

Path dependency in issue linkages and institutional choices: the liberalisation of agricultural trade in South Korea

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Abstract

This thesis aims at understanding how, following the Agreement on Agriculture in the GATT Uruguay Round, some countries refused to further liberalise agriculture in the WTO Doha Round, while at the same time reducing agricultural protections in bilateral trade agreements where they were able to exclude sensitive sectors.

My main argument is that governments select institutions that will allow them to use a suitable issue linkage to liberalise agricultural trade with limited political costs. Due to bounded rationality, the initial issue linkage implemented in an institution may succeed or fail. Each outcome will create a critical juncture and positive/negative feedback effects that will promote/impede the use of the same linkage and institution in the future for similar purposes.

My research contributes to the literature of the two-level game theory in trade cooperation, by demonstrating how a path dependent perspective can explain variations in the efficiency of issue linkages that could not be accounted for by the current approach. I also contribute to the new institutionalist literature by connecting the outcomes of issue linkages to the institutional strategy used by governments.

I test the validity of my argument through a case study, selecting South Korea from the 1980s to the 2010s as my single case, and using process-tracing to analyse the causal mechanisms that are at the core of the path dependency. Within my case study I consider negative feedbacks that originated from the GATT Uruguay Round and hampered the WTO Doha Round, and positive feedbacks that reduced agricultural trade barriers in five bilateral trade agreements (Chile, US, EU, Australia and China).

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List of Abbreviations

APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of South-East Asian Nations
CAP	Common Agricultural Policy
DDA	Doha Development Agenda
EC/EEC	European (Economic) Community
EFTA	European Free Trade Association
FAO	Food and Agriculture Organisation
FTA	Free Trade Agreement
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
ICA	International Commodity Agreements
IMF	International Monetary Fund
ITO	International Trade Organisation
KAFF	Korean Advanced Farmers' Federation
KAPTA	Korea-Australia PTA
KCPTA	Korea-Chile PTA
KEI	Korea Environment Institute
KIEP	Korea Institute for Economic Policy
KORUS	Korea-US
KPL	Korean Peasants League
KREI	Korea Rural Economic Institute
MOFAT	Ministry Of Foreign Affairs and Trade
NACF	National Agricultural Cooperative Federation
NAFTA	North America Free Trade Agreement
OECD	Organization for Economic Co-operation and Development
PTA	Preferential Trade Agreement
SM	Safeguard Measures
TRQ	Tariff rate quotas
T&C	Textiles and Clothing
UNCTAD	United Nations Conference on Trade and Development
UR	Uruguay Round
USCC	Use-Select-Change-Create
USDA	United States Department of Agriculture

USITC	United States International Trade Commission
USTR	United States Trade Representative
WTO	World Trade Organisation

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A ray of sunshine at the end of my PhD was the birth of my son, reminding me that no matter how confused or lost I felt in my research and how close the deadline always seemed to be, there were more important things in life. The main collateral damage was the amount of sleep and energy I managed to dedicate to my research from this point forward. On the bright side, this taught me to be more productive and spend less time worrying about achieving the perfect argument or chapter and instead just get the job done.

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Author's Declaration

I declare that this thesis is a presentation of original work and I am the sole author. This work has not previously been presented for an award at this, or any other, University. All sources are acknowledged as References.

Introduction

In 2002, the World Bank estimated the potential gains from the elimination of all remaining trade barriers. The data showed that global income would increase by \$2.8 trillion, including an income growth of \$1.5 trillion for developing countries, and that 320 million people would be lifted out of poverty (World Bank, 2002). Although these numbers may be subject to debate, they illustrate the substantial benefits that trade liberalisation in highly protected sectors like agriculture or services may provide on a global scale. Despite these potential merits, progress in the reduction of remaining trade barriers has been limited in the 21st century and achieved contrasting results in different institutions. On one side the multilateral discussions at the World Trade Organisation (WTO) level ended up in a stalemate. On the other side, bilateral trade agreements proliferated across the globe, resulting in disparate levels of market opening.

In light of these discrepancies in trade liberalization, my research aims at explaining why some countries refused to include the liberalisation of sensitive sectors in multilateral institutions, citing potential political costs, yet liberalised these same sensitive sectors in bilateral institutions which gave them the opportunity to exclude them. Given this puzzle, I aim to provide a new argument to understand why achieving liberalisation for these sectors proved to be more challenging in some institutions compared to others, and how governments reacted to this situation. Instead of the synchronic approach usually considered in the literature on trade policy, focused on a single point in time, I adopt a diachronic perspective that emphasises evolution through time, by taking into consideration specific aspects of path dependency and feedback effects between trade negotiations. I argue that feedback effects take place between trade agreements, based on the efficiency of the issue linkages used in the negotiations to open sensitive markets. Depending on the outcomes of the initial issue linkage used in a specific institution, these feedback effects will promote or impede any further use of these linkage and type of institution to pursue the liberalisation of sensitive sectors.

By sensitive sector, I mean any sector where international pressure for liberalisation is opposed by a substantial opposition from import-competing interests at the domestic level, with a high level of politicisation and involvement of ministries and bureaucracy (Davis, 2003). In this thesis I focus on the case of South Korea¹, from the 1980s to the beginning of the 21st century, and on trade in agriculture, which is a good example of a sensitive sector where trade liberalisation has been

1. In this document, wordings such as 'Korea', 'Korean', 'Republic of Korea' and 'ROK' all refer to the country of South Korea

historically very difficult in many countries including South Korea. The path dependency and feedback effects previously mentioned as central to my argument refer to situations where “decisions at one point in time can restrict future possibilities by sending policy off onto particular tracks” (Steinmo et al., 1992, p.192). In this concept, trade policy is not only shaped by factors such as the preferences of relevant political actors or the institutions involved, but also by the previous occurrences of trade policies which have been previously negotiated.

Governments may want to liberalise trade in sensitive protected sectors for a variety of reasons: increasing competition while decreasing the level of state support in low-productivity areas of the economy; target better access for their own exports in exchange for these concessions; or addressing promises made during electoral campaigns. I selected agriculture as a relevant field of investigation for my research as it provides a perfect example of a trade issue that has been highly sensitive in developed countries, with both substantial pressures at the international level to open markets and increase exports, and at the same time high opposition at the domestic level. South Korea is a good example as its agriculture is one of the most protected in the world, and following criticism by major food exporters in the past, have been progressively opened to foreign exports. Whether the goal is foreign market access or domestic reforms, the trade liberalisation of agriculture can be very risky politically as domestic interests (typically import competitors) that would suffer from trade liberalisation will oppose any opening of trade barriers. Even if these groups are a minority compared to the rest of the economy which would benefit from free trade, their opposition could potentially create heavy electoral costs for political leaders. For instance, despite the low share of agriculture in the GDP (0.6%), farmers in the UK opposed the opening of domestic markets in a trade agreement with the US in 2020, with petitions and public protests across the country (The Northern Echo, 2020).

In addition to the resistance of domestic groups, a unique aspect of agricultural trade relates to the concept of food security. The supply of food commodities can be achieved through domestic production or foreign exports, so debates emerged to understand if agricultural trade may actually promote or impede food security. In more recent developments, agricultural trade and food security were again at the centre stage of the discussions in both developed and developing countries. From 2007 to 2012, following a period of high price volatility on world food markets, debates on agricultural trade were associated with social unrest in many countries around the globe (Lagi et al., 2011). Alternative concepts such as food sovereignty were introduced by the Via Campesina in 1996 as the “right of each nation to maintain and develop its own capacity to produce its basic foods respecting cultural and productive diversity”, adding that it is “a precondition to genuine food

security” (Via Campesina, 1996). These issues of food security are still relevant in 2022 with the re-emergence of a high price volatility on international agricultural markets, sparking fears of food shortages and even a global food crisis, following the conflict in Ukraine (BBC News, 2022).

Faced with a high opposition from import-competing groups at the domestic level, governments may be tempted to include the trade liberalisation of agriculture in international institutions, instead of achieving it unilaterally. Drawing from the definition of Koremenos (2001), I consider in my research that institutions are explicit arrangements, negotiated among states, that prescribe, proscribe, and/or authorize behavior. In the frame of international trade, these institutions may be a simple public interstate agreement or take the form of more formal organisations that may include independent structures such as a secretariat. Cooperation with other countries through institutions may facilitate trade liberalisation of agriculture by displaying credible commitments, locking-in domestic reforms and performing issue linkages. My research focuses on the use of these issue linkages in the context of trade negotiations. Following the approach of scholars such as Sebenius (1983) and Haas (1980), I define issue linkages as the simultaneous discussion of two or more issues for joint settlement in a single agreement or institution. Considering trade negotiations, I define the potential linked issues typically as the linkage between the removal of any distinct trade barriers, whether it occurs at the level of whole economic sectors, such as a linkage between agriculture and electronics, or specific commodities, such as rice for instance. In this case, linked issues may initially be related or completely independent from each other, but they all must be included and settled for the final agreement to be successfully concluded. This bargaining strategy helps political leaders to justify unpopular concessions and overcome the domestic opposition through a linkage to the larger gains achieved in other economic sectors and more beneficial to the national economy. In trade negotiations, a key factor defining issue linkage is that they include both import and export interests at the domestic level of the negotiations (Davis, 2003). In parallel with the preferences of each negotiating side, each issue linkage is influenced by the specific institution in which it takes place. Institutional settings such as the number of issues discussed, the number of members in the negotiations or even standard operating rules may promote or prevent the implementation of some features of issue linkages.

From the previous definition of issue linkages, I make the distinction between successful and failed linkages. I consider in my research that *successful* issue linkages indeed managed to achieve the objectives of liberalisation defined beforehand in a trade agreement, with the important criteria of limited political costs for the government. Conversely, *failed* issue linkage characterises the situation where the linkage either did not manage to achieve liberalisation in a trade agreement, or,

in the case where an agreement was still reached, it resulted in massive political costs for state leaders. The international institutions that enable these issue linkages can take the form of multilateral organisations or economic regionalism. On one side, multilateral institutions have been defined as “an institutional form which coordinates relations among three or more states on the basis of ‘generalised’ principles of conduct” (Ruggie, 1992, p.571). The focal multilateral institution for trade-related issues was the General Agreement on Trade and Tariffs (GATT), the predecessor of the WTO. In the Uruguay Round (1986-1993), many countries initially achieved some progress in the liberalisation of agriculture, with the signature of the Agreement on Agriculture. However many countries then refused to further liberalise agriculture in the WTO Doha Round, citing significant domestic resistance that would be too risky to ignore.

On the other side, the definition of economic regionalism has been subject to many debates in the literature, mainly on the importance of geographic proximity and the links between economic flows and political choices (Mansfield and Milner, 1999). In the frame of this thesis, economic regionalism will be defined as the implementation of Preferential Trade Agreements (PTA)² among a subset of nations (Bhagwati, 1992). These PTAs are most of the time bilateral economic partnerships aiming at reducing trade barriers on a selected range of products, among members of the same region. These regional clusters can have different natures depending on the depth of trade liberalisation they promote: free trade areas, customs unions or common markets. Regional trade agreements are allowed under the Article XXIV of the GATT Charter provided that “duties and other restrictive regulations of commerce [...] are eliminated with respect to substantially all the trade between the constituent territories of the union” (GATT, 1947). This leeway in the interpretation of the level of liberalisation required in PTAs led to the concept of ‘liberalisation without political pain’ (Ravenhill, 2003), where sensitive sectors such as agriculture could be excluded from regional trade agreements to achieve liberalisation without political costs.

On the issue of agricultural trade, governments adopted different positions in multilateral and bilateral institutions after the GATT Uruguay Round: among the countries who opposed any liberalisation of agriculture in multilateral institutions such as the WTO Doha Round, some countries actually succeeded in partially liberalising agriculture in bilateral institutions such as PTAs that were implemented around the same time or later. This behaviour is puzzling since it is in contradiction with the principle of liberalisation without political pain previously mentioned, which

2. The wording *Free Trade Agreement* or *FTA* is often used in the literature and media instead of PTA. However I consider that most bilateral trade agreements do not actually result in free trade between members, so I use the more accurate terminology of PTA whenever possible in this thesis

assumes that political leaders should have excluded agriculture from PTAs to avoid domestic opposition.

From this puzzle I draw two important points that I investigate in my research. First, these countries did not just attempt to liberalise agricultural trade using only the main multilateral institution. Governments decided to pursue a specific institutional strategy regarding the liberalisation of agricultural trade: in opposition to countries which dismissed multilateral and bilateral institutions altogether as too risky politically, others dismissed multilateral arenas for this reason, but considered that bilateral institutions were a better solution. How can we explain this institutional strategy for the opening of agricultural markets? Second, these same countries managed to implement efficient issue linkages to overcome domestic resistance and reduce protection on agriculture in PTAs without significant political costs, but failed to achieve the same outcome in multilateral negotiations, where issue linkages were inefficient and liberalisation too costly. Which factors are relevant to understand this variation in the efficiency of issues linkages? These questions are important to study in order to understand how sensitive sectors such as agriculture may be liberalised, how domestic resistance to the opening of markets may be reduced or outweighed, as well as the type of factors and institutions that could impede or promote liberalisation. The opening of sensitive markets has been the main obstacle in international trade cooperation since the GATT Uruguay Round, with significant consequences for the global economy in terms of economic gains from free trade. Explaining these trade issues have been a major task of scholars in International Political Economy in the past and the current literature highlights the role of domestic interest groups, institutions and international bargaining on the design of trade policy. Issue linkages are described as a powerful tool to achieve liberalisation, but the literature cannot properly explain why issue linkages may succeed or fail to achieve a trade agreement, or why governments may decide to favour bilateral over multilateral institutions to liberalise agriculture.

My objective in this thesis is to contribute to this gap in the literature by providing an explanation on the uneven efficiency of issue linkages among institutions and the institutional choices of South Korea about agricultural trade. With this goal in mind, I combine the two-level game and new institutionalist theories in my analytical framework, allowing me to consider the role of path dependency in trade negotiations. I use a broad definition of path dependency, as a situation where previous events in a sequence influence later outcomes and trajectories (Pierson, 2000). This influence may cause further movement along the same path or on the contrary promote different alternatives. I assume that these trade negotiations are not independent from each other, and taking into account the potential feedback effects that past occurrences, whether they achieved an

agreement or not, may have on future linkages. Building on this, I suggest a new framework based on a sequential approach of institutions, where governments adapt their institutional strategy based on the outcomes of the issue linkages performed in multilateral and bilateral institutions.

The remaining of this introduction aims at detailing the objectives and boundaries of my analysis, and will be divided in three sections. A first section establishes my research questions, followed by a second section stating the arguments I aim at demonstrating in this thesis. A final section provides the overall structure of this thesis, with a chapter by chapter overview.

A. Research questions: the role of path dependency in issue linkages and institutional choices

Following the historical difficulties to liberalise agricultural trade, this thesis looks at the puzzling contrast in outcomes over the liberalisation of agriculture in multilateral and bilateral institutions, and considers how the shift in efficiency of issue linkages can be explained through path dependent mechanisms and how it may have influenced the institutional choices from governments. Scholars suggested that the use of issue linkage enabled the liberalisation of agricultural trade in the GATT Uruguay Round by reducing domestic opposition in countries where the topic was sensitive such as Japan (Davis, 2003, 2004). It appears that governments were indeed able to partially liberalise agricultural trade by overcoming domestic oppositions through issue linkages at the GATT level. But later a discrepancy arose between multilateral and bilateral institutions: they managed to partially liberalise agriculture in preferential trade agreements but couldn't achieve the same outcome at the WTO Doha Round.

The two-level game theory postulates that cooperation through an issue linkage in an institution is dependent on the preferences of domestic actors, the domestic institutions and the bargaining strategy of the foreign partner (Putnam, 1988). On one side, the opening of agricultural markets was debated in parallel in the WTO multilateral negotiations and in bilateral agreements across the globe. This implies that the level of domestic opposition that issue linkages needed to alleviate to achieve liberalisation was similar in multilateral and bilateral arenas. On the other side, the liberalisation of agricultural trade in many bilateral agreements involved major agricultural exporters such as the US and the EU, that were also members of the WTO. Contextual factors such as the trading partners and level of domestic opposition were therefore similar in multilateral and bilateral institutions, and are not suitable to explain why governments achieved different outcomes in terms of agricultural liberalisation. My focus in this thesis is on path dependency, emphasising that these different attempts to open sensitive markets through issue linkages did not occur

simultaneously but took place sequentially, raising the question of the potential role of time in the definition of the outcomes of an issue linkage. In this thesis, I look at the following main research question: does path dependency have an influence on the efficiency of institutions to implement issue linkages to liberalise sensitive sectors? Even if a government creates two issue linkages having similar characteristics in terms of issues included and domestic opposition to overcome, so it could be expected to achieve similar outcomes in terms of trade liberalisation, the timing of their implementation may also be an important parameter to define their efficiency. The outcomes of the first linkage may have an effect on the efficiency of the second linkage. My main research question comes down to asking if we should start to look at negotiations on the trade liberalisation of agriculture in different institutions and in different periods as a continuous process aiming at achieving efficient issue linkages. Evaluating the issue linkage implemented in one set of negotiations requires to take into consideration the issue linkages that have achieved, or failed to achieve, the liberalisation of agricultural trade.

From this main research question, I develop two sub questions that are each focused on a specific aspect of my initial puzzle: issue linkages and institutional strategy. My first sub question looks at the evolution of efficiency in successive issue linkages. By definition issue linkages are used to find common positions between the preferences of trading partners and domestic groups, so a change in their efficiency in liberalising sensitive sectors such as agriculture can be expected to originate from a change in the demands of one or both types of actors. My first sub question is defined as follow: how does the effect of path dependency on issue linkages change the preferences of political actors involved in the negotiations and the efficiency of subsequent linkages? In addition to the temporal aspect of issue linkages, I also investigate governments' institutional choices to liberalise agriculture. Issue linkages and institutional strategy for trade liberalisation are not independent phenomena but are connected. Since issue linkages are heavily dependent on the institution in which they are performed, another consequence of the shift in efficiency in linkages is that different institutions may not have the same outcomes regarding the liberalisation of agricultural trade. This variation may then be a factor in the institutions selected to liberalise agriculture: governments may adapt their institutional strategy to have more efficient issue linkages and ultimately better chances to achieve their objectives. Here I suggest that the role of temporal processes on issue linkages I wish to investigate in my first subquestion has repercussions on the institutional strategy of governments. Therefore my second sub question is: based on the efficiency of issue linkage, how can we explain the institutions governments choose to liberalise agricultural trade?

B. Overview of my argument

In response to the research questions I developed in the previous section about the role of path dependency and feedback effects on the efficiency of issue linkages and institutional strategy of governments, I will now present my argument. The starting point is that path dependent mechanisms have a preponderant role in the outcomes of issue linkages in international institutions and are a factor explaining how institutions may succeed in or fail to liberalise agriculture. Based on this, I argue that, when looking at the successive negotiations of a single country about agricultural trade, policy feedbacks occur between issue linkages implemented in each negotiation. So the efficiency of a given issue linkage and related institution to liberalise agriculture is altered by the outcomes from previous negotiations. A separate focus on each round of negotiations, considering them as independent from each other cannot take into consideration these policy feedbacks. A chronological and iterative approach on the negotiations of agriculture is adapted to explain the various stages of progress achieved in the liberalisation through issue linkages. This historical angle considers all the attempts of issue linkages in negotiations as interconnected, forming a continuous process involving feedback and learning effects, with all the successive trading partners. Every occurrence of issue linkage has an effect on future occurrences of linkages, whether it managed or failed to liberalise agriculture. Consequently, an occurrence of issue linkage is not independent from previous similar efforts but is a consequence of their outcomes. In this path dependent approach of trade negotiations and issue linkages, when a country first try to implement a linkage in a specific type of institution (multilateral or bilateral), it will serve as a critical juncture, creating a precedent that will change the preferences of the political actors at the domestic and international levels. This feature is present even if future issue linkages are not implemented with the specific country initially targeted in a given agreement, as long as the issue linkage is similar. This means that my argument can be applied to cases of recurring negotiations with a single trading partner or the same group of countries, for instance when multilateral and bilateral agreements are revised years after the initial signature, or in the case of similar agreements with different countries, such as the multiplication of preferential trade agreements.

First, the resistance of domestic groups to the liberalisation of agricultural markets is modified by the succession of attempted issue linkages. Successful issue linkages erode the preferences and power of the domestic opposition groups to liberalisation through two main mechanisms. On one side, the completion of a first agreement demonstrates that compromises are possible and concessions from both import-competing actors and the government are achievable. These concessions may become a 'template' issue linkage that negotiators adopt as a baseline approach in

future negotiations, arguing that it was sufficient to satisfy all parties and complete discussions in the past. On the other side, the liberalisation achieved in initial agreements results in more competition for domestic groups. This increased competition forces producers to either increase productivity to match the price of foreign exports, find niche markets that are not affected by imports or opt for a change of profession towards more favourable sectors. Whatever the option selected by each individual, the outcome is that future negotiations on liberalisation and increased imports appear less threatening to domestic groups and generate less incentive to oppose similar issue linkages, weakening their political power. Accordingly, path dependent mechanisms are also at play in the case of failed issue linkage, albeit with opposing effects compared to successful linkages. The main outcome of failed linkages is to mobilise and antagonise opposing domestic groups. Import-competing interests have now a precedent that they can either prevent the use of such issue linkages in future attempts of liberalisation, and/or they can pose a significant electoral threat to governmental actors if the latter decide to ignore their voices. This precedent likely serves as an incentive for these groups to increase the politicisation of this issue and their mobilisation in future negotiations, creating even more domestic resistance to the opening of borders.

Second, in addition to my reasoning at the domestic level of negotiations, the preferences of international trading partners interested in having access to agricultural markets of a food importing country are also affected by previous issue linkages. These trading partners adapt their preferences based on the previous failed and successful linkages negotiated by the importing country that acted as critical junctures, in order to reduce its domestic opposition to agricultural liberalisation and maximise their chances of completing the trade agreement. They tend to make concessions in the negotiations to match previously successful linkages and promote the important components of these linkages. Again, trading partners may consider successful and failed issue linkages that themselves or other competitors negotiated in the past. Once launched by critical junctures, positive feedbacks in the path dependent mechanisms promote the use of some policies, while negative feedbacks discourage the implementation of others. This means that in time it becomes harder and harder for political leaders to deviate from the consequences of initial attempted issue linkages. If an issue linkage fails to liberalise agricultural trade, it will become more difficult with time to achieve liberalisation through the same issue linkage. Similarly, if an initial issue linkage succeeds in liberalising agricultural trade, it will become simpler and more painless to repeat this issue linkage in the following negotiations. Overall path dependency on both successful and failed issue linkages provide elements of a 'template' of linkage that stands as the norm for future discussions.

The focus of my argument is on the issue linkage himself, and not the final outcomes in terms of market opening. My argument about the path dependency in linkages does not mean that, once an issue linkage is suitable, the liberalisation will be identical in every institution. Feedback effects on issue linkages will advocate the use of a 'template' linkage to alleviate the domestic opposition to liberalisation, but the contents of this liberalisation may vary from one agreement to another and depends on other factors out of the scope of my research, for instance the preferences of the trading partner or the level of threat perceived by import-competing groups.

This overall argument on issue linkages has profound consequences for the institutions that focus on trade liberalisation. As the design of issue linkages is heavily influenced by the institutions in which they are performed, institutional choices of governments in trade liberalisation also display a path dependent mechanism. So, in parallel with the case of issue linkages as previously described, once an institution presents a suitable issue linkage, the critical juncture occurring at the level of the linkage is transferred to the institution itself. It becomes more and more unproblematic with time to use the same institution. On the contrary, if an institution is the source of a failed issue linkage, it will become harder to use this institution again in the future. The institutional strategy of governments for trade liberalisation, the institutions they select to liberalise sensitive sectors such as agriculture, is highly dependent on the efficiency of the issue linkages they can achieve. Governments take into consideration this aspect of trade institutions to maximise their chances of reaching satisfactory outcomes with limited political risks. However I argue that governments do not have a perfect knowledge of the appropriateness of issue linkages in each institution before they first attempt these linkages. Positive and negative feedbacks on issue linkages are therefore both potential outcomes of the initial critical junctures. This results in a 'trial and error' approach as the basis for the initial institutional strategy of governments, where issue linkages are used as criteria to assess if an institution is suitable for trade liberalisation. This transfer of preferences from issue linkages to the institutions that perform them can also be witnessed for non-governmental domestic actors, particularly in the case of failed linkages. The heightened mobilisation of import-competing groups may not only target the use of issue linkages but also the general use of the institution responsible for the previous failed linkage.

Based on this argument, the main objective of my research is to produce a new analytical framework built on the definition of issue linkages provided by the two-level game theory and the concepts of institutional change, in order to highlight path dependent mechanisms in trade negotiations. This theory-building task will be empirically tested through a single case study focused on the case of South Korea from the 1980s to the 2000s. A process-tracing approach will be

applied to determine the existence of a causal chain that can explain the path dependent and feedback mechanisms on issue linkages and institutions previously explained.

C. Structure of the thesis

The remaining part of the thesis will be divided in six main chapters and a final conclusion.

In Chapter 1, I present my literature review, in which I engage critically with the existing literature on the two-level game theory and institutional change, to highlight the theoretical gaps that this thesis aims at answering. My contribution is focused on the interactions between issue linkages in trade negotiations in time, with feedback effects from failed and successful linkages not properly studied in the literature, as well as the consequences for institutional choices from governments.

Chapter 2 describes the theoretical framework and the methodology that I apply in my research. After a reminder of the research objectives, my ontological and epistemological position are described according to critical realism. Then a specific section defines the theoretical framework used in the main empirical analysis, and detail the hypotheses that will be tested in my empirical section. This framework is based on a combination of the two-level game approach supporting the concept of issue linkage and an institutional framework that is inspired by both rational choice and historical variants of institutionalism. The case study and process tracing approaches are then described and their relevance to this research justified. I select South Korea as a single case study, and analyse two rounds of multilateral negotiations and five bilateral agreements (three of them are analysed in one chapter). Finally a last section mentions the type of qualitative methods used to collect empirical data. My sources include official documents from South Korea and its trading partners, newspapers articles relating the positions of political actors, along with interviews with Korean political actors to support my findings.

Following the framework and methodology, the main empirical analysis is divided in four chapters, each dedicated to negotiations by South Korea about agricultural trade in multilateral or bilateral agreements. In accordance with the focus of this thesis on the role of path dependency in successive issue linkages, the empirical chapters follow a chronological order, starting from multilateral institutions in the 1980s to the multiplication of PTAs in the 2010s. Chapter 3 focuses on the Korean position on agricultural trade in multilateral negotiations at the GATT and WTO level. The first section looks at the GATT Uruguay Round in order to analyse how the decision of Korean negotiators to partially liberalise agriculture acted as a critical juncture. Negative feedback from domestic constituents on the issue linkage used to justify this liberalisation created the conditions

for the rejection of a similar issue linkage by Korean negotiators in the Doha Round as evaluated in the second part. The inadequacy of available issue linkages made multilateral negotiations too costly politically, and not therefore not satisfactory as an institutional choice for the liberalisation of agricultural trade, for Korean leaders.

Following their failure to find a suitable multilateral agreement, Chapter 4 looks at the Korean switch to bilateral institutions, through their first preferential trade agreement signed with Chile in 2003. This agreement illustrates how the Korean government managed to use a new available issue linkage to liberalise agriculture, learning from its mistakes at the multilateral level, and how this new critical juncture created positive feedback effects at both levels of negotiations. Chapter 5 evaluates the consequences of the critical juncture occurring in the PTA with Chile on the next major trade agreement with the US. liberalisation of most agricultural trade was successfully negotiated using the same issue linkage than with Chile, despite a period of high price volatility that threatened food security in many countries across the globe. This demonstrates the path dependent mechanism that promoted a satisfactory issue linkage, and the associated institutional choice, to liberalise agriculture with minimum resistance at both international and domestic levels. Chapter 6 analyses three bilateral agreements signed by South Korea after 2010 with the EU, Australia and China. This chapter adopts a specific approach where my analysis of issue linkages is not as deep as in previous chapters but relies on similarities among these three agreements to demonstrate how the new template of issue linkage adopted by Korean leaders managed to liberalise agricultural trade.

In the conclusion, I first summarise my findings on the effect of path dependency on issue linkages and institutional change, based on my empirical analysis. Second, I give a reminder of my contributions to the literature on the two-level game theory and institutional change. I then state the major limitations of my research, and as a consequence the potential further avenues of research that could be pursued in the future.

Chapter 1: Literature review

My research aims at contributing to the literature by looking at the role of issue linkages in international trade negotiations in a path dependent perspective, to evaluate how this repetition of failed and successful linkages may explain why the liberalisation of agriculture may be achieved or not over time in different institutions, and how these linkages shape the institutional strategy of governments. These negotiations may take place in a variety of international institutions, whether they are multilateral or bilateral, and cover only one or a wider range of sectors.

