article 2.2 of the Market Access chapter. This means that the FTA will use a negative listing and thus a top-down approach. It does allow for a temporary suspension of obligations under Article 2.8, but the party will need to have (a) evidence of systematic breaches of customs legislation, or (b) the exporter refuses to cooperate with the party. Furthermore, Article 3.1 of chapter 3 does allow anti-dumping and countervailing duty measurements.

Looking at the Tariff Elimination schedule (Annex 2-A) it seems that the focus on is mainly laid upon agricultural goods and the export of vehicles. The liberalization of these products is divided into 7 categories: (1) Category A tariffs will be eliminated upon the date the agreement will enter into force; (2) Category B tariffs shall be removed in four equal annual stages; (3) Category C tariffs shall be removed in six equal annual stages; (4) Category D tariffs shall be removed in eight equal annual

stages; (5) Category S tariffs will be frozen for 5 years and then will be eliminated in three equal annual stages; (6) Category E tariffs will be exempted from elimination; and (7) AV0+EP tariffs will be eliminated upon the date the agreement will enter into force, the *ad valorem* tariffs will however be applied.

Regarding Canada, category E is the most interesting as it exempts Canada to eliminate duties on dairy, fowls and turkey products. Canada's graduate liberalization will focus on lifting tariffs on flowers and vehicles. Regarding the EU, fowls and turkey products will also be exempted. Additionally, the AV0+EP tariffs apply to various vegetables (including tomatoes, cucumbers, eggplants, artichokes, etc.) and fruits (mandarins, oranges, grapes, cherries, nectarines, plums, etc.), including juices. The EU's graduate liberalization will also focus on lifting tariffs on vehicles. As both parties agreed to cooperate on bringing their motor vehicle regulations together (Annex 4-A). Furthermore, there will be TRQs on the following products originating from Canada to the EU: processed shrimps, frozen cod, wheat (medium to low quality), sweetcorn, bison meat, beef and veal meat, bovine meat, pork, and cheeses.

Secondly, subsidies are mentioned in the agreement under chapter 7. The CETA mostly focusses on export subsidies as Article 7.5 bans the usage of adopting or maintaining export subsidies on agricultural products. Furthermore, full transparency is needed on any other subsidies, and all subsidies shall be notified every two years by

each party (Article 7.2). However, the CETA does not go into details about domestic subsidies. Another interesting part is that both parties agreed to share the objective of working jointly to reach an agreement to (a) further agricultural liberalization in the WTO, and (b) to help develop a multilateral resolution to fish subsidies (Article 7.4).

Thirdly, the CETA mostly focusses on the liberalization of trade in services (chapter 9, 13, and 15) and investment (chapter 8). There are some main exemptions in the investment chapter as said in Article 8.2.3. which exempts audio-visual services in the EU and cultural industries in Canada from the national treatment principle. The focus on trade in services and investment can be seen in the volume of the agreement, as half of the agreement (around 750 pages) is regarding the reservations both parties have in the liberalization of trade in services and investment. Furthermore, the agreement does have modern inclusive attitude towards the liberalization of e-commerce (chapter 16), government procurement (chapter 19), IPR (chapter 20), and the protection of the environment (chapter 24). Furthermore, it also has a comprehensive Dispute Settlement system (chapter 29), which looks alike to the WTO.

Concluding, Canada, as a major agricultural export, was one of the major opponents of the EU's exclusive agricultural market. After years of negotiating Canada was able to liberalize the EU's agricultural market to its agricultural exports. However, there were compromises to be made. The CETA does not mention anything about domestic

support subsidies, which are one of the major subsidies that distort trade in agriculture, but did manage to eliminate all export subsidies in agricultural products from the EU to Canada. In the end, even though both economies lay a large focus on the agricultural sector, other more modern problems such as the liberalization of trade in services (including financial, telecom, and e-commerce), government procurement, and other issues such as IPR and the environment, created leverage to push through and create a trade agreement between both strategically different parties.

Table 8: EU-Canada FTA quick summary

Signing date	October 30, 2016
Date of enforcement	September 21, 2017
Approach	Top-down approach (negative listing)
Elimination rate	99% of all tariffs on goods
Liberalization type (Agriculture)	Gradual staged liberalization
Market access focus	Agriculture and vehicles
Exemptions	Dairy, fowls, and turkeys; TRQs
Subsidies	Allows domestic subsidies; bans export subsidies
Including modern chapters	Investment (minus audio-visual and cultural services); Trade in Services; Government Procurement; IPR; Environment; Dispute Settlement system
Compromises	To open up the EU agricultural market, the CETA mostly focusses on the opening up of the service sector and modern chapters

Source: Author's compilation.

3.1.2.3. Korea-ASEAN FTA

South Korea and the ASEAN countries are completely different from each other, nevertheless, they agreed to form an FTA on December 13, 2005, and entered into force July 1, 2006 (Korea-ASEAN FTA 2005). When fully implemented the Korea-ASEAN FTA had eliminated 80% of all tariffs on trade on goods between Korea and the ASEAN (IE Singapore 2017).

Korea, once a developing country, became a developed country and is currently known for shipbuilding, automobile industries, chemical industries, and of course electronics with major brands such as Samsung and LG. Nevertheless, as a Multifunctionality country, Korea is still adamantly opposing the complete liberalization of its agricultural market and opts to go for a more graduate and flexible liberalization. A major part of this are the Korean farmers, with Korean protesters being one of the fiercer opponents of any further agricultural liberalization in the WTO.

The ASEAN countries however are more reliant on agriculture and raw resources commercial sectors, with some industry sectors such as textile industries. Furthermore, due to FDI inflow other industries are popping up such as automobile and electronics industries, in for example Vietnam (electronics) and Thailand (automobile). The FTA is therefore not only focused on the liberalization of common goods. It has a wide

range which also include: agricultural goods, trade in services, IPR, and most importantly investment. The agreement also has an extensive dispute settlement mechanism which bears heavy resemblance to the WTO dispute settlement system.

Firstly, market access and thus tariff reductions are one of the most important part of any FTA. Instead of listing the goods that will be included in the treaty, the Korea-ASEAN FTA focuses on the exclusion of products, but limits the number of goods that can be excluded. Therefore, the parties have agreed on three different tracks: (1) a normal track, which will gradually reduce and eliminate the listed goods to 0 percent; (2) a sensitive track, for more sensitive products customized to the responding needs of each country; and (3) a highly sensitive track, for the most sensitive products. The Korea-ASEAN FTA thus takes a top-down approach of negative listing in the liberalization of goods.

Looking at the normal track timeline, Korea will be the first to get rid of all tariff rates in 2010, the ASEAN-6 follows in 2012, Vietnam in 2016, and Cambodia, Laos, and Myanmar in 2018. What is also noticeable is that the FTA keeps in account the difference in development level. As the most developed party in this agreement, Korea agreed to eliminate its tariffs for at least 70 percent of the tariff lines in the normal track upon entry into force of the agreement and is the first party to completely eliminate all tariff rates in 2010. The ASEAN-6, which consists of Singapore, Brunei,

Malaysia, Thailand, Indonesia and the Philippines, are the highest developed countries within the ASEAN according to their HDI level (UNDP 2016), follows only 2 years behind Korea. Cambodia, Laos, and Myanmar are the LDCs in the ASEAN and will therefore have 4 years more to completely eliminate the normal track tariffs.

Excluded from the normal track are the products placed in the sensitive and highly sensitive track. Korea and the ASEAN-6 are allowed to place 10 percent of all tariff lines and 10 percent of the total value of imports in the sensitive track. Vietnam is allowed to place 10 percent of all tariff lines and 25 percent of the total value of imports from Korea. Cambodia, Laos and Myanmar are allowed to place 10 percent of all the tariff lines. For highly sensitive products, Korea and the ASEAN-6 are allowed to have 200 tariff lines at the HS 6-digit level or 3 percent of all the tariff lines and 3 percent of the total value of imports on the highly sensitive track. Cambodia, Laos, Myanmar, and Vietnam are allowed the same number, but do not have an import cap.

Regarding the sensitive lists, Korea and the ASEAN-6 shall reduce the MFN tariff rates to 20 percent, not later than January 1, 2012. These shall be subsequently reduced to 0-5 percent not later than January 1, 2016. The dates for Vietnam are January 1, 2017 and January 1, 2021 respectively. The dates for Cambodia, Laos, and Myanmar are January 1, 2020 and January 1, 2024 respectively. Regarding the highly sensitive list, there are 5 different categories in which tariff reduction will take place: (1) Group

A: tariff lines subject to 50 percent tariff rate capping; (2) Group B: Tariff lines subject to tariff reduction by 20 percent; (3) Group C: Tariff lines subject to tariff reduction by 50 percent; (4) Group D: Tariff lines subject to TRQs; (5) Group E: Tariff lines exempted from tariff concession.

Looking at the sensitive list it is interesting to see that each country's particular demands can be easily seen (See annex 3). Nevertheless, there is a reoccurring pattern in the listing of meats (bovine; swine and fowls), and vegetables (tomatoes; onions; carrots; garlic; cauliflowers). Looking at the highly sensitive list (See annex 4 to 9), the particular demands of each country can be even more interesting as Korea, Laos, Myanmar, and the Philippines seem to be the most unwilling to liberalize their agricultural markets. Especially in Group E, which are exempted from tariff concessions, Korea's list of meats (bovine and swine), fishes, vegetables (onions, garlic, and sweet peppers), and fruits (bananas, pineapples, Korean mandarins) stands out, compared to the other countries. As expected all the countries in the agreement agree that rice (in husks) is highly sensitive and place TRQs on this product or even ask for exemption. Another interesting element is that, whereas Korea focusses on agricultural products to please their farmers, the other ASEAN countries are mostly looking to protect their textile and infantile industries such as electronics, chemical, and automobile industries. Through this FTA the particular demands and wishes of the member countries are respected, which is reflected in the tariff schedules.

Secondly, this FTA seems to include most elements the Doha Development Agenda discusses regarding the liberalization of the agricultural sector, from detailed tariff schedules to TRQs. However, it does not include a comprehensive chapter on the liberalization of domestic subsidies or export subsidies regarding the agricultural sector. The only subsidies it refers to are regarding Annexes 1A and 1C of the WTO Agreement, which the FTA member countries reaffirm their commitment and need to abide to. This seems to be in line with Korea's Multifunctionality approach where flexibility is key with subsidies. Thirdly, the FTA includes an extensive agreement on Services and Investment. These chapters were later added into the agreement in 2009.

Concluding, this agreement is an early attempt at liberalizing the agricultural market between developed and developing countries. Even though only 80 percent of all trade in goods will become eliminated throughout the timeline of the agreement, it is still interesting to see how the early stages of agricultural liberalization evolved. In this agreement Korea is the most developed country among the FTA members, and is therefore more focused on the liberalization of the service sector and increasing investments in the ASEAN region. Korea as the most experienced in services and investment agreed to make a single schedule of specific commitments that will apply to all ASEAN members. Whereas both the Services and Investment agreements do open up the market of the ASEAN countries increasingly for Korean investment (mostly in the form of FDI) to reach the ASEAN countries. This is an important compromise for

the developing countries within the ASEAN, as they open up an "infant" service industry to a developed country such as Korea. Furthermore, the developing countries will lose more power over foreign companies on their soil, due to the Investment chapter in the FTA. Nevertheless, in return they will get a boost in FDI from Korea and can export more of their agricultural products to Korea.

