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Developing Country Status in WTO

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The **South Korean** Government has decided **not to seek any special treatment as a developing country** from future negotiations at the **World Trade Organization (WTO)**.

- However, this **does not mean** that the **country would forego its developing country status** at the WTO.
- South Korea, Asia's fourth-largest economy, has maintained its **developing country status** as a member of the WTO **since** the body's creation in **1995**, mainly to guard its **agriculture industry**. **E.g.:**
 - It imposes a tariff of more than 500% on rice imports.
- There are **no WTO definitions of "developed" and "developing" countries**. **Members announce for themselves** whether they are "developed" or "developing" countries.
 - However, other members can challenge the decision of a member to make use of provisions available to developing countries.
- The WTO Agreements contain special provisions which **give developing countries special rights**. These provisions are referred to as **"Special and Differential Treatment" (S&D) provisions**.
- The **special provisions** include:
 - **Longer time periods** for implementing Agreements and commitments,
 - Measures to **increase trading opportunities** for developing countries,
 - Provisions requiring all WTO members to **safeguard the trade interests** of developing countries,
 - Support to help **developing countries build the capacity** to carry out WTO work, handle disputes, and implement technical standards, and
 - Provisions related to least-developed country (LDC) Members.

- **Benefits to Developing Countries in the WTO:**
 - The Agreement Establishing the World Trade Organization (also known as “**the WTO Agreement**”) specifies that **international trade** should **benefit the economic development** of developing and least-developed countries.
 - **General Agreement on Tariffs and Trade (GATT)**— gives developing countries the **right to restrict imports, if** doing so would promote the establishment or **maintenance of a particular industry**, or assist in cases of balance-of-payments difficulties.
 - **Part IV of the GATT** includes provisions on the concept of **non-reciprocal preferential treatment for developing countries, i.e.** when developed countries grant trade concessions to developing countries they should not expect the developing countries to make matching offers in return.
 - However, developing countries claim that Part IV has been without practical value as it does not contain any obligations for developed countries.
- **Issues:**
 - Recently, U.S. President had put pressure on the WTO to change how it designates developing countries, singling out China, with which the United States is engaged in a **trade war**, for unfairly getting preferential treatment.
 - The **United States also recently proposed**, that in current and future negotiations, following should not invoke the self-declaration option:
 - Members of the **Organization for Economic Cooperation and Development (OECD)**
 - Members of the Group of 20 (G-20),
 - High income countries as per the World Bank definition, or
 - Countries that account for 0.5% or more of global merchandise trade.
 - In a rebuttal to the US approach, **China, India, South Africa, and others submitted a proposal of their own.** While reiterating that self-declaration is appropriate in the WTO context, they make the point that per capita indicators must be given top priority when assessing development levels.
 - WTO members **can consider the following steps** to help integrate developing countries in global trade:
 - Countries can decide to follow South Korea’s example and **not claim differentiated treatment, without the need to declare themselves “developed.”**
 - Negotiations should provide for differentiated treatment taking into account the policy making challenges in developing countries **without establishing permanent exemptions.** These provisions should either be time-bound or have clear threshold and phaseout criteria, as in the WTO Agreement on Subsidies and Countervailing Measures.