The contribution of this thesis is therefore two-fold. First, I contribute to the literature on the two-level game theory. The path dependent analysis of issue linkages that is part of my theoretical framework suggests an innovative approach to study the interaction of different levels of negotiation, international actors at level 1 and domestic groups at level 2, in the design of trade policy. The two-level game approach emphasises the role of win-sets and the need for their overlap to achieve trade liberalisation. It includes issue linkages as a potential factor of cooperation, but without taking into consideration the role of path dependency and feedback effects on each of the factors defining issue linkages. Past studies on the efficiency of issue linkages are therefore limited to a synchronic process.

Second, I also contribute to the literature on institutionalism in political science. Various strands of institutionalisms explain how institutions are formed, why some of them change while others seem to be stable. Factors range from individuals' preferences to path dependency and cultural understandings. Innovative approaches combining characteristics from different institutionalisms have been developed, such as the Use-Select-Change-Create (USCC) framework. This framework suggests that the institutional strategy of governments is defined by a criterion based on the adequation between the cooperation problem and the institutional status-quo. In the frame of trade cooperation, I suggest a more refined factor based on the efficiency of issue linkages performed in these institutions. In my research, governments will adapt their institutional strategy in order to find a suitable issue linkage that will allow them to liberalise sensitive sectors such as agriculture.

Finally, although I do not directly contribute to this field in this thesis, I give an overview of the current literature of the factors promoting the proliferation of preferential trade agreements, mentioning both domestic and international aspects. This literature supports a substantial part of my empirical analysis and my theoretical framework may be used to understand how these factors promote regionalism.

A. The analysis of issue linkages in the two-level game theory: the need for a diachronic approach

In this section I describe the state of the literature about issue linkages in the two-level game theory, in order to define the existing knowledge gap and my contribution to this body of work. The two-level game approach developed by Putnam (1988) aimed at conceptualising the politics of international negotiations as a two-level game for central negotiators, between national and international scenes. At the national level (or level 2) domestic groups advocate their interests through favourable policies and pressure politicians through elections, while at the international level (or level 1) governments promote domestic priorities while minimising negative consequences from foreign developments. These central negotiators have to find common ground between the win-sets, defined as the range of agreements acceptable, at both the international and the domestic levels, in order to reach an agreement. This intertwined characteristic of international and domestic levels in trade negotiations has been largely accepted by scholars (da Conceição-Heldt, 2013).

The two-level game approach as initially defined by Putnam highlights the notion of ‘synergistic linkage’ between different issues in international negotiations, that ultimately connects domestic and international levels of negotiations. Putnam states that issue linkages do not change the preferences of domestic constituents but rather create: “a policy option [...] that was previously beyond domestic control” (Putnam, 1988, p.447). The need for issue linkage and its ability to effectively promote trade cooperation are defined by the domestic and international win-sets, which in turn are function of three factors: the preferences of domestic groups, the domestic institutions and international bargaining. Instead of considering each of them separately, adopting either a micro or macro perspective to trade policy, the two-level game suggests that all three are influential in the definition of domestic and international win-sets. If these win-sets initially do not overlap in trade negotiations, an issue linkage may then be needed and will succeed if it manages to increase the win-sets until a common ground is found.

The two-level game approach has been used before in the literature to analyse trade cooperation. Da Conceição-Heldt divided the literature in three categories: focusing on the role of domestic political institutions, analysing the impact of interest groups and finally looking at the bargaining process at the international level (da Conceição-Heldt, 2013). Specific adaptations of the two-level game structure have been developed to account for international institutions directly involved in negotiations as a single entity, such as the EU, by adding an additional level, creating de facto a three-level game approach (Patterson, 1997; Larsén, 2007). Other studies evaluate how overlapping international institutions interact in a two-level game (Lütz and Hilgers, 2019). The two-level game

is particularly relevant to study the liberalisation of agricultural trade in developed economies, due to the substantial political power and historical opposition of farmers groups. In the literature, case studies ranged from negotiations around NAFTA (Avery, 1996) to the GATT and WTO multilateral rounds (Paarlberg, 1993, 1997; Davis, 2003; Rapkin and George, 1993).

The main advantage of the two-level game approach is that it gives the researcher a coherent framework to consider the role of three main factors (preferences of interest groups, domestic institutions and international bargaining) on the design of win-sets in negotiations, and consequently the efficiency of issue linkages to achieve trade cooperation. However, issue linkages are only approached as purely dependent on these factors. In the current two-level game theory, the analysis of trade negotiations, including the use of issue linkages are performed with a synchronic approach, assumes that negotiations are independent from each other and can be investigated as such. The literature on international trade negotiations usually focuses on a single point in time, for instance a ministerial conference in the case of the WTO (Das, 2000; Kerremans, 2004; Odell, 2009). It does not consider negotiations as a process evolving with time, and temporal dynamics have not so far been properly evaluated (da Conceição-Heldt, 2013). Da Conceição-Heldt considers the role of time in multilateral negotiations (Conceição-Heldt, 2011), but her work is restricted to time pressure within negotiations rather than a broader approach on temporal effects.

Current studies applying the two-level game approach are therefore dependent on the context of negotiations (Hug and König, 2002). A diachronic approach of negotiations in two-level game has been suggested by Enia (2009), who argues that the sequencing of negotiations have an impact on the bargaining position in successive two-level games. But the current literature on two-level games does not consider the potential mirror effect, that previous issue linkages may themselves have an effect on international and domestic levels. In particular, it does not include the possibility that past occurrences of issue linkages may have an effect on the preferences of international actors and domestic groups.

My main contribution is therefore to provide a first diachronic approach of the two-level game theory in trade negotiations. I achieve this by focusing on issue linkages and looking at the evolution of their efficiency to liberalise trade barriers between trade agreements. Through a focus on the efficiency of issue linkages from a historical perspective, this thesis aims at defining how a broader consideration of the historical aspect of trade negotiations may highlight how domestic preferences and international bargaining evolve in response not only to already known factors but also to path dependent mechanisms from previous international negotiations. The next sections

detail the current literature on international bargaining and domestic preferences to highlight my contributions on path dependency and feedback effects.

- i. Level 1 of the two-level game theory: the absence of path dependency in interstate bargaining

The two-level game theory establishes three factors to define the win-sets of each side in trade negotiations: interstate bargaining, preferences of domestic actors and domestic institutions. My contribution is focused on the two first aspects, more precisely the preferences of both the foreign trading partner and the domestic groups. This first section looks at the factors defined by the literature that explain the preferences of the foreign trading partner at level 1 of the negotiations. International (or systemic) level explanations focus on the potential role of the international arena in trade policy-making, considering domestic factors as constant. In other words, states are unitary entities whose domestic policies are solely managed by governments. International system is assumed to be anarchic with no central authority (Mearsheimer, 1994).

The systemic level perspectives emphasises the role of the distribution of gains to explain trade cooperation. Neo-realism assesses that states are more concerned about relative gains in comparison to other states, meaning that trade cooperation is unlikely if states see the gains of their trading partner as their own loss (Powell, 1991). Realist hegemony has been used to explain how the decision from an hegemonic power such as the United States to favour preferential trade agreements instead of multilateral cooperation could have promoted regionalism (Bhagwati, 1992). Baldwin's approach of the domino effect argues that the conversion of the US to regionalism along with the strengthening of the European community forced other countries to also convert to regionalism to avoid being disadvantaged (Baldwin, 1993). In addition to this domino effect, even non-disadvantaged states may be pushed to join the regionalist trend through demonstration effects (Yarbrough and Yarbrough, 1992). These third parties may want to join existing arrangements or form their own agreements with the expectation of similar gains. Even if these gains are not substantial, states may consider them if they recover the potential costs of a regional agreement (Gruber, 2000).

Another motivation for states to enter into preferential agreements is to gain more leverage in future international negotiations, as well as securing their market access in case of failure of the multilateral negotiations (Mansfield and Reinhardt, 2003; Fernandez and Portes, 1998). This argument has been used to explain the formation of the European Community (Haggard, 1997; Whalley, 1998). On the other side, neoliberal institutionalism assumes that states only value their

absolute gains without any regards for other states. Neoliberal institutionalism argues that institutions are the self-interested creation of states, who wants to decrease coordination and collaboration problems, while neorealists assess that institutions are merely marginal and epiphenomenal elements of international politics (Stein, 2008).

Most studies at the systemic level focused on the bargaining process (Fearon, 1998; Odell, 2009, 2019), the influence of structural power (Singh, 2008; Schirm, 2010), and the influence of coalitions (Costantini et al., 2007; Narlikar and Tussie, 2004). Scholars have also been interested in the role of negotiators. McKeown looks at the role of personal network of negotiators and foreign policy officials, creating a second two-level game that can influence the official negotiations (McKeown, 2016). The psychological aspect of negotiations have also been analysed. Figueira evaluated the behavioural and psychological incentives behind the UK's hard behaviour in negotiations with the EU (Figueira, 2022). Domestic political factors may be neutralised by specific institutions such as the EU presidency, giving more autonomy to negotiators and leaders (Coman, 2020).

However, apart from the domino effect previously described, the literature on international bargaining does not take into consideration path dependency and potential feedback effects between negotiations. The main exception is the work of Elsig and Eckhardt (2015), who highlighted the role of experiential learning among negotiators to explain the creation of the WTO Dispute Settlement System. However their work focused on learning and did not cover any other aspects of path dependency. So in the literature bargaining is mostly function of exogenous factors independent from previous occurrences. The effect of failed and successful issue linkages and negotiations on the bargaining process is neglected . My research builds on this current synchronic account of international bargaining and contributes to its development through the introduction of a diachronic dimension and path dependency, in order to account for the consequences of past negotiations at the systemic level. The international bargaining process and the preferences of foreign negotiators are therefore not only the result of structural factors but also influenced by the outcomes of previous trade negotiations, whether they were successful or not.

- ii. Level 2 of the two-level game theory: the absence of path dependency in the society-centered approach

After looking at my contribution to the international bargaining, at level 1, this section turns towards my contribution to the level 2 of the two-level game theory: the preferences of domestic groups, or society-centered approach. The society-centered approach considers that a state's foreign policy such as trade is defined through the competition between societal groups (Moravcsik, 1997).

Individuals' preferences over trade policy are determined by the consequences of protectionism and free trade on their income.

The Ricardian model assumes only one input (labour) for production in each country and states that countries should only produce goods for which they have a comparative advantage. Going further, the Heckscher-Ohlin theory considers two factors of production (labour and capital) and stipulates that countries should produce and export commodities that use their abundant factor and import commodities produced by the scarce factor: capital-abundant countries should produce and export capital-intensive products and import labour-intensive goods. As a consequence of this specialisation, the Stolper-Samuelson theorem looks at the effects of trade on the national economy and states that free trade will increase the return of a country's abundant factor while decreasing the return of the country's scarce factor. This will improve the wages of the owners of abundant factors of production and reduce the income of the owners of scarce factors of production (Stolper and Samuelson, 1941). Therefore any state policy will, unintentionally or not, benefit some sectors of the economy and harm others (Evans et al., 1985). Besides, by distorting prices on the markets independently of the liberal supply/demand nexus, trade barriers implemented by governments usually generate situations of rent (higher incomes) for one or more sectors of the economy. This difference of outcomes results in political division among the civil society over the economic policy the state should promote. Actors more likely to be prejudiced by trade will likely oppose any policy aiming at increasing exchanges, while actors who would benefit from trade will presumably push for more openness (Baldwin, 1989). In developed countries this means that export-oriented sectors, which heavily rely on trade, will support trade liberalisation, unlike import-competing industries which will push for more trade protection (Ravenhill, 2011). More specifically, they tend to prefer reciprocal liberalisation, due to intra-industry and global chains links (Chase, 2003; Dür, 2007). Trade liberalisation in import-competing sectors like agriculture will generate substantial opposition from farmers. Eckhardt and Serrano (2022) studied the application of the two-level game theory to the case of developing countries, highlighting how the potentially different political economies, such as non-legislative domestic ratification processes, may impact the final win-set and negotiation strategies. They also suggest to treat the negotiations as an iterative game, where the preferences of domestic actors are heavily influenced by experiential learning.

Additionally, domestic import-dependent firms, who also benefit from trade liberalisation, are likely to support it (Eckhardt and Poletti, 2016). Schnapper (2020) looked at the effects of internal divisions and different preferences at the domestic level for the global negotiations process, taking the Brexit as an example. Postigo (2016) analysed how governments who lack information on trade

agreements may engage with societal actors at the domestic level for consultations. James (2016) analysed the role of domestic groups in informal ratification games in the reform of bank capital requirements in the European Union (EU). The role of intermediaries acting as an interface between the international and domestic levels has also been evaluated (Morar and Dembińska, 2021). Scholars also looked at the effect of the polarisation of domestic politics for the overall position in negotiations, for instance for the United States (Friedrichs, 2022). Insights from role theory also contributed to understand the interactions between role-taking at the national and domestic levels (Harnisch, 2014; Simon, 2019). Scholars have debated over the most accurate model of the distributional consequences of trade policy. Gourevitch and Frieden focused on sectoral conflicts between winning and losing coalitions of business and labour interests, arguing that when the international economy creates winners and losers it opens new opportunities for coalitions, which will then be translated into policy preferences pushed upon the government (Gourevitch, 1992; Frieden, 1988). Rogowski analysed the design of trade policy from the Stolper-Samuelson theorem and demonstrated that owners of the factors of production (land, labour and capital) will form coalitions and maximise their returns (Rogowski, 1989). Building on this three-factors approach, and noticing that factors of production in developed economies may sometimes favour policies that apparently decrease their returns, Midford used Leamer's model which takes into consideration additional productive factors in the division of labour and land, explaining more empirical cases of political coalitions (Midford, 1993). Hiscox evaluated the role of factor mobility in the Stolper-Samuelson and Ricardo-Viner models, concluding that the level of factor mobility determines if class-based or industry-based conflicts are more likely (Hiscox, 2002).

The society-centered approach defines the preferences of individuals at the domestic level as a function of the consequences of trade on their income. Similarly to the systemic level, this is a synchronic process that is supposedly repeated for every trade negotiation independently from previous occurrences. While this explanation has been able to explain empirical examples, I argue that bringing in concepts such as path dependency and feedback effects may improve the accuracy of theoretical predictions. The current literature is not able to consider how the outcomes of past negotiations may influence the preferences of domestic groups. Assuming that the same trade liberalisation is attempted in different institutions in different periods, the literature suggests that the effects on the incomes of each domestic groups, and consequently on their preferences for trade policy, should be similar. I demonstrate in this thesis that this is not always the case, and that past negotiations are an important factor that also shapes these preferences at level 2, leading to the promotion of or the opposition to trade liberalisation. My contribution therefore builds on the

existing society-centered theory by adding the potential effects of past issue linkages and negotiations on the preferences of domestic actors in future trade agreements.

B. The origin of institutional change and stability and the USCC framework

In addition to new insights on the two-level game theory previously described, the second main contribution of my research is linked to the place of institutions in political science, particularly the question of their creation, and the factors that explain institutional stability or change.

Political science in the 1960s and 1970s mainly focused on the behaviour of individuals to explain political events and the preferences of individuals (Dahl, 1961). Institutionalism opposed the behavioural approach on three grounds: the identification of preferences through behaviour, the aggregation of these preferences and the utilitarian standard of public interest (Immergut, 1998). Various schools of institutionalist thought emerged in response to behaviouralism to form the new institutionalism: rational choice institutionalism, sociological institutionalism, historical institutionalism, normative institutionalism, empirical institutionalism. Each of these types of institutionalism developed a specific explanation of the role of institutions and the factors affecting their evolutions. The literature usually addresses the role of three major forms of institutionalism in political science: rational choice institutionalism, sociological institutionalism and historical institutionalism (Hall and Taylor, 1996; Peters, 2019).

In line with broader theories of rational choice analysis, rational choice institutionalism assumes that “states use international institutions to further their own goals, and they design institutions accordingly” (Koremenos et al., 2001, p.762). Institutional design and change are therefore viewed from a functionalist view. Rational choice institutionalism adopted a model of “discontinuous institutional change” (Weingast, 2002, p.692), where the creation of a new equilibrium due to an exogenous factor is independent from any institutional legacy (Riker, 1980). There is no idea of ‘path’ within institutional change (Thelen, 2004). The focus of this approach on exogenous sources of change has therefore a limited ability to explain the consequences of institutional breakdown or innovation, as all potential new institutions have the same probability to occur (Pierson, 2004).

In opposition to rational choice institutionalism, historical institutionalism emphasises path dependence and unintended consequences, and accepts that institutions may be suboptimal and inefficient. Unlike the functionalism of rational choice institutionalism, historical institutionalism focuses on the structuralism of institutions, where institutions influence collective behaviour, although some scholars argue that agency still has a role to play in HI (Bell, 2017). Historical

institutionalism considers that institutions alternate between periods of critical junctures, usually triggered by external shocks, suitable for institutional creation, with periods of status quo where institutions are just reproduced (Thelen, 2004; Capoccia and Kelemen, 2007). These critical junctures are defined as “moments when substantial institutional change takes place thereby creating a ‘branching point’ from which historical development moves onto a new path” (Hall and Taylor, 1996, p.942). The existence of institutional ‘paths’ is usually explained through feedback effects where societal groups are incentivised to adopt particular organisations or preferences which ultimately prove challenging to change (Pierson, 1993). As a consequence of these feedback effects is that they may create unintended consequences and reduce the efficiency of existing institutions, a major contrast with rational choice institutionalism (March and Olsen, 1983).

Sociological institutionalism emphasises the role of culture in the design of institutions. Institutions are not the result of rational calculations aiming at achieving desired outcomes but arise out of culturally-specific practices, collectively shared understandings (Scott, 2014). In this perspective, institutional change will only occur if a set of recognised ideas, what Thelen calls a ‘script’ (Thelen, 2004), is replaced by another, due to imitation and transposition (Thelen, 2004). Alasuutari (2015) developed a discursive institutionalism, highlighting the role of local actors using shared ideas in the making of national policies. Similarly to historical institutionalism, sociological institutionalism opposes the rational-choice concept that institutions are efficient, but argues that institutions that appear to be the most efficient according to cultural understanding are more likely to diffuse and propagate.

i. Combinations of institutionalisms and USCC framework

The border between different types of institutionalism being porous, several scholars developed hybrid theories in the literature that combined several approaches to explain institutional change.

Koning (2016) suggested that combinations of the three main types of institutionalism may provide interesting insights on the endogenous and exogenous factors in institutional change and stability. Veenendaal (2017) used a combination of path dependent mechanism from historical institutionalism and rationalist notions to analyse the Kingdom of Netherland. Lowndes and Roberts called for more integration in the new institutionalist tradition, stating: “we are talking about an integrating theory which takes the concerns and dilemmas posed by the various strands of institutionalism and brings them together to produce convincing explanations of political conduct and outcomes” (Lowndes and Roberts, 2013, pp.11–12). Analytic narratives combine historical and rational choice approaches and are defined as “accounts that respect the specifics of time and place

but within a framework that both disciplines the detail and appropriates it for purposes that transcend the particular story” (Levi, 1999, p.155). Reactive sequencing is another approach focused on explaining more subtle institutional change and evolution following a chain of causally connected events (Mahoney, 2000). Similarly to other explanations of path dependency, reactive sequences are chains of causally connected events. However, depending on the properties of the initial event, the chain of events does not necessarily follow a path dependent trajectory, which would lead to self-reinforcing mechanisms, but can generate transformative and even reversionary effects on early events, due to backlash effects. A direct flaw of reactive sequences is the lack of an obvious point of departure, leading the researcher to look endlessly for a foundational cause. Farrell suggested another institutionalist framework based on beliefs, to explain institutional change and stability (Farrell, 2018). In response to critics about the role of rational choice in institutionalism, Diermeier (2015) developed behaviouralist approaches of institutionalism. A new type of institutionalism, labelled ‘evolutionary’, postulates that institutional stability and change can be analysed from the perspective of generalised Darwinism, where only the fittest and strongest survives (Lustick, 2011; Lewis and Steinmo, 2012; Fürstenberg, 2016).

In addition to the previously mentioned variants of institutionalism based on rational choice and historical approaches, the Use-Select-Change-Create framework is another approach combining both institutionalist perspectives and aiming at explaining institutional use, change and creation. The USCC framework is based on a combination of rational choice and historical institutionalisms, as it considers that institutions are neither optimally crafted nor the sole target of path dependency, but rather assume that states are boundedly rational (Jupille et al., 2013). Jupille et al posit that, when addressing cooperation problems, states will face an existing institutional status-quo with a focal institution as the default option. States may want to use the focal institution if they deem it suitable for their cooperation problem. In the case where there are multiple potential institutions available, states will have to select one. If there is no institution available, states may then be tempted to change an existing one, by altering its defining principles. In last resort, states may have to create a new institution. The decision tree ‘Use-Select-Change-Create’ is at the core of the framework, and it is worth noting that the boundaries between each type of decision are not well defined and porous.

Few scholars have evaluated or used the USCC framework in the literature, but a recurring limitation is related to the lack of information about the role of political actors in the criterion used to define moves down the decision tree. Jupille et al mentioned this aspect of their framework that does not explicitly consider the domestic factors in the cooperation problem, stating that “The

nature of the cooperation problem thus includes a wide range of factors that have been important elements in the development of cooperation theory. Because our focus is on institutional choice, we treat these features of the cooperation problem as a set of background variables – bringing them in as appropriate and necessary for our discussion” (Jupille et al., 2013, p.25). This limitation was also raised by other scholars. Keohane notes that the USCC framework does not properly specify where the endogenous institutional changes at the core of institutional choices come from (Fioretos, 2017), while Tsingou (2014) adds that: “For those operating through a less state-centric approach of cooperation and global actor interactions, a further challenge will be to consider how the framework fares when the motivations, strategies, and choices of nonstate actors are integrated into potential explanations more thoroughly”.

So, the USCC does not specify in details on the role of domestic actors in the criterion used to establish the suitability of the institutional status quo for the cooperation problem. My contribution to the standard USCC framework addresses this gap in the literature through the incorporation of a new criterion in the decision tree, targeting the study of negotiations. Instead of the existing criterion related to the overall suitability of an institution, I suggest a new measure of the decision from governments to choose to deviate from the focal institution, based on the efficiency of available issue linkages. When analysing negotiations, the resulting new USCC model is easier to operationalise to analyse why institutions may be successful in achieving their objectives, such as trade liberalisation, why governments may choose to select, change or create institutions, and what is the role of issue linkages in institutional evolution. My main contribution to the USCC framework opens the black box that states are assumed to be in the original work of Jupille et al. In my research I incorporate aspects of domestic politics in the USCC framework. Through the two-level game theory, I add the concept of issue linkage and the associated notions that underpin it: win-sets and the preferences of domestic groups and international trading partners. The association of the two-level game and the USCC framework is a first application of the framework that takes into consideration domestic politics in its mechanisms and decision tree, leading the way for more studies of this aspect of the USCC theory.

In this literature review I identified two main knowledge gaps in the existing literature that my research aims to fill. First, the current theory of the two-level game does not take into consideration the potential role of path dependency on issues linkages and the preferences of domestic and international actors. Issue linkages are studied as independent events, and any feedback between consecutive issue linkages is not evaluated, for both failed and successful linkages, and for different types of political actors at the domestic and international levels. Second, the role of the efficiency of

issue linkages on governments' institutional choices has not been properly evaluated in the USCC framework. Since temporal processes linked to issue linkages are not taken into consideration, the effect of failed and successful linkages on the institutions in which they take place is also neglected. Before looking in the next chapter at the theoretical framework that I developed to address these gaps in the literature, the following section analyses how my work relates to the literature on regionalism.

C. Trade regionalism

Several approaches have been developed to explain the proliferation of regionalism and bilateral and regional agreements after the successful completion of the GATT Uruguay Round. This section aims at giving a brief overview of these theories and, although my research does not aim at contributing directly to the debates on regionalism, how my findings fit in the general context on economic regionalism.

A first approach focuses on the role of domestic politics in the decision by governments to implement PTAs. The discrimination of trade benefits between import-competing and export-oriented firms previously described may motivate firms to push for bilateral negotiations. PTAs may allow domestic companies to exclude competitors in third parties (Haggard, 1997). Exporting companies looking for economies of scale by getting access to larger markets are also likely to promote bilateral liberalisation (Mattli, 1999; Chase, 2005). With the development of transnational production networks, multinational companies are keen to protect their own trade and supply chains through bilateral trade agreements (Manger, 2009; Bacchetta et al., 2011). Another important aspect of PTAs for domestic politics is their ability to exclude sensitive sectors from liberalisation, reducing the level of discrimination generated at the domestic level and increasing the likelihood of success for the agreement (Grossman and Helpman, 1993). Furthermore, Ravenhill (2003) developed this idea of liberalization without political pain, highlighting how bilateral agreements offer to domestic pro-liberalisation forces an opportunity to partially remove trade barriers while giving protectionist groups a chance to use their political power to exclude sensitive markets from liberalisation. On the domestic side, the political institutions of trading countries may also influence their recourse to PTAs. The regime type in each country may be a determining factor: electoral dynamics in democracies tend to push leaders to engage in PTAs more than in non-democracies (Mansfield and Milner, 2012). Similarly, a high number of veto players actually reduces the likelihood of the formation of PTAs. Finally, bilateral agreements may be used by governments to

commit to liberal policies that would be otherwise politically costly or potentially reversed in the future if implemented unilaterally (Goldstein et al., 2000; Baccini and Urpelainen, 2014).

In addition to the domestic factors, international politics may also explain the proliferation of PTAs. First, gains from trade creates positive repercussions on income growth and general welfare of a country, which can in return be used to increase its political-military capabilities (Gowa and Mansfield, 1993; Gowa, 1995). Consequently, countries are more likely to trade with their allies, fostering the common security among the alliance. Another factor is linked to interdependence. Functionalist explanations link the proliferation of PTAs to the economic interdependence between countries. Scholars postulated that governments supply regional trade agreements since these institutions decrease the risk of conflicts, increase economic exchanges, and promote credible commitments (Keohane, 1984; Mattli, 1999; Moravcsik, 2013). However empirical evidence tend to suggest that trade regionalism is actually not likely to be associated with economic interdependence (Börzel and Risse, 2019). Strategic interaction between PTAs is also an important aspect of international politics that explain the proliferation of bilateral agreements (Baccini and Dür, 2012; Baldwin and Jaimovich, 2012). Bilateral agreements may improve the competitiveness within each signing country, which would be a concern for third parties and prompting them to create their own rival PTAs to catch-up. This argument was used by Baldwin (1993) to develop its domino theory of regionalism, which argues that major PTAs such as NAFTA and the EU triggered the launch of other trade agreements.

All the previous theories suggest motivations for governments to start negotiations on bilateral agreements with their trading partners. They explain the rise of regionalism to the detriment of multilateral institutions after the completion of the GATT Uruguay Round, and provide important context for my research. Indeed in this thesis I do not aim to contribute directly to the literature on regionalism and the proliferation of PTAs, but to highlight how the factors already identified in the literature may promote actually promote a specific type of institutions, such as regional agreements, over others, such as multilateral venues, in repeated negotiations. Instead of looking at why countries engage specifically in bilateral trade agreements, my work adopts a more general approach and focuses on institutional choices as a function of the efficiency issue linkages. So my research does not explain by itself why governments opt for PTAs but it can be linked to factors of regionalism through issue linkages and path dependency. For instance, I demonstrate in my case study of South Korea how liberalisation without political pain, a well known factor of regionalism identified in East Asian PTAs, can be achieved, based on issue linkages and path dependent

mechanisms. My theoretical framework can then be applied to other cases of PTA proliferation, where other factors of regionalism, both domestic and international politics, may take place.

Chapter 2: Theoretical framework and methodology

Following the definition of my research questions and my argument in the introduction, this chapter aims at developing my theoretical framework, consisting mainly of the different theories and the methodology that I will use in the main analysis of this thesis. After a reminder of the objectives of this thesis, this chapter will assess my epistemological position, describe the new institutionalism and two-level game approaches that I combine in my research, and the case study-process tracing methodology used in the empirical chapters.

The objectives of my research are in line with the gaps in the literature identified in the previous chapter and are as follows. First, this thesis adopts a perspective that emphasises the role of path dependency in cross-sector issue linkages in the context of trade negotiations. The potential feedbacks between issue linkages will be analysed at both levels of negotiation, domestic and international, in order to understand how the preferences of different political actors and the efficiency of issue linkages may be affected by previous linkages. Second, the framework will also take into consideration the effects of path dependency in institutional design, in order to evaluate how the preferences of different actors over issue linkages and trade policy contribute to the creation or dismissal of trade institutions and the overall institutional strategy of governments in trade liberalisation.