Table 9: Korea-ASEAN FTA quick summary

Signing date	December 13, 2005
Date of enforcement	July 1, 2006
Approach	Top-down approach (negative listing)
Elimination rate	80% of all tariffs on goods
Liberalization type (Agriculture)	Gradual staged liberalization
Market access focus	Agriculture and vehicles
Exemptions	Certain Korean agricultural products; ASEAN's infant industries (such as electronics, chemicals and automobile industries)
Subsidies	Allows domestic and export subsidies
Including modern chapters	Investment; Trade in Services; Dispute Settlement system
Compromises	To open up the ASEAN investment market, Korea opened up some of its agricultural market to ASEAN countries.

Source: Author's compilation.

3.1.3. Full-on liberalization

3.1.3.1. Singapore-Australia FTA

Singapore and Australia agreed to form an FTA (SAFTA) on February 17, 2003, and entered into force on July 28, 2003 (SAFTA 2003). It was the first FTA Australia signed after the New Zealand-Australia FTA of 1983 and marked the beginning of a new era of FTAs for Australia and a new strategy. What is even more remarkable is that the SAFTA is one of the few FTAs in the world that has a complete 100 percent elimination on all tariffs on goods, including agricultural goods (chapter 2). This is not only due to Australia's more open position on the liberalization of agricultural markets, as one of the main leaders within the Cairns Group, but mainly because Singapore is a city-state and does not have any agricultural production on its own. It was therefore easy for Singapore to completely liberalize its agricultural market together with its trading in industrial goods. Furthermore, both governments agreed to not use any export subsidies on their products. However, domestic subsidies were not discussed in this agreement. Additionally, both countries agreed to not use any WTO safeguard measures against each other.

As there is complete market access to goods from and to Australia and vice versa, the focus should be laid upon the liberalization of trade in services (chapter 7) and

investment chapters (chapter 8). These chapters have been revised three times since the start of the agreement, opening up an increasing amount of areas for trade liberalization. Singapore is known for its service industry (mainly financial), but Australia does still export many other services to Singapore.

Nevertheless, there are still some restrictions on the trade liberalization in services which need to be dealt with in further reviewing. Both chapters are far more extensive than previous WTO agreements, such as the GATS and TRIMS. Instead of a positive list approach the SAFTA takes a negative list approach in both the liberalization of trade in services and investment, opening up the market for everything except the sectors listed in the exemptions. The agreement also includes the protection of IPR (chapter 13), referring back to the WTO's TRIPS agreement and the WIPO, a detailed Dispute Settlement chapter (16), and the opening of government procurement, where both parties agreed to treat companies from each other the same way during government procurement (chapter 6).

Concluding, it seems that both parties needed to make some sort of compromise to create the agreement. Australia needed to completely liberalize its industrial goods for Singapore to completely liberalize the agricultural market. Meaning that Singaporean manufacturers could easily over flood the Australian market with cheaper products made in neighboring countries. However, in return Australian exports in agriculture

became much more competitive in a country that does not have an agricultural market of its own. Furthermore, including the investment chapter also meant an increase in investments to both parties' economy. In the end, the SAFTA is a prime example of how liberalization in trade could work, but due to its unique element, mainly Singapore's lack of an agricultural market, repetition of such an FTA with a different country than Singapore will be more difficult.

Table 10: Singapore-Australia FTA quick summary

Signing date	February 17, 2003
Date of enforcement	July 28, 2003
Approach	Full-on liberalization
Elimination rate	100% of all tariffs on goods
Liberalization type (Agriculture)	Full-on liberalization
Market access focus	All products
Exemptions	Non
Subsidies	Allows domestic subsidies; bans export subsidies
Including modern chapters	Investment; Trade in Services; IPR; Government Procurement; Dispute Settlement system
Compromises	To open up the market on goods of both Australia and Singapore, this FTA focusses on the liberalization of trade in services (top-down; negative listing).

Source: Author's compilation.

3.2. Agricultural Sector Liberalization in RTAs

To conduct this analysis 36 RTAs were researched if they included cuts on agricultural tariffs and if they included an agricultural chapter in their agreement (See Annex 2: Regional Trade Agreements). Of the 36 RTAs, 20 did not include tariffs cut on agricultural products, nor an agricultural chapter (55.6%); and 16 did include tariffs cut on agricultural products and an agricultural chapter, to a certain degree (44.4%). From these 16 RTAs, which did include tariffs cut on agricultural products, the following four looked the most promising: (1) AFTA, (2) AANZFTA, (3) TPSEP, and the (4) TPP. The main reason to choose these three RTAs is the diversity of the member countries, ranging from the developed, to developing, and least developed countries.

3.2.1. ASEAN (AFTA)

The ASEAN membership countries agreed to form an RTA (AFTA) on January 28, 1992 by the ASEAN-6 (Brunei, Indonesia, Malaysia, Philippines, Singapore, and Thailand). Vietnam joined in 1995, Laos and Myanmar in 1997, and Cambodia in 1999. The AFTA has been reviewed multiple times with the latest version signed on February 26, 2009, and entered into force on May 17, 2010 (AFTA 2009). In this research the latest version will be used. The AFTA covers most agricultural goods and industrial goods imported to the ASEAN-6 and more than 99 percent of the products

listed have been brought down to the 0-5 percent tariff range. It is an enormous RTA, which can only be triumphed by the formation of the EU and might be triumphed by the coming Trans Pacific Partnership (TPP), which will be discussed later.

Firstly, market access and tariff reductions (chapter 2) are listed using positive listing in each countries' tariff elimination schedule. The AFTA thus takes a bottom-up approach (Article 1.4). Furthermore, it keeps in mind that some of its member countries are LDCs. Article 2.19.1 states that all import duties on all products listed by ASEAN-6 countries should be eliminated by 2010. For the LDCs (Cambodia, Laos, Myanmar, and Vietnam) this is due in 2015, with flexible extension to 2018. The AFTA also bans the introduction and usage of TRQs (Article 2.20.1). It makes an exception for Thailand and Vietnam, but both countries need to eliminate their TRQs before 2010 and 2015 (flexible to 2018) respectively. It also lists a special treatment on rice and sugar (Article 2.24), as these are vital agricultural products in the region. Furthermore, temporary modification of the tariffs are allowed after consultation with the member countries. Lastly, safeguard, anti-dumping and countervailing duties measures are allowed in the AFTA, referring back to Article XVI of the GATT 1994 and the WTO's SCM Agreement. The agreement does not mention agricultural subsidies. Dispute settlements between the countries are not discussed in the agreement, nor does the ASEAN have power over these. Therefore, when there is a dispute, member countries need to solve these bilaterally.

Looking at the Tariff Elimination schedule (Annex 2) it seems that it focuses on a wide range of goods. The liberalization of these products is divided into 8 categories: (1) Category A tariffs which will be eliminated on the date that the agreement is enforced in the ASEAN-6 (2010), and in 2015 by other countries; (2) Category B tariffs will be eliminated in three annual stages (ICT products); (3) Category C tariffs will be eliminated by 2012 (PIS products); (4) Category D tariffs (unprocessed agricultural products) will be reduced to 0 to 5 percent by 2010 (ASEAN-6 and Vietnam's sugar), 2013 (Vietnam), 2015 (Laos and Myanmar), and 2017 (Cambodia); (5) Category E tariffs (unprocessed agricultural products) will be reduced, but not completely eliminated and differ per country; (6) Category F tariffs are out of quota tariffs which will be reduced (applicable to Thailand and Vietnam); (7) Category G tariffs (petroleum), will be reduced (applicable to Cambodia and Vietnam); and lastly (8) Category H tariffs will not be reduced and MFN tariffs will be used for these products. Category H products are mainly concerning alcohols and drugs (poppy, cannabis, etc.) in countries where these are illegal.

As previously mentioned, the agreement has different timelines for its members. The ASEAN-6, seen as the more developed members, need to free up their agricultural market faster than the LDCs. Brunei and Singapore open up their entire market from the start of the agreement, as per usual with these city-states that have no to little agricultural market of their own. Indonesia has no category D, but does reserve its

rights to have a 25 percent tariff duty on rice and a 5 to 10 percent tariff duty on sugar (category E). Malaysia mostly focuses on restriction full tariff reductions on native fruits, such as: bananas; pineapples; guavas; mangoes; papayas; watermelons; and tropical fruits (durian; rambutan; dragon fruit etc.) and tobacco products. All these products will remain at a 5 percent customs duty. Malaysia also lists rice at a 20 percent customs duty under Schedule E. The Philippines lists live swine and fowls for breeding and their meat at a 5 percent rate. It also includes sugar under category D at 5 percent. Furthermore, the Philippines excludes rice from complete tariff elimination, which will remain at 35 percent under schedule E. Thailand lists fresh flowers, potatoes, and coffees under category D, which will remain at 5 percent tariff rates. Thailand agreed to free up its agricultural market from TRQs under schedule F which concern the following products: dairy products; onions; garlic; coconuts; native fruits; coffees; tea leaves; rice; crude oils; sugars; and tobacco products.

The LDCs (Cambodia, Laos, Myanmar, and Vietnam) have more time to free up their agricultural market. Furthermore, their tariff schedule is divided into two parts, one that was completed by 2015 and another one that will be completed by 2018. However, Cambodia is the only LDC that does not have two tariff schedules. It has a category D schedule on life horses; life ducks, fowls and their meat; various fresh flowers; various vegetables (including tomatoes, cauliflower, and broccoli); and various fruits

(coconuts, pineapples, guava, mangoes, oranges, watermelons). All these tariffs will stay at 5 percent. It does not have any agricultural goods in category E.

Laos' first tariff schedule (2015) involves a lot of products that were placed under category D, retaining 3 to 5 percent tariff rates. Products such as live animals (bovine, swine, turkeys, fowls, ducks, mammals) and their meat; fresh flowers; most vegetables and fruits; rice (but not any other cereals); sugar; bread and pastry products; juices; water; beer (malt) (but not any other alcoholic products); tobacco; coffee and tea; and dairy products. However, this is still a large improvement from the MFN tariffs, as some tariffs dropped from 40 to 5 percent. Furthermore, it completely freed up tariffs on fish. The second tariff schedule (2018) removes category D tariff rates on most of these products.

Myanmar's first tariff schedule (2015) lists dairy products (milk; creams; butter; cheese; ice cream); coffee products; rice; pastries; cacao and chocolate products; sauces; wine; and tobacco at 5 percent tariff rates. Sugar has a low tariff rate of 0.5 percent. In the second tariff schedule (2018) Myanmar eliminates all tariffs on these products.

Vietnam's first tariff schedule (2015) lists all dairy products; flours; garlic; nuts; fruits; coffee; herbs; and wine under schedule A, which will remain at a 5 percent tariff rate.