My main contributions on the role of path dependency on issue linkages and institutional strategy aim to examine underdeveloped areas of the literature. As mentioned in my literature review in Chapter 1, no real investigation has been performed on the potential of historical approaches for two-level game studies. My research is firmly based on existing theories but it does not rely on a rich empirical literature that would already address this topic. Instead of testing an already existing theory to check for validity on a general scale, known as a theory-testing approach, the goal of my research is rather to provide a first evaluation of an historical approach on issue linkages, using South Korea as an empirical case. My approach is therefore oriented towards a theory-building goal (Ragin and Schneider, 2011). My research can be seen as an exploratory work on a potential emerging theoretical field, which would require much further refinement in the future, particularly in terms of validity and generalisation. More evaluation of the framework I suggest in this thesis will need to be performed on other empirical cases.

It could be argued that, in addition to my main theory-building approach, I also test my theory on South Korea in the empirical chapters of this thesis. My empirical analysis indeed aims at testing

the plausibility of my argument through a detailed case study of South Korea's trade negotiations, an approach that Levy labels a plausibility probe (Levy, 2008). The border between theory-building and theory-testing is not perfectly defined and leaves spaces for research that incorporates both approaches. This theory-testing is however very limited with an inadequate demonstration in terms of generalisation to other countries.

A. Epistemological position

Before looking more in details at the theories that would be the most suited to answer the points previously mentioned, it is necessary to mention the ontological and epistemological positions that I endorse in my research, as they shape my approach to the theoretical framework, albeit sometimes inadvertently.

On one hand, ontology is a philosophy that address the nature of 'being', the existence of a reality that would be independent of our knowledge of it. On the other hand, epistemology is a philosophy of knowledge, evaluating the relation between the knower and the real world and questioning if knowledge of the real world can be objective (Marsh and Stoker, 2010). The hierarchy between ontology and epistemology is contested, but I concur to Hay's position that epistemology results from ontology (Hay, 2007). I adopt a foundationalist ontological position, meaning that objects from the real world are independent from the observer, and crucially from our knowledge of it. This means that there exists true and unconditional causal laws within the real world independent from the researcher and therefore constant between individuals. This position is criticised by anti-foundationalist and critical supporters who argue that realities and knowledge are not discovered but socially constructed, and specific to each individual (Marsh and Furlong, 2002; Keman and Woldendorp, 2016). This lead to ontology and epistemology being challenging to distinguish.

Following this foundationalist ontological position, usual classification identifies two potential epistemologies: positivism and realism. Positivists claim that there is a reality independent from the observer, and that any individual can test a theory and gain knowledge of this reality through direct observations, without any hidden deep structures. As such they treat social sciences as natural sciences. In opposition to the positivist ideas, I adopt a critical realist epistemological position. Realists consider a similar but nuanced approach to knowledge compared to positivism. Critical realists acknowledge that it is possible to acquire knowledge from a real world that is independent from our representations of it. But they argue that reality is not directly observable. It is not possible to have access to an ultimate truth, we can only access reality through fallible theories

(Cruikshank, 2003). Instead of reaching truths, knowledge only allows us to improve our interpretations of reality. Critical realists are sceptical of positivist correlations to explain social phenomena, and prefer to complement them with broader explanatory framework (Edwards et al., 2014). In opposition to the search for universal laws targeted by positivists, critical realists focus on causal mechanisms as tendencies that influence our world. In terms of structure and agency, critical realism consider that both factors are real and influence individuals together. My critical realist epistemology guides my research towards the investigation of the causal mechanisms between time, issue linkage and institutions. Instead of aiming for a general law that would be applicable to all occurrences of issue linkages, my objective is to highlight a potential explanation that could be relevant in some empirical cases, where other theories display limited validity. I will consider that both structure and agency are at play in my analysis, with individuals who can both act rationally and be influenced by social structures.

B. Main theories

The following sections aim at describing the set of theories that will be used to support my argument described in the introduction. My research focuses first on the role of path dependency on the efficiency of issue linkages in trade negotiations, particularly the effect of successful and failed issue linkages on the decision from political leaders to engage in future linkages. I also look at how the variations in efficiency of these issue linkages then affect the institutional strategy implemented by governments, such as the type of institutions selected for agricultural liberalisation and the design of these institutions. Therefore, my theoretical framework should address both the issue linkage and institutional aspects of my analysis. Informed with the objectives derived from the research questions, the theoretical framework of this thesis will be based on a combination of new institutionalism and two-level game approaches. The selection of the theories I use in my framework is based on their appropriateness and their explanatory power regarding my objectives and epistemology. In this section I will first describe the two-level game theory as my main approach on issue linkages in trade negotiations. Second, I evaluate how the Use-Select-Change-Create (USCC) framework is adapted to my study of the role of time in the choices of issue linkages and institutions to liberalise agricultural trade.

i. Two-level game framework: definition of issue linkages in trade negotiations

My research requires the use of a theory that can take into account the role and the design of cross-sectoral issue linkages in trade negotiations, notably to counteract domestic opposition to

liberalisation. This theory should also take into consideration the interactions of negotiators with both domestic and international actors during negotiations involving issue linkages, and how these interactions define if a trade agreement is implemented or not. Considering these objectives, a first part of my theoretical framework will be based on the two-level game approach. Initially popularised by Putnam, this approach aims at conceptualising the politics of international negotiations as a two-level game for central negotiators, between national and international scenes (Putnam, 1988). As explained briefly in Chapter 1, at the national level (or level 2) domestic groups advocate their interests through favourable policies and pressure politicians through lobbying and elections, while at the international level (or level 1) governments promote domestic priorities while minimising negative consequences from demands from foreign trading partners.

The assumption of the two-level game approach that domestic and international politics are connected has now become accepted among scholars (da Conceição-Heldt, 2013). However Gourevitch notes that applying the two-level game approach can present several difficulties for testing interactions, linked to the specifications of the preferences of each actor, and the multiple possible outcomes (Carlsnaes et al., 2002). This testing challenge was illustrated by Pahre's criticism of Milner's two-level game work (Milner, 1997), where Milner's selection of case studies was based on a variation of the dependent variable, following Mill's method for inductive research, but in sharp contradiction with King et al method for deductive research (Pahre, 2005).

The first role of the two-level game approach in my framework is to identify the cases where an issue linkage has been used in negotiations to achieve trade liberalisation, by considering how domestic opposition and international pressures interact on agricultural trade, and how these elements determined the efficiency of the linkage itself and the outcomes of the negotiations. In order to define the chances of completion of an institution, Putnam defined win-sets, parameters that include the range of all possible agreements found at level 1 that would gain a majority among groups at level 2. An agreement will be possible only if the win-sets of each part of the negotiations overlap. Putnam points out that the size of each win-set is important for two reasons. First the larger each win-set is, the higher the chances of finding an acceptable compromise. However Janusch (2016) argues that smaller win-sets do not necessarily lead to a breakdown of the negotiations, but middle-sized win-sets likely do, and that issue linkages actually reduces the chances of cooperation. Political and regulatory constraints may also influence the win-sets of negotiators, hampering their efforts to find a compromise (James and Quaglia, 2018). Second, the size of each win-set will define the respective bargaining power of each negotiator, ultimately shaping the distributional gains of the agreement.

To evaluate the existence of cross-sectoral issue linkages, Putnam (1988) defined the concept of synergistic linkage as a specific type of issue linkage that, instead of changing the preferences of groups at level 2, creates a new policy option that was not achievable beforehand. Cross-sector issue linkages may therefore increase the win-sets at domestic and international levels, as illustrated on Figure 1. Issue linkages can be cooperative, in the context of an international agreement, or coercive, aiming at sanctioning a country (Maggi, 2016). Issue linkages allow the trade liberalisation of sensitive sectors through several basic mechanisms: it mobilises domestic interests and provides information and credible commitments (Davis, 2003). Many scholars in the literature have criticised the potential role of issue linkages in cases where domestic opposition is strong, which is highly relevant for the liberalisation of agricultural trade. For instance Sebenius (1983) objected that simply adding an issue to negotiations does not have to facilitate an agreement, and if this issue is sensitive it might even threaten it. Moravcsik (2013) adds that issue linkages are more likely to lead to an agreement when domestic opposition groups are disorganised and do not present a unified front. Similarly, Paarlberg (1997) notes that adding the discussions about the liberalisation of agricultural trade in the Uruguay Round actually slowed down the domestic reforms.

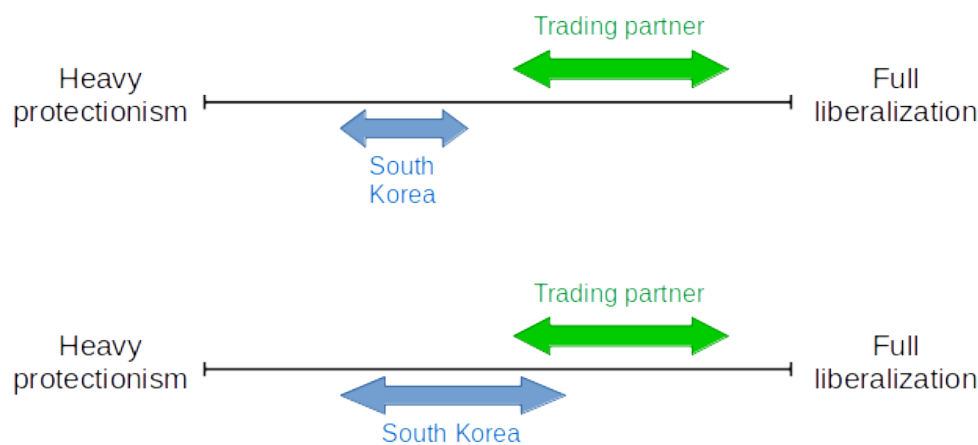


Figure 1: Korean and foreign win-sets before (top) and after (bottom) the implementation of an issue linkage

Another limit of issue linkages is that they can be hard to identify and define from a researcher’s perspective, since it can be formally mentioned and integrated in an agreement, or be the result of informal talks without any explicit evidence (Maggi, 2016). It may also be challenging to define what exactly is or is not in the scope of each issue, as illustrated by Koremenos et al: “One difficulty in analysing scope is that the issues themselves are not clearly defined. Does trade in all commodities constitute an issue? Or should we distinguish agricultural goods from manufactures?” (Koremenos et al., 2001, p.771). Regarding this question of scope raised by Koremenos et al, and in

comparison with perspectives that only look at the macro level of liberalisation, examining negotiations about global economic sectors (such as agriculture), I adopt a particular approach to also consider the concept of cross-sector issue linkage down to a micro level, analysing if a single line of goods/products (such as rice and rice products) is covered by the liberalisation schedule. An issue linkage is therefore characterised by the different economic sectors that are included in the linkage in order to be liberalised, with both export-oriented interests counter-balancing the import-competing priorities, but also the goods that are deemed as too sensitive for liberalisation and are excluded from the discussions. Any change in the items which are excluded from negotiations will therefore create a new issue linkage, even if most of the remaining protections are lifted, as the balance of liberal and protectionist forces, defining the domestic win-set, will be affected.

The mechanism at play in issue linkages to increase the chances of agreement is that, by conditioning the signature of a multi-issue agreement to the liberalisation of sensitive sectors, the issue linkage increases the range of actors which have something to lose if progress is not achieved in every sector, pushing them to press for compromises, hence increasing the win-set in negotiations (Sebenius, 1983). Export-oriented interests will mobilise in favour of the issue linkage if they expect large gains from the overall agreement in the first place, that would compensate for the additional costs of lobbying on other issues that have been linked to their economic sector. However, this galvanisation of otherwise scattered groups can then legitimise and support the demands of a trading partner (Schoppa, 1997). Simply linking several issues in a single agreement would create a commitment problem among states, as states would have incentives to partially defect from an agreement in order to avoid liberalising sensitive sectors. This credible commitment problem is counteracted by the institutionalisation of the issue linkage, as this provides formal rules as well as potential monitoring and enforcement (North, 1990). Defection is more costly inside an institution, promoting commitment and respect of the rules. Formal rules not only provide information about the issue linkage and benefits/costs to trading partners but also to domestic export-oriented groups who then uses it to define their position about sensitive sectors in the negotiations.

The two-level game theory is therefore particularly suitable to identify successful and failed issue linkages in trade negotiations. Its second function in my framework relates to the feedback effects between linkages. My research focuses on feedback effects between successive issue linkages, and how these feedback effects impact the efficiency of linkages in terms of outcomes of trade liberalisation. These feedback effects can only be understood by looking at changes in the factors that define each linkage, along with their efficiency, and the win-sets at the core of the negotiations.

I use the two-level game to track these changes in the preferences of each group and the bargaining strategy of foreign trading partners. Then I assess how these changes increase or decrease the efficiency of issue linkages implemented in each institution.

According to the two-level game theory, the size of a win-set is defined by three factors: preferences and coalitions at level 2, institutions at level 2 and negotiators' strategies at level 1. The distribution of power, preferences and coalitions of domestic groups at level 2 is the first factor defining the size of the win-set. Putnam assessed that the two-level game framework can be based on a range of theories of domestic politics: Marxism, interest group pluralism, bureaucratic politics and neo-corporatism. The second factor affecting the size of the win-set are the domestic political institutions at level 2. These institutions are involved for the ratification of any agreement, once negotiations have been concluded. Putnam mentions the notion of state strength or autonomy as a relevant factor here. Policy-makers who are able to insulate themselves from their constituencies will have a greater range of win-sets. Similarly, stronger discipline among members of the Presidential party in the legislative bodies will increase the range of potential win-sets.

Few studies have analysed the two-level game approach on South Korea in the literature. Enia (2009) used it to compare the effects of sequencing on the two levels of negotiation, focusing on the international bargaining and considering the preferences of political actors as constant. In the frame of my research, I argue that a mix of bureaucratic politics and interest group pluralism is the most accurate approach of domestic politics, especially for trade policy. Under the authoritarian rule of Park Chung-Hee, South Korea underwent a fast industrialisation process from the early 1960s combined with the implementation of developmental mercantilist policies. In this configuration, economic policies were managed almost at a micro-level by the Korean bureaucracy (Pirie, 2008). The switch to pluralism occurred during the democratisation process that started in 1987 and was consolidated under the administration of Roh Tae-Woo (1988-1993) and Kim Young-Sam (1993-1998) (Kim et al., 2018). This democratisation generated more participatory democracy from the civil society and medias, leading to the need for public support to implement trade policies. However despite this recent turn to pluralism, the President and the central bureaucracy appears to remain the main political actors in the design of trade policy and the negotiations of trade agreements. The power of the National Assembly, the unicameral legislative body, has been qualified of weak in comparison with the President and the bureaucracy (Congressional Research Service, 2009).

The final factor impacting the win-set is the strategy of the negotiators at level 1. The larger his win-set is, the weaker his bargaining position will be when facing the foreign negotiators.

Negotiators may consider the use of side-payments to improve his win-set, whether these payments result from the international agreement itself or from an unrelated domestic source. Another option is to use the reputation or status of the chief negotiator to convince domestic opponents and again increase the win-set. Based on my argument about the importance of pluralism and bureaucratic politics in South Korea, my framework will analyse the effects of issue linkages on three main factors: the preferences of Korean farmers and civil society at level 2 and the preferences of Korean negotiators along with the bargaining strategy of trading partners at level 1.

Another relevant phenomenon that Putnam mentions in its initial paper on the two-level game is the concept of reverberation. Defined as the situation where international pressures change the domestic balance of preferences, positive/negative reverberation may have an impact on the design and efficiency of issue linkages insofar as it increases/decreases the domestic win-set (Putnam, 1988).

The two-level game theory is therefore used in my framework to identify issue linkages along with the international and domestic factors that could explain a change in their efficiency. By focusing on the preferences of each Korean domestic groups, particularly farmers and the civil society, and the foreign trading partner, I will use the two-level game to explain how issue linkages can define the outcomes of negotiations, and promote the liberalisation of agricultural trade. However, it is not able by itself to account for potential path dependent mechanisms, as demonstrated in my literature review. It is designed to analyse each set of negotiations and issue linkages independently, without considering previous occurrences. The path dependent aspect of my research will be addressed through an institutional theory that takes into account historical processes.

ii. New institutionalism and USCC framework

The inclusion of the two-level game theory in my theoretical framework allows me to evaluate how issue linkages are defined in trade negotiations, and how their efficiency can vary when their defining factors, particularly the preferences of domestic and international political actors, are changed. However I also need to incorporate a theoretical perspective that takes into consideration the role of path dependency and feedbacks, and how this path dependency affects the institutional choices of governments in trade negotiations. As a reminder, in my research I define institutions as explicit arrangements, negotiated among states, that prescribe, proscribe, and/or authorize behavior. This includes any public interstate agreement or more formal organisations that may include

independent structures such as a secretariat. I chose to associate the two-level game approach with the Use-Select-Change-Create (USCC) framework, developed by Jupille, Mattli and Snidal (2013).

The USCC framework is a 'new institutionalist' theory that combines characteristics from rational choice and historical variants of institutionalism. In reaction to behavioural perspectives promoted in the 1960s and 1970s that exacerbated the role of actors' preferences in social and political outcomes, the 'new institutionalism' approach focused more on the role and origin of institutions, justifying its relevance for this thesis. Various strands emerged within the new institutionalist tradition, Hall and Taylor highlighting three that are used in political science: rational choice institutionalism, historical institutionalism and sociological institutionalism (Hall and Taylor, 1996). The USCC framework does not completely fit in one of these categories, but rather aims at building bridges across them, and integrating some of their key elements in a single structure (Jupille et al., 2013). The USCC framework provides an interesting model for our research questions, by evaluating the institutional choices of a government in an historical perspective, taking into consideration the role of timing and sequencing but also the bounded rationality of actors who navigate down the decision tree until they find a satisfactory solution. In the USCC framework, institutional choice is based on the suitability of the institutional status-quo for the cooperation problem on a given issue. It is therefore necessary to first look at the characterisation of these two central elements. A summary of the framework is provided in Table 1.

A main central analytical elements of the USCC framework is the cooperation problem. This cooperation problem, whether it is completely new or has been present for a long time, is defined by five elements. *Issue characteristics* refer to the nature of the problem that is at the core of the considered institution. Jupille et al (2013) do not go into much detail about these characteristics, but mentions the role of history and precedents, the speed with which it emerges, the degree of technicity and politicisation and more in general the risks and rewards associated to the issue. *Preferences* of political actors determine the distribution problems and the bargaining costs from cooperation. The *Uncertainty* aspect focuses on the fact that actors do not have a perfect knowledge of the world, including their and others' preferences. The uncertainty about the state of the world means that countries are not fully informed about "the consequences of their own actions, the actions of other states, or the actions of international institutions" (Koremenos et al., 2004, p.18), which is coupled with the uncertainty about the impact of alternative institutional choices. *Institutional costs* include the transaction costs of bargaining and the sovereignty costs due to the reduction of autonomy in international institutions (Abbott and Snidal, 2000). Finally, *group characteristics* include the number of actors as well as their power and capabilities.

In parallel with the cooperation problem, the other central analytical element of the USCC framework is the institutional status quo over a given issue. This status quo is the “set of pre-existing institutions potentially relevant to a cooperation problem” (Jupille et al., 2013, p.25). The main characteristics of the status quo are the number of institutions and their properties. Institutional properties focus on the *membership*, whether it is inclusive or restrictive, both in terms of geography and types of actors (states, NGOs), and the *scope* of issues covered by the institution (Koremenos et al., 2001).

Cooperation problem	Institutional status-quo
Issue characteristics Preferences Uncertainty Institutional costs Group characteristics	Membership Scope

Table 1: Central analytical elements of institutional choice in the USCC framework

Based on the suitability of the institutional status-quo compared to the cooperation problem, governments will adapt their institutional strategies by adopting one of the following four possibilities: institutional use, selection, change or creation. A short description of the conditions of both the cooperation problem and the institutional status-quo is given in Table 2.

Institutional strategy	Cooperation problem	Institutional status-quo
<i>Use</i>	<p>Slow emergence of a relatively well-known issue</p> <p>Low potential gains</p> <p>Low distribution problems, or high distribution problems but winners are satisfied with the focal institution</p>	Existence of a ‘good-enough’ focal institution
<i>Select</i>	<p>Moderate potential gains and time-horizons</p> <p>Moderate distribution problems with powerful actors dissatisfied</p>	<p>Focal institution unsatisfactory</p> <p>Competition among multiple alternative institutions</p>
<i>Change</i>	<p>High potential gains and time horizons</p> <p>High uncertainty</p> <p>Low to medium distribution problems</p>	<p>Focal institution unsatisfactory</p> <p>No alternative institution but an existing institution can be modified</p>
<i>Create</i>	<p>Emergence of a serious problem</p> <p>High potential gains and time horizons</p> <p>Very high uncertainty</p> <p>High distributional problems</p>	<p>Focal institution unsatisfactory</p> <p>No alternative institutions and candidate for modification</p>

Table 2: Outcomes of institutional strategy depending on the cooperation problem and institutional status-quo (based on (Jupille et al., 2013))

The definition of institutional choices determined from the cooperation problem and institutional status-quo was mainly based on elements from the rational-choice institutionalism. The USCC theory associates this rational argument to a sequential approach derived from historical institutionalism. Instead of a synchronic approach which considers each possibility at one moment in time, the USCC framework assumes that this institutional strategy is better viewed as a diachronic and sequential process, following an evolutionary path over time. Figure 2 depicts the decision tree that results from this diachronic assumption of institutional choices. Once the need for cooperation and institutionalisation established, a government will then first try to use the focal institution. Every time the institutional option that this government is facing is deemed as unsatisfactory, this government will go down the decision tree. Institutional selection, change and creation are therefore the next steps in the institutional strategy.

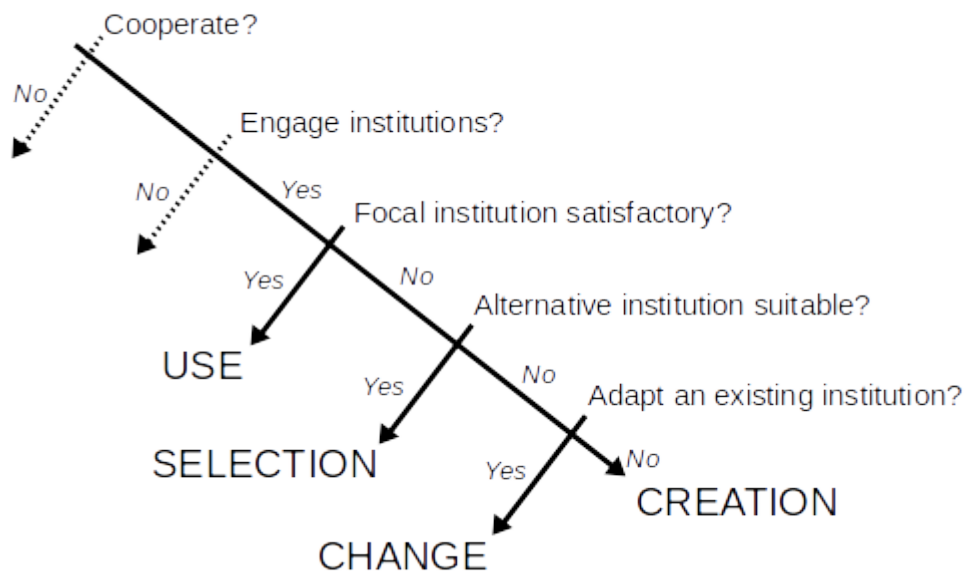


Figure 2: USCC decision tree (Jupille, Mattli and Snidal, 2013)

As mentioned in Table 2, going down the decision tree towards institutional change and creation is linked to variations in costs and benefits for a government: transaction and sovereignty costs, risks and uncertainties, potential gains, time horizon, number of actors and distributional differences all increased down the decision tree.

The USCC framework assumes that individuals are boundedly rational in their choices. The rationalist approach of institutions assumes that decision-makers will define their preferences backward from desired outcomes which are known and fixed. So individuals always choose the alternative that maximise their benefits. This is based on the assumption that actors have a perfect knowledge of the range of possible alternatives and their pay-offs. Bounded rationality nuances this argument, by suggesting that decision-makers are intendedly rational but suffer from limitations that prevent them from maximising the outcomes (Jones, 1999; Poulsen, 2015). Individuals are unable to assess the whole range of potential options and their pay-offs and consequently, instead of thinking backward from the desired outcome, move forward with institutional choices. They will stop searching once they find a satisfactory, but not necessarily optimal, outcome, based on an acceptability requirement defined beforehand. Decision-makers are therefore not maximisers but satisfiers. A major consequence of bounded rationality in the case of institutional choices is that governments may not be able to quantify the risks and benefits of innovative strategies, such as the creation of a new institution. This significant uncertainty may discourage any move away from the institutional status-quo, in opposition to predictions from purely rational perspectives.

The USCC framework also incorporates path dependency to explain the emergence, stability and change of institutions. Pierson characterises path dependency as an approach where:

“Specific patterns of timing and sequence matter; starting from similar conditions, a wide range of social outcomes may be possible; large consequences may result from relatively “small” or contingent events; particular courses of action, once introduced, can be virtually impossible to reverse; and consequently, political development is often punctuated by critical moments or junctures that shape the basic contours of social life” (Pierson, 2000, p.251).

Mahoney suggests three characteristics of path dependent systems (Mahoney, 2000). First path dependency implies that early events have a higher influence on the final outcome than later stages. Second, initial conditions do not determine the final outcome, since early historical events are contingent. Therefore it is not possible to determine final outcomes from initial conditions. Third, after the occurrence of historical events, path dependent systems display deterministic patterns or inertia, whose nature will vary between cases. The origin of change in path dependency have been suggested through two kind of mechanisms, punctuated equilibrium and critical juncture, depending on the type of institutional change that is considered. Krasner defined the notion of punctuated equilibrium as “short bursts of rapid institutional change followed by long period of stasis” (Krasner et al., 1984, p.242). This is linked to a situation where path dependent mechanisms are locked in. In this case, the periods of institutional change are triggered by crises from the external environment. Punctuated equilibrium is suited to the study of the stability and reproduction of institutions but fails to consider the case of institutional evolution and transformation, that could themselves explain the resilience of some institutions (Thelen, 2003). Thelen and Steinmo criticised this model of punctuated equilibrium by noting that in this case institutions are both independent variables in periods of stability and dependent variables in time of crisis, a dichotomy that precludes any detailed analysis of the dynamics between politics and institutions (Steinmo et al., 1992).

In opposition to the concept of sudden institutional change, I adopt in my research another approach which emphasises continuous institutional change. The origin of path dependent mechanisms is linked to critical junctures, defined as “brief phases of institutional flux” (Capoccia and Kelemen, 2007, p.341), where potential for agency and contingency are momentarily increased (Fioretos, 2017). This approach emphasises the role of increasing returns, also called self-reinforcing or positive feedback, defined as the situation when “the probability of further steps along the same path increases with each move down that path” (Pierson, 2000, p.252). This happens due to the rising costs to switch to a potentially better alternative, providing incentives for future steps along

the same path, as well as learning effects. In my research, building on Hay and Wincott's work, I define learning effects as situations where actors involved "revise their perceptions of what is feasible, possible and indeed desirable in the light of their assessments of their own ability to realise prior goals (and that of others), as they assimilate new 'information' (from whatever external source), and as they reorient future strategies in the light of such 'empirical' and mediated knowledge of the context as a structured terrain of opportunity and constraint" (Hay and Wincott, 1998, p.956). Increasing returns provide an explanation for institutional stability, by highlighting how once an institution is established it becomes harder and harder with time to change it or create another alternative. In opposition to positive feedback that promotes specific steps along the path, negative feedback prevents any change along the path and supports stability. Acting as a homeostatic process, the negative feedback will tend to counter-balance any exogenous change (Baumgartner and Jones, 2002).

The USCC theory is therefore an interesting and relevant approach in my objective to analyse path dependency and institutions and complements the two-level game approach. It provides a framework that allows me to establish how government define their institutional strategy, which institutions are used and therefore stable, and which institutions are discarded and replaced by an existing or a new one. The inclusion of the historical institutionalist toolbox highlights the role of path dependency and policy feedbacks, whether they are positive or negative, that may affect issue linkages and institutions. My next step is then to integrate both perspectives in a single model.

iii. Model and hypotheses

The two-level game theory and the USCC framework both address an aspect of my research questions about path dependency, issue linkages and institutions. In order to be able to have a single approach that I can use in my empirical analysis, I integrate both concepts in my final analytical framework. My model combines the structure of institutional choice from the USCC theory with the notions of win-sets and issue linkages from the two-level game approach. I modify the USCC decision tree by introducing a new criterion on which decision-makers will assess if an institution is satisfactory. In my research this criterion will be based on the availability of a suitable cross-sector issue linkage in the given institution, in the sense that it may increase the domestic win-set and eventually allow to find an agreement on the liberalisation of agricultural trade with limited political risks. This means that at each step of the USCC decision tree, political leaders will determine if a potential institution (whether this is the status-quo option or the idea of selecting, adapting or

creating a new one) is satisfactory by looking at the issue linkage promoted by this institution. This linkage defines the win-set required at level 2 to effectively ratifying and implementing an agreement that includes the liberalisation of agricultural trade. If this issue linkage indeed increases the win-set with low political costs, then political leaders will judge the institution in which it is implemented as appropriate to liberalise agriculture, then proceed with the negotiations and signature of the agreement. If the win-set is deemed too costly to reach, with no consensus at level 2 and risks of high political costs for political leaders, the latter will not deem the institutional alternative satisfactory and will move down the decision tree.

Since political actors are boundedly rational, they may not know with certainty in advance if an institution will provide them with a suitable issue linkage to liberalise agriculture, as mentioned in my sub question about the role of the efficiency of issue linkage on the institutions governments choose to liberalise agricultural trade. So they may implement issue linkages that ultimately proved to be successes or failures. In order to achieve trade liberalisation in agriculture, political actors should therefore look for an institution that allow them to implement a successful issue linkage. This brings me to my first hypothesis:

H1: While aiming at liberalising sensitive sectors, political leaders will adapt their institutional choices to maximise their chances of implementing successful issue linkages

In terms of institutional choices, they will first try to use the existing focal institution to implement an issue linkage. If the focal institution fails to produce a satisfactory issue linkage, then political leaders would opt for a different institutional strategy. A satisfactory issue linkage is therefore a criteria in the institutional choices of a government willing to liberalise sensitive sectors. This model can be illustrated by the decision tree in Figure 3.

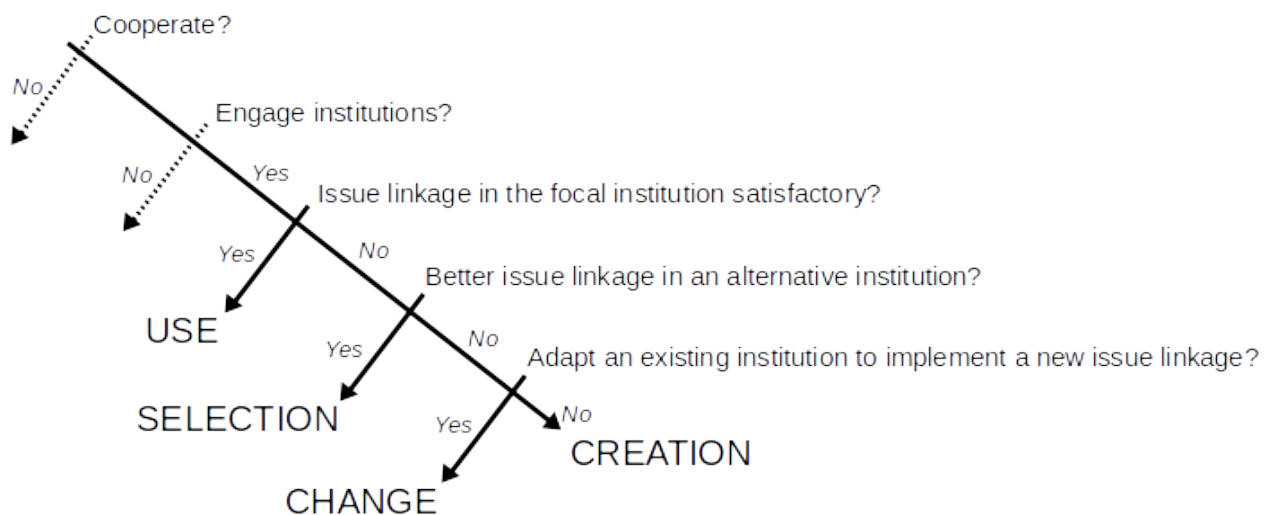


Figure 3: Main model of decision tree in my theoretical framework

Starting from this assumption about institutional choices resulting from failed and successful issue linkages, the USCC approach states that political actors will choose an institution, and the related issue linkage, from both a rational perspective and the consequences of past institutional choices. In relation to my sub question about how the effect of temporal processes on issue linkages change the preferences of political actors involved in the negotiations and the efficiency of subsequent linkages, I develop my second hypothesis as follows:

H2: Issue linkages, both failed and successful, change the preferences of political actors in terms of the future issue linkages at the domestic and international levels of negotiations

Once a government tries to liberalise a sensitive sector, failed and successful issue linkages in different institutions cannot be considered as independent but are historically linked. Whether an issue linkage fails or manages to promote trade liberalisation in sensitive sectors, it will create a precedent that will modify the preferences of political actors. These actors are now aware of the potential benefits or damages that an issue linkage may bring in the negotiations and will adapt their preferences accordingly. The preferences of both domestic interests (level 2) and international partners (level 1) will be influenced by past occurrences of institutional choices, as these previous institutional choices may create negative and positive feedbacks.

Similar to the initial USCC theory, my framework considers path dependency as an important mechanism in issue linkages, due to the iterative nature of the trade liberalisation of sensitive sectors. As domestic opposition is heightened around sensitive sectors, progress is usually slow and rely on iterations of negotiations where each round only achieve a partial liberalisation of the global

trade protections. This means that once political leaders decides to move down the decision tree and select, change or create an institution instead of using the focal one, they can not go back up to the option of using the focal institution. This path dependency will also occur on political actors at both levels of negotiation, since they were involved in the definition of the issue linkage. Consequently, two additional hypotheses may be derived from H2.

H3a: Failed issue linkage and liberalisation will prevent the use of these issue linkage and institution in the future

A failed issue linkage will generate substantial political costs for political leaders, emanating from import-competing groups as retaliation, with limited political rewards as other domestic groups do not promote the benefits of liberalisation. This negative benefit/cost ratio discourages any further use of a given issue linkage in the future, and will push political leaders to use a different institution that may be more suitable.

H3b: Successful issue linkage and liberalisation will promote the use of these issue linkage and institution in the future

The implementation of a satisfactory institution will generate positive feedback effects that will promote similar institutional choices in the future through two main effects. First the satisfactory institution will provide a template of valuable issue linkages for following negotiations to international partners at level 1 and domestic groups at level 2. This template and its associated issue linkage having been successfully implemented once will provide information and lower uncertainty and risks for future iterations. Second the effects of successful trade liberalisation at the domestic level also participate to the path dependent mechanism at play in issue linkages. Increased competition in import-competing sectors will force uncompetitive actors out of business, therefore slowly reducing the size of protectionist groups to sectors which still benefit from trade protection. Similarly, export-oriented groups which experienced gains from liberalisation are expected to push for further removal of trade protections. These two effects of trade liberalisation increase the win-set during negotiations, thereby enhancing the chances of implementing a successful issue linkage.

C. Methodology

As previously mentioned, this thesis is focused on a theory-building approach. Rather than testing an existing theory in order to generalise its findings, my research aims at providing a first investigation in an area of the literature that has not been properly studied yet. The main focus of this thesis is to study the causal mechanism that explain how path dependency and feedback effects

affect the efficiency of issue linkages in successive trade negotiations and the institutions selected by governments to negotiate. A first part of my research looks at the effect of path dependency on the efficiency of issue linkages and the preferences of political actors involved in the negotiations, assuming that failed and successful issue linkages will modify the preferences of political actors and are more likely to generate similar outcomes in future occurrences. My second line of investigation stems from the work on issue linkages and evaluates its implications for the institutional strategy of governments for trade liberalisation. My main hypothesis is that governments adapt their institutional choices in order to implement efficient issue linkages to liberalise agriculture.

With these elements as foundations of my main analysis, I turn towards the methodology I used in my research. First I detail my choice of a qualitative case study as a suitable approach to address my research questions, I then explain why South Korea was selected as the single case. Finally I describe the process tracing I performed to test my hypotheses and the sources I chose to collect data.

i. Qualitative case study

I chose to adopt in my research a qualitative case study methodology, as it is a suitable option in line with my objectives. The main research purpose of this thesis is to build new hypothesis about the historical aspect of cross-sector issue linkages and trade liberalisation in agriculture, and its effects on the institutional strategy of governments. It is not based on an existing theory or set of hypothesis that would be tested or modified, but relies on case-based empirical evidence to create theoretical propositions (Eisenhardt, 1989). Case studies can be defined as the “empirical analysis of a small sample of bounded phenomena that are instances of a population of similar phenomena” (Rohlfing, 2014, p.27). Although case studies can sometimes be quantitative, the main analysis here will be qualitative. Case studies are specifically suitable for this kind of analysis that is based on a dialogue between theory and evidence (Levy, 2008), similarly to analytical narratives (Bates et al., 1999).

The case study methodology is particularly relevant and suitable to our research goals as it allows researchers to associate broad qualitative empirical evidence to more deductive mainstream research (Eisenhardt and Graebner, 2007). In comparison to quantitative and statistical studies, qualitative methods are more suited to generate valid theory, or as Odell puts it: “More comprehensive and more detailed contact with concrete instances of the events and behaviour about which we wish to generalize helps sharpen distinctions” (Odell, 2001, p.169). Theories built from case studies are often accurate, interesting and can be further tested. Case studies usually aim at

answering questions about the *how* and *why*, but are mostly powerless to address the *how often* and *how many* aspects (Eisenhardt and Graebner, 2007). This is again in line with my focus on *how* issue linkages and institutional strategy are affected by path dependent mechanisms and feedback effects, and *why* some institutions may provide more efficient issue linkages to liberalise agriculture than others. Some scholars argued that case studies lacked the sufficient number of cases to be meaningful (Yin, 2011), although they also suggested that even large-n studies cannot provide a real macroscopic view (Yin, 2009). Tellis adds that, considering that the objective of any study should be the basis to define what parameters should be analysed: “even a single case could be considered acceptable, provided it met the established objective” (Tellis, 1997, p.3).

Odell (2001, p.162/163) defined a typology of single case studies in political economy among a “family of research designs”, which are not mutually exclusive. Possible categories of single case studies include Descriptive, Preliminary Illustration of a Theory, Disciplined Interpretive, Hypothesis-Generating, Least Likely, Most-Likely and Deviant. He describes the ‘Hypothesis-Generating Case Study’ as a case study which aims at generating new hypothesis, in order to explore new areas of investigation. Odell gives as examples the initial works that launched innovative theories such as the role of pressure groups in tariff policy or the hegemony theory of international economic stability. The definition of Hypothesis-Generating Case Study, along with the examples of application in Political Economy, demonstrate that my research actually falls within the scope of the Hypothesis-Generating Case Study.

ii. Case selection

After choosing a qualitative case study as my main analytic tool, the next step is to choose a method for case selection. Looking again at the objectives of this thesis, oriented towards a theory-building and explorative approach of path dependency and issue linkages, the methods of case selection will differ from more mainstream theory-testing perspectives.

As a starter, a case is defined as “a bounded empirical phenomenon that is an instance of a population of similar empirical phenomena” (Rohlfing, 2014, p.24). The literature on trade cooperation usually adopts an approach where each trade agreement is analysed as a single empirical phenomenon, and consequently a single case (Feinberg, 2003; Manger, 2005; Ravenhill, 2016). I deviate from this approach in my research, by considering that the empirical phenomenon at the core of my research is in fact not a trade agreement by itself, but is defined as the evolution of the efficiency of issue linkages and the institutional strategy in the trade liberalisation of agriculture performed by a single government. This empirical phenomenon, and case, is centered not on a trade

agreement but on a country, and potentially includes more than one trade agreement. I argue that this shift from trade agreements to countries as cases in my research is justified by the historical perspective of my analysis. Instead of taking each trade agreement as independent from previous occurrences, my emphasis on path dependency and feedback effects means that the evolution of trade agreements is my main priority. This evolution is not specific to a single agreement or institution, but it relates to each country considered. Based on this, comparing trade agreements of a single country is not as relevant as comparing countries and their institutional evolutions. Instead of cases, I consider trade agreements as data points or variations within each case, which I will use to define the overall evolution of issue linkages and institutional strategy.

Then, the first question is to determine the number of cases/countries that will be included in my empirical research, whether it is a single case study or a comparative study. A single case study allows me to adopt a more detailed investigation of the empirical evidence that underlies the theory-building process, and in particular looking at the causal mechanisms that need to be evaluated to fully understand how evidence can be translated into theory. This approach provides more insight to take into consideration contextual factors and gives more conceptual validity to the research (Curini and Franzese, 2020). The main drawbacks of single case studies, and correspondingly the strengths of comparative designs, are their inability to identify confounders and a low external validity. I argue that both these issues are however manageable for my research, due to the exploratory nature of my analysis. The existence of confounders and the external validity of my findings are not the primary objectives of this thesis but elements that ought to be further investigated in future works on my area of research.

With the single case study selected as my preferred option, the next step is to determine which country would be the best case for my analysis. Lijphart argues that Hypothesis-Generating case studies are significantly valuable if the case selected is seen as a “‘crucial experiment’ in which certain variables of interest happen to be present in a special way” (Lijphart, 1971, p.692). Going back to my research questions and hypothesis, my parameters of interest in this thesis are the efficiency of issue linkages to liberalise agricultural trade and the institutional choices of governments. Several countries present a relevant profile regarding these variables of interest, which may justify their selection as a single case: high protectionism on agriculture, strong domestic opposition to liberalisation and involvement in negotiations on agricultural trade in multilateral and bilateral institutions. Most of these countries are developed, while most developing countries already liberalised their agricultural trade in the past. It could be argued that the EU and the US fit this profile and are therefore good cases. They have indeed fought to protect their state

support to agriculture, due to a strong political opposition from farmers groups. However these actors are politically more powerful and also major food exporters, so their priorities are to achieve liberalisation in agricultural trade in other countries to increase market access for their exports, more than liberalising their own agricultural sector. Due to these specific characteristics, I decided not to consider the EU and the US as potential candidates for the case study. The UK is another potentially relevant case. Following its exit from the EU, the British government had to launch new bilateral negotiations to offset the loss of the European network of trade agreements. Potential partners included major agricultural partners such as the US and Australia. Substantial domestic opposition emerged in response to the discussions on the opening of agricultural markets. But at the time of my research the exact conditions of the withdrawal from the EU were unknown and most of the PTAs were signed too late for me to consider the UK as a suitable case.

East Asia includes several countries that fit with the required profile: Japan, South Korea and Taiwan. I also mentioned in my literature review that agricultural liberalisation and issue linkages have been studied in the case of Japan (Davis, 2003), but not for other East Asian countries such as South Korea. Although South Korea promoted trade liberalisation in GATT and WTO negotiations, it defended its agricultural protectionism on the grounds of rural development and food security. However, from the 2000s South Korea opened most of its domestic agricultural markets to major exporters such as the US and the EU through the signature of bilateral agreements. Other East Asian countries such as Japan share similar traits in terms of agricultural protectionism and position in multilateral negotiations compared to South Korea. But Japan did not implement the same level of liberalisation of agricultural trade in bilateral institutions from the 2000s. This difference in the liberalisation of agricultural trade between South Korea and countries like Japan is an interesting variation in outcomes that could be relevant in the future for my research. I may select Japan in order to demonstrate how issue linkages did not achieve a significant liberalisation of agricultural trade in both multilateral and bilateral institutions.

Nevertheless, I chose to focus on South Korea as a single case study as it displayed the most variations in terms of agricultural liberalisation in different institutions, which I can investigate in my in-depth analysis, and has not been properly investigated in the literature like Japan. Since the main objectives of my research are to develop hypothesis and build theory, I classify this case study as exploratory. Exploratory case studies can be classified in six categories: extreme, index, deviant, most different, most similar, or diverse (Gerring, 2017). South Korea can be classified as an extreme case study, since Korean negotiators achieved maximum variation in the outcomes regarding the trade liberalisation of the agricultural sector in multilateral and regional institutions, in

comparison to other countries. The main drawbacks of choosing an extreme case study relates to the lack of representativeness, and the inability to properly judge the validity of the new hypothesis (Curini and Franzese, 2020). However this is not a real issue for my analysis as generalised findings are not in the scope of this thesis, who mainly aims at developing new hypothesis to complement existing theories of regionalism, acknowledging that further work will be required to assess the potential to generalise these new hypothesis and their effective validity across more empirical cases.

Within my single case study of South Korea, my analysis will focus on a limited number of data points, institutions where the liberalisation of the Korean agricultural trade was negotiated, in order to demonstrate the evolution of issue linkages in different institutions due to path dependent mechanisms. Two types of institutions are studied: multilateral and regional/bilateral, as defined in the introduction. As mentioned in Chapter 3, multilateral institutions covering agricultural trade are the GATT and WTO rounds. The Uruguay Round is the first multilateral institution where GATT members, including South Korea, seriously engaged in negotiations over agricultural trade from 1986 to 1993, achieving a partial liberalisation. However due to the high political costs suffered by Korean political leaders afterwards, I consider it as a failed issue linkage. It was selected due to its potential role as a critical juncture in a path dependency. The Doha Development Agenda, or Doha Round, was the first, and so far the only, WTO round of negotiations. Launched in 2001, it also included the liberalisation of agricultural trade. As Korean negotiators talked about an issue linkage, although different, the Doha Round is selected as my second multilateral institution.

In opposition to many other developed countries, South Korea only started to negotiate bilateral agreements (PTAs) from the end of the 20th century. From 1999 to 2022, South Korea signed 18 PTAs, as listed in Table 3. Among these 18 Korean PTAs, 9 involved negotiations with members of the Cairns group (Chile, Indonesia, Malaysia, Philippines, Thailand, Vietnam, Peru, Australia, Canada, New Zealand, Vietnam, Colombia and Costa Rica) and 3 were signed with major agricultural exporters: the US, the EU and China. These 12 agreements were therefore potentially relevant for my research on the liberalisation of agricultural trade, as they likely involved discussions over the removal of protections in the agricultural sector. In this subgroup, I considered that five of them presented characteristics that would provide interesting variations for an extreme case study, as summarized in Table 4.

Partner country	Start of negotiations	Signed	Ratified	Comments
<i>Chile</i>	1999	2003	2004	
<i>Singapore</i>	2004	2005	2006	
<i>European Free Trade Association</i>	2005	2005	2006	
<i>ASEAN</i>	2005	2006-2009	2007-2009	
<i>India</i>	2006	2009	2010	
<i>European Union</i>	2007	2010	2011	
<i>Peru</i>	2009	2011	2011	
<i>United States</i>	2006	2007	2012	Revised in 2018-2019
<i>Turkey</i>	2010	2012	2013	
<i>Australia</i>	2009	2014	2014	
<i>Canada</i>	2005	2014	2015	
<i>China</i>	2012	2015	2015	
<i>New Zealand</i>	2009	2015	2015	
<i>Vietnam</i>	2012	2015	2015	
<i>Colombia</i>	2017	2013	2016	
<i>Central America</i>	2012	2018	2021	
<i>UK</i>	2016	2019	2021	
<i>RCEP</i>	2013	2020	2022	

Table 3: List of Korean PTAs (Korean Ministry of Foreign Affairs)

The Korea-Chile PTA (KCPTA) was selected as this was the first Korean bilateral agreement (1999-2003) and it took place between the GATT Uruguay Round and the WTO Doha Round. The negotiations were challenging and triggered the domestic opposition, but they achieved a partial liberalisation of agricultural trade with a medium food exporter, by implementing a new issue linkage that excluded sensitive commodities. Similarly to the Uruguay Round, it was chosen due to its potential role of critical juncture in a second path dependency.

The Korea-US (KORUS) PTA was selected as a second bilateral agreement due to the nature of the trading partner, a major food exporter and a significant challenge for the issue linkage to overcome domestic opposition. This PTA will be an indicator of the strength of the path dependency that was initiated in the KCPTA.

For my last chapter, I adopt a different approach, by not focusing on a single Korean trade agreement but looking at a selection of three trade agreements signed by South Korea between 2009 and 2015, with the EU, Australia and China. The analysis of each agreement will focus on the same

aspects of the issue linkage but will be less advanced than the investigation performed in the previous chapters. I suggest that this change of approach is justified in my analysis for the following reasons. First, in opposition to the KCPTA (first Korean bilateral agreement, including agriculture) and the KORUS PTA (first agreement with a major agricultural exporter), the following Korean PTAs do not have any particular feature that would justify focusing on a single one of them. They didn't act as a critical juncture in the liberalisation of agricultural trade like the PTA with Chile, and none of them had the same magnitude in terms of trade value for agricultural and non-agricultural commodities compared to the PTA with the US. Second, these three agreements have been signed between 2009 and 2015. This timing allows me to evaluate how path dependent mechanisms operated on Korean PTAs in the 5 to 10 years after the signature of the KORUS PTA. Third, the EU, China and Australia are medium agricultural trade partners for South Korea, prioritizing the liberalisation of agricultural trade in PTA, especially specific commodities such as beef and dairy. This means that agricultural trade played a major role in the negotiations and a part of Korean farmers were threatened by liberalisation. Finally, by focusing on the similarities between the three PTAs, a pluri-agreement approach goes into less details about the path dependent mechanisms in issue linkages. But this approach also allows me to highlight the similarities among these negotiations and agreements, giving more weight to the testing of my assumptions and my findings from previous chapters.

Countries	Chapter in this document	Rationale	Start of negotiations	Signed
Chile	4	1 st Korean bilateral trade agreement, with substantial domestic opposition Potential role as critical juncture	1999	2003
US	5	Largest agricultural exporter and threat to Korean farmers	2006	2007
EU/Australia/China	6	Similar profile of medium agricultural exporter Low domestic opposition on the Korean side	From 2007	Last in 2015

Table 4: Korean PTAs selected in my analysis

iii. Process tracing

After looking at the type of research I will perform as a single case study and having selected South Korea as my case, I turn towards the approach I will adopt to establish the causal relations described in my research questions.

I chose to use the process-tracing approach to analyse my causal links due to the specific nature of the objectives of my research. Process tracing is defined as an approach that looks “at evidence within an individual case, or a temporally and spatially bound instance of a specified phenomenon, to derive and/or test alternative explanations of that case” (Box-Steffensmeier et al., 2008, p.724). Instead of looking at a small or large number of occurrences in order to establish generalizable patterns, process tracing aims at historically analysing a specific case. Generalization is not an objective *in fine*, but is rather function of the outcomes of the investigation. In some cases findings may be distinct to the case at hand, or a partial generalization may be possible among a sub-set of similar cases.

Beach and Pedersen (2013) defines three types of process tracing in social science: theory-testing, theory-building, and explaining-outcome. The first two types of process tracing are theory-centric. Theory-testing process tracing assumes theory before fact and checks if a hypothesized causal mechanism can be demonstrated in a given case. Theory-building process tracing looks to create a generalizable theory from a specific case. This theory-building type of process tracing is particularly well suited to the objectives of my thesis, justifying my use of process tracing. This type of process tracing is also in line with my critical realist epistemological position, since the new theory is assumed to be generalizable across cases in a given context (Falleti and Lynch, 2009), such as middle range theories. Finally, explaining-outcome process tracing adopts a more case-centric approach and aims at explaining a puzzling historical case. Although it has some relevance to my approach in this thesis, it does not build any generalizable theory. In addition to its suitability for theory building, process tracing is also central to the historical explanations and historical institutional approaches that are part of my analytical framework, through its focus on history and sequencing (Steinmo et al., 1992, p.9; Mahoney, 2015).

The main limit of process tracing methods, especially in the case of theory-building, is the impossibility to generalize beyond the individual case. Process tracing is more adapted towards the development of within-case inferences, and generalization can only be achieved through cross-case comparative methods (Beach, 2016). Another limit of theory-building process tracing is that it cannot justify if a causal mechanism is necessary or sufficient to explain a situation

In the frame of a single case study, process tracing aims at tracing causal mechanisms, which are defined as “complex system which produces that behaviour by of the interaction of a number of parts according to direct causal laws” (Glennan, 1996, p.52). Beach and Pedersen (2013) actually suggest that process tracing is arguably the only available method to study causal mechanisms. Collier mentions that process tracing focuses on the unfolding of situations over time, yet it is based on the characterization of key events of the process in specific points in time (Collier, 2011). In the causal chain I am trying to test, the causal condition is a government aiming at implementing an issue linkage in an institution to overcome domestic opposition and liberalise sensitive sectors such as agriculture. The outcome is the achievement of this liberalisation of agricultural trade through an effective issue linkage. In order to operationalize the causal chain/mechanism, it will be described through a series of entities and activities. Activities are producers of change, while entities are things that engage in activities and can do so due to their specific properties (Machamer et al., 2000). Table 5 summarizes all the steps that form the chain between my causal condition and my outcome. Each part of the mechanism is assumed to be necessary to validate the whole causal link: “theory-centric variants of process-tracing (building/testing) have the inferential ambition to detect whether there is evidence suggesting that a causal mechanism was present in a case. Here inferences are first made about whether each part of the mechanism is present. Given that each part is theorized as being individually necessary, if there is evidence that significantly increases our confidence in the presence of each part, we can infer that the whole mechanism is present” (Beach and Pedersen, 2013, p.88). So my aim is to demonstrate that each of the steps of the causal mechanism are present in my empirical case.

Process tracing does not demonstrate the existence of mechanisms through the variation of variables across cases and the highlight of global patterns, but uses a logic of inference inspired by Bayesian logic (Beach, 2016). Bayesianism assesses that when more empirical evidence is collected, confidence in a theory increases in a order of magnitude relative to the uniqueness (in terms of difficulty to gather) of the evidence in question (Rohlfing, 2014). Testing a theory using process tracing involves three steps aiming at assessing the certainty, uniqueness and reliability of evidence (Beach, 2016). First, it is necessary to anticipate and make predictions about the traces of evidence each part of mechanism would leave behind for the observer to collect, and how unique this evidence is in relation to other potential competing explanations. Second, look at the available evidence and check if the latter matches any of the signs previously predicted. Finally, it is required to assess the level of trust the researcher may have in the collected evidence. The next step is to define what can be considered as evidence. Beach suggests four types of evidence that can be used

to demonstrate the existence of a mechanism: statistics, sequences, existence and content of material. Although all may be used in this thesis, we'll focus on sequencing and material types of evidence to validate our hypothesis. Table 6 describes the type of expected evidence that should be collected to prove the validity of each of the subparts of the causal mechanism. I will therefore look for this type of evidence to demonstrate the existence of my causal chain.

In addition to this main qualitative aspect of process tracing, I will also sparingly use quantitative data, such as statistics, to demonstrate minor parts of my arguments (Collier, 2011).

Causal condition		The government wants to use an issue linkage to liberalize trade protections on sensitive sectors
Capture causal mechanism	1	The <u>government</u> attempts to create an issue linkage at the existing focal and multilateral institution to justify the trade liberalization
	2	<u>Protectionist interest groups</u> vehemently oppose the issue linkage, creating high political costs for the government
	3	The <u>government</u> considers the focal institution as unsatisfactory and does not try again to use it to create an issue linkage
	4	The <u>government</u> creates a new bilateral institution and attempts to use an issue linkage for trade liberalization
	5	From its previous experience, the <u>government</u> highlights overall benefits for the national economy and excludes highly sensitive items from negotiations
	6	<u>Protectionist interest groups</u> are satisfied with the exclusion of highly sensitive items and do not oppose the issue linkage
	7	The <u>government</u> successfully signs and implements a first bilateral trade agreement
	8	<u>Protectionist interest groups</u> oppose less resistance to the trade liberalization of non-sensitive items and focus on the protection of highly sensitive items
	9	The <u>government</u> creates similar institutions to liberalize trade protections in sensitive sectors, using the first one as a template
Outcome		More bilateral agreements are signed, sensitive sectors are liberalised

Table 5: Breakdown of the main causal mechanism (entities are underlined and activities are in italic)

Causal condition	Expected evidence		
	Type	Description	
Capture causal mechanism	The government wants to use an issue linkage to liberalize trade protections on sensitive sectors		
	1 The government attempts to create an issue linkage at the existing focal and multilateral institution to justify the trade liberalization	Content of material	The government justifies the liberalization of agricultural trade through the benefits that may be gained in other sectors
	2 Protectionist interest groups vehemently oppose the issue linkage, creating high political costs for the government	Existence and content of material	Protectionist interest groups protests during the negotiations and after the signature of the agreement
	3 The government considers the focal institution as unsatisfactory and does not try again to use it to create an issue linkage	Content of material	The government states that the institution is unsatisfactory due to the issue linkage
	4 The government creates a new bilateral institution and attempts to use an issue linkage for trade liberalization to highlight overall benefits for the national economy	Sequence Content of material	The bilateral institution is negotiated after the multilateral institution The government justifies the liberalization of agricultural trade through the benefits that may be gained in other sectors
	5 From its previous experience, the government insists on excluding highly sensitive items from negotiations	Sequence Content of material	This exclusion occurs very early in the negotiations This exclusion is qualified as not negotiable by the government and is justified by previous experience
	6 Protectionist interest groups are satisfied with the exclusion of highly sensitive items and do not oppose the issue linkage	Existence of material	Limited protest from protectionist interest groups during the negotiations and after the signature of the agreement
	7 The government successfully signs and implements a first bilateral trade agreement	Sequence	The bilateral institution is signed after the multilateral institution
	8 Protectionist interest groups oppose less resistance to the trade liberalization of non-sensitive items and focus on the protection of highly sensitive items, where the workforce is higher and competitiveness lower	Statistics Existence of material	Reduction in size of protectionist interest groups and focus on sensitive items Limited protest from protectionist interest groups for future agreements
9 The government creates similar institutions to liberalize trade protections in sensitive sectors, using the first one as a template	Sequence Content of material	More agreements are signed These agreements have similar characteristics compared to the initial one, especially regarding the exclusion of sensitive items	
Outcome	More bilateral agreements are signed, regionalism is promoted at the cost of multilateralism		

Table 6: Expected evidence for each step of the causal mechanism

iv. Sources

The theory-building process tracing approach described in the previous section requires to provide evidence for each part of the causal chain in order to demonstrate its validity. This evidence relies on intensive and wide-ranging empirical data I collected during my research. The empirical data used in this thesis to test the causal mechanism consists mainly of primary and secondary sources.