Schedule D consists of live fowls and ducks and their meat; processed sausages; and rice, which will also remain at a 5 percent tariff rate. Vietnam agreed to free up its agricultural market from TRQs which concerns eggs; sugars; and tobacco products. In the second tariff schedule (2018) Vietnam eliminates all duties on beet sugar (but not cane sugar); chocolate products; biscuits; and wine. Other tariff duties remain.

Concluding, does a good job in giving its least developed member more exceptions and a more flexible timeline to adapt to the RTA. It recognizes the fact that LDCs do need to protect some of their markets. Furthermore, the AFTA also recognizes the fact that rice is a staple food in East Asia and will not force countries to free up their agricultural market to foreign rice. Looking back at the schedules it is easy to see that certain meats (bovine, swine, fowls, ducks); certain vegetables (onions, potatoes, lettuce, garlic, etc.); dairy products; coffee; and tobacco are also sensitive products for the AFTA members, which need graduate liberalization. In the end, the AFTA did free up 99 percent of the trade between its member countries. And even though it still has some lower tariffs on certain products, it can still be seen as a huge success.

Table 11: AFTA quick summary (2009 version)

Signing date	February 26, 2009
Date of enforcement	May 17, 2010
Approach	Bottom-up approach (positive listing)
Elimination rate	99% of all tariffs on goods
Liberalization type (Agriculture)	Direct elimination (ASEAN-6); gradual liberalization (Cambodia, Laos, Myanmar, Vietnam)

Market access focus	All products
Exemptions	Various country-specific exceptions
Subsidies	Does not mention domestic or export subsidies
Including modern chapters	Dispute settlement goes through the ASEAN
Compromises	To open up the South East Asian markets, country-specific exceptions on sensitive products needed to be made. Also, the LDCs were allowed a more flexible liberalization timeline.

Source: Author's compilation.

3.2.2. AANZFTA

The ASEAN countries signed an RTA with Australia and New Zealand (AANZFTA) on February 27, 2009, and entered into force on January 1, 2010 (AANZFTA 2009). The AANZFTA covers tariffs reduction gradually from entry into force of the agreement, and eliminate 90% of the tariff lines. It came into force at the same time together with 3 other FTAs with the ASEAN: India, Korea, and China.

Firstly, market access and tariff reductions (chapter 2) are listed using positive listing in each countries' tariff elimination schedule. The AFTA thus takes a bottom-up approach, as each party shall progressively reduce or eliminate duties in according with its schedule (Article 2.1), not all goods. Furthermore, export subsidies should be eliminated and not reintroduced starting from the date the agreement enters into force (Article 2.3). Furthermore, countervailing duties and anti-dumping measures are

allowed under the agreement (chapter 3(e)(iii)). Lastly, other safeguard measures are also allowed within the reach of chapter 7.

Looking at the tariff elimination schedules of each country, it is noticeable that Australia, New Zealand and Singapore completely eliminate all tariffs in their schedules starting from January 1, 2010. Brunei also completely eliminates all tariffs, except tobacco and alcohol, which is illegal due to domestic sharia law. The other member countries, however, do have large exceptions to the liberalization of their agricultural market.

Cambodia, as an LDC, has been given a wider timeline on implementing tariff reductions. It follows a gradual liberalization, where some products stay at a base rate for the first years. Nevertheless, by 2025 some agricultural products' tariff lines have dropped from highs such as 35 percent to a low 5 percent, products such as: rice; beet sugar, tea leaves; chocolate; pastries; jams; unground roasted coffee; and some vegetables and fruits. However, the 35 percent tariff rates will stay for ground roasted coffee; wine; wheat flour; and some fish species (salmon, anchovies). Sesame seeds; prepared foods; and pastas will stay at 15 percent. Lastly, Cambodia also excludes a lot of products from their tariff schedule, including: all boneless animal carcasses; fruits (grapes, oranges, apples, cherries, plums); juices; sparkling wine; sauces; cereals (wheat, barley, malt); sardines; margarine; and cane sugar. All the other tariffs will be

reduced to 0 percent. This shows the Cambodian governments aim to protect the domestic agricultural sector, as most excluded products and products with tariff lines are farmed domestically.

Indonesia is part of the ASEAN-6, but still wants to protect some of its agricultural industries from Australia and New Zealand. Compared to in the AFTA, Indonesia thus limits it agricultural market opening in the AANZFTA. Regarding meat products, Indonesia excludes other live bovine (2.5%); chicken thighs (12.5%); other meat of swine (3.75%); and other meat of sheep and goats (2.5%). Regarding fish, kerapu and tilapia (7.5%); airtight packed sardines, tuna, mackerel (2.5%); and fish filets (7.5%) are excluded. Regarding dairy, liquid and powdered milk and cream, including whey; and cheeses, grated or powdered (4%) are excluded. Regarding vegetables, potatoes (18.75%); shallots (12.5%); cabbages, lettuces, cauliflowers (4%); carrots (12.5%); turnips (2.5%) are excluded. Some fresh flowers are also excluded such as roses and orchids (5%) and fresh cut flowers (12.5%). Regarding fruits, pineapples, bananas, avocados, and strawberries (4%); mangoes (12.5%); and mandarins (18.75%) are excluded. Lastly, rice; sugar; alcohol; and tobacco are excluded from any tariff reductions. Nevertheless, all the other agricultural products' tariffs will be reduced to 0 percent immediately. This shows that the Indonesian government is especially protective over highly sensitive products such as chicken thighs; potatoes; shallots; carrots; fresh cut flowers; mangoes; and mandarins, as they have more than 10 percent

tariff duties. Also rice and sugar, the main products for a wide range of East Asian products are also protected.

Laos is another LDC in the agreement and will gradually liberalize its agricultural market, but is still allowed to have a lot of products remaining at a 5 percent tariff level, products such as: onions; tomatoes; mushrooms; peas; asparagus; olives; sweet corn; and garlic. Furthermore, alcoholic beverages such as beer (malt); liquor and spirits stays at 40 percent, and wine; vermouth; cider; sake; brandy at 30 percent. Drugs such as opium; coca leaves; cannabis; and poppy is not included. Tariffs on other products will gradually be eliminated. Thus, compared to other LDCs in the agreement, Laos does not protect many of its agricultural products.

Malaysia eliminates most of its tariffs from the start, but keeps some tariffs at 5 percent, regarding domestic fruits, like bananas; guavas; mangoes; melons; papaya; durians and other tropical fruits. Furthermore, Malaysia has the right to issue TRQs on live swine and fowl and their meat; milk; and on eggs (hens and ducks). Lastly, rice, tobacco, and alcohol is exempted. Looking at its tariff schedule, Malaysia can be seen as a progressive country with a large drive for agricultural liberalization. Nevertheless, it still wants to protect domestic fruits, and some of it domestic industries.

Myanmar is the third LDC in the agreement and therefore is granted to gradually liberalize its agricultural market and leave some tariff duties in place. The highest tariff duties are on alcohol with a 40 percent duty on spirits and liquor, and a 30 percent duty on wines. Duty on beers (malt) will be lowered to 5 percent. Second highest is the duty on natural honey (15%), and third highest are the duties on live fish; crustaceans; and shell fish (10%). Lastly, the majority will fall in to the 5 percent range, such as rice; whey; tobacco; prepared and preserved vegies, jams, fruits; fruit juices; cacao and chocolate products; prepared fish; eggs; peas; malt; sausages; canned meat; margarine; pastas; and pastries. Tariffs on other products will gradually be eliminated. It seems that Myanmar's focus lies more on alcohol and live fish, compared to other products.

The Philippines is technically part of the ASEAN-6, but it has the lowest HDI level among them. Therefore, it is not strange to see that the Philippines is rather protective of opening up its agricultural market. Most of its meat does allow meat to come in at a 0 percent rate, however, swine meat (24%) and fowl meat (32%) do still have high tariff duties. Furthermore, it still has TRQs on every other meat, which will have 32 percent tariffs out of quota. Prepared and preserved meat, such as sausages; canned chicken curry; and luncheon meat, will have a 32 percent tariff duty. On top of that meat from goats and ducks will remain to have a 5 percent tariff. Regarding vegetables, the Philippines is protective on potatoes and carrots (32%); lettuce and cauliflowers (20%); celery (16%); and onions, garlics, maize, and cassava (5%).

Lastly, rice and sugar are exempted from tariff reductions. Tariffs on other products will gradually be eliminated. The Philippines is actively trying to protect some of its domestic agricultural market with high tariffs, but compromises with opening up the rest of its agricultural market.

Thailand will eliminate all of its tariffs on products by 2011, most of them already by the beginning of the agreement. However, Thailand does have a long list of exempted products, such as: milk and cream; potatoes; onions; garlic; coconuts; longans (fruit); coffee; maize; rice; soya beans; pepper; copra; and tobacco. Thailand thus sees these products as highly sensitive products, but compromises to opening up the rest of its agricultural market.

Vietnam is the fourth LDC in the agreement and is therefore granted to gradually liberalize its agricultural market and leave some tariff duties in place, including TRQs. Its highest tariff will be on out of quota sugar; and cigars and cigarettes (50%); followed by beer (malt), spirits, and liquor (40%) and wine (20%). All other citrus then orange; mandarins; grapefruit; and lemons will have a 32 percent tariff rate. Fowls will be stuck on a 20 percent tariff rate. While other products such as duck; fish; fish fillets; crustaceans; sausages; and prepared and canned meat will enjoy low duties of 5 percent. Eggs (hens and ducks) and tobacco will be exempted from tariff reductions when out of quota (TRQs). Tariffs on other products will gradually be eliminated.

Looking at the schedule it seems that Vietnam lays its focus on tobacco, alcohol, citrus, and meats (fowls; ducks).

Secondly, the AANZFTA does have an inclusive attitude towards the liberalization of trade in services (chapter 8), e-commerce (chapter 10), investment (chapter 11), and IPR (chapter 13). Furthermore, it also has a comprehensive Dispute Settlement system (chapter 17), which looks alike to the WTO.

Concluding, even though the AANZFTA does not completely eliminate all tariffs on goods, as it will eliminate 90 percent of the tariffs, it is still a good example how big agricultural export countries such as Australia and New Zealand can still form an agreement with developing countries who wish to protect some of their domestic agricultural industries. Of course, compromises needed to be made and Australia and New Zealand will open their entire market for cheap imports, due to low wages, from the ASEAN countries. And as FDI investment is expected to keep growing in the ASEAN region, the cheap exports to Australia and New Zealand will most likely increase as well. In return they will get the chance to increase their market share in agricultural products and have a comparative advantage over other exporting countries.

Table 12: AANZFTA quick summary

Signing date	February 27, 2009
Date of enforcement	January 1, 2010
Approach	Bottom-up approach (positive listing)
Elimination rate	90% of all tariffs on goods
Liberalization type (Agriculture)	Direct elimination (Brunei, Australia, New Zealand, Singapore, Thailand); gradual liberalization (rest of ASEAN)
Market access focus	All products in schedule
Exemptions	Various country-specific exceptions
Subsidies	No mention of domestic subsidies; does ban export subsidies
Including modern chapters	Trade in Services; E-commerce; Investment; IPR; Dispute Settlement system
Compromises	To open up the South East Asian markets, Australia and New Zealand opened their entire market for cheap imports from low-wage countries in the ASEAN region.