Material collected from primary sources aims at defining the position and motivations of political actors in the negotiations, both at the domestic and international levels. The position of negotiators in the discussions on agricultural trade at the multilateral level is based on the analysis of primary sources from the GATT and WTO institutions. These sources mainly include official statements, proposals and speeches from countries or coalitions of countries delivered during or between the successive rounds of negotiations. They also contain minutes of discussions as well as questions/answers from specific Trade Policy Review meetings. The GATT official documents are available on the online database from the Stanford University libraries website, while the WTO official documents are available on the online database from the WTO website. Official statements from governmental branches are extracted from their respective websites or other official archives: Korean Ministry of Foreign Affairs and Trade (MOFAT), the United States Trade Representative Office (USTR), the United States International Trade Commission (USITC), United States Department of Agriculture (USDA).

In my analysis I opt to use newspapers' articles as primary sources of information, as they represent a rich source of information on trade negotiations, as these discussions are very sensitive and are typically not described in details in official documents. To minimise the influence of the author's opinion, I focus on collecting data from direct quotes and citations from political actors and avoid relying on secondary analysis which would likely be biased. Declarations and statements from political actors at the domestic level in South Korea will be mainly extracted from Korean newspapers. Due to language barriers, I favoured sources writing articles in English: The Korea Times, The Korea Herald, Yonhap News Agency. Other foreign newspapers have also been used, although more scarcely, such as Agence France Press. This type of sources is mostly available on the newspapers' websites as well as on the news and media analysis website LexisNexis. These newspapers do not share the same editorial position on economic and social issues, with conservative and liberal outlets, and that may affect their coverage of trade negotiations. Where possible, I use a range of sources for the same negotiation. Insight on the negotiations of the Korea-

US agreement is taken from the website *Inside US Trade*, a major trade policy publication dedicated to professionals and focused on federal policymaking process.

In addition to the primary sources previously mentioned who illustrated the official position of political actors, I also performed several interviews during a three-month fieldwork in South Korea in the summer of 2019. These interviews were used to confirm data from other primary sources, as well as highlighting potential dynamics or preferences that were not easily identifiable in official documents. A total of 9 semi-structured interviews were carried out face-to-face in South Korea. While I initially aimed at achieving a larger number of interviews, I faced difficulties to contact relevant interviewees and convince them to discuss with me the details of Korean trade negotiations. Despite preliminary work before the start of my fieldwork, I did not have direct connections to most interviewees. Many people involved in the Korean trade negotiations, especially in the multilateral institutions and for the first bilateral trade agreements, retired or were not working for the government anymore, making it difficult to contact them. I tried to get around this problem by approaching academics and members of think-tanks to ask them for help and contacts.

Another issue in my fieldwork was my position as a Western researcher doing qualitative interviews in South Korea. Many potential interviewees did not want to get involved with a complete outsider on a sensitive topic, so being part of a minority prevented me from getting access to more relevant actors (De Tona, 2006). Other scholars shared the same experience doing fieldwork in the Korean context (Kwak, 2019). I sometimes managed to gain the trust of interviewees through the recommendation of a third person, but these opportunities were rare. As an illustration, one farmer I had contacted was initially scared when I showed up for the interview in a formal suit and accompanied by an interpreter, as he forgot our meeting and thought instead that I was sent by a bank to request payments, a common misfortune for most Korean farmers. I tried to complete more interviews via Skype after coming back in York but faced the same issues. Despite these difficulties, my panel of interviews displays a variety of profiles: trade policy advisor, expert in food security, farmer, staff from farmers' cooperative. This range of positions allowed me to evaluate my research questions on the whole scope of trade policy and optimize the kind of data I collected through interviews, with feedback from both supporters of and opponents to the liberalisation of agricultural trade.

The semi-structured format of the interviews gave the interviewees more freedom to share their experience based on my introductory open-ended questions on trade policy in agriculture. I adjusted these questions through-out the fieldwork after reviewing initial interviews. For instance, at first I

overestimated the role of food security in Korean negotiations, but later changed my interview questions to focus more on opposition groups. Interviews were carried out in English when the interviewee was comfortable with this language, or through a interpreter if he/she only spoke Korean. Interviews took place in public spaces, such as cafes, workspaces or universities, whether in Seoul, Sejong (the new administrative capital of South Korea where many government offices have been relocated) or in agricultural areas. Interview data was stored in accordance with the University of York's ethics approval and all interviews were recorded with the authorization of the interviewees. Anonymity was offered to and accepted by all participants. A list of interviews mentioning reference numbers, dates and interviewees' positions is given in Appendix 1.

Secondary sources also include reports from key Korean policy research institutes and think tanks with areas of interests consistent with my research: KIEP, KEI, Samsung Institute. Although these think tanks are usually independent from Korean ministries, they have been very influential in the social and economic policy-making in South Korea in the last 40 years, mainly through the provision of academic analysis and research (Hwang, 1996). Due to this close proximity, I consider the position of these policy research institutes as an acceptable broad representation of the position of the Korean government and bureaucracy on specific topics in my research.

Overall, these primary and secondary sources provide enough material to assess the validity of the causal mechanism as described in the previous section on process tracing.

Chapter 3: Failed issue linkage and negative feedback at the GATT/WTO level

The previous chapter established the theoretical framework based on a combination of the two-level game approach of negotiations and the USCC framework, in order to understand how path dependency and feedbacks shape the efficiency of issue linkage and affect institutional choices. This framework will be applied in the following empirical chapters to the case of agricultural protectionism in South Korea and its subsequent liberalisation attempts in multilateral and bilateral institutions. South Korea initially, during the 1980s and 1990s, resisted any substantial liberalisation of agricultural trade in the GATT and WTO multilateral rounds, only making limited concessions on the opening of sensitive markets in the Uruguay Round. Then, since the beginning of the 2000s, South Korea signed Preferential Trade Agreements with major agricultural exporters (Chile, US, EU, Australia and China are investigated in this thesis) that included a comprehensive, although not total, liberalisation of agricultural trade. This shift in position is the puzzle of my empirical analysis.

One of my main arguments is that these shifts in institutional choices performed by South Korea regarding agricultural trade follow a institutional decision tree as described in my model in Figure 3, where the adequation between the cooperation problem and the institutional status quo defines the move up or down the decision tree. This adequation between the cooperation problem and the institutional status quo is defined by interactions between actors, and their preferences, at the domestic and international levels. This is where the two-level game framework that is part of my model guides my analysis. The two-level game framework takes into consideration relations at the international level (level 1), between countries and their negotiators, as well as the dynamics at the domestic level, between interest groups and the negotiators (level 2). In particular, due to the complexity and longevity of the cooperation problem in agriculture, issue linkages between agriculture and other industrial sectors are a key factor of institutional choice for South Korea. These issue linkages affect the two main factors that inhibit institutional evolution down the tree: transaction and sovereignty costs, and risks and uncertainty. Eventually, in regards to the liberalisation of agricultural trade, South Korea performed initial institutional choices that followed the contemporary choice from other trade partners, focusing on multilateral options. The failure of the issue linkage and the heavy political protests that it generated created a path dependency where liberalisation in multilateral arenas was out of the conceivable scope. In order to optimize the issue linkages and reduce the political cost of agricultural liberalisation at the domestic level, the Korean

government created a new institutional option through bilateral agreements. A new path dependency and associated issue linkage promoted the inclusion of agricultural trade in these agreements due to the exclusion of sensitive commodities, therefore alleviating domestic concerns from opposition groups.

The empirical analysis will be divided in four chapters, following a broad chronological approach of South Korea trade negotiations to explore the institutional evolution: GATT/WTO multilateral rounds, Korea-Chile PTA, Korea-US PTA and Korea-EU PTA. This chronological approach will illustrate the phenomena of path dependency and critical juncture that are at the core of the historical institutionalism as considered in the USCC framework.

This first empirical chapter looks at the historical coverage of the liberalisation of agricultural trade in multilateral institutions of the GATT/WTO. Both are good examples of what I consider as institutions in my work, although they have different characteristics. The GATT is an international agreement without any independent structure, while the WTO is a more formal organisation, with independent bodies such as a secretariat. Despite their structure differences, I consider in the rest of this thesis that they are similar multilateral institutions which prescribe, proscribe, and/or authorize behavior of states in terms of international trade. Although South Korea is a member of other multilateral institutions, these other negotiation arenas have not been included in this analysis as they are not relevant for the liberalisation of agricultural trade. The main objective of this chapter is first to establish the dynamics of institutional choice after World War 2 that led to the decision by countries to discuss the liberalisation of agricultural trade in a specific multilateral institution, leading to a strategy based on the use of the GATT as the focal institution. Then, in light of this historical background and path dependency, the analysis will focus on the particular case of South Korea, by evaluating the consequences of the institutional choices by Korean negotiators in the Uruguay Round on later discussions at the multilateral level. The importance of the issue linkages attempted in the Uruguay Round on later multilateral discussions on agricultural trade will be emphasised.

This chapter will be structured in four parts. The first section will go back to the origins of the GATT institutions, to shed light on the institutional choices made by the major political actors (the US and the EC) regarding the liberalisation of agricultural trade that led to its inclusion in the GATT. Then a second section will describe the origins of agricultural policies in South Korea and their evolutions from the 1960s to the 2010s. A third section will analyse the Uruguay Round from the perspective of South Korea, to identify the institutional strategy adopted and the attempt to instrumentalize an issue linkage to justify concessions on sensitive sectors. The last section will

look at the consequences of the failed issue linkage from the Uruguay Round on the following Doha Round, with a return to a strategy of using the GATT instead of more risky institutional choices, due to the political costs generated by the previous issue linkage.

A. Agricultural trade in the GATT

Before looking at the institutional choice of South Korea regarding the liberalisation of agricultural trade in the GATT Uruguay Round, it is relevant to first analyse why this liberalisation of agricultural trade was eventually covered by a GATT multilateral round in the 1980s. Other alternative institutions were potentially available to address agricultural trade, such as the UNCTAD, but were eventually not selected.

This section adopts a world-wide angle on agricultural trade, this choice being justified by the fact that South Korea did not play a role in the history of GATT until April 1967. Despite early attempts in 1950 to gain political recognition through multilateral institutions, the extent of the Korean War (1950-1953), the low volume of trade of the country and domestic concerns about the extent of required liberalisation delayed the formal accession of South Korea to the GATT until 1967 (Kim, 2005a). This particular section is therefore not focused on South Korea but applies the USCC framework from a global perspective on trade talks about agriculture after World War 2, to comprehend the initial dynamics that ultimately led to the inclusion of agriculture in the GATT, Uruguay Round. The objective is to provide the reader with necessary historical context needed to fully understand South Korea's options regarding agricultural trade and subsequent institutional choices from the Uruguay Round.

As explained earlier, the USCC framework main argument is that institutional choice and evolution is driven by two main factors: the cooperation problem and the institutional status-quo (Jupille et al., 2013; Hofmann, 2014). If the institutional status quo is satisfactory to solve the cooperation problem, countries will likely use the focal institution or select an existing alternative institution. In the opposite case, if institutional status quo is inadequate for the cooperation problem, riskier and costlier strategies will be implemented by countries, who will either change an existing institution or create a new one. For my case study, this means that if the GATT was defined by most countries as the focal institution (or one of many existing institutions) adequate to manage the cooperation problem in agricultural trade, then the use or selection of GATT would be likely. If the GATT stops to be adequate, then it would need to be changed or replaced by a new institution. To understand how countries eventually included agricultural trade in the Uruguay Round, the first step in this

analysis is therefore to evaluate the initial cooperation problem in agriculture, and the institutional status quo that preceded the Uruguay Round.

i. Cooperation problem in agriculture

As this thesis focuses on the Korean agricultural sector as a case study, it is necessary to evaluate how the cooperation problem in agriculture may have differed from other industrial sectors to then explain its effects on institutional evolution. Based on the definition of a cooperation problem as given in the USCC theory (Jupille et al., 2013), the first part of this analysis focuses on the particular place of agriculture in the discussions about free trade, and the factors that explain why cooperation about agricultural trade has been a long-standing challenge and how much agricultural protectionism cost to consumers and taxpayers. The main objective here is to provide the specific context related to agriculture to apply the two-level game from my theoretical framework to our empirical analysis.

The original description of the USCC framework mentions several sub-categories that eventually define the cooperation problem (Jupille et al., 2013). In terms of issue characteristics, agricultural protectionism has been a long-standing issue that has gradually emerged in developed countries, following two main motivations for governments: rural development and food security. The first challenge is linked to rural development. In opposition to other economic sectors, agricultural interests are hurt by industrialization and development. Hayami and Anderson stated that, as the weight of agriculture in the economy is reduced to a very low level, governments switched from taxation to assistance of the agricultural sector, in order to alleviate losses in productivity and income (Hayami and Anderson, 1986). The problem is highly complex with a large variety of possible measures, both at-the-border and behind-the-border, available to support the farming sector: tariffs and non-tariff barriers, production and export subsidies, income support, voluntary export restraints, sanitary measures...

Food security was a main concern for the inclusion of agricultural trade in the Havana Charter that was aiming at launching the ITO in 1948 (Margulis, 2017). In order to limit any export restrictions that could lead to critical shortages of food in importing countries, international cooperation was required. The Havana Charter included a section that only allowed exporting actors limit their food exports if there was a risk of shortage for the exporting member itself (UN, 1948).

The protectionist attitudes that were derived from rural development and food security generated a variety of negative externalities. Three main effects of protectionism in agriculture are suggested:

distortions in market prices and trade flows, main costs beared by consumers and taxpayers and the effects of output surplus from industrial countries on the development of agriculture in developing countries (Johnson, 1991). In terms of costs for taxpayers and consumers, in 1986-1988, before the partial liberalisation of agricultural support implemented in the Uruguay Round, the total cost for these protectionist programmes in the OECD countries reached \$326 billion, or \$246 per capita (OECD, 1999a). Similarly, welfare benefits from the complete liberalisation of agricultural trade at the Uruguay Round was estimated to \$164,7 billion worldwide (Anderson et al., 2000).

In terms of the liberalisation of agricultural trade, these expensive protectionist programmes are however politically challenging to remove as they are supported by powerful farming lobbies in developed countries. Because agricultural trade policies have distributive and redistributive effects, concentrated interests such as farmers tend to have more influence on policy-making than diffuse interests such as consumers (Dür, 2008). This is due to the concentration of costs and benefits on agricultural groups, while other societal groups suffer diffuse costs and benefits (De Bièvre and Eckhardt, 2011). Although they have limited numbers, farming lobbies are well organised and enjoy a substantial political influence due to the collective action incentives (Olson, 2009). Consumers usually suffer from the free-rider problem, they do not display the same organisation to oppose protectionism, and may even support farming interests (Davis, 2004). What is more, another political aspect of agriculture support is linked to sovereignty, due to the highly sensitive place of food for voters. Food security is often used as both a motivation for trade protectionism and liberalisation by competing discourses at the domestic and international level (Farsund et al., 2015).

Looking at the issue characteristics of agriculture, we can see that the cooperation problem is mainly defined at level 2 of the two-level game by the preferences of farmers groups who are more organised than diffuse interests, and the preferences of policy-makers regarding food security. The interactions at level 1 will be characterized by the group characteristics of the cooperation problem. Agricultural trade involves virtually all countries around the globe, which are either importers or exporters of agricultural commodities. In terms of capabilities and preferences however, we can observe sharp differences among developed and developing countries. Developed countries have had a preponderant position in agricultural trade after World War 2. Most agricultural exporters were developed countries, with Brazil being the only developing country in the top 10, and a major part of agricultural trade occurred between developed countries (FAO, 2000). The part of developing countries in the world agricultural exports remained around 30-40% (McCalla and Nash, 2006). Initially net exporters of agricultural commodities, the food trade balance of developing countries became negative in 1980 (Hathaway, 1987). This means that, in order to reap

maximum benefits, the liberalisation of agricultural trade can only be achieved with the involvement of developed countries at level 1 of the negotiations. The preferences of developed countries are therefore at the source of the problem, due to their high protectionism over agriculture, but also an essential element of the negotiations on agricultural trade.

Now that we have a better idea of how the cooperation problem in agriculture can be analysed through a two-level game, we can start looking at the institutional choices that this cooperation problem generated for agriculture.

ii. Institutional status-quo and the progressive use of GATT

Considering the cooperation problem of agricultural trade previously described, there were sharp divergences on the proper way to include agricultural trade in institutions, with debates on whether standard or special treatment was the most appropriate (Warley, 1989). This section uses the USCC theoretical framework to evaluate the institutional choices that led to the progressive use of the GATT for the liberalisation of agricultural trade, as illustrated on Figure Error: Reference source not found.

After World War 2, Western powers decided to cooperate on trade like they did on development and monetary issues with the Bretton Woods institutions (World Bank and IMF). Due to the lack of suitable multilateral institutions dedicated to trade, they had to resort to plan the creation of a new institution, the International Trade Organisation (ITO) (Ravenhill, 2017). This last step of the decision tree on Figure Error: Reference source not found ultimately failed. Diebold describes the disagreements between US negotiators and domestic groups as the main source of the lack of US support to the ITO initiative (Diebold, 1993). This illustrates the relevance of the two-level game approach for institutional choice. In response to these internal conflicts between level 1 and 2 in the US, the GATT was created as a light version of the ITO, devoid of the most controversial chapters. It then became the only and focal institution for the liberalisation of trade in goods. A description of the general GATT history using the USCC framework has already been performed, analysing the mix of rational planning and path dependency that contributed to the building of the GATT and then the WTO institutions (Jupille et al., 2013). However, the general approach adopted by Jupille et al does not address properly the two noteworthy exceptions to this institutional creation: the sensitive cases of agriculture and textiles. In opposition to most range of goods and products, these sectors were eventually excluded from the negotiations (McPhee, 1992). Interestingly, and in reference to my theoretical framework, these two specific economic sectors displayed diverging institutional paths along the USCC decision tree.

Agriculture was from the start excluded from the 1947 GATT charter, although not explicitly, through several clauses. Article XI:2(c) allowed countries to quantitatively limit agricultural imports and Article XVI allowed the use of export and production subsidies (GATT, 1947). Countries therefore did not want to use the GATT (or any other institution) to cooperate on the issue of agricultural trade. These exemptions were added to the GATT charter following two main rationales, that originated from both society and state actors. On one side, the US domestic farming interests insisted to have these exclusions to be able to maintain domestic support programmes (Warley, 1989; Howse and Bork, 1998). On the other hand, Hathaway suggests that most countries post-WWII were also facing a food crisis. Agriculture became a prominent state priority, with fears of disruption of food trade pushing forward the concept of food self-sufficiency and the need to develop domestic agricultural production (Hathaway, 1987). Level 1 and level 2 actors were therefore at the root of the initial decision not to cooperate on agricultural trade through an institution after World War 2.

The textile industry displays a different institutional evolution, where countries started using the GATT but then opted to create new institutions. Many countries were already cooperating on textile trade prior to WW2, with complex trade regimes and bilateral arrangements (GATT, 1984). Unlike agriculture, the textile industry was initially included in the GATT negotiations. But in reaction to the accession of Japan to the GATT in 1955 many developed countries decided to use Article XII and XXXV to implement import limitations. The sensitivity of the T&C sector at the GATT level pushed developed countries to create alternative institutions based on voluntary export restraint agreements: the Short Term Arrangement, Long Term Arrangement and ultimately the Multifibre Arrangement (Underhill, 2016). Agriculture and T&C illustrate the lack of suitable literature to analyse the institutional evolution regarding the trade liberalisation of sensitive sectors. Instead of implementing a sequential and rational analysis for each institutional step, it is more relevant to adopt an historical approach that consider path dependent mechanisms and institutional stability. Heron achieved it for the case of textile and clothing (Heron, 2012), but the agricultural sector has not been properly analysed in the same way.

Coming back to the topic of agriculture, this institutional choice to exclude the sector from any institution (including the GATT) displayed a path dependent path until the 1960s. The liberalisation of agriculture was considered but never addressed in the first 4 GATT rounds: Geneva (1947), Annecy (1949), Torquay (1950-51) and Geneva (1956). This institutional stability was linked to both levels of policy-making. Governments faced too many transaction costs and political risks from the domestic level that they didn't want to use the GATT as a focal institution for trade

liberalisation (McCalla, 1993). In the meantime, Warley suggests that political leaders did not want to use other types of institutional agreements, such as commodity arrangements, to avoid having to admit that protectionism in agricultural trade needed to be addressed (Warley, 1989). This lasting refusal to resort to institutions to alleviate cooperation problems in agriculture started to change from the 1960s, although without any real success in liberalising. Agricultural trade was discussed in the following multilateral rounds, especially under the momentum of the US interests. This may seem paradoxical with the previous point about the initial resistance of the US regarding the inclusion of agriculture in the GATT, but this can be explained through an aggravation of the cooperation problem and higher expenditure costs in agriculture (as demonstrated by the Haberler report (GATT, 1958)) and a change of preferences among level 2 American groups.

However, despite this change of preferences from US negotiators, the following GATT negotiations rounds failed to reach substantial progress on agricultural trade, due to disagreements between the US and the EC on the modalities of liberalisation, as summarized in Table 3 (Josling et al., 1996; McCalla, 1993; Warley, 1989). Using the theoretical framework of this thesis, we can see that a two-level game was the main factor at play in the discussions on agricultural trade. At level 2 on the US side, the preferences and capabilities of the farming interests pressured the American negotiators to include agriculture in the negotiations to avoid the rising protectionism in the EC. Similarly, on the EC side, farming interests have benefited from a disproportionate amount of influence in trade policy-making, due to institutional and historical factors linked to European integration (Keeler, 1996). They lobbied the EC negotiators for the protection of the European CAP and associated trade barriers from the GATT agenda (Schmitz, 1988), resulting in a smaller EU win-set in trade negotiations. As described in Table 7, in each GATT round the US and EC win-sets, heavily defined by level 2 farmers groups, were diametrically opposed, and did not lead to any substantial agreement. So the change of preferences on the US side did not manage to break the path dependent mechanisms that had prevented any effective use of the GATT to liberalise agricultural trade.

My theoretical framework can explain the challenges faced by the main countries to liberalise agricultural trade, by looking at the path dependent mechanisms specific to agriculture that were created from the launch of the GATT, and the varying preferences of actors in two-level games among each party that excluded any concessions and prevented a consensus to emerge. In light of the path dependent challenges to use the GATT, making it an unsatisfactory institution, and the rising costs of the cooperation problem in agriculture, our theoretical framework suggests that other institutional choices may have been considered.

GATT Round	Negotiations	Outcomes
Dillon (1960-1962)	<p>First mention of agriculture</p> <p>Pressure of the US in reaction to the implementation of the EEC CAP</p> <p>But CAP deemed in line with previous exemptions granted to the US</p>	<p>Very limited: zero tariff on oilseeds and a 6% tariff on non-grain feeding stuffs</p>
Kennedy (1963-1967)	<p>Agricultural liberalisation considered a necessary condition by the US</p> <p>US proposal on tariffication and binding of EEC levies, under the pressure from US farmers</p> <p>EC proposal on binding margins of support and focus on ratio of self-sufficiency</p> <p>‘Chicken War’ as an illustration of the US/EEC divergence</p>	<p>No substantial liberalisation of the EEC CAP and other importers’ protections</p> <p>Limited agreements on grains and tariff reductions</p>
Tokyo (1973-1979)	<p>Specific context: tensions on global food markets, with high food prices and demands from protectionist groups</p> <p>EC focus on a sectoral approach for agriculture to protect the CAP</p> <p>US emphasis on the consideration of agriculture treated like other sectors</p> <p>Bilateral access negotiations to facilitate discussions</p>	<p>Tariff concessions by developed countries on 25% of food imports</p> <p>No liberalisation of other border measures</p> <p>No progress on export subsidies</p>

Table 7: Negotiations and outcomes over agricultural trade in GATT rounds (Josling, Tangemann and Warley, 1996; McCalla, 1993; Warley, 1989)

iii. Alternative institutions: select option and preferences of major actors

Instead of using the GATT as the focal institution for agricultural trade, our theoretical framework suggests that countries may have considered the GATT as unsatisfactory and may have selected other available institutions (see Figure 3). The GATT was indeed not the only potential venue to discuss agricultural trade after World War 2.

Another potential type of institution dealing with agricultural trade were international commodity agreements (ICA). Similarly to the GATT, I consider ICAs as institutions in my research since they are international agreements, without independent structure. The main difference with the GATT is that this type of agreement did not aim at liberalising agricultural trade per se, but rather to limit price volatility in specific commodity markets and create stable and fair conditions for producers

and consumers (Raffaelli, 1995). Due to this specificity the US negotiators were sceptical of the value of ICA for agricultural trade liberalisation (Josling et al., 1996). ICA were therefore not a satisfactory solution for the main actors of agricultural trade to replace the GATT. Eventually only wheat, sugar and tin were fully covered by an ICA from 1947 (UNCTAD, 1985).

Dissatisfied with the GATT as the institutional status quo for trade negotiations, which they deemed as too lenient with developed countries and not satisfactory to defend their interests, and confronted with no other alternative that would suit their requirements, developing countries decided to go down the USCC decision tree (see Figure 1) and created a new institution affiliated to the UN to discuss trade issues in 1964, the United Nations Conference on Trade and Development (UNCTAD). One of the original mandates of the UNCTAD was the promotion of international trade (Finger and Ruchat, 2000), so it would have been a potential alternative to discuss the liberalisation of agricultural trade. A major difference with the GATT was that agricultural trade was seen as an essential factor of development for developing countries, with the main priority being the transfer of income from industrialized to developing countries instead of free trade, to compensate the deterioration of the terms of trade (UNCTAD, 1985).

However, as developed in our theoretical framework, the selection of a newly created institution such as the UNCTAD needed to be validated by other countries at level 1, with an emphasis on the role of major developed actors of agricultural trade. The negotiators of these countries would rely on the preferences of their domestic groups at level 2 to determine if the new institution would fit their win-set. In our case, the UNCTAD failed to be selected and implement its reforms in agricultural trade due to the resistance of developed countries, which opposed the UNCTAD agenda, especially in trade where liberalisation was considered as a priority by developed countries, in opposition to the development-centered approach promoted in the UNCTAD. Ultimately UNCTAD shifted its focus from development and fairer economic order to the establishment of guidelines to prepare developing countries for trade liberalisation (Finger and Ruchat, 2000). Similarly to challenges encountered with the GATT multilateral rounds, the failure of developing countries to select the UNCTAD as an alternative institution for agricultural trade illustrates that institutional choices must consider a two-level approach that combines the influence of level 2 groups in each country with the interactions among foreign partners at level 1. These two levels of negotiations have to be considered in regards to the cooperation problem in agriculture to analyse the moves along the decision tree. The failure of the UNCTAD also illustrates a path dependent mechanism where the most influent actors of agricultural trade, the US and the EC, dictated that the

GATT was the only focal institution to liberalise agricultural trade, despite the challenges they faced to succeed in the negotiations.

In conclusion, in this section I argue that our theoretical framework highlighted that the choice by countries to eventually include agricultural trade in the GATT Uruguay Round was not a contingent event. It is the result of an historical process, involving several episodes of path dependency that prevented institutional change at numerous occasions. Countries explored the full range of institutional choice described in our theoretical framework, attempting to use the existing focal institution, creating and selecting alternative institutions that would be the most appropriate to address the cooperation problem according to their preferences. This section did not go into much details about the preferences of countries for each institutional choice for agricultural trade, as it falls outside the scope of my analysis and has comprehensively already been covered in the literature (Hathaway, 1987; Ingersent, 1996; Johnson, 1991) The divergences between the US and the EC, linked to the preferences of domestic groups, and the failure of developing countries to impose the UNCTAD to developed countries demonstrate that a multilevel approach considering the influence of international and domestic factors in the negotiations is historically relevant to address this topic.

B. South Korea agricultural policy

Before looking at the treatment of agriculture in the GATT multilateral negotiations, this section aims at giving a bit of historical context on the agricultural policies that were implemented in South Korea until the 1980s. This is important to understand why Korean agriculture was heavily protected and how the position of the Korean government on agricultural policies evolved before the start of the GATT Uruguay Round. Another objective of this section is also to highlight the convergence and discrepancies of the agricultural policy with the wider industrial and economic strategy of the Korean government, with reference to the developmental state initiated in the 1960s and its progressive transition to a market-oriented governance.

1960s-1980s	1990s-2000s	2010s
Increase agricultural production Modernise the agricultural sector Reach food self-sufficiency	Prepare agriculture for liberalisation and markets opening Increase productivity Restructure the farming sector to improve rural incomes Emphasis on environment and food safety	Strengthening agricultural competitiveness Enhancing quality of rural life Develop high-value food exports

Table 8: Main priorities of Korean agricultural policies from the 1960s to the 2010s

Indeed the heavy state interventionism in agriculture is linked to a more global hold of the Korean government on the national economy, a process scholars have defined as *developmental state*. Defined by Johnson (2007) it relates to a situation where economic development is the single priority of the state, at the detriment of social equality. Domestic markets are piloted by an elite economic bureaucracy, which formulates and implements economic policies, particularly strategic industrial policies. Major industrial conglomerates work in concert with the bureaucracy (Onis et al., 1991). The Korean developmental state emerged under the direction of Park Chung-hee (1961-79), and was based on the selection of a few key industries that were provided with substantial investment and financial support, in exchange for strict performance requirements. To preserve state control over major conglomerates and promote high performance, the financial system was heavily regulated, with all commercial banks publically owned. Foreign licenses were imported to quickly acquire technology. In terms of trade policy, the main objective of the developmental state was to develop exporting capabilities in modern technologies (Pirie, 2008). In terms of the farming sector, food remained an essential aspect of this forced and successful developmental industrialisation, as illustrated in Table 8. Industrialising the Korean agrarian society required to divert surplus resources and labour from the farming to the industrial sector. Burmeister even went so far as stating that “one could argue that agriculture has been the most tightly regulated sector in the Korean economy” (Burmeister, 1990, p.199). From the late 1960s, in order to limit imports, improve the balance of payments and focus resources on export-oriented industries, South Korea adopted a rice self-sufficiency policy. Another political objective of this policy was to maintain rural incomes, that did not experience the same rise compared to the urban workforce.

From the 1950s to the 1970s, the priority of the Korean government for agriculture was to increase production and achieve/maintain self-sufficiency in rice. In the 1960s, US food aid contributed to the food supply of a growing urban population. The Agricultural Basic Law was enacted in 1967 to officially put the focus on improving productivity and to maintain the level of income of farmers at the same standards of living than other industries (OECD, 1999). With this in mind, in 1970 the Korean government launched a national programme called Saemaul Undong, aiming at providing investments to modernise the agricultural sector. As another illustration of the statist nature of the farming sector, markets for agricultural inputs and production were controlled by national cooperatives such as the parastatal National Agricultural Cooperatives, and rice purchase programmes were administered by the government. Korean leaders also launched the development of a new more high yield variety of rice called Tong-il (Kim and Lee, 2006). In terms of agricultural trade, the Korean statist approach consisted in restrictions placed on imports of a wide range of

commodities (rice, barley, maize, soybean, potato), in accordance with GATT Article XVIII.B due to concerns over the Balance of Payments. This heavy state interventionism in domestic food and farming sectors was framed as a food security and national survival issue (Riel Müller, 2015).

The Korean developmental state came under substantial pressure in the 1980s, with an erosion of the control of the state over chaebols. In this period, South Korea experienced a democratisation process that launched the 6th Republic. After presidential elections, the military regime of Chun Doo-hwan was succeeded by Roh Tae-Woo at the end of 1987. This coincided with stronger capitalist class and labour movements (Minns, 2001). This statist approach of agriculture as a means for food self-sufficiency was progressively dismantled from the 1980s. The US, the largest trade partner for South Korea, became more critical of trade protection on industrial and agricultural sectors, and accused Korean leaders of unfair trade practices through the Super 301 provisions implemented in 1988 (Lee et al., 1990). South Korea therefore had to start liberalising its agricultural sector to avoid heavy penalties on its own key industrial exports. In the mid-1980s, to support economic growth and in response to pressure from foreign agricultural exporters to open its domestic markets, Korean leaders started to reduce agricultural tariffs and open markets (OECD, 1999). In parallel with the UR negotiations, to prepare the Korean agriculture for more liberalisation, the priorities were to increase competitiveness and efficiency and restructuring and readjustment. Previous government interventions were changed to be more in line with a market-oriented approach.

C. The GATT Uruguay Round: institutional CHANGE for agricultural trade

From the general perspective of the previous sections that described how the GATT became the focal institution for agricultural trade, we focus now on the case of South Korea. The main argument of this chapter is that multilateral institutions such as the GATT were initially selected by South Korea as a focal institution to liberalise agricultural trade, but became progressively unsatisfactory when the issue linkage attempted by Korean negotiators to overcome the resistance of domestic groups failed. This chapter illustrates the value of the combination of the two-level game and the historical approach of institutional choice adopted in our theoretical framework, focusing on the use and change options of the USCC decision tree.

In relation to my causal mechanism described in Tables 5 and 6, this section aims at demonstrating the steps *The government attempts to create an issue linkage at the existing focal and multilateral institution to justify the trade liberalisation and Protectionist interest groups vehemently oppose the*

issue linkage, creating high political costs for the government, based on the evidence The government justifies the liberalisation of agricultural trade through the benefits that may be gained in other sectors and Protectionist interest groups protests during the negotiations and after the signature of the agreement.

This particular section focuses on the role of critical juncture that the Uruguay Round played for the liberalisation of agricultural trade in multilateral institutions by South Korea. Korean negotiators agreed to change the GATT at the Uruguay Round to substantially cover agricultural trade, and tried to use an issue linkage to overcome the resistance of domestic groups. But the failure of this issue linkage will have historical repercussions and create a path dependency that would result in the GATT/WTO being ruled by Korean negotiators as an unsatisfactory focal institution for agricultural trade, as shown in the next section.

The previous section looked at the period after World War 2 until the 1980s, which was characterized by a growing awareness of cooperation problems in agriculture, but a slow evolution of the institutional status quo. Developed countries opted for the inclusion of agricultural trade in the GATT multilateral rounds to promote their vision of future agricultural trade based on free trade. However serious divergences between the US and the EC prevented any consensus and actual liberalisation. Developing countries attempted to negotiate fairer conditions in agricultural trade at the UNCTAD level but faced the opposition of developed countries which disliked notions of special treatment in agriculture. The GATT was therefore the focal institution, albeit not an effective one, for agricultural trade after the Tokyo Round (1973-1979), other alternative institutions having been sidelined due to the lack of support from the US and EC. Following the previous Tokyo Round, discussions started in 1982 at a ministerial meeting of GATT members, leading to the launch of the Uruguay Round in September 1986. This inclusion of agriculture was motivated by a worsening of the consequences of agricultural protectionism, on both developed and developing countries. These consequences were three-fold: price instability in world markets, costs of protection for developed economies and costs for farmers in developing countries (FAO, 1999). In terms of cost for developed countries, the development of farm subsidies was becoming a financial burden: they increased from \$2.7 billion in 1980 to \$25.8 billion in 1986 in the United States, and from \$6.2 billion in 1976 to \$21.5 billion in 1986 in the EC (The Economist, 1986). At the Tokyo Economic Summit Conference of May 1986, the heads of states acknowledged the growing problems in agricultural trade, along with the need for international cooperation to address these issues (G7, 1986). The GATT itself supported and promoted the inclusion of agricultural trade within its own institutions: the Director-General of the GATT Arthur Dunkel presented in 1985 a

report titled ‘Trade policies for a better future’ that included the following recommendation: “Agricultural trade should be based on clearer and fairer rules, with no special treatment for particular countries or commodities. Efficient agricultural producers should be given the maximum opportunity to compete” (GATT, 1985, p.2). Dunkel added that he wished that “the governments of GATT contracting parties will give the recommendations the careful and serious attention they deserve” (GATT, 1985, p.1).

At first sight it may seem that countries, including South Korea, decided to use the GATT to achieve a greater liberalisation of agricultural trade, by including again this sector in their negotiations, according to our theoretical framework. However I argue that in fact the Uruguay Round was more an attempt to change the GATT rather than use it. Indeed the liberalisation of agricultural trade considered in the initial agenda of the Uruguay Round went beyond the simple reduction/removal of tariffs, as implemented for industrial sectors and considered for agriculture in previous rounds, to a more comprehensive decrease of domestic support, covering both at-the-border and behind-the-border measures. The initial agenda for agricultural negotiations that was included by GATT members in the Punta del Este declaration stated that the negotiations should “achieve greater liberalisation of trade in agriculture and bring all measures affecting import access and export competition under strengthened and more operationally effective GATT rules” (GATT, 1986a), citing three categories: market access through import barriers, direct and indirect subsidies and sanitary and phytosanitary regulations. Going back to our framework, we can see that world leaders went down the USCC decision tree of institutional choice, from using to changing the focal institution, to include agricultural trade in the GATT Uruguay Round (see step 1 in Figure 4).

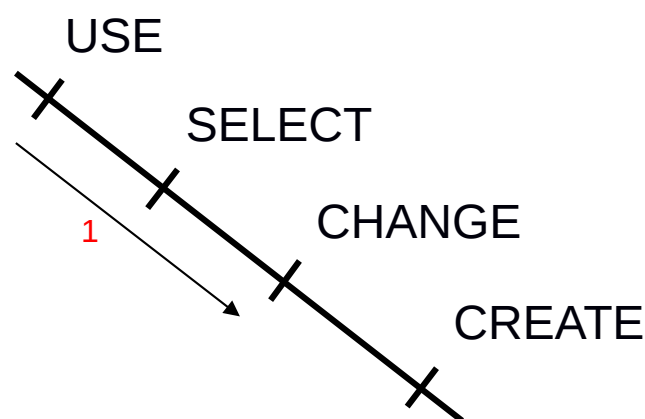


Figure 4: Institutional choice by GATT members, including South Korea, leading to the inclusion of agricultural trade in the Uruguay Round

The remainder of this chapter will evaluate the evolution of institutional choices from Korean leaders regarding the liberalisation of agricultural trade at the GATT and WTO. Faced with costly

political and economic consequences of the cooperation problem in agriculture, South Korea did not consider the institutional status quo pre-UR to be satisfactory, in particular due to the bilateral pressures from major agricultural exporters like the US.

I argue that the Uruguay Round is a critical juncture in the institutional choices of South Korea. Similarly to the institutional move from other countries previously described in Figure 4, Korean negotiators were initially targeting a change of the GATT to include agricultural trade in the Uruguay Round. The characteristics of this change strategy were defined by the Korean win-set in the negotiations. This win-set was itself defined by the interactions of actors at level 1 and 2 during negotiations. However, the Korean leaders attempted an issue linkage to justify the opening of sensitive agricultural markets, that led to substantial political backlash. This failed issue linkage then defines the following institutional choice of South Korea at the GATT/WTO level, in accordance to our theoretical framework. The next sections will apply my theoretical framework to the negotiations for South Korea, by first looking at the motivations of South Korea regarding the change of the GATT, and then at the importance of issue linkage in the negotiations and the consequences of the final agreement on level 2 actors.

i. Initial institutional strategy for South Korea

The need to move down the USCC decision tree to include agricultural trade in the Uruguay Round was shared among members of the multilateral institution although with different purposes. Each actor, including South Korea, targeted a change of the institution that would be compatible with its own domestic win-set. The foreign win-sets will have to overlap with South Korea's own win-set in order to conclude the final agreement and eventually change the GATT institution.

Our theoretical framework predicts that, when wanting to liberalise a sensitive sector such as agriculture, governments will define their institutional choice to optimize their chances of achieving an issue linkage and reduce the opposition to market opening from farmers. The Korean government was willing to open non-sensitive domestic agricultural markets in order to implement liberal reforms. The president at the time, Roh Tae-Woo, indicated in 1991 that GATT negotiations should be used to implement reforms in agriculture: "The Uruguay Round must be taken as an opportunity for the country to create better working and living conditions for its farmers" (Yonhap, 1991f, p.2). The same year, the Deputy Prime Minister Choe Kak-kyu stated that competition in agriculture was needed to stabilize prices and improve productivity (Yonhap, 1991a). However, uncertainties were part of the thinking process of the Korean president on agricultural trade, since he asked officials to identify how the Uruguay Round could be used to improve farming

development in the middle of the negotiations (Yonhap, 1991d). This is in line with our theoretical framework that suggests that actors must tolerate a part of uncertainty when deciding to change an institution instead of just using it, although this uncertainty is lower than in the creation of a new institution.

In addition to the growing cooperation problem in agriculture, the institutional status quo was not satisfactory for South Korea. Bilateral pressures were especially challenging for South Korea regarding agricultural trade. Prior to the GATT negotiations, the US exerted preliminary bilateral pressures on South Korea, as well as Taiwan, in an attempt to promote liberalisation of agricultural trade, with limited success (USTR, 1989). These pressures succeeded as the Korean government agreed to a liberalisation package on agriculture, but it also generated strong protests from farmers groups in 1989 (Lee et al., 1990). Following requests from the US, Australia and New Zealand and in an attempt to support economic growth, South Korea agreed in 1989 to remove quantitative restrictions on limited agricultural imports that were justified through the Article XVIII.B of the GATT (OECD, 1999b). This bilateral pressure from the US was condemned by Korean farm groups in 1989 who, in association with their Japanese and Taiwanese counterparts, lobbied their governments for an action at the Uruguay Round level (The Korea Times, 1989). Multilateral negotiations in the Uruguay Round are seen by Korean negotiators as a solution to alleviate these bilateral pressures (Kim, 2005a).

At level 1 of the negotiations, among the GATT members involved in the negotiations, the main actors in the negotiations on agricultural trade were the US, the EC and the Cairns group as major agricultural exporters. The Cairns group was a coalition of 14 food exporting developed-developing countries created within the Uruguay Round that emphasized the need to include agriculture in the liberalisation efforts, countering previous efforts from the EC to exclude it (Hamilton and Whalley, 1989). Developing countries defined their own positions but had a minor influence in the discussions. As an heritage of the path dependency identified in the previous section, these main actors of agricultural trade had diverging views on the level of liberalisation that the Uruguay Round should reach in agriculture, as summarized in Table 9. These divergences were a major obstacle for negotiations in the Uruguay Round, pushing the Cairns group to denounce “the lack of flexibility on the part of the United States and the European Community and their failure to demonstrate the political commitment needed to bridge fundamental differences over objectives for long-term reform of agricultural trade” (GATT, 1989b).

Regarding agriculture, South Korea submitted at the beginning of the negotiations in 1988 its own proposal regarding the liberalisation of agricultural trade (GATT, 1988). The South Korean proposal

stated that one of the main objectives of the negotiations was to reduce trade barriers in agriculture, aiming at “enhancing productivity” in the Korean agricultural sector in order to “achieve balanced development with other industrial sectors” (GATT, 1988, p.3). However the main difference with the win-set of other main actors in the negotiations, and an illustration of the strategy of institutional change of South Korea, is the requirement that the final agreement takes into consideration specific conditions for developing countries: “developing countries need to have time to enable their agricultural sector to achieve balanced development with other industrial sectors through enhancing productivity” (GATT, 1988, p.3). Korean negotiators focused on the need to have flexible implementation period and scope for developing countries in order to lessen any damage from structural adjustment, citing conditions such as small-scale farmers, low productivity and high domestic agricultural prices. Food self-sufficiency as means for food security was also mentioned as an objective of equal importance (GATT, 1988).

Agriculture has long been a highly politicized issue at level 2 of the negotiations in South Korea, and level 2 farmers groups heavily influenced the definition of the Korean win-set in agriculture. In 1990, farmers publicly and vigorously protested against the inclusion of agricultural trade into the GATT Uruguay Round, with rallies of several thousand persons in several cities (Yonhap, 1990a; The Korea Times, 1990b). Before the Uruguay Round, the Korean farming industry was made of many smaller separate farmers’ organisations. These farmers then started gathering up and took a common stand. Millions of farmers, most from the countryside, protested against the GATT negotiations (Interview #6). The National Agricultural Cooperative Federation (NACF) demands focused on the exclusion of sensitive commodities from the discussions in the Uruguay Round (The Korea Times, 1990a). Other priorities included non-trade concerns such as food security and development in rural areas, with a special consideration on the reduction of tariff barriers. The concept of Non-Trade Concerns was emphasized and along with the status of developing country of South Korea would support the exclusion of agriculture from tariffication (Yonhap, 1990d; The Korea Times, 1991a; Yonhap, 1991c). If these demands were not met, farmers would reject the outcome of the negotiations.

Country	Initial position
US	The liberalisation of agricultural trade was a priority of the US government (Bello and Holmer, 1989). The American president Ronald Reagan stated ambitious goals for agricultural trade in 1987, wishing for a “total phaseout of all policies that distort trade in agriculture by the year 2000”, and aiming to achieve at the Uruguay Round the removal of all barriers (tariffs, quotas) and export subsidies on agricultural trade in a 10-year period (Reagan, 1987). However this quantified target was mostly seen by other countries as a bluff (Tanner, 1996; Ingersent, 1996).
EC	European leaders aimed at protecting the CAP system of export subsidies from external reform pressures. The EC initially suggested a ‘rebalancing’ option, where protection on specific commodities could be maintained or increased in exchange of the liberalisation of others (GATT, 1989a).
Cairns group	Call for efforts to achieve “fully liberalised trade in agriculture” (GATT, 1987), with the “elimination of country specific exceptions” as an explicit goal (GATT, 1989b).
Developing countries	Focus on the need for a special and differentiated treatment in the negotiations, in order for agriculture to keep contributing to their development. They requested a lower reduction in protectionism compared to developed countries (FAO, 1999).

Table 9: Initial positions on agricultural trade of major actors in the GATT Uruguay Round

The public awareness and understanding of the multilateral negotiations in South Korea was initially very limited. The limited history of South Korea in the GATT did not provide evidence of the efficiency of GATT institutions for South Korean consumers and workers. The Korean population was not aware of the long term benefits of the GATT and began progressively more receptive to the potential negative consequences for liberalised sectors such as agriculture (Bark, 1991; Kim, 2005a). As an illustration; a poll in 1991, in the middle of the Uruguay Round negotiations, showed that a substantial majority of Korean people supported the protection of domestic farmers from international competition (Yonhap, 1991e). A member of the Korean Peasants League recalled that “The regular citizens popularly thought that the Uruguay Round was just a negotiation about food and farmers. Because the issue arose from all the farmers’ associations and that’s where all they heard about” (Interview #6). This pressure from protectionist domestic groups and civil society was initially translated to the Korean negotiators at level 1. Indeed Korean negotiators requested at the beginning of the UR negotiations the exclusion of sensitive grains from the liberalisation schedule (Yonhap, 1990b, 1990c).

ii. Issue linkage and concessions

Comprehensive liberalisation without exception, as requested by the US and the Cairns group, was excluded from the start from the Korean win-set and this categorical refusal remained consistent in the negotiations. This position was not peculiar to South Korea, but was shared with a small number of countries: Canada, Israel, Japan, Norway and Switzerland (GATT, 1991). South Korea again suggested an amendment to the draft text in late 1991 reinstating its requests for agricultural trade: “For exceptionally sensitive agricultural products which should be carefully circumscribed, participants may request a special derogation from tariffication as part of the finalisation of schedules of market access commitments” (GATT, 1992, p.1). On the issue of agricultural trade, and in reference to the positions of other actors summarized in Table 9, our framework shows that an agreement was initially unlikely considering the win-sets of the main actors. Figure 5 illustrates how the Korean win-set did not overlap with the others, mostly due to the Korean emphasis on flexibility for its own agriculture.

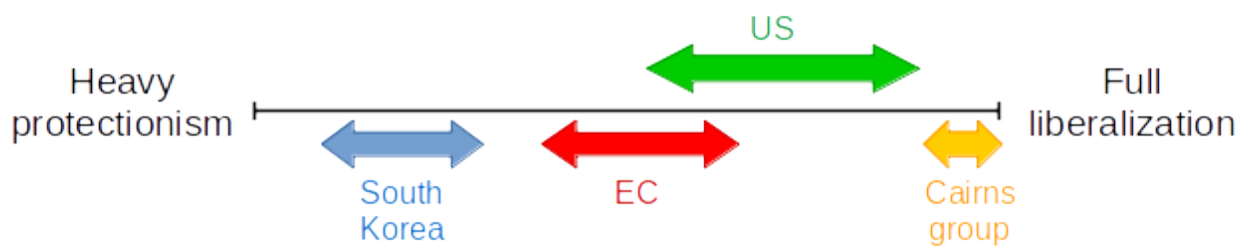


Figure 5: Win-sets of major actors in comparison with South Korea regarding agricultural trade

However Korean negotiators experienced the specific limits of multilateral negotiations where the core of the Korean win-set in agriculture, a progressive and country-specific approach along with the exclusion of sensitive commodities, revealed to be stumbling blocks in the discussions. Comprehensive liberalisation was the focus of the win-sets of other major actors, rejecting the possibility to exclude sensitive commodities (The Korea Times, 1991b). Bark suggests that Korean negotiators initially underestimated the weight of agricultural liberalisation in the negotiations and didn't expect the process to stall in absence of any real progress on this topic (Bark, 1991). Korean negotiators initially refused to endorse any draft agreement that would not consider the exclusion of sensitive commodities (Yonhap, 1991b).

In addition to agriculture, Korean negotiators were also involved in many economic aspects negotiated in the Uruguay Round. The Minister of Trade and Industry Woong-Bae Rha detailed at the initial ministerial meeting in September 1986 the priorities for South Korea. He established

three areas of interest: standstill and rollback commitments, old and new issues, and strengthening of the GATT system. In particular, South Korea stressed the need for “tighter safeguard disciplines, the elimination of non-tariff measures, and the strengthening of dispute settlement procedures” (GATT, 1986b, p.2). In relation to these objectives, Korean negotiators were very active in non-agricultural issues and suggested several proposals listed in Table 10.

Negotiations issue	Document	Date
Anti-dumping	MTN.GNG/NG8/W/3	20/05/1987
Services	MTN.GNS/W/80	24/10/1989
Subsidies	MTN.GNG/NG10/W/34	18/01/1990
Intellectual property	MTN.GNG/NG11/W/48	26/11/1989
Safeguards	MTN.GNG/NG9/W/4	25/05/1987
Dispute settlement	MTN.GNG/NG13/W/19	20/11/1987
Tariffs	MTN.GNG/NG1/W/13	16/11/1987

Table 10: Examples of non-agricultural proposals submitted by South Korea in the Uruguay Round

Korean objectives outside of agriculture were therefore not focused on specific economic sectors but on the general benefits of trade liberalisation for the Korean economy and industries. A fair and free international competition would allow South Korea to liberalise and internationalize its economy and provide the conditions to achieve the status of developed nation (Bark, 1991). As an illustration of these objectives, South Korea was also part of the “de la Paix” group of small- and medium-sized countries that aimed at concluding a successful negotiation round and improve the multilateral system as a whole, instead of focusing on specific issues (Hamilton and Whalley, 1989).

In opposition to the previous GATT rounds, the US and the EC eventually reached a consensus on the sensitive case of agriculture, when they signed the Blair House Accord in November 1992 (FAO, 1999). This breakthrough officially included agriculture in the GATT structure. But the final position from major members on agriculture did not include the possibility to exclude sensitive commodities from tariffication and liberalisation as requested by Korean, as well as Japanese, negotiators (The Nikkei Weekly, 1992; Japan Economic Newswire, 1992; Yonhap, 1993a). This is an illustration of the importance of group capabilities in the cooperation problem in agriculture, as described in my theoretical framework in Chapter 2. South Korea had been very isolated in the discussions regarding agricultural trade in the GATT, which were dominated by US and EU interests.

Considering the single undertaking adopted for the Uruguay Round, Korean negotiators therefore faced a dilemma in the final stages of negotiations, when any benefit from the successful conclusion of the Uruguay Round was contingent on concessions on the liberalisation of trade of sensitive commodities, especially rice. The position of the Korean government on the opening of sensitive markets like rice was divided, between the proponents of a compromise giving Korea the benefits of the GATT liberalisation (Ministry of Trade and Industry, Economic Planning Board) and the advocates of a rejection of any concession on this particular aspect (Ministry of Agriculture), leading a Foreign Ministry official to argue that “But the stakes are all too clear [...] The way this is going, it’s all or nothing. We either accept the Uruguay Round (UR) principle of comprehensive tariffication without exception or we bolt from GATT” (Yonhap, 1993c, p.1).

This coincided with the start of Kim Young-Sam’s mandate as president of South Korea (1993-1998), replacing Roh Tae-woo. Kim’s economic strategy was labelled as ‘Segyehwa’, which Kang describes as a “top-down reform of the South Korean political economy to meet the rapidly changing conditions of the world economy” (Kang, 2000, p.77). Kim Young-Sam initially pledged to protect agriculture, especially the rice sector, from foreign competition. However his government considered the drastic restructuring of Korean agriculture, in order to develop a more competitive export-oriented agricultural sector, while attenuating the negative effects on farmers through rural development programmes (Gills, 1996).

The final outcomes of the Uruguay Round defined in 1994, as formulated in the Agreement on Agriculture, specified the liberalisation that South Korea agreed to implement for agricultural commodities. Benefitting from the status of developing country in the negotiations, South Korea had to eliminate non-tariff barriers (quotas, regulations) for all agricultural commodities, and these tariffs will be reduced by an average of 24% over ten years, with a minimum of 10% in each tariff line (FAO, 1999). South Korea managed to obtain an exemption on the tariffication of the rice sector for a period of 10 years, in exchange for a minimum market access that gradually increases to 4% in 2004 and a ban on export subsidies (Josling et al., 1994). This last point is the main deviation compared to the initial Korean win-set in agriculture, which requested a total exclusion of the rice sector from liberalisation under the pressure from farming groups.

Kim Young Sam decided to make concessions to the demands of foreign partners, hereby increasing the Korean win-set, to include the partial opening of rice markets and the tariffication of agricultural quotas, to alleviate the risk of South Korea being isolated from world markets. Although he pledged during his presidential campaign not to allow any rice imports, he justified this increase of the win-set by pointing to an issue linkage with the positive benefits of the conclusion of the Uruguay

Round on South Korea: "considering the conditions we have now, it is certain our gain is greater than our loss in the settlement of the Uruguay Round" (Herald Sun, 1993). The Korean Minister of Trade also highlighted the issue linkage between general trade liberalisation and agricultural liberalisation by adding:

"I would like to emphasize that my Government has made extremely difficult decisions, particularly with respect to agricultural liberalisation, in an effort to contribute to the timely and successful completion of the Round. [...] I am confident that this agreement will go a long way toward helping maintain Korea's development momentum. Free trade will continue to provide an engine of growth for the Korean economy as it has done for the past 30 years" (GATT, 1994b).

Confronted with strong level 1 and level 2 constraints on the win-set regarding the liberalisation of agricultural trade, Kim Young-Sam therefore decided that it was possible to neglect the opposition from farmers to partially match the win-sets from other major agricultural exporters, and justify this decision by creating an issue linkage with the overall benefits from the completion of the Uruguay Round for the Korean economy. This issue linkage between the benefits of the conclusion of multilateral negotiations and the concessions on the opening of rice markets appears to originate as a decision from the Korean president, more than the results of pressures from non-agricultural actors at level 2. Kim Young Sam illustrated the risk he took through the endorsement of the issue linkage by admitting in a speech that: "I believe that if the fellow countrymen fully understand the circumstances that we face now, they would understand the difficulties and trials that I faced" (KBS-1, 1993, p.2).

iii. Consequences of the issue linkage and path dependency

Standard rational design institutionalism and two-level game theory have analysed issue linkages as distinct and isolated political event in the negotiations on agricultural trade (Paarlberg, 1997; Davis, 2004). Other negotiations would be treated as such independent events, without any deeper comprehension of the historical effects between negotiations. In our case this would imply that the analysis of the Korea-GATT case study would therefore stop after the conclusions of the negotiations and the final outcomes. A potential conclusion would be that Korean negotiators were able to overcome the domestic opposition to the liberalisation of agricultural trade by implementing an issue linkage. In contrast, the main contribution of this thesis is to consider path dependency in negotiations and issue linkages like the Korea-GATT example. This singular event leads to unexpected negative consequences for domestic actors in the two-level game. These negativities,

considering that actors are boundedly rational, would generate a path dependent mechanism where domestic actors increase the political cost of future similar issue linkages. The institutional choice of Korean negotiators is shaped by the political cost of previous issue linkages.