Source: Author's compilation.

3.2.3. TPSEP

The countries of Brunei, Chile, New Zealand, and Singapore agreed to sign an RTA, the Trans-Pacific Strategic Economic Partnership Agreement (TPSEP), as early as July 18, 2005, and it entered into force on January 1, 2006 (TPSEP 2005). The TPSEP immediately eliminated 90 percent of all tariffs on goods, and had eliminated all tariffs by 2017. The TPSEP is seen as the smaller version of the Trans Pacific Partnership (TPP) that is currently awaiting to be signed by countries, including the four countries of the TPSEP.

Firstly, market access and tariff reductions (chapter 3) are listed using negative listing in each countries' tariff elimination schedule. The AFTA thus takes a top-down approach, as each party will eliminate all tariffs on all goods, except as otherwise provided in the agreement (Article 3.2). By 2015 all tariffs were eliminated, thus becoming a full-on liberalization agreement. The parties also agreed that no party shall adopt or maintain non-tariff measures (Article 3.8). Furthermore, in Article 3.11 the parties agreed to eliminate all forms of export duties between them, and that they will strive to achieve a multilateral agreement on the elimination of export subsidies. Lastly, only Chile is allowed to use agricultural safeguard measures to a limited number of sensitive agricultural goods in Annex 3-B (Article 3.13). These goods are: milk and cream (all forms); butter; and cheeses.

Looking at the tariff elimination schedule Singapore will completely eliminate all tariffs from the start of the agreement. Brunei will immediately eliminate most of its tariffs, except on tea and coffee which will be eliminated by 2012. New Zealand eliminated all of its tariffs on agricultural goods in 2006, but remained to have tariffs on textile products and industrial products till 2015.

Chile has a more protective stance, but eventually liberated all its agricultural goods as well. Tariffs on vegetables (spinach, cauliflower, broccoli, mushrooms, asparagus); bovine meat; vodka; and juices were eliminated in 2008. Tariffs on potatoes; peas;

cereals (sweet corn, wheat, rye, oats, rice, maize, and hop); gin; and sugar beet were eliminated in 2011. Tariffs on durian; wheat flour; crude oil; and sugar were eliminated in 2015. And lastly, tariffs on dairy products (milk and cream, and cheeses) were eliminated in 2017.

Secondly, the AANZFTA does have an inclusive attitude towards the liberalization of IPR (chapter 10), government procurement (chapter 11), and Trade in Services (chapter 12). Furthermore, it also has a comprehensive Dispute Settlement system (chapter 17), which looks alike to the WTO. However, it does not have a comprehensive Investment chapter.

Concluding, even though it is a rather small RTA, it is one of the earlier cases that an RTA could be founded between developed and developing countries. In this case, the complete elimination of tariffs in Brunei and Singapore does not come as a complete shock, as these countries are city-states known for their full-on liberalization strategies. However, the interesting countries are Chile and New Zealand. Especially Chile will be competing with a highly competitive export country as New Zealand which focuses on meat and dairy products. Nevertheless, because of this New Zealand compromised and let Chile retain some agricultural safeguard measures and let it have a more gradual liberalization of some sensitive products. In the end, the major feature of the TPSEP is that it was a novel idea that led to the start of the TPP negotiations.

Table 13: TPSEP quick summary

Signing date	July 18, 2005
Date of enforcement	January 1, 2006
Approach	Top-down approach (negative listing) till 2017; full-on liberalization after 2017
Elimination rate	90% of all tariffs on goods (2006); 100% of all tariffs on goods (2017)
Liberalization type (Agriculture)	Direct elimination (Brunei, New Zealand, Singapore); gradual liberalization (Chile)
Market access focus	All products
Exemptions	Chile's agricultural safeguard measures
Subsidies	No mention of domestic subsidies; does ban export subsidies
Including modern chapters	Trade in Services; Government procurement; IPR; Dispute Settlement system
Compromises	To open up the Chilean agricultural market, New Zealand allows Chile to have a more gradual liberalization of tariffs on sensitive products.

Source: Author's compilation.

3.2.4. TPP

The TPP (Trans Pacific Partnership) is a huge proposed RTA between 12 countries (Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the USA, and Vietnam). It began as an expansion of the TPSEP discussed earlier. The TPP negotiations ran from February 2008 and was finally signed on February 4, 2016 by all 12 member countries (TPP 2016). However, the USA has withdrawn from the TPP on January 23, 2017 after President Trump came to power, claiming it was a "disaster" that would hurt US manufacturing (White House 2017).

Nevertheless, the TPP will be entered into force after at least 6 countries have ratified the treaty. New Zealand and Japan have already ratified the TPP agreement, and the other TPP nations agree to pursue the trade deal without the USA (CNBC News 2017). The USA is welcome to join back if they wish. Other countries such as Bangladesh, Cambodia, Colombia, India, Indonesia, Laos, Philippines, Thailand, Taiwan (Republic of China), South Korea, and Sri Lanka have shown interest in joining the TPP as well as part of a second wave of expansion for the trade agreement. The TPP gradually eliminates 99 percent of their tariffs for other members (PIIE 2017). Including this high rate of tariff reductions and the economic importance of the countries involved, the TPP would have been one of the largest RTAs in history.

Firstly, market access and tariff reductions (chapter 2) are listed using positive listing in each countries' tariff elimination schedule. The AFTA thus takes a bottom-up approach, as each party will eliminate all tariffs on goods listed in their schedules (Article 2.2), but not all goods. Furthermore, export subsidies should be eliminated and not reintroduced starting from the date the agreement enters into force. Additionally, the member countries should work together to achieve a comprehensive agreement in the WTO that eliminates export subsidies (Article 2.21). Agricultural safeguard duties are also not allowed in the agreement for most countries (Article 2.26), only the USA and Japan are allowed to use specific agricultural safeguard measures. However, trade remedies such as anti-dumping and countervailing duties measures are allowed in the

TPP as written in chapter 6, referring back to Article VI of the GATT 1994. Additionally, TRQs are also allowed (Article 2.28), while referring back to Article XIII of the GATT 1994. And lastly, in matters as food security, members are allowed to temporarily prohibit exports of certain agricultural goods (Article 2.24). Regarding these export restrictions on agricultural products (Annex 2A), Canada is allowed to restrict export of logs and unprocessed fish, while the USA is allowed to control the export of logs. Within the RTA there are also two different bilateral FTAs between Canada and Japan and the USA and Japan regarding the import and export of motor vehicles, to protect their respective domestic automobile markets.

Looking at the tariff schedules of every individual country, the tariff schedules of Australia, New Zealand, and Singapore strike the eye. These countries will eliminate 100 percent of all their tariffs from the start of the agreement. Furthermore, Brunei follows them and eliminates almost all tariffs on agricultural goods, except for coffee and tea leaves, which will be at a base rate till the end of year 5 and will then be reduced to 5 percent and the next year to 0 percent.

Canada will have TRQs on broilers; fowls; turkeys (alive and their meat); bird's eggs; dairy products (all forms); and chocolates if these fall outside the access commitment. These TRQs are designed differently per targeted member country. The volume of these TRQs will gradually increase, but will stop increasing at year 19. Cereals; sugar;

and tobacco will fall under category B11, which means they will be eliminated in 11 annual gradual stages. The rest of the tariffs will be at 0 percent from the start of the agreement.

Chile will have different treatment for different member countries on sensitive products, these will all be lifted by year 8, except for Canadian goods (CL-MFN), which will follow MFN duty rates. These products mostly concern: live animals; meat of animals; dairy products; eggs; sausages; processed meat; cereals; and sugars (beet and cane). Regarding cereals, Chile lists wheat as a highly sensitive product with different treatments per country, on which not all tariffs will be eliminated (MFN duties). The rest of the tariffs will be at 0 percent from the start of the agreement.

Japan mostly only has FTAs with smaller countries that cannot form a threat to their domestic agricultural market. The TPP is therefore one of the first agreements for Japan to open up its agricultural market to large agricultural exporting countries. Nevertheless, Japan will have the ability to use agricultural safeguard measures (Appendix B) on beef; pork; processed pork; WPC; whey; fresh oranges; race horses; and forestry. Their trigger rates will raise annually. Furthermore, appendix C refers to the tariff differentials Japan may use on fish imports. However, the most important part is TRQs. In the TPP Japan has one of the biggest Annexes regarding TRQs (Appendix A), covering most of its agricultural products. Japan will have TPP-wide TRQs on

cereals; dairy products; cane sugar; starch; cacao; and coffee and tea mixes. Furthermore, Japan will have country-specific TRQs on rice (USA, Australia); cereals (USA, Australia, Canada); cheeses (USA, Australia, New Zealand); whey (USA, Australia, New Zealand); glucose (USA); and starch (USA). Looking at it tariff schedule chapters 5 (other animal origin); 6 (forestry); 7 (vegetables, excluding shiitake mushroom, peas, and beans); 8 (fruits); 9 (coffee and tea); 16 (processed food stuffs); 20 (prepared vegetables, excluding ones that use sugar); 22 (beverages); 23 (fodder); 24 (tobacco) will be exempted immediately from custom duties. The other chapters, mostly concerning meat; dairy products; sugars; and cereals will have TRQs or will be liberalized at a slower pace, with the exception of these foods used for animal consumption.

Malaysia will have TRQs on live chicken, poultry and fowls (above 185 grams and 2 kg); swine and chicken meat (fresh, chilled, and frozen); liquid milk; and fertile eggs (hens and ducks). Starting from year 2 these TRQs will increase 1 percent annually. As per usual with Malaysia bananas; pineapples; guavas; mangoes; watermelons; papayas; durian; and other tropical fruits will fall under category B11, which means they will be eliminated in 11 annual gradual stages. Furthermore, all alcoholic beverages and tobacco products will fall under category B16, which means they will be eliminated in 16 annual gradual stages. The rest of the tariffs will be at 0 percent from the start of the agreement.

Peru will have a special category (PE-R1) on dairy products; rice; maize and sugars, on which it will immediately eliminate ad valorem rates, but will have a specific duty (SPFP) on them controlled by the Peruvian Price Band System, and are exclude from further tariff eliminations. Products such as frozen swine meat; asparagus; onions; beans; citrus fruits; strawberries; processed jams; and alcohols will fall under category B6, which means they will be eliminated in 6 annual gradual stages. Products such as bovine meat; crude oil; cacao (including processed chocolate); juices will fall under category B11, which means they will be eliminated in 11 annual gradual stages. Lastly, products such as fresh chicken meat and swine meat will fall under category B16, which means they will be eliminated in 16 annual gradual stages. The rest of the tariffs will be at 0 percent from the start of the agreement.