I argue that the choice to liberalise sensitive trade in the GATT Uruguay Round, thereby increasing the initial win-set, and link it to the overall benefits from the successful completion of negotiations illustrates a critical juncture in the sphere of the liberalisation of agricultural trade in South Korea. Korean leaders opted to change the existing focal institution, and the issue linkages it provides, for trade liberalisation. Early expectations were focused on the capacity of multilateral institutions to reduce the pressure from bilateral trading partners, by incorporating agricultural trade liberalisation in a multilateral setting. But Korean negotiators realized that issue linkage at the multilateral level could not be performed while addressing the specific conditions of Korean win-set. The specificities of the Korean win-set were only shared with a handful of other countries, most of them minor actors in the negotiations. When the EC and the US found a compromise on agricultural trade and started to pressure the remaining countries to adopt their position, Korean negotiators were forced to make concessions if they wanted to achieve their other objectives, unlocking a desired liberalisation on industrial sectors. The attempts from the Korean executive side to justify the concessions through an issue linkage did not alleviate the opposition to the opening of rice markets by domestic groups. The negative consequences and political costs of this issue linkage at the multilateral level had knock-on effects on the priorities of level 1 and 2 actors regarding the Korean win-set in future trade negotiations.

So the next step in our historical institutionalist approach is to look at the consequences of the initial issue linkage. The issue linkage attempted by Korean leaders to justify the change of the Uruguay Round to include the liberalisation of agricultural trade involved heavy political costs. The concessions on the opening of sensitive agricultural markets, the extra step that was outside of the initial Korea win-set due to high pressures from farmers, were not offset by political gains from economic development generated by market liberalisation.

The consequences of the concessions from the Korean negotiators regarding sensitive commodities at the level 2 of the two-level game were substantial for future liberalisation of agricultural trade. The partial opening of rice markets conceded by the Korean negotiators to conclude the Uruguay Round was hailed at the international level as a positive outcome for South Korean agriculture (Sutherland, 1994) but resulted in high political costs at the domestic level. Farmers vigorously protested against the decision, blaming the president for breaking a past promise never to allow rice imports (New York Times, 1993). The Prime Minister Hwang In Sung took the responsibility and

resigned as a calming gesture (Sanger, 1993). Kim Young-Sam had to present public excuses and explanations about his change of strategy on agricultural trade.

The protests from farmers and the political costs of opening sensitive agricultural markets were not counterbalanced by demonstrations of support from industrial interests who would benefit from the Uruguay Round. Industrial lobbies were cautious about supporting the outcomes of the negotiations and the decision from the government to justify the reduction of agricultural protections through more benefits from multilateral liberalisation (Yonhap, 1993b). There is no indication of a successful reverberation attempt by foreign partners in the negotiations, to influence the level 2 farmers and groups towards accepting more concessions on agricultural trade and the opening of rice markets.

After the Uruguay Round, farmers now have confirmation that multilateral negotiations at the GATT/WTO level would eventually lead to further liberalisation of sensitive agricultural sectors, even if Korean leaders publicly reassure them that they will exclude them from the final agreement. Farmers' discontentment also encouraged the public opinion to be very critical of multilateral negotiations. Surveys indicated that 60% of the population disapproved the final outcomes of the round (Financial Times, 1994). The institutional choice to make concessions on sensitive commodities to finalize the inclusion of agricultural trade in the GATT Uruguay Round (and changing it according to the USCC framework), along with the issue linkage that was used by Kim Young-Sam government, had therefore substantial consequences at the domestic level. This point justifies the focus of this thesis on an historical instead of purely rational approach. Preferences and expectations of the most important actors of the two-level game at play here, farmers and civil society at level 2 and negotiators at level 1, have been impacted by this institutional choice and have evolved since the start of the UR negotiations.

I suggest that the GATT Uruguay Round was in fact a critical juncture in a path dependent mechanism for agricultural trade in South Korea. The Uruguay Round was the first instance for Korean domestic actors and trade negotiators to experience the specificities of negotiating the liberalisation of agricultural trade in the focal institution. Without prior experience, Korean negotiators attempted to change the GATT institution following the USCC theory to fit their domestic win-set, but faced unexpected constraints from foreign parties at level 1 that forced the Korean government to make concessions on sensitive commodities. This led to strong protest from farmers, who are now aware that multilateral negotiations pose a threat to the protection of sensitive markets, despite reassuring statements from Korean government and negotiators. This critical

juncture could lead to a reevaluation by Korean leaders of the GATT/WTO arenas as not 'good enough' focal institutions for the liberalisation of agricultural trade.

D. The WTO Doha Round: failed institutional change and resort to use the focal institution

The previous section looked at the position of South Korea in the Uruguay Round using my framework combining the two-level game and USCC theories. The main international actors of agricultural trade tried to change the GATT institution to address the growing cooperation problem in agriculture, resulting in the liberalisation of a substantial part of agricultural protections and the creation of the WTO. South Korea had its own favoured alternative of the change option for the GATT, that was in line with its win-set for the negotiations. The main Korean priority was a flexible and adapted approach for developing countries where agriculture would not be heavily damaged by structural adjustment, inspired by the preferences from Korean farmers.

Faced with a consensus from other major actors in the last months of negotiations, South Korea made concessions on sensitive commodities to adopt the same agenda of change than these major actors, increasing its win-set beyond the original version. Korean leaders justified this deviation from their previous promises at the domestic level through an issue linkage between the liberalisation of agriculture and the overall benefits of the WTO rounds. This issue linkage at the WTO level proved to be highly unsatisfactory for level 2 domestic groups opposed to the liberalisation of agricultural trade. Farmers strongly protested and the civil society favoured the protection of the agricultural sector, leading to high political and electoral costs for the Korean government. The industrial sectors did not play a substantial positive role in the negotiations that could have dampened this opposition.

The main contribution of this thesis does not stop at identifying the negative reactions to the initial institutional change and issue linkage performed at the Uruguay Round, but aims in this section to address how these reactions acted as a critical juncture and shaped future institutional choices at the multilateral level by the Korean government, as developed in my decision tree in Figure 3. In relation to my causal mechanism described in Tables 5 and 6, this section aims at demonstrating the step *The government considers the focal institution as unsatisfactory and does not try again to use it to create an issue linkage*, based on the evidence *The government states that the institution is unsatisfactory due to the issue linkage*.

Assuming that a government aims at reducing political costs linked to distributional aspects in institutionalization as much as possible, the Korean government could be expected to consider the political costs from the UR issue linkages (previously classified as a critical juncture) when choosing which institution (existing or potential) is best to liberalise agricultural trade. The WTO Doha Round is an illustration of this effect of 'failed' issue linkage as a juncture in the process of institutional choice.

Article 20 of the Agreement on Agriculture concluded in the Uruguay Round stated that WTO members should launch a new round of negotiations around the end of 1999. This article established the long-term objectives of the WTO negotiations on agriculture as "substantial progressive reductions in support and protection resulting in fundamental reform" (GATT, 1994a, p.56). This article shows that the WTO set itself as the future focal institution for negotiations on agricultural trade, by using or changing it in following negotiation rounds to pursue more liberalisation in this sector. Interestingly, this article also relates to the historical approach of trade negotiations adopted in this thesis, by adding that members should take into account "the experience to that date from implementing the reduction commitments" (GATT, 1994a, p.56). Several ministerial meetings took place from 1996 until the official launch of the the Doha Development Agenda (DDA) in 2001. Initially planned to conclude in 2005, negotiations stalled and never led to any substantial agreement. The main debates opposed the US and the EU push for liberalisation on the so-called Singapore issues (government procurement, investment, competition) to the requests for the reduction of agricultural support in developed economies from major developing countries (Kleimann and Guinan, 2011).

However, this section does not focus on the negotiations in the Doha Round in themselves since these discussions proved unsuccessful in defining a common outcome, but instead on the initial position of the Korean negotiators on the topic of agriculture as stated in official documents. In opposition to the Uruguay Round, I show below that South Korea did not change its initial position on agricultural trade during the negotiations and didn't make any concessions on sensitive products. This initial position is therefore a depiction of the Korean preferences, independent from foreign pressures. I use this initial Korean position in the negotiations as evidence of the institutional choices made by the Korean government for agricultural trade after the Uruguay Round, whether they kept focusing on the GATT (using it or changing it as modelled in the USCC framework) or opted for another institution (select or create options). In order to compare the position of South Korea in the negotiations on agricultural trade conducted in the Uruguay and Doha Rounds, it is

interesting to note that many political and economic parameters linked to this specific sector were relatively similar in the months prior to the start of both set of discussions.

After the completion of the Uruguay Round, South Korea was still facing adjustment and productivity issues in the domestic farming sector. Right before the official launch of the WTO in 1995, Kim Young-Sam called for deep reforms of the agricultural sector in Korea, to “depart from the old-fashioned view of agriculture being a declining primary industry” and instead “establish a new future-oriented perception that agriculture is a developing secondary or tertiary food industry” (Yonhap, 1994, p.1). The Korean delegation at the WTO stipulated in 1997 that new measures were introduced to “encourage the retirement of aged farmers and help the expansion of young professional farmers' farming scale” (WTO, 1997a, p.2). The preferences of the Korean government, and by association those of the Korean negotiators, regarding agriculture seemed to have remained similar between the Uruguay and the Doha Rounds, focused on the need to reform and develop agriculture to improve its productivity and competitiveness (The Korea Times, 1995b, 1996).

The preferences of foreign actors, especially the US, and the pressures exerted by these foreign partners also remained unchanged, even after the concessions made at the Uruguay Round. Indeed, the US did not reduce its requests towards South Korea to open agricultural markets after the conclusion of the Uruguay Round (Munhwa Ilbo, 1995, p.1). Several disputes were engaged at the WTO Dispute Settlement Body by the US (WTO, 1995, 1996, 1999a), the EC (WTO, 1997b) and Australia (WTO, 1999b) against the border protections of South Korea, illustrating the constant pressure from major agricultural exporters following the Uruguay Round. Therefore the conditions of the cooperation problem in agriculture remained relatively similar for South Korea between the two multilateral rounds. This consistency gives more weight to my argument that if there was a shift in institutional choices made by South Korea after the Uruguay Round, this deviation does not substantially come from factors linked to the own preferences of the Korean leaders or foreign partners. Instead, the influence of Korean level 2 groups and path dependency may be suspected and more thoroughly investigated in this thesis.

This section will first evaluate the shift in position of South Korea on the issue of agricultural trade in the Doha Round, comparing it to the Uruguay Round. Then the origins of this change of strategy will be investigated with a focus on the preferences of level 2 protectionist groups and the highlight of the path dependency defined previously.

i. From an ambitious 'change' to a cautious 'use' of the WTO by Korea

The beginning of discussions over a new set of multilateral negotiations coincided with the aftermath of a severe financial crisis that started in South-East Asia in 1997. Ultimately South Korea benefited from IMF loans which were associated to structural reforms over the financial system and the chaebols' organisation. In this context of ambitious economic programmes, South Korea aimed at securing growth opportunities through multilateral institutions. In 1998 the Minister of State for Trade Han Duck-soo stated that South Korea aimed at pursuing a new multilateral round of negotiations with a broader agenda (WTO, 1998a). South Korea kept pushing for comprehensive and quick negotiations in the frame of a new round, adding that discussions should focus on a single undertaking (WTO, 1999c). These elements imply that South Korea was again aiming at changing the WTO multilateral rounds, by including a wider range of issues with an ambitious timeline. However, the Korean position on the specific case of agriculture seemed to differ from this general approach. Indeed, and in opposition to their agenda on non-agricultural sectors, Korean negotiators called again for "a flexible and gradual approach" for agriculture, suggesting that "the basic framework and key elements of the Agreement should be maintained so that the reform process might continue in a consistent manner" (WTO, 1999d, p.17) and that "in order to carry out the reforms on a consistent basis Members must refrain from bringing radical changes to the Agreement and seek to maintain its key elements" (WTO, 1999f, p.1). In this case I argue that the Korean institutional strategy has evolved since the Uruguay Round. It now relies heavily on the elements already implemented after the Uruguay Round, which are used as a reference that should not be amended, and therefore tends to opt more to use rather than to change the existing WTO institutions inherited from the previous round of negotiations.

This evolution is in line with our theoretical framework. A country will assess the suitability of the new institutional status-quo, resulting from the previous institutional change, to the cooperation problem. If the new institutional status quo is deemed suitable, then a use of the focal institution is likely, whereas in the opposite situation, a riskier strategy involving a selection, change or creation might be implemented. Countries don't have to keep going down the decision tree, and may also move back up. In our case this means that Korean negotiators reassessed the suitability of the institutional status quo after the Uruguay Round regarding the cooperation problem in agriculture, and decided that they wanted to use the focal institution. This argument is illustrated as the arrow 2 in Figure 6, as a reverse move in comparison to the Uruguay Round.

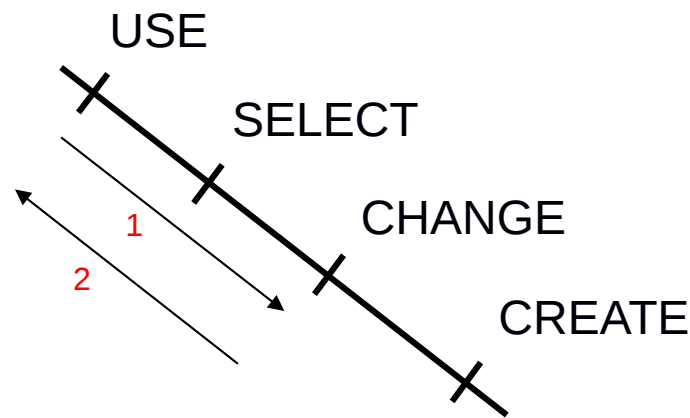


Figure 6: Switch from ‘change’ to ‘use’ of the GATT in the Doha Round

It could still be claimed that South Korea may have wanted to change the institutional status quo, when looking at a few elements. South Korea admitted that the outcomes of the Uruguay Round were not entirely satisfactory, by mentioning that the Agreement on Agriculture “does not fully take into account the non-trade concerns and the special requirements of small-scale subsistence agriculture” and that it “has failed to achieve a balance of interests between exporting and importing countries and between the developed and developing countries” (WTO, 1999f, p.2). As an illustration of these potential enhancements, Korean negotiators suggested several improvements on agricultural trade, mostly focused on non-trade concerns and special and differential treatment of developing countries. Considering that the USCC framework assumes that the boundaries between each institutional choice are porous, I suggest that these indicators of institutional change are minor and just an illustration that the Korean institutional choice was opened to the possibility to make small improvements to the Uruguay Round.

In light of these elements, I suggest that South Korea still considered the UR Agreement on Agriculture as a ‘good enough’ institution at the beginning of the 2000s, which was not perfect but provided an acceptable compromise. Korean negotiators did not want to change the focal institution for the liberalisation of agricultural trade but opted rather to just using it, with minor tweaks that would fit better their preferences. This emphasis from the Korean government on the WTO as an existing satisfactory institution for the coverage of agricultural trade was illustrated by its mistrust of other multilateral alternatives. In 1995 South Korea rejected any inclusion of agriculture alongside manufactured goods in negotiations at the APEC level, refusing to create a new multilateral institution that could manage agricultural trade (The Korea Herald, 1995). Once the shift in institutional choice from an ambitious ‘change’ to a cautious ‘use’ of existing institutions is

identified, the next step is to assess where these new preferences of South Korea at the Doha Round originate from.

ii. Effects of path dependency in negotiations

My main argument in this section is that the case of South Korean agriculture at the WTO follows a path dependency that is characterized at two levels. On one side farmers learned from the concessions made at the Uruguay Round and increased their political opposition for the Doha Round, targeting multilateral institutions as unacceptable venues to discuss agricultural trade. On the other side Korean negotiators suffered major political costs after the issue linkage they attempted at the Uruguay Round, discouraging them from trying again at the Doha Round. The two levels of path dependency are interconnected in a two-level game, as illustrated in Figure 7. They explain the volte-face in terms of institutional choice from South Korea at the WTO. Korean leaders switched from a push to change to a simple use of the WTO regarding agricultural trade due to these two levels of path dependency.

Interestingly for our argument, South Korea justifies this focus on using the existing Agreement on Agriculture “on the basis of its experience in implementing its commitments as a net food-importing country” (WTO, 1999d, p.17), adding that “some Members had considerable difficulties in implementing their commitments under the Agreement” (WTO, 1999f, p.2). This supports our initial claim that negotiators do not consider multilateral negotiations in a perfectly rational and synchronic way, but rather use their own bounded experience from previous discussions to alter their preferences. Political leaders are reluctant to adopt the same institutional strategy (for instance changing the existing status quo) when their previous experience was challenging. Illustrating this specific point, Kim Chol-Su, the minister of trade and industry, said when questioned about the possibility to renegotiate the UR outcomes: “we need to reexamine our past mistakes to learn a lesson from them” (MAL, 1994, p.1). Since we demonstrated that Korean negotiators indeed factored the costs from the previous Uruguay Round when entering into negotiations over the Doha Round, validating our historicalist institutionalist approach, the next question aims at identifying where these costs emanated from. Korean negotiators highlighted the “considerable domestic difficulties” that the Uruguay Round generated (WTO, 1999f, p.1). At the end of 1999, the Minister for Trade Dr. Han Duck-Soo detailed the reasoning behind the institutional choice, based on the reactions from domestic groups : “pursuit of dramatic liberalisation within a short time-frame would only generate serious political backlash and instability domestically. Such consequences may jeopardize the entire liberalisation process” (WTO, 1999g, p.2).

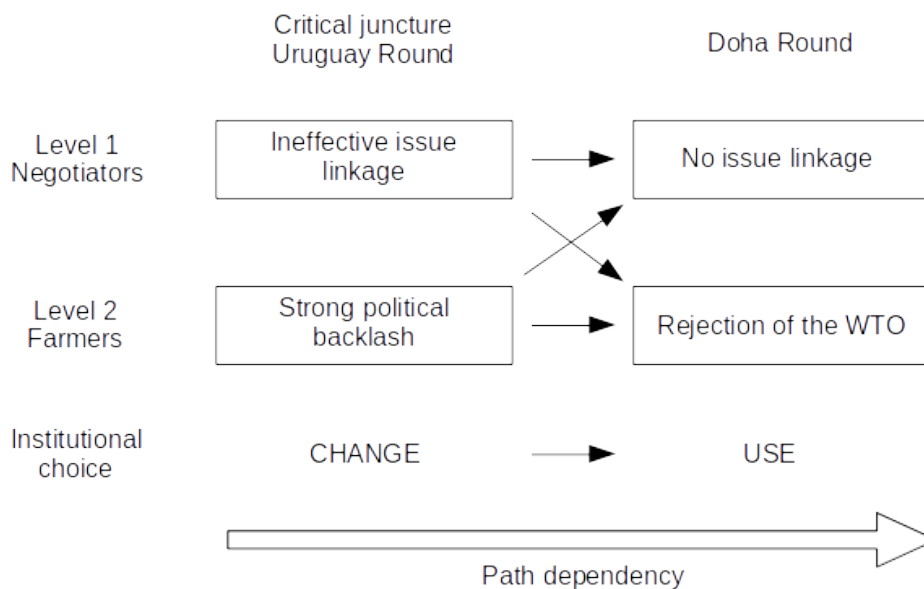


Figure 7: Interconnection between two levels of path dependency

Here we can see the importance of domestic factors that influence the institutional choices from Korean negotiators, to use the existing Agreement on Agriculture or to change the WTO institutions to include more agricultural liberalisation. Among these level 2 groups, farmers were the most vocal against the change and even the use of WTO institutions for agricultural trade. Indeed, in addition to the political retaliation that followed the concessions on sensitive commodities at the Uruguay Round, Korean farmers maintained a high level of political activism over the initial negotiations before the launch of the Doha Round. Public protests gathering thousands of farmers were their main political mode of expression (Agence France Presse, 1996, 2001). Major farmers associations like the NACF requested sensitive commodities such as rice to be excluded from the WTO talks (The Korea Herald, 1999). From farmers' perspective, the negative consequences of the opening of sensitive agricultural markets at the Uruguay Round were amplified by the 'IMF crisis' of 1997/1998, leading to a 12% income loss in 1998 (The Korea Times, 1999).

Korean farmers and civil society have been very critical of the outcomes of the Uruguay Round, and in general of the WTO institutions themselves when dealing with agriculture. This rejection of the WTO was also targeting the US, believed to be the main danger for agricultural markets. For instance, protesting farmers shouted "Down with US and WTO" (Agence France Presse, 2001). Even a relatively minor request at the WTO level from the US covering the shelf-life of meat imports generated strong protests from domestic protectionist groups (The Korea Times, 1995a). I suggest that this rejection of the WTO is directly linked to the path dependency mechanism identified in the previous section. Considering the Uruguay Round, source of the feeling of betrayal and the financial costs bear by farmers, as the critical juncture, the path dependent mechanism

promotes the opposition from Korean farmers to any inclusion of agricultural trade at the WTO level.

To illustrate this evolution of status of the WTO among farmers, at the Cancun ministerial conference in 2003, the Korean farmer Lee Kyung-hae took his own life to protest the discussions on agricultural trade. The statement he distributed explained the rationale for its protest: “Soon after the Uruguay Round Agreement was sealed, we Korean farmers realized that our destinies are no longer in our own hands” (Via Campesina, 2016, p.1). His statement also illustrates how farmers’ preferences evolved from an exclusion of sensitive commodities at the Uruguay Round to “Take agriculture out of the WTO system” (Via Campesina, 2016, p.1) for the Doha Round. In addition to farmers, this shift in the position about the liberalisation of agricultural trade in the WTO negotiations also occurred in other domestic groups, as illustrated by a member of the KPL:

“Then after the Uruguay Round labour forces and other human rights organisations expressed a lot of remorse afterwards, after everything was over, that they couldn’t do it together. Later there was a huge movement about the whole globalization in South Korea, they started learning more about it. So at the time it was happening they couldn’t be with them because they were ignorant of the situation and the issue, but later on they started learning more. So after the WTO launched, each of those organisations started raising issues that could possibly happen from the liberalisation and the WTO” (Interview #6).

The use of the USCC and two-level game frameworks in this thesis allows me to highlight the historical aspect in the negotiations over agricultural trade and the effects of the own domestic experience of countries when addressing agricultural trade in negotiations. One remaining question is why did South Korean leaders tried to use an issue linkage at the Uruguay Round, neglecting farmers’ concerns and opening sensitive markets, while refusing to do the same thing at the Doha Round? I argue that the recourse to (or the dismissal of) issue linkage to overcome domestic resistance as in the case of agricultural liberalisation in South Korea was part of the path dependent process I identified in this chapter. Similarly to the case of farmers, Korean political leaders considered the Uruguay Round as a critical juncture regarding the attempt to use an issue linkage to justify institutional change. Faced with an ineffective issue linkage at the Uruguay Round that could not alleviate an higher than expected political opposition, they did not want to repeat the same mistake at the Doha Round.

This is best illustrated by a comment from the Korean negotiators in the working sessions of the Geneva Ministerial Conference in 1998. Korean negotiators highlighted the role of issue linkages to support broad liberalisation in multilateral arenas:

“The representative of the Korea supported the launching of multilateral trade negotiations with a much broader scope than the built-in agenda. Such an overt forum would provide participants with the opportunity to benefit from issue linkages and from exchanges of their interests in different areas. The past half-century had more than once demonstrated how such dynamics had significantly contributed to reaching final agreements. Taking advantage of the political momentum that such exchanges and linkages generated, broad-based multilateral trade negotiations would create the optimal atmosphere that would ensure the success of the overall negotiation” (WTO, 1998b, p.19).

However, directly after this praise of multilateral arenas to perform issue linkages and conclude negotiations, the Korean representative warned that domestic groups are the most important variable in negotiations: “To make these negotiations successful, it was essential to secure domestic support in each Member. This required that a balance of interests between Members be reflected in the discussions leading to the initiation of new multilateral trade negotiations” (WTO, 1998b, p.20). Korean negotiators therefore were reluctant to perform another issue linkage at the Doha Round due to the surging opposition to the inclusion of agriculture in the WTO at the domestic level. This was confirmed by the US Trade Ambassador Barshefsky who, after the failure of the Seattle Ministerial Meeting in 1999, testified that South Korea (along with the EC and Japan), despite seemingly flexible at the start of the negotiations, refused to “take the political leap necessary” on the topic of agricultural trade when confronted with commitments on further reductions of agricultural protections (US Congress, 2000, p.33).

In addition to explaining the shift in institutional choice of South Korea between the Uruguay and Doha Rounds, the combination between the two levels of path dependency has another important consequence for future institutional choice. The path dependent mechanism at play here also defines any future attempt to change multilateral institutions to liberalise agricultural trade as unsatisfactory for South Korea. Going back to my decision tree on Figure 3, we can anticipate the institutional choices of South Korea post-DR regarding agricultural trade. If Korean negotiators decide that the focal institution is not satisfactory, and path dependent mechanisms prevent any attempt to change this focal institution, then the only other options are the selection of another suitable institution, or the creation of a new institution. This process is the focus of the next empirical chapters.

E. Conclusion

The position of South Korea in the multilateral negotiations around agricultural trade illustrates the first steps of a path dependency focused on the suitability of issue linkages as developed in my theoretical framework. Through this chapter I have analysed the choices from South Korea to use or change the existing focal institution to liberalise its agricultural trade. Korean leaders initially used the GATT as focal institution to liberalise agriculture, but had to make concessions on this matter and tried an issue linkage based solely on the overall benefits of trade liberalisation for the Korean economy to increase their win-set. This issue linkage failed to alleviate the domestic opposition, leading to high political costs.

I demonstrated that the Uruguay Round acted as a critical juncture where the domestic actors adapted their preferences regarding institutional choice based on the previous failed issue linkage. As a consequence, Korean negotiators refused to implement the same issue linkage in the Doha Round. The critical juncture created a negative feedback that progressively precluded any change of the GATT/WTO institution that would include more liberalisation of agricultural trade in the Korean win-set. From this path dependent process in the focal multilateral institution, the next stage in our analysis is to look at the next potential choices in the decision tree, and in particular the creation of a new institution. In the case of South Korea this would be the creation of bilateral agreements that succeeded to the multilateral negotiations. This type of institutional evolution presents its own distinct challenges for South Korea that will be evaluated in the next empirical chapters.

Chapter 4: Korea-Chile PTA: Better issue linkage in the creation of a new institution

The previous chapter focused on the first steps of the causal mechanism that describes the consequences of an initial failure of the issue linkage used to justify the liberalisation of agricultural trade by Korean leaders. The issue linkage implemented in the GATT Uruguay Round, the focal institution in the 1980s, included concessions on agriculture and in particular on the sensitive item of rice, despite reservations from Korean negotiators. The violent reaction of domestic farmers groups and the associated political costs contributed to the switch from Korean leaders to consider multilateral negotiations such as the GATT/WTO rounds from an appropriate to an inappropriate institutional solution. Considering the Uruguay Round as a critical juncture, this negative feedback created a path dependent mechanism where further use of the same issue linkage was so challenging that Korean political actors, both the government and opposition groups, did not want to use the focal institution anymore.

Following this change of position from Korean leaders on the suitability of multilateral institutions for their liberalisation strategy, this chapter turns towards their next institutional choice in the decision tree theorised in Figure 3. Once the focal institution is deemed inappropriate to liberalise agricultural trade through an issue linkage, the next step in my model is to go down the decision tree, by selecting a new institution, changing an existing one or creating a new one. In this case, I argue that the Korean leadership opted for the creation of new institutions, namely PTAs, to liberalise agriculture trade with low political costs through a different issue linkage. I consider PTAs as institutions in my research since they share the same objective compared with the GATT and WTO previously analysed: they prescribe, proscribe, and/or authorize state behavior in international trade. Similarly to the GATT, and in opposition to the WTO, they are usually simple international agreements, without overarching independent organisation. The focus of this chapter is on one of such PTAs, the Korea-Chile PTA (KCPTA). The negotiations were launched in 1998 and were completed in October 2002, with the final agreement being signed in 2003 and ratified in 2004. As explained earlier, I selected this PTA as a relevant data point due to its chronological position as the first of its kind negotiated by South Korea following the GATT Uruguay Round, and before the launch of the WTO Doha Round.