Vietnam will have TRQs on unmanufactured tobacco, which will be unlimited after year 21. Tobacco import duties will also drop from 130 percent to 0 percent after year 16. Furthermore, Vietnam refers back to its WTO out of quota ranges with eggs (hens and ducks); refines sugar; and raw sugar (beet and canes), which will remain at MFN rates. Other products will be gradually liberalized, with a special focus on live chickens; meats (bovine, swine, and sheep); fish and shellfish; dairy products; vegetables; fruits; and coffee and tea leaves. Compared to the other countries, Vietnam will have the least number of tariffs that will be at 0 percent from the start of the agreement.

Mexico will have TRQs on dairy products and sugars. Regarding sugar, Mexico will only grant tariff concessions when it requires imports of sugar to address its domestic demand through unilateral TRQs, otherwise the custom duties are the same as in the WTO. Furthermore, Mexico does have exceptions on tariff elimination, as it will not eliminate tariffs on coffee (MX-R1 and MX-R2). Decaffeinated coffee will be stuck at a 10 percent duty, whereas caffeinated coffee will be stuck at a 36 percent duty at year 16. Regarding the gradual liberalization of agricultural products Mexico favors category B10 and B15. Products such as beef; cereals; sugar (cane); birds; fish; shell fish; crustaceans; fruits; vegetables (asparagus, bell pepper, and broccoli); lard (reduced from 238.6 percent); and wines, will fall under category B10, which means they will be eliminated in 10 annual gradual stages. Products such as beans (reduced from 125 percent); vegetables (onions, potatoes, garlic), will fall under category B15, which means they will be eliminated in 15 annual gradual stages. Lastly, Mexico has a different category for shrimp (MX13), which will be at a base rate for 10 years and then tariffs will be gradually eliminated until year 13. The rest of the tariffs will be at 0 percent from the start of the agreement.

The USA, also has a special Appendix (B) regarding agricultural safeguard measures. The USA is allowed to have country-specific safeguard measures on Australia (Swiss cheese, and milk powders); New Zealand (other cheese, and whole milk powder); and Peru (concentrated and evaporated milk, and cheeses). Furthermore, under Appendix C

the USA is allowed to have tariff differentials on certain dairy products (milk, cream, butter, cheeses); sugar products (raw beet and cane sugar, maple syrup); and cacao powder. However, what the USA's TRQs list (Appendix A) is its longest list with country-specific TRQs. There will be TRQs on products from Chile (sugar, sugar products); Japan (beef, sugar, sugar products); Malaysia (sugar, sugar products); Peru (milk, processed dairy goods, sugar, sugar products); and Vietnam (sugars, sugar products). Lastly, the TRQ list of products from New Zealand involves all dairy products and sugar (raw and processed products). Set aside from the many TRQs the USA will have all tariffs on agricultural products will be eliminated by year 16 or 19. All tariffs on industrial products will be eliminated by year 29. Most of these tariff reductions are country-specific.

Secondly, the TPP has a comprehensive agreement on mostly all modern issues developed countries want to include in the WTO, but failed due to pressure from developing countries. The TPP addresses these elements in the following chapters: investment (chapter 9), trade in services (chapter 10, 11, 13, and 14), government procurement (chapter 15), state-owned enterprises (chapter 17), IPR (chapter 18), environment (chapter 20), anti-corruption (chapter 26). Furthermore, it also has a comprehensive Dispute Settlement system (chapter 28), which looks alike to the WTO. Compared to all the other RTA and FTAs in the world (excluding the EU), the TPP does seem like the most inclusive agreement so far.

Concluding, the USA and Japan are the most protective of freeing up their agricultural market to other countries. Especially beef, dairy, cereal, and sugar products seem to be sensitive products for these countries. Due to their high sensitivity these products will face TRQs. This can be seen as a compromise, because on the other hand, developed countries like the USA, Japan, Australia, and New Zealand had to open up their entire market, including products which can be easily replaced by cheap products from low-wage countries. Another interesting find is that the TPP acknowledges the needs of the developing countries and allows them to liberalize their markets at a slower pace. Nevertheless, the TPP was one of the biggest endeavors to eliminate tariffs on such a large scale between 12 countries, ranging from LDCs to developing to developed countries, all with different strategies on liberalizing their agricultural market. A novel idea that we do not know how it will end. Maybe the USA could rejoin the TPP when it changes its mind, but we would need to see if there will be a TPP to join at all.

Table 14: TPP quick summary

Signing date	February 4, 2016
Date of enforcement	No date yet
Approach	Bottom-up approach (positive listing)
Elimination rate	99% of all tariffs
Liberalization type (Agriculture)	Direct elimination (Australia, Brunei, New Zealand, Singapore); gradual liberalization (all other members)
Market access focus	All products
Exemptions	Sensitive country-specific products; TRQs
Subsidies	No mention of domestic subsidies; does ban export subsidies

Including modern chapters	Investment; Trade in Services; Government procurement; SOEs; IPR; Environment; Anti-corruption; Dispute Settlement system
Compromises	Trying to open up the agricultural markets of the USA and Japan, other member countries compromised in the TRQs and safeguard measures both the USA and Japan could have. On the other hand, developed countries opened up their other markets to low-wage countries.

Source: Author's compilation.

3.3. Confirming Interests

After examining these 7 FTAs and 4 RTAs some reoccurring elements can be seen: (1) a range of different approaches; (2) wide variety of like-minded nations, but all working together; (3) elimination of export subsidies; (4) listing of sensitive products; (5) flexibility to LDCs; (6) compromises needed to be made.

First of all, these free trade agreements do have a large range of different approaches, wherein the bottom-up approach with positive listing (only have tariff reductions on products in one's schedule) to agricultural liberalization is the most favored approach. Even though the bottom-up approach may take considerable more time than the more efficient top-down approach of negative listing (full-on liberalization, but have a small list of exclusions). Nevertheless, as we already know liberalization in the agricultural sector is a sensitive issue, thus therefore the bottom-up approach seems to be the best

candidate. Ultimately, we cannot be 100 percent sure which approach is the right approach. The right approach is the one that is favored by the member countries that will eventually need to sign the agreement.

Secondly, there is a large variety in the development levels of countries that sign these FTAs and RTAs, ranging from LDCs, to developing countries, to developed countries. All of these countries, regardless of their development levels, have only one goal: create a free trade agreement. In some agreements they even state that they want to work together to create a new WTO agreement wherein trade in agricultural goods can be liberated even further. Ultimately, the countries that make these FTAs and RTAs are like-minded in that they all want to liberalize the trade in agricultural goods and create a less trade-distorted agricultural market.

Thirdly, in almost all the agreements use of export subsidies against other members were completely eliminated. Whereas almost none of the agreements spoke of the elimination of domestic support subsidies. Even though export subsidies only contribute 13 percent to the trade distortion in the global agricultural market, it is still a start. Eventually, domestic support subsidies (31 percent of the trade distortion) and lastly TRQs (52 percent of the trade distortion) can be targeted next.

Fourthly, a list of sensitive products can be made while looking at these agreements. Especially for developed countries the liberalization of dairy products; sugar (beets and canes); and native products (for example: kimchi in Korea and odon noodles in Japan) are regarded as a sensitive issue. For developing countries meat (bovine, swine, and fowl); cereals (which can be seen as a staple food, including rice); sugar cane (beet sugar tariffs are mostly eliminated, as they are produced by developed countries); native fruits; and certain vegetables (potatoes, onions, shallots, garlic, lettuce, cauliflower, broccoli, carrots, beans, and tomatoes); dairy products; and eggs (hens and ducks) are seen as sensitive products. Most sensitive products in developing countries are thus raw agricultural products, whereas processed food and prepared food have an easier liberalization trajectory. Making sure that these products are recognized as sensitive issues and are dealt with more cause, is what makes these RTAs and FTAs so successful.

Fifthly, as mentioned before, there is a wide range in the development level of the countries in these agreements. Not only developing and developed countries are part of establishing RTAs and FTAs, the LDCs join in as well. However, these LDCs cannot liberalize every single item on their schedule list, as they still have infant industries and food security to worry about. Therefore, the developing and developed countries allow the LDCs to have more flexibility in their agricultural liberalization process, creating an incentive for the LDCs to join as well.

Lastly, compromises need to be made by every member country, developed or developing, even by LDCs. For example, the large exporting developed countries need to open up their industrial goods market to low-wage countries in order for the developing world to open up its agricultural market. Thus, making their textile, vehicle, and low-end electronics market vulnerable. Furthermore, the developed countries, which are more protective of their agricultural market, need to open up their agricultural market and cut down on export subsidies in order to export more price efficient products such as vehicles and high-tech electronics. And developing countries need to make compromises in the liberalization of parts of their infant industries to allow more FDI and exports of low-end industrial products to the developed world. In the end, a free trade agreement cannot be established without every member having to make a compromise.

4. Conclusion

The focus throughout this thesis has been on finding the differences between the negotiations in the liberalization of the agricultural sector in multilateral agreements (WTO), and bilateral and plurilateral agreements (FTAs and RTAs). From this the following key research question was developed: "What can the WTO learn from successful treaty negotiations regarding the liberalization of the agricultural sector?". The purpose of this research was to list potential helpful differences between bilateral, plurilateral, and multilateral trade agreements, which could help the Doha Development Round to break free from its crossroad. Existing work primarily focuses on the problems in the negotiation process regarding agricultural trade in the Doha Development Round. It has to be mentioned that even though there is a large pool of positive research candidates of FTAs and RTAs that include agricultural liberalization, only 7 FTAs and 4 RTAs were chosen, thus limiting the potential outcome. A suggestion for future research would be to broaden the scope and include more agreements that have liberalized the agricultural sector and include a detailed analysis of modern chapters, such as trade in services and investment chapters.

Throughout the literature review, two important theories were identified. These theories were the evolutionary game theory (Lee, 2011) and the collective action theory (Olson, 1965). The evolutionary game theory explains why and how the

developing world is resisting the monopoly the developed world once had on the trade liberalization in the WTO. The theory shows the strong points of the developing world (unity), but it also showed their weaknesses in an asymmetrical system, which favors the developed world. The collective action theory explains the inner struggle of the developed world. The developed world does want to liberalize trade, as free trade in both sectors would lead to a profit for society. However, it is struggling on the liberalization of the agricultural sector. This is due to the lobbying of farmers, whom victimize themselves in order to get the majority to vote against their own benefit. This thesis thus focusses on these two different theories for developing and developed countries and explains how these differences matter. After analyzing the WTO negotiations and the 11 trade agreements, there were several important aspects that connected back to these models that came to light.

To analyze the central hypothesis further, it is vital to know every aspect of all three agreements thoroughly. The following table thus compares the different aspects and key features and differences of each agreement and also comparing the negotiations in the liberalization in agricultural goods.

Table 15: Comparing agreements

	Bilateral agreements	**Plurilateral agreements**	**Multilateral agreements**
Members	Between two countries / regions	Between multiple countries / regions	Throughout the whole world

Development levels	Most members are on similar development levels	Members have highly different development levels	Members have vastly different development levels
Like-mindedness	High rates of like-mindedness	Medium rates of like-mindedness	Low rates of like-mindedness
Game type (negotiations)	Highly symmetric	Symmetric	Asymmetric
Subsidies	Allows domestic subsidies, but bans export subsidies	Allows domestic subsidies, but bans export subsidies	Developed world is unwilling to cut subsidies; minimal decisions made
Lobbies / NGOs influence	Low influence, parliaments can easily push it through	Medium influence, parliaments have a hard time but can push it through	High influence since the 1999 Seattle Ministerial
Exemptions	Sensitive listing products for all countries	Sensitive listing products for all countries; LDCs have exemptions to protect infant industry	No exemptions for developed countries, LDCs have preferential treatment
Compromises	Compromises are made by both parties	Compromises are made by both parties, but less hard on LDCs	Neither the developed or the developing world compromises
Flexibility	Medium flexibility	High flexibility for LDCs; medium flexibility for other	Low flexibility, but pretends to be flexible to LDCs
Elimination type	Direct elimination for most products; gradual elimination for sensitive products	Direct elimination for developed countries; gradual elimination for developing world; exceptions for LDCs	Not yet mentioned in the Ministerials, probably gradual elimination (as per usual)

Synergy with modern chapters	The liberalization of services, gov. procurement, IPR, and investment create important synergies and leverage	The liberalization of services, gov. procurement, IPR, and investment create important synergies and leverage	No decisions made, many modern chapters seem to be at a crossroad as well
Elimination rates (agriculture)	Above 90%, tariffs average around 0%	Above 90%, tariffs average between 0-5%	No elimination, tariffs still average at 62% (Beierle)
Pros	Both members are highly like-minded and a treaty will be achieved fairly easily	Countries that are on vastly different development do achieve freer trade	Every country has one vote, so the developed world cannot over-shadow the developing world
Cons	It is only between two countries, which makes it complicated to create free trade in the entire world	Developed countries can overpower developing countries	Due to the one-vote and crossroad the WTO is in since 2001, the WTO lost its credibility

Source: Author's compilation.

From this quick summary the following key elements became apparent: (1) the world is not as united as assumed; (2) export subsidies should be a thing of the past; (3) an "Early Harvest" is possible; and (4) compromises need to be made.

Firstly, the lobbies in the developed world are not at all united. In this case, the USA has a large lobby of groups that want to liberalize the agricultural sector (to a certain degree), but do not want to liberalize the industrial sector. However, the EU has a large

lobby of groups that do not want to liberalize the agricultural sector and want to maintain their large subsidies, but does want to liberalize its industrial sector. On the other hands, the developing world is not as united as it seems either. The evolutionary game theory calls for them to unify in order to have a better chance at getting exactly what they want in trade negotiations. Indeed, the developing countries are united as one voice in the WTO negotiations, but outside of the WTO they largely scatter and establish FTAs and RTAs with developed countries.

Secondly, it also became clear when looking at the negotiations in FTAs and RTAs that export subsidies will be a thing of the past and need to be discussed in the WTO. Even the EU, the biggest subsidizer, agreed to eliminate export subsidies in the CETA. However, the discussion should be focused at only export subsidies at first, as the EU and other subsidizing nations may become too anxious with discussion about domestic subsidies and TRQs. Even though the export subsidies are a small part of the trade distortion in the world market of agricultural goods (13 percent), it is still a start that can evolve in to the gradual elimination of all subsidies and TRQs. Just as the LDCs are allowed to gradually liberalize tariffs, the developed world should be allowed to have a gradual liberalization on subsidies.

Thirdly, an "Early Harvest" scenario of the liberalization of agricultural trade was discussed in the WTO negotiations, but failed to come to the light of day. However,

throughout the research of FTAs and RTAs it became clear that an early harvest is not a bad idea at all. An early harvest could be achieved if the negotiators make a list of sensitive products that can be liberalized gradually or be exempted from the negotiations. For developed countries this list of sensitive products may consist of dairy products; sugar (beets and canes); and native products (for example: kimchi in Korea and odon noodles in Japan. For developing countries meat (bovine, swine, and fowl); cereals (which can be seen as a staple food, including rice); sugar cane (beet sugar tariffs are mostly eliminated, as they are produced by developed countries); native fruits; and certain vegetables (potatoes, onions, shallots, garlic, lettuce, cauliflower, broccoli, carrots, beans, and tomatoes); dairy products; and eggs (hens and ducks) could be listed as sensitive products. The rest of the agricultural goods could be liberalized through an efficient top-down approach of negative listing. Making sure that these products are recognized as sensitive issues and are dealt with more cause, is what made RTAs and FTAs so successful. This "Early Harvest" will also bring back the credibility of the multilateral system and make room free for further liberalization in trade, investment, services and eventually more comprehensive liberalization in the agricultural sector.

Lastly, countries need to be ready to compromise, but accept small exceptions from each other. The developed world needs to be ready to compromise in opening up their agricultural market, in order to achieve easier access to other industries and

investment. This might be a hard choice due to the different clashing lobbies within the developed world, but in the end society as a whole will benefit and this need to be the main focus point. On the other hand, the developing world needs to acknowledge that within the evolutionary game theory, they have more to lose than the developed world if the WTO fails to conclude the Doha Development Round. Plainly rejecting everything the developed world offers as a compromise could be a disaster for their economy. The developed world will find refugee with their main trading partners and like-minded developing countries through FTAs and RTAs. Thus, for the sake of both the developed world and developing world, a compromise needs to be made. Furthermore, pushers are needed in the agreements to push both the developing and developed world towards an agreement, just like in the Uruguay Round. Ultimately, an agreement cannot be established without compromise or a lack of pushers.

Nonetheless, we must not underestimate the time and effort there needs to be put in completing the Doha Development Round, but we do know that it needs to be done. Reaching an agreement about rules and principles that will be applied to nearly 150 countries is not an easy task to begin with. It requires understanding the structure of each constituent national political economy and, in many cases, detailed information about its laws and regulatory structures. Showing the cooperative nature of RTAs can help the world to get closer to free trade. It seems that RTAs could be complementing the WTO, rather than causing a conflict.

5. Annexes

5.1. Annex 1: Free Trade Agreements

Also includes individual countries FTAs with RTAs.

Member countries		Date of signature	Includes tariffs on agricult.	Includes agriculture chapter	Notes
Afghanistan	India	March 6, 2003	Yes	No	
Albania	Bulgaria	March 26, 2003	No	No	
Albania	Turkey	December 22, 2006	Yes	Yes	
Albania	EU	June 12, 2006	Yes	Yes	AA; tariff reductions
Albania	EFTA	December 17, 2009	Yes	Yes	Gradual tariff reductions
Albania	Serbia	November 13, 2003	No	No	
Albania	Montenegro	November 13, 2003	No	No	
Algeria	EU	April 26, 1976	No	No	
Armenia	Georgia	August 14, 1995	No	No	
Armenia	Kazakhstan	September 2, 1999	No	No	
Armenia	Kyrgyz	July 4, 1994	No	No	
Armenia	Moldova	December 24, 1993	No	No	
Armenia	Russia	September 30, 1992	No	No	
Armenia	Turkmenistan	October 3, 1995	No	No	
Armenia	Ukraine	October 7, 1994	No	No	

ASEAN	China	November 4, 2002	Yes	No	Tariff reductions
ASEAN	Hong Kong	November, 2017	n/a	n/a	
ASEAN	India	August 13, 2009	Yes	No	Tariff reductions
ASEAN	Japan	October 8, 2003	Yes	No	Gradual tariff reductions
ASEAN	Korea	December 13, 2005	Yes	Yes	Tariff reductions
Australia	China	June 17, 2015	Yes	Yes	Tariff reductions
Australia	Chile	July 30, 2008	Yes	Yes	Tariff reductions
Australia	Japan	July 8, 2004	Yes	Yes	Tariff reductions
Australia	Korea	April 8, 2014	Yes	Yes	Tariff reductions
Australia	Malaysia	May 22, 2012	Yes	Yes	Gradual tariff reductions
Australia	New Zealand	December 14, 1982	Yes	Yes	Superseded by AANZFTA
Australia	Papua New Guinea	November 6, 1976	No	No	
Australia	Thailand	July 5, 2004	Yes	Yes	
Australia	Singapore	October 13, 2016	Yes	Yes	100% Tariff reductions
Australia	USA	May 18, 2004	Yes	Yes	Tariff reductions
Azerbaijan	Georgia	March 8, 1996	No	No	
Azerbaijan	Ukraine	July 28, 1995	No	No	
Bahrain	Jordan	July 21, 2001	Yes	Yes	
Bahrain	USA	September 14, 2004	Yes	Yes	Tariff reductions
Belarus	Serbia	March 31, 2009	Yes	Yes	Gradual tariff reductions
Belarus	Ukraine	December	Yes	No	

		17, 1992			
Bhutan	India	July 28, 2006	No	No	
Bolivia	Chile	April 6, 1993	No	No	
Bolivia	Mexico	May 17, 2010	No	No	
Bolivia	MERCOSUR	December 17, 1996	No	No	
Bosnia-Herzegovina	Bulgaria	October 16, 2003	No	No	
Bosnia-Herzegovina	EFTA	June 24, 2013	Yes	Yes	Gradual tariff reductions
Bosnia-Herzegovina	EU	June 16, 2008	Yes	Yes	AA; Tariff reductions
Bosnia-Herzegovina	Moldova	December 23, 2002	No	Yes	
Bosnia-Herzegovina	Turkey	July 3, 2002	No	No	
Bulgaria	Israel	June 8, 2001	No	No	
Bulgaria	Macedonia	November 13, 1999	No	No	
Bulgaria	Moldova	May 20, 2004	No	Yes	
Bulgaria	Serbia	November 13, 2003	No	No	
Bulgaria	Turkey	July 11, 1998	No	Yes	
Brunei	Japan	June 18, 2007	No	No	
Canada	Chile	December 5, 1996	Yes	Yes	Gradual tariff reductions
Canada	Colombia	November 21, 2008	No	No	
Canada	Costa Rica	April 23, 2001	Yes	Yes	Gradual tariff reductions
Canada	EFTA	January 26, 2008	Yes	Yes	Gradual tariff reductions
Canada	Honduras	November 5, 2013	Yes	Yes	Gradual tariff reductions

Canada	Israel	July 31, 1996	Yes	No	
Canada	Jordan	June 28, 2009	Yes	No	Gradual tariff reductions
Canada	Korea	September 22, 2014	Yes	Yes	Tariff reductions
Canada	Panama	May 14, 2010	Yes	Yes	
Canada	Peru	May 29, 2008	Yes	Yes	Tariff reductions
Canada	EU	October 30, 2016	Yes	Yes	Tariff reductions
CARICOM	Colombia	July 24, 1994	No	No	Allows trade distortion
CARICOM	Costa Rica	March 9, 2004	No	Yes	Allows trade distortion
CARICOM	Cuba	July 5, 2000	No	Yes	Allows trade distortion
CARICOM	Dominican Republic	August 22, 1998	Yes	Yes	
CARICOM	Venezuela	October 13, 1992	No	No	
CEFTA	Croatia	December 5, 2002	Yes	No	
CACM	Mexico	June 29, 2000	Yes	No	
CAFTA	EFTA	June 24, 2013	Yes	Yes	Gradual tariff reductions
CAFTA	EU	June 29, 2012	Yes	Yes	Minor tariff reductions
CAFTA	Mexico	November 22, 2011	Yes	Yes	
Cameroon	EU	January 15, 2009	Yes	Yes	Gradual tariff reductions
Central America	Chile	October 18, 1999	No	No	
Central America	Dominican Republic	April 16, 1998	No	No	
Central America	EFTA	June 24, 2013	Yes	Yes	Gradual tariff reductions
Central	EU	June 29,	Yes	Yes	Gradual tariff

America		2012			reductions
Central America	Mexico	November 22, 2011	Yes	Yes	Gradual tariff reductions
Central America	Panama	March 6, 2002	No	No	
Chile	China	December 5, 1996	Yes	Yes	Gradual tariff reductions
Chile	Colombia	December 6, 1993	Yes	No	
Chile	CACM	October 18, 1999	Yes	No	
Chile	EFTA	June 26, 2003	Yes	Yes	Gradual Tariff reductions
Chile	EU	November 18, 2002	Yes	Yes	Gradual Tariff reductions
Chile	Hong Kong	September 7, 2012	Yes	Yes	Gradual Tariff reductions
Chile	India	March 8, 2006	Yes	Yes	
Chile	Japan	March 27, 2007	Yes	Yes	Gradual tariff reductions
Chile	Korea	February 1, 2003	Yes	No	Gradual tariff reductions
Chile	Malaysia	November 13, 2010	No	Yes	
Chile	Mexico	April 17, 1998	No	Yes	
Chile	Panama	June 27, 2006	No	Yes	
Chile	Peru	June 20, 1998	No	No	
Chile	Thailand	October 4, 2013	Yes	No	Gradual tariff reductions
Chile	Turkey	July 14, 2009	Yes	Yes	
Chile	USA	June 6, 2003	Yes	Yes	Gradual tariff reductions
Chile	Venezuela	April 2, 1993	No	No	
Chile	Vietnam	November 12, 2011	Yes	No	

China	Georgia	May 13, 2017	n/a	n/a	
China	Costa Rica	April 8, 2010	Yes	Yes	Gradual tariff reductions
China	Hong Kong	June 29, 2003	No	No	
China	Iceland	April 15, 2013	Yes	Yes	
China	Korea	March 11, 2015	Yes	No	Gradual tariff reductions
China	Macao	October 17, 2003	No	No	
China	New Zealand	April 7, 2008	Yes	Yes	Tariff reductions
China	Pakistan	November 24, 2006	Yes	No	Tariff reductions
China	Peru	April 28, 2009	Yes	Yes	Gradual tariff reductions
China	Singapore	October 23, 2008	Yes	Yes	Tariff reductions
China	Switzerland	July 6, 2013	Yes	Yes	Gradual tariff reductions
Colombia	Costa Rica	May 22, 2013	No	No	
Colombia	EFTA	November 25, 2008	Yes	Yes	Tariff reductions
Colombia	EU	June 26, 2012	Yes	Yes	Gradual tariff reductions
Colombia	Mexico	June 13, 1993	Yes	Yes	
Colombia	Korea	August 7, 2007	No	Yes	
Colombia	USA	November 22, 2006	Yes	Yes	Gradual tariff reductions
Costa Rica	Mexico	April 5, 1994	No	No	
Costa Rica	Peru	May 26, 2011	Yes	Yes	Minor tariff reductions
Costa Rica	Singapore	April 6, 2010	Yes	Yes	Gradual ariff reductions
Cote d'Ivoire	EU	November	No	No	

		10, 2008			
Croatia	Moldova	February 26, 2004	Yes	Yes	Minor tariff reductions
Croatia	Turkey	March 13, 2002	Yes	Yes	Minor tariff reductions
EU	Ecuador	December 12, 2014	Yes	Yes	
EU	Egypt	June 1, 2004	Yes	Yes	Minor tariff reductions
EU	Georgia	June 27, 2014	Yes	Yes	AA; tariff reductions
EU	Israel	June 1, 2001	Yes	Yes	
EU	Jordan	November 24, 1997	Yes	Yes	Gradual tariff reductions
EU	Korea	September 16, 2010	Yes	Yes	Tariff reductions
EU	Lebanon	June 17, 2002	Yes	Yes	Gradual tariff reductions
EU	Mexico	December 8, 1997	Yes	No	
EU	Moldova	June 27, 2014	Yes	Yes	AA; tariff reductions
EU	Morocco	February 26, 1996	Yes	Yes	Tariff reduction
EU	Peru	June 26, 2012	Yes	Yes	Tariff reduction
EU	Serbia	April 29, 2008	Yes	Yes	Tariff reduction
EU	South Africa	October 11, 1999	No	No	
EU	Tunisia	July 27, 1995	Yes	Yes	AA; tariff reductions
EU	Turkey	June 26, 1991	Yes	Yes	AA; custom Union
EU	Ukraine	January 1, 2016	Yes	Yes	AA; tariff reductions
EU	US	On hold	Yes	Yes	Tariff reductions
EFTA	Egypt	January 27, 2007	Yes	Yes	Gradual tariff reductions

EFTA	Georgia	June 27, 2016	Yes	Yes	Tariff reductions
EFTA	Hong Kong	June 21, 2011	Yes	Yes	Tariff reductions
EFTA	Israel	September 17, 1992	Yes	No	Minor tariff reductions
EFTA	Jordan	June 21, 2001	Yes	Yes	Gradual tariff reductions
EFTA	Korea	December 15, 2005	Yes	Yes	Gradual tariff reductions
EFTA	Lebanon	June 24, 2004	Yes	Yes	Tariff reductions
EFTA	Macedonia	June 19, 2000	Yes	Yes	Gradual tariff reductions
EFTA	Mexico	November 27, 2000	Yes	Yes	Tariff reductions
EFTA	Montenegro	November 14, 2011	Yes	Yes	AA; tariff reductions
EFTA	Morocco	June 18, 1997	Yes	Yes	Only exemptions
EFTA	Palestine	November 30, 1998	Yes	Yes	Only exemptions
EFTA	Peru	July, 14, 2010	Yes	Yes	Tariff reductions
EFTA	Philippines	April 28, 2016	Yes	Yes	Tariff reductions
EFTA	Serbia	December 17, 2009	Yes	Yes	Tariff reductions
EFTA	Singapore	June 26, 2002	Yes	Yes	Tariff reductions
EFTA	Tunisia	December 17, 2004	Yes	Yes	Gradual tariff reductions
EFTA	Turkey	December 10, 1991	Yes	Yes	Only exemptions
EFTA	Ukraine	June 24, 2010	Yes	Yes	Gradual tariff reductions
Egypt	Jordan	December 10, 1998	Yes	Yes	Tariff reductions
Egypt	Lebanon	March, 1999	No	No	
Egypt	Libya	January,	No	No	

		1991			
Egypt	Morocco	May 27, 1998	No	No	
Egypt	Syria	December, 1991	No	No	
Egypt	Tunisia	March, 1999	No	No	
Egypt	Turkey	December 27, 2005	No	Yes	
El Salvador	Taiwan	May 7, 2007	Yes	Yes	
Georgia	Kazakhstan	November 11, 1997	No	No	
Georgia	Turkey	November 21, 2007	Yes	Yes	Minor tariff reductions
Georgia	Turkmenistan	March 20, 1996	No	No	
Georgia	Ukraine	January 9, 1995	No	No	
Guatemala	Taiwan	September 22, 2005	Yes	Yes	
Honduras	Peru	May 29, 2015	No	No	
Honduras	Taiwan	May 7, 2007	Yes	Yes	
Hong Kong	New Zealand	March, 2011	Yes	Yes	Tariff reductions
India	Japan	February 16, 2011	Yes	Yes	Gradual tariff reductions
India	Korea	August 7, 2009	Yes	Yes	Gradual tariff reductions
India	Nepal	December 6, 1991	No	No	
India	Malaysia	February 18, 2011	Yes	Yes	
India	MERCOSUR	June 1, 2009	Yes	Yes	Gradual tariff reductions
India	Singapore	29 June 2005	Yes	Yes	Tariff reduction.
India	Sri Lanka	December 29, 1998	No	No	

Israel	Turkey	May 1, 1997	No	Yes	
Israel	Mexico	July 1, 2000	Yes	Yes	Gradual tariff reductions
Israel	MERCOSUR	December 18, 2007	Yes	Yes	Gradual tariff reductions
Israel	Jordan	October, 1995	No	No	
Israel	USA	April, 1985	Yes	Yes	
Indonesia	Japan	July 1, 2008	Yes	Yes	Exclusions
Indonesia	Pakistan	February 3, 2012	Yes	No	Gradual tariff reductions
Japan	Mongolia	February 11, 2015	Yes	Yes	Exclusions
Japan	Mexico	September 17, 2004	Yes	Yes	Gradual tariff reductions
Japan	Peru	May 31, 2011	Yes	Yes	Gradual tariff reductions
Japan	Philippines	September 9, 2006	Yes	Yes	Exclusions
Japan	Singapore	May 16, 2004	Yes	Yes	Tariff reductions
Japan	Switzerland	February 19, 2009	Yes	Yes	
Japan	Thailand	April 3, 2007	Yes	Yes	
Japan	Vietnam	December 25, 2008	Yes	Yes	
Jordan	Morocco	June 16, 1998	No	No	
Jordan	Kuwait	December 25, 2001	Yes	Yes	100% tariff reductions
Jordan	Syria	October 8, 2001	Yes	Yes	100% tariff reductions
Jordan	Singapore	April 29, 2004	Yes	Yes	100% tariff reductions
Jordan	Sudan	July 21, 2001	Yes	Yes	100% tariff reductions
Jordan	Turkey	December	Yes	Yes	

		1, 2009			
Jordan	Tunisia	April 22, 1998	Yes	No	
Jordan	USA	October 24, 2000	Yes	No	Gradual tariff reductions
Jordan	UAE	May 21, 2000	Yes	Yes	100% tariff reductions
Kazakhstan	Kyrgyzstan	June 22, 1995	No	No	
Kazakhstan	Uzbekistan	June 2, 1997	No	No	
Kazakhstan	Russia	June 7, 1993	No	No	
Korea	New Zealand	March 2015	Yes	Yes	Tariff reductions
Korea	Singapore	February 24, 2006	Yes	Yes	Tariff reductions
Korea	Turkey	November 24, 2010	Yes	Yes	Gradual tariff reductions
Korea	Peru	November 14, 2010	Yes	Yes	Gradual tariff reductions
Korea	USA	June 30, 2007	Yes	Yes	Gradual tariff reductions
Korea	Vietnam	May 5, 2015	Yes	Yes	Tariff reductions
Laos	Thailand	June 20, 1991	No	No	
Malaysia	Turkey	April 17, 2014	Yes	Yes	Gradual tariff reductions
Malaysia	New Zealand	October 26, 2009	Yes	Yes	Tariff reductions
Malaysia	Pakistan	November 8, 2007	Yes	Yes	
Mauritius	Pakistan	July 30, 2007	Yes	Yes	
Mauritius	Turkey	September 9, 2011	Yes	Yes	Gradual tariff reductions
Macedonia	Turkey	September 7, 1999	Yes	Yes	TQRs as safeguard
Macedonia	Ukraine	February, 2001	Yes	Yes	TQRs as safeguard

MERCOSUR	Peru	November 30, 2005	No	No	
Mexico	Panama	April 3, 2014	No	No	Industry and service related
Mexico	Peru	April 6, 2011	No	No	Industry and service related
Mexico	Uruguay	November 15, 2003	No	No	Industry and service related
Moldova	Romania	February 15, 1994	No	No	
Moldova	Turkey	September 11, 2014	Yes	Yes	TQRs as safeguard
Moldova	Ukraine	July 20, 2002	Yes	Yes	TQRs as safeguard
Montenegro	Turkey	November 26, 2008	Yes	Yes	
Montenegro	Ukraine	November 18, 2011	No	Yes	
Morocco	Turkey	July 4, 2004	Yes	Yes	
Morocco	Tunisia	March 7, 1999	No	Yes	
Morocco	USA	June 15, 2004	Yes	Yes	Gradual tariff reductions
Morocco	UAE	June 25, 2001	No	No	Reached difficulties
Nicaragua	Taiwan	June 16, 2006	No	Yes	
New Zealand	Thailand	April 19, 2005	Yes	Yes	Tariff reductions
New Zealand	Singapore	June 14, 2008	Yes	Yes	Renegotiations agriculture
Oman	USA	January 19, 2006	Yes	Yes	Gradual tariff reductions
Pakistan	Sri Lanka	August 1, 2002	Yes	Yes	
Palestine	Turkey	July 20, 2004	Yes	Yes	
Panama	Peru	May 25, 2011	No	Yes	

Panama	Singapore	March 1, 2006	Yes	Yes	Gradual tariff reductions
Panama	Taiwan	August 21, 2003	No	No	Industry and service related
Panama	USA	June 28, 2007	Yes	Yes	Tariff reductions
Peru	Singapore	May 29, 2008	Yes	Yes	Gradual tariff reductions
Peru	Thailand	October 17, 2003	Yes	Yes	Gradual tariff reductions
Peru	USA	April 12, 2006	Yes	Yes	Gradual tariff reductions
Russia	Serbia	August 28, 2000	Yes	No	
Serbia	Turkey	June 1, 2009	Yes	Yes	
Singapore	USA	May 6, 2003	Yes	Yes	100% tariff reductions
Syria	Turkey	December 22, 2004	Yes	Yes	
Tajikistan	Ukraine	July 11, 2002	No	No	
Tunisia	Turkey	November 25, 2004	Yes	Yes	
Turkmenistan	Ukraine	November 5, 1994	No	No	
Ukraine	Uzbekistan	December 29, 1994	No	No	

Source: Author's compilation.

5.2. Annex 2: Regional Trade Agreements

RTA name	**Date of signature**	**Includes agriculture tariffs**	**Includes agriculture chapter**	**Notes**
AANZFTA	February 27, 2009	Yes	Yes	100% tariff reductions
African	June 3, 1991	No	No	

Economic Community (AEC)				
Agadir Agreement	February 25, 2004	No	Yes	
Andean Community (CAN)	March 10, 1996	No	No	Encourages agricultural cooperation
ASEAN	January 28, 1992	Yes	Yes	
ASEAN – Australia – New Zealand	February 27, 2009	Yes	Yes	Tariff reductions
CARICOM	July 4, 1973	Yes	No	Excludes agricultural products
CETA	October 30, 2016	Yes	Yes	
CEFTA 2006	December 19, 2006	No	No	
CEMAC	March 16, 1994	No	No	
Central American Common Market (CACM)	December 13, 1960	No	No	
CEPGL	September 20, 1976	No	No	
COMESA	November 5, 1993	No	No	
CISFTA	October 18, 2011	No	No	
DCFTA	July 19, 2012	Yes	Yes	EU (AA)
DR-CAFTA (USA)	August 5, 2004	Yes	Yes	
ECCAS	October 18, 1983	No	No	
EU	February 7, 1992	Yes	Yes	100% tariff reductions; common

				market
EU-EFTA (EEA)	May 2, 1992	No	No	Does not cover common agriculture and fishery policies
ECOTA	July 17, 2003	No	No	
ECOWAS	July 24, 1993	No	No	
EFTA	January 4, 1960	No	No	Does not cover common agriculture and fishery policies
EFTA-SACU	June 26, 2006	Yes	No	Gradual tariff reductions (to 10% duty line)
Greater Arab FTA (GAFTA)	February 19, 1997	No	Yes	
GSTP	April 13, 1988	No	No	
GUAM	June 7, 2001	No	No	
LAIA	August 12, 1980	No	No	
MERCOSUR	March 26, 1991	Yes	Yes	
NAFTA	December 17, 1992	Yes	Yes	
PICTA	August 18, 2001	No	No	
Pacific Alliance (PAFTA)	April 28, 2011	Yes	Yes	
SAFTA	January 6, 2004	Yes	Yes	Not implemented
SADC	August, 2008	Yes	No	Promises not kept
SPARTECA	July 14, 1981	No	No	
TPSEP	July 18, 2005	Yes	Yes	100%
TPP	On hold	Yes	Yes	

Source: Author's compilation.

5.3. Annex 3: Korea-ASEAN FTA Sensitive list

	Meat	Fish	Dairy	Vegetables	Fruits	Cereals	Others
Cambodia	Fowls	Carps		Tomatoes; onions; garlic; cauliflower; cabbage; carrots; cucumbers; beans	Pineapples; guavas; oranges; watermelons		
Indonesia	Fowl cuts and thighs	Tunas; sardines; lobsters; shrimps; prawns			Mandarins		
Korea	Bovine meat; dried swine / bovine meat	Tunas; cod; halibut; herring; sardines; crab; cuttle fish; clams	Whey powder; curd cheeses	Tomatoes; cauliflowers; Brussel sprouts; asparagus; onions; mushrooms; carrots; pumpkins; potatoes	Lemons; cherries; plums; strawberries; kiwis; persimmons; jams; juices	Wheat; barley; sweet corn	Spirits; Liquor
Laos	Fowls (live)					Rice (husks)	Tobacco (stems)
Malaysia			Milk and cream		Bananas; pineapples; guavas; watermelons; durians; tropical fruit		
Myanmar	Mammal meat						Coffee (not roasted); cane and beet sugar
Philippines	Fowls (live); turkey meat; duck meat; sausages; prepared meat	Mackerel; anchovies; other fish (salted)		Leeks; lettuce; witloof; carrots; cucumbers; peas; beans			Coffee (not roasted)
Vietnam		Filled					

		milk; powdered milk					

Source: Author's compilation.

5.4. Annex 4: Group A - Highly sensitive list

Tariff lines subject to 50% tariff rate capping

	Meat	Fish	Dairy	Vegetables	Fruits	Cereals	Others
Cambodia							
Indonesia							
Korea		Shrimps; prawns	Fresh cheese		Oranges; apples; pears		
Laos							
Malaysia							
Myanmar							
Philippines							
Vietnam							Beers (malt); sparkling wine; cider; sake; spirits; liquor

Source: Author's compilation.

5.5. Annex 5: Group B - Highly sensitive list

Tariff lines subject to tariff reduction by 20%

	Meat	Fish	Dairy	Vegetables	Fruits	Cereals	Others
Cambodia							Mineral waters; beer (malt)
Indonesia				Soya beans			
Korea	Beef cattle (live); swine and bovine (carcasses and cuts); sausages; samgetang	Tropical fish; eels; halibut; tunas; mackerel; crabs; anchovy; shrimps; prawns;	Whole milk powder; yoghurt; butter milk; grated or powdered cheese	Sweet potatoes; garlic; onions; kimchi	Guavas; mangoes; dates; papayas; peaches; durians; apples; pineapple; pears; grapes;	Buckwheat; maize (groats); wheat starch; maize starch	Pure-bred breeding eggs (fowls); natural honey; ginseng

		squid			juices		
Laos	Bovine carcasses and cuts			Tomatoes; onions; leeks; cauliflower; lettuce; cucumbers; beans; eggplants; mushrooms; olives; potatoes; asparagus	Pineapples; guavas; mangoes; oranges; mandarins; lemons; watermelons; papaya; pears; apricots; cherries; peaches; strawberries	Sweet corn	Bird eggs (in shell); coffee (not roasted); cane and beet sugar
Malaysia						Rice (husk)	
Myanmar		Trout; salmon; halibut; cod; haddock; mackerel; sharks; eels; tunas; shrimps; prawns; crabs; caviar		Peas; beans			Bird eggs (in shell); natural honey; green tea; tobacco (stripped); waters; sparkling wine
Philippines	Swine (live); fowls (live); swine carcasses; fowls cuts			Potatoes; onions; garlic; cauliflower; cabbages; carrots; sweet potatoes		Maize (corn); maize starch	
Vietnam							

Source: Author's compilation.

5.6. Annex 6 Group C - Highly sensitive list

Tariff lines subject to tariff reduction by 50%

	Meat	**Fish**	**Dairy**	**Vegetables**	**Fruits**	**Cereals**	**Others**
Cambodia							
Indonesia							
Korea				Vegetables preserved by sugar;	Fruits preserved by sugar	Barley; popcorn; oats	Beer (malt)

				apples; ginger			
Laos							
Malaysia							
Myanmar							
Philippines							
Vietnam							

Source: Author's compilation.

5.7. Annex 7: Group D - Highly sensitive list

Tariff lines subject to TRQs

	Meat	**Fish**	**Dairy**	**Vegetables**	**Fruits**	**Cereals**	**Others**
Cambodia							
Indonesia							
Korea		Shrimps; prawns; cuttle fish			Cassava		
Laos							
Malaysia	Swine (live); fowls (live); fowl chicks; swine carcasses and cuts; fowl carcasses and cuts			Round cabbages			Bird eggs (in shell), including hens and ducks
Myanmar							
Philippines							
Vietnam							Bird eggs (in shell), including hens and ducks; tobacco (stemmed or stripped)

Source: Author's compilation.

5.8. Annex 8: Group E - Highly sensitive list

Tariff lines exempted from tariff concession.

	Meat	Fish	Dairy	Vegetables	Fruits	Cereals	Others
Cambodia							Cigarettes
Indonesia						Rice (husk)	Cane and beet sugar; beer (malt); sparkling wine; spirits; liquors
Korea	Bovine cuts; swine belly; fowl cuts	Flat fish; true bass; puffers; tilapia; rockfish; sea bass; mullets; trout; croakers; angler; Alaska Pollack; horse mackerel; skate		Onions; garlic; sweet peppers	Bananas; pineapples; mandarins; Korean citrus	Rice (husk); rice flour	
Laos							
Malaysia							Beer (malt); sparkling wine; spirits; liquors; tobacco; cigarettes; cigars
Myanmar		Lobsters; shrimp; prawns; crabs				Rice (husk)	Beer (malt); spirits; liquors; cigarettes
Philippines						Rice (husk)	Cane and beet sugar
Vietnam							Cigars; cigarettes; tobacco

Source: Author's compilation.

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