I argue in this chapter that the Korea-Chile PTA is the illustration of the decision from Korean leaders to create a new institution to liberalise agricultural trade. This decision was based on the

specific characteristics of regional agreements compared to multilateral arenas, that enabled the implementation of a different issue linkage, more suited to the improvement of the Korean win-set on agriculture by notably neutralising domestic opposition to market opening. The main advantage of regional agreements is their more flexible liberalisation schedule and restricted membership, with only one or a few trading partners limiting the concessions to be made. In the case of South Korea, the ability to exclude rice and other sensitive commodities, but liberalising the remaining agricultural sector that was less controversial, was key to the switch in the institutional strategy.

When looking at the causal chain described in details in Table 5, the previous chapter on the GATT/WTO multilateral institutions analysed steps 1 to 3. As the next chronological step, the Korea-Chile PTA allows me to illustrate the steps 4-7 of my causal chain: 4 - *The government creates a new bilateral institution and attempts to use an issue linkage for trade liberalisation*, 5 - *From its previous experience, the government insists on excluding highly sensitive items from negotiations*, 6 - *Protectionist interest groups are satisfied with the exclusion of highly sensitive items and do not oppose the issue linkage* and finally 7 - *The government successfully signs and implements a first bilateral trade agreement*.

This chapter will highlight the evidence from the KCPTA agreement that will prove the institutional strategy of South Korea along with the effects of path dependency on issue linkages. According to Table 6, these evidence are *The bilateral institution is negotiated after the multilateral institution*, *The government justifies the liberalisation of agricultural trade through the benefits that may be gained in other sectors*, *This exclusion occurs very early in the negotiations*, *This exclusion is qualified as not negotiable by the government and is justified by previous experience*, *Limited protest from protectionist interest groups during the negotiations and after the signature of the agreement*, and *The bilateral institution is signed after the multilateral institution*.

This chapter is divided in six sections. In the first section of this chapter I give an overview of the motivations of countries such as South Korea to negotiate PTAs, and how this new trend was linked to the rise of regionalism. A second section describes the evolution of Korean industrial and agricultural policies. In the third section I assess the signification of the KCPTA in the perspective of my model of decision tree, and argue that, following the use of the focal institution that is the GATT/WTO in the Uruguay Round, the KCPTA is actually a combination of institutional change and creation from Korean leaders, with the Korean government modifying the existing bilateral institutions already used by other countries while still achieving a completely new institution with a particular liberalisation schedule. In the fourth section I briefly describe the characteristics of the Korea-Chile trade relations in the years before the signature of the preferential trade agreement, in

order to understand the political and economic contexts of each country that was prevailing before the launch of the KCPTA. In the fifth section I focus on the issue linkage itself, and demonstrates how Korean leaders designed a linkage that includes the liberalisation of agriculture in the KCPTA. This issue linkage was based on the exclusion of sensitive commodities based on learning from the political costs of the Uruguay Round as well as the reactions from domestic groups to the discussions with Chile. In the last section I analyse the extent of the success of the issue linkage negotiated in the KCPTA to justify the liberalisation of agriculture. The signature of the KCPTA still generated protests from farming groups but established for the first time the possibility to liberalise agriculture in a specific issue linkage and created a new critical juncture specific to the regional institutions.

A. Bilateral trade agreements: origins and link with regionalism

Before looking at the place of agriculture in the first bilateral trade agreements negotiated by South Korea at the end of the 1990s, it is relevant to assess more in details what was the strategy and motivations of Korean political leaders regarding PTAs and more generally the drivers of bilateral trade agreements in East Asia at this time. While bilateral agreements were already quite common in many regions of the globe such as Europe and America in the 1990s, they were a rare occurrence in East Asia, the main exception being the ASEAN Free Trade Association (AFTA) signed in 1992. However this relative inactivity of South Korea and other East Asian states suddenly changed at the end of the 1990s, with the launch of three new bilateral agreements in 1998, all involving South Korea: Japan-South Korea, South Korea-Chile and South Korea Thailand.

i. Initial factors of bilateralism in East Asia

Different factors have been considered to explain the swift conversion of South Korea and its neighbours to PTAs. In the initial years, the main rationale for engaging with bilateral agreements in Asia was to catch up with competitors' PTAs and cope with the consequences of the East Asian financial crisis of 1997/1998 (Dent, 2010). Another key factor was the realisation that the WTO process was declining and uncertain, particularly after the failure of the Seattle Ministerial negotiations at the end of 1999. This event was a major concern for the developed economies of East Asia and the Pacific areas. In the absence of any credible alternative at the APEC level, bilateral agreements were then seen as an "insurance policy against systemic failure of the global-multilateral process" (Dent, 2010, p.210). Following the early stages of PTA expansion linked to the factors previously mentioned, other rationales have been identified to explain the growth of

economic bilateralism. Countries were pushed to implement more PTAs to avoid being left behind and suffer the costs of isolation. Similarly, governments may try to gain the same market access with key trading partners compared to their competitors, leading to competitive bilateralism. Another potential explication is that governments see bilateral trade agreements as a suitable mechanism to lock-in domestic reforms in the long term (Eckhardt and Wang, 2019). Finally, non-economic considerations such as security could be relevant. Bilateral agreements are seen as mechanisms to forge or consolidate international political and security alliances, for instance with the US. The factors leading to the initial proliferation of PTAs in the Asia-Pacific previously mentioned are relevant when looking at the specific of South Korea. Korean leaders decided to engage in bilateral trade negotiations in order to overcome the consequences of the Asian financial crisis, catch up with the global PTA trend and cope with the failure of multilateral institutions (Cheong, 2002; Chae, 2007; Rhyu, 2011). Furthermore, Korean leaders viewed bilateralism and multilateralism as complementary as part of a WTO-plus strategy, and also considered PTAs as a useful tool to institutionalise the ‘open trading nation’ policy and strengthen Kim Dae-Jung’s economic programme domestically (Dent, 2003).

The initial choice for a first Korean bilateral trade agreement was Japan, a neighbouring country which had deep economic and industrial ties with South Korea and was its second trading partner after the US. The Korean president Kim Dae-Jung made an official proposal for a PTA joint study during a state visit in Japan in October 1998 (Cheong, 2002). However, political issues (anti-Japanese sentiments, historical and territorial tensions), doubts about the economic benefits for South Korea and opposition from major Korean conglomerates meant that progress was very slow from the start, leading to no real achievement in the discussions (Rhyu, 2011). At the end of 1998, Korean leaders also decided that Chile would be a priority target for a bilateral trade agreement, and discussions were launched in September 1999. Joint studies have also been conducted at this time with Thailand and New Zealand, but did not result in subsequent negotiations.

ii. The link between bilateralism and regionalism

As Rhyu (2011) mentioned, it can be argued that South Korea’s switch to bilateral trade agreements may be seen as a ignition point for the rise of regionalism in the East Asia and Asia-Pacific areas. Two perspectives may be adopted to analyse the influence of bilateral PTAs on economic regionalism: ‘region-convergent’ and ‘region-divergent’ bilateralism (Dent, 2005, 2006). In the ‘region-convergent’ approach, intensifying bilateralism promotes the development of economic regionalism. In this ‘lattice regionalism hypothesis’, PTAs may be a precursor sign of the

development of economic regionalism. First, in terms of structure, it serves as foundation through an evolutionary process of bilateralism-to-plurilateralism rationalisation. Economically, this rationalisation may reduce the number of trade barriers while politically, it can create a community of leaders and policy-makers. A second argument relies more on the congruence of processes and objectives of bilateralism and regionalism. In this case, PTAs supports the development of regional processes that ultimately lead to more regionalism. Finally, a third aspect is linked to the mutation of economic actors such as firms generated by bilateralism. Under the threat of more competition induced by market opening in PTAs, these actors are better prepared to accept and support more economic liberalisation in regional agreements. Similarly, consumer groups may provide more support to regionalism if benefits of market opening have been demonstrated in PTAs first.

In opposition to the 'region-convergent' arguments, the 'region-divergent' approach considers that bilateralism undermines the development of regionalism. The first point suggests that PTAs may actually compete with regional processes, or create unbalanced power relations within regional organisations. Second, inter-state rivalry among regional entities may be exacerbated by bilateralism, similarly to the realist view of international relations. Third, still looking at a realist point of view of bilateralism, PTAs may aggravate potential power asymmetries among regional dynamics, by letting more powerful actors negotiate more advantageous bilateral agreements without the balancing effect of regional and multilateral institutions. Finally, bilateralism may deepen the divide between states with strong existing technical, industrial and institutional assets to reap the benefits of economic liberalisation before other states that do not have the same capacities. In that case it may be harder to create regional organisations.

Based on the 'region-convergent' and 'region-divergent' approaches, different issues have been identified to analyse the real influence of PTAs on regionalism. First, the spaghetti bowl problem, initially defined by Bhagwati (1995), illustrates the challenges and additional costs for companies exporting to several countries through PTA regimes. On one side, this tortuous pattern of trade barriers may be difficult to merge in a single regional body. On the other side, this spaghetti bowl can still provide a similar level of technical integration that regionalism may use as a foundation. Politically, the spaghetti bowl effect may also provide political momentum at the international level towards the launch of regional initiatives based on the existing network of PTAs among countries. Another issue is the concept of competitive liberalisation that was promoted by proponents of bilateralism such as the US in the 2000s. It suggests that governments recalcitrant to engage in bilateral, regional or multilateral liberalisation could be compelled to do so due the proliferation of PTAs, leading to bigger trade agreements (Andriamananjara, 1999; Dobson, 2001; Lloyd, 2002).

The hub-and-spoke pattern in which PTA may form can also have an influence on regionalism. On one side, bilateralism may create convergent trade policies. But at the same time it may reinforce power asymmetries within each region, as well as competition between hubs at a global level, generating more tensions and conflict not conducive to regional cooperation.

B. The dismantling of the Korean statist agricultural policy

This section aims at carrying on the analysis of the Korean agricultural policy started in Chapter 3:B, and linking it with the overall industrial policy of the Korean government. Following the Asian financial crisis of 1997-1998, the Korean government completed a substantial reform of the remaining control mechanisms of the developmental state on the corporate sector. The financial crisis and the IMF bail-out conditions allowed reformers within the Korean economy to push for these market-based adjustments. The IMF conditions included tight fiscal and monetary policies, a broad liberalisation of the financial sector and more foreign investments. Between 1997 and 2000, half of the 11 000 existing regulations were abolished (Pirie, 2008). New institutions were created to show to global investors how markets were now free of political interference. The developmental state was now replaced by a system based on the global post-Washington consensus. Korean companies, used to a high level of state control and financial assistance, as well as protection from foreign competition, faced a new market-based competition. The traditional Korean business-government relations became unfeasible, which consequently gave to domestic and foreign firms more autonomy and influence in the economy (Lee and Han, 2006).

This partial disintegration of the developmental state model in South Korea also translated into agricultural policies, as illustrated on Table 8. In addition to the domestic climate more favourable to liberal policies, the bilateral and multilateral pressures for agricultural liberalisation in the 1980s and 1990s pushed the Korean government to renounce to its statist approach of agricultural policies and to concentrate on a defensive agricultural policy (Riel Müller, 2015). The government priorities for the farming sector evolved: food self-sufficiency was no longer achievable and started to decrease. State interventions were mostly limited to the rice and meat sectors, while trade in other commodities was progressively opened. In particular, the recent development of animal farming, in response to a change of diet of Korean consumers favouring meat products, was supported by a sharp increase in animal feed imports. In a period of structural adjustment for the agricultural sector, the focus was on bridging the remaining gap between urban and rural incomes and alleviate rising level of debts among farmers, and protect the domestic agricultural sector from excessive international competition.

C. From the focal institution to the creation of a new institution

Before analysing the issue linkage implemented in the KCPTA to justify agricultural liberalisation with minimal risks, this section first looks at the decision from the Korean government to include agricultural liberalisation in a new type of institution following the multilateral Uruguay Round. This will be achieved by first evaluated how the cooperation problem in Korea evolved after the implementation of the Agreement on Agriculture in 1995, justifying the inadequacy of the focal institution, and then how I suggest that the KCPTA is the first instance of institutional creation according to my theoretical framework.

i. Worsening of the cooperation problem

At the root of any institutional strategy as postulated in my theoretical framework lies the cooperation problem. In the case of South Korea post Uruguay-Round, the cooperation problem in agriculture displayed a constant degradation that ultimately justified that the institutional status-quo was no longer satisfactory. As the focal institution that was the WTO had previously been judged inappropriate, it highlighted the need to change the institutional strategy. The launch of the discussions on a potential Korea-Chile PTA in 1999 was directly following two major events in the political and economic life of South Korea, that explain the renewed objective for Korean leaders to liberalise agricultural trade as part of a more global pack of economic reforms, even after the political backlash from the Uruguay Round: the election of Kim Dae-Jung in February 1998 as the new president and the consequences of the Asian financial crisis of 1997/1998.

Following a financial crisis that triggered a 50% depreciation of the won against the dollar, Kim Dae-Jung defined the economic panel of his presidential campaign as the need to change from the previous political heritage, and challenged the conditions of the IMF bailout that the Korean government requested to alleviate the economic consequences of the crisis (Park, 1999). In his inaugural speech, he warned its citizens that reforms were necessary to achieve a market economy in order to alleviate the consequences of the Asian financial crisis: “Right now, this country is facing a setback and a crisis in all areas including politics, the economy, society, diplomacy, national security and South-North relations. To overcome these, we must carry out comprehensive reform” (Kim, 1998).

The agricultural sector had been severely hit by the consequences of the financial crisis, mainly due to the combination of rising cost of animal feed and fuel and lower demand for products, as well as high interest rates on loans (KREI, 2015). As a consequence, Kim Dae-Jung, himself the son of a

farmer, targeted the improvement of farmers' income as a priority in his inaugural address as President:

“We must take agriculture very seriously and realize self-sufficiency in rice at any cost. We will strongly push a policy to lessen the liabilities of farming and fishing households, provide them with disaster compensation, guarantee the prices of farm and fishery products, improve education in farming villages as a matter of priority, raise incomes and enhance the welfare of farmers and fishermen.” (Kim, 1998).

Following the trend before the Uruguay Round, the place of agriculture in the Korean economy kept shrinking, as shown in Table 11. Farm population and employment were reduced by 40 to 50% from 1985 to 1997, and agriculture only represented less than 5% of South Korea GDP in 1997.

Parameter	1985	1997
Farm population (million)	8.5	4.5
<i>As a percentage of total population (%)</i>	20.9	9.7
Agricultural GDP (trillion won)	8.7	20.7
<i>As a percentage of total GDP (%)</i>	10.6	4.9
Farm employment (thousands)	3733	2324
<i>As a share of total employment (%)</i>	24.9	11

Table 11: Evolution of the agricultural sector in the Korean economy (OECD, 1999b)

The decrease of the role of agriculture in the Korean economy was associated with a lasting ageing of farmers and a strong income disparity between urban and rural areas in South Korea. In 2000 more than 50% of Korean farmers were over 60 years old and only 6,6% were less than 39 years old, while the income of farm households only consisted of 86% of the income of urban households (Kim and Lee, 2006). The state support to Korean farming sector progressively decreased since the 1990s, but still made up more than 50% of farmers' incomes at the time of the launch of the discussions with Chile, as illustrated by Table 12. The need for reforms to address these income and aging problems in the farming sector has been advocated by the newly elected president Kim Dae-Jung. He emphasised the need to increase farmers' incomes “so that the youth would return to rural villages for farming” (Korea Times, 2000), and restructured the national agricultural cooperatives (Korea Times, 1999).

Year	Producer Support Estimate as a share of Gross Farm Receipts (%)	Total Support Estimate as share of GDP (%)
1995	72.8	5.2
1998	56.9	4.1
2002	59.7	3.1

Table 12: Korean support in agriculture (source: OECD)

Despite the reduction in numbers and economic output, the weight of the farmers lobby in Korean political sphere stayed predominant. This is due to the regional structure of Korean politics that defined voters' electoral behaviour (Horiuchi and Lee, 2008). Table 13 lists the regional support for Kim Dae-Jung and his predecessors. This regional support means that Korean presidents appointed key positions in the government and the bureaucracy to people from their home base, who shared similar values (Kim, 2000).

Name	Presidential mandate	Political party	Regional base
Chun Doo-Hwan	1980-1988	Conservative	Taegu-Kyôngbuk
Roh Tae-Woo	1988-1992	Conservative	Taegu-Kyôngbuk
Kim Young-Sam	1993-1998	Conservative	Pusan-Kyôngnam
Kim Dae-Jung	1998-2003	Liberal	Mokpo-Kwangju-Cholla

Table 13: Regional support for Korean presidents prior to the KCPTA

The Korean agricultural production follows a regional structure, with most of farms and 90% of rice paddies being located in the southern regions of Chung-Nam, Cholla and Kyungsang (OECD, 1999b). This explains how the substantial electoral influence of farmers among politicians from predominantly rural areas, and the weight of rice in domestic farming, is especially relevant when looking at the presidential mandate of Kim Dae-Jung. Along with this regional factor, farmers also increased their political power by reorganising their organisation. The main agricultural cooperative in South Korea was the NACF (or NongHyup), which was heavily dependent on the government before democratisation in 1989 and therefore was criticised by Korean farmers for its lack of support. From the 1990s two new organisations of farmers were created to counter the state influence: the Korean Advanced Farmers Federation (KAFF) and the Korean Peasants League (KPL) (Nawakura, 2016). These organisations were independent from the bureaucracy and became the main voices of the farmers' opposition to the opening of Korean markets during the negotiations of bilateral agreements.

In addition to these issues of structural adjustment at the domestic level, South Korea also faced renewed pressures from major foreign partners to liberalise agricultural trade after the Uruguay Round. As part of discussions on trade liberalisation at the APEC level in 1995 in which South Korea was looking for special treatment for agriculture, the US Assistant Secretary of State reiterated the American priorities on agricultural trade: “Certain countries now, a distinct minority but nevertheless some important economies, would like to exclude or at least limit liberalisation in agriculture. This we cannot accept” (Agence France Presse, 1995).

The deputy US trade representative renewed in 1999 in a hearing the American objective of pushing South Korea to liberalise its agricultural sector:

“With regard to your point on Korean intentions -- can we somehow combat their alleged intention to defer discussions on services and agriculture -- clearly, agriculture and services in the ongoing agenda are at the core of what we want to get done within the WTO. We have, as you know, contemplated coming out of the APEC ministerial in Auckland a packaging of agriculture and services [...]. And my answer to your question would be yes, we can and will work with them because we want to make sure that this achieved in a timely way” (Federal News Service, 1999).

The situation in South Korea regarding agriculture after the conclusion of the Uruguay Round was therefore challenging. The domestic farming sector, already heavily subsidised, suffered from structural difficulties that threaten farmers’ income level and might trigger political protests. At the same time, constant pressures from major agricultural exporters such as the US advocated the need for market opening in agriculture. Reforms of the farming sector were therefore on the agenda but should be implemented by taking into account the precarious state of the Korean agricultural bloc and the resistance from farmers. I argue that this worsening of the cooperation problem contributed to the change in institutional strategy, to address the failure of the focal institution.

ii. Institutional selection, change and creation

From a general perspective, while guaranteeing its support to the progress of multilateral negotiations and the WTO, South Korea justified its pursuit of bilateral agreements by the need for an “effort to adjust to the global trend of the increasing use of FTAs” and the belief that “FTAs can complement the multilateral trading system in the acceleration of the liberalisation of trade” (WTO, 2000c, p.75). Korean negotiators decided to include agriculture in Korean bilateral trade agreements in order to achieve the implementation of these agreements, as a Korean PTA negotiation leader

recalled: “My idea at the time is that if we do not include the agricultural sector, then our FTA policy will just stay there. My goal was to include the agricultural sector in to FTA and try to compromise the conflict of interests between the government of Chile and our agricultural authorities” (Interview #1).

The inclusion of agricultural liberalisation in a preferential trade agreement, a clear demarcation from multilateral organisations such as the WTO, can be analysed through my model of decision tree in two different ways, which are not mutually exclusive. On one hand, it could be argued that Korean leaders decided to select a new type of institution that was available and already commonly used around the world by other countries for the task of further liberalising trade. This decision, in opposition to an attempt to create a brand new and specific institution, would fit with the assumption of bounded rationality for political actors as considered in my model: Korean leaders had a limited pool of existing model institutions to draw from. Indeed the second wave of regional agreements started in the 1990s and by 1998 66 PTAs were in force (WTO, 2021). Among these were agreements signed by major trading partners and competitors of South Korea: NAFTA and EU Single Market in 1993, Mexico-EU in 1997. These agreements included a significant liberalisation of agricultural trade, demonstrating that they could be a suitable solution for the Korean cooperation problem. So the potential suitability of PTAs to address the liberalisation of agricultural trade was demonstrated by previous occurrences from other countries, and Korean leaders could have decided to select PTA as an existing alternative to the WTO. Although preferential trade agreements are often copied/pasted (Allee and Elsig, 2019), the Korean PTA policy would have to be changed in order to account for the specificities of the South Korean case. So the selection of an existing PTA would be associated with limited changes.

On the other hand, it could be considered that PTAs are not a single alternative to multilateral venues but the proliferation of institutions which, although they often share similar characteristics, do not follow a fixed template. PTAs can adopt a wide range of liberalisation schedules and conditions, depending on the countries involved. So the negotiation of each PTA starts from a blank canvas and can be interpreted as the creation of a new institution every time. This also applies when looking at the same country negotiating more than one PTAs, as these will have to be negotiated separately. As noted in the initial description of the USCC framework, in case of institutional creation, international organisations (IO) may interfere with the creation of a new institutional alternative, or on the contrary promote it, meaning that “the CREATION of a new institution will be done with its relationships to existing IOs firmly in mind” (Jupille et al., 2013, p.48). This is verified for our case study, as the creation of bilateral PTAs is sanctioned by the GATT and WTO

rules. Indeed Article XXIV of the GATT charter authorised the formation of free-trade areas under the provisions that “duties and other restrictive regulations of commerce [...] are eliminated on substantially all the trade between the constituent territories in products originating in such territories” (GATT, 1947), although in reality no PTA really fully complies with this requirement (Bhagwati, 1992).

So the inclusion of agricultural liberalisation in the first PTA negotiated by South Korea can either be seen as the selection and the change of an existing type of an institution, or the creation of a completely new institution. Considering how the definitions of each step of the USCC decision tree are porous by nature as recognised by its creators (Jupille et al., 2013), I argue that the decision from South Korea to liberalise agricultural trade in a PTA is actually a mix of the three steps (selection, change and creation) as developed in my theoretical framework. Instead of trying to associate only one of these categories to the South Korea case, which would not provide any real benefit, I prefer to focus on the important point that Korean leaders decided to move down the decision tree, no matter in which exact step.

This move down the decision tree has one crucial consequence if we look at my theoretical framework: countries who move down the decision tree do not move back up in the future. In the case of South Korea this implies that once Korean leaders switched to a liberalisation of agricultural trade in regional institutions, they would not reverse their decision and tried again to achieve liberalisation in the focal multilateral institutions. The position of South Korea in the discussions of the WTO Doha Round, as described in the previous chapter, illustrates this argument. Korean negotiators refused to liberalise agricultural trade in the same conditions than for the GATT Uruguay Round, judging multilateral institutions as inappropriate. In the rest of this chapter I will consider only the creation aspect of the Korea-Chile PTA. Going back to the decision tree, the choice to create an institution from South Korea can be illustrated by the arrow ‘3’ in Figure 8, following the moves 1 and 2 performed in multilateral arenas as seen in the previous chapter.

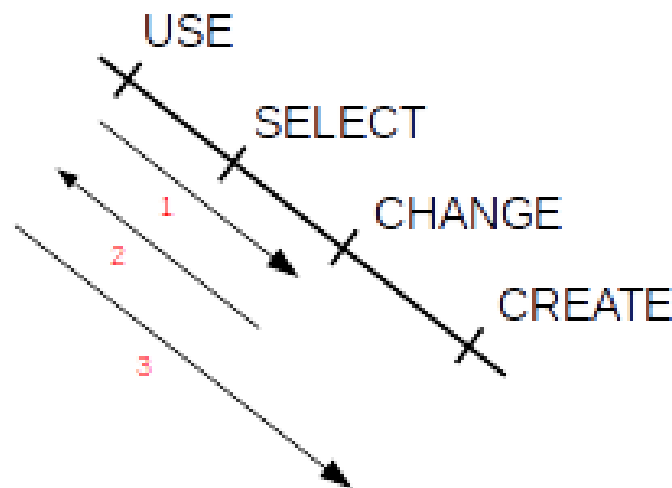


Figure 8: Institutional creation as the last stage of the USCC decision tree

D. Overview of Korea-Chile trade relations

This section aims at giving a short description of the Korea-Chile political and economic relations prior to the official launch of the Korea-Chile PTA in the end of 1998, in order to put in perspective how the negotiations would later unfold.

Chile has embraced a liberal and free trade policy since the 1970s, based on the three pillars of unilateral, bilateral and multilateral trade liberalisation (Wehner, 2011). From 1973 to 1991 the average tariff was unilaterally reduced from 94% to 11%, and progressively decreased further to 6% in 2003. In terms of trade agreements, before the start of the negotiations about a PTA with South Korea, Chile was already an ardent proponent of ‘open regionalism’. Chile’s priorities in economic regionalism reflected a desire to catch up with its competitors in the access to key export markets, as well as locking-in liberal reforms (WTO, 1997c). In terms of trade policy, Chile’s objective was based on a “strategic commitment to become a bridge for trade and investment between Asia Pacific and southern Latin America” (Dirección General de Relaciones Económicas Internacionales, 2004, p.3). In regards to preferential trade agreements, and in opposition to the disinterest of South Korea until 1998, Chile had a substantial experience since 1990, having signed agreements with Mexico (1991), Bolivia (1993), Venezuela (1993), Colombia (1993), Ecuador (1994), MERCOSUR (1996), Canada (1996), and a Framework Cooperation Agreement with the European Union (1996). This experience in PTA also translated in the liberalisation of agricultural trade. Many of these agreements included a significant market opening for agricultural commodities. For instance the Chile-Canada PTA signed in 1996 included an immediate elimination of 69 percent of Canadian

agricultural tariffs and 44 percent of Chilean agricultural tariffs, with most other products tariffs being gradually phased out (Malhotra and Stoyanov, 2008).

At the WTO level, Chile was a member of the Cairns group that promoted the liberalisation of agricultural trade in multilateral negotiations since its foundation in 1986. After the official launch of the KCPTA at the end of 1998, and in preparation for the WTO 1999 Ministerial Conference, the Cairns group stated its objectives for agricultural liberalisation: “That the objective for the agriculture negotiations be, by a specified date, to put trade in agricultural goods on the same basis as trade in other goods and establish a fair and market oriented agricultural trading system which corrects and prevents restrictions and distortions” (WTO, 1999e, p.1). This emphasis on the need to liberalise agricultural trade can be explained by the main Chilean exports. In 1995 before the launch of the KCPTA, Chilean exports mostly consisted of primary products: agricultural and fishery (37%) and mining (47%) (WTO, 1997c). Main agricultural exports were fish and fish products as well as fruits, especially grapes and apples, so these products are a priority in trade negotiations for Chile. The export destinations of Chile were homogeneously divided between America, Europe and Asia. The main importers were the US (13%), the EU (27%) and Japan (18%). Main Chilean imports include machinery (15%), automotive products (12%) and consumer goods (7%). Main exporters to Chilean markets are the US (26%), South American countries (28%), the EU (21%) and East Asia (17%).

Before the launch of the KCPTA, South Korea and Chile did not trade extensively and could be considered as secondary trading partners. Overall trade between South Korea and Chile amounted to \$1.650 billions in 1995, in comparison to \$55 billions between South Korea and the US. In 1995, South Korea’s share of Chilean exports was only 6% but rising from 3% five years before, while South Korea exports only accounted for 3,5% Chilean imports. But in terms of political relations, Korea and Chile have deep historical and cultural links. Chile was the first country to recognise the Republic of Korea in April 1962. Following a democratisation process occurring in both countries from the end of the 1980s, Korea and Chile shared political values such as “democracy, respect for human rights, the promotion of international peace and security and market openness”(Ministerio de Relaciones Exteriores, 2022). This political proximity explains that non-economic factors, although they are considered by South Korea in its PTA strategy, were not an obstacle in the negotiations between Korea and Chile.

E. Design of the issue linkage and learning

The previous sections looked at the decision from Korean leaders to move down the decision tree to create a new institution to liberalise agriculture, following the political costs of the issue linkage negotiated in the multilateral institutions. This section will look at the design of the issue linkage in the process of creation of the new institution, in order to understand how this new issue linkage is different in bilateral institutions, and how this linkage may become a critical juncture in future negotiations.

The change of type of institutions targeted by Korean leaders does not imply that the new created institution will be negotiated completely independently from the outcomes of the previous multilateral arenas. My model is based on the assumption that path dependency has an influence throughout the whole process of institutional choice. So we should expect the Korean government to take into account their experience from multilateral negotiations in their next attempt to use an issue linkage to internationalise the liberalisation of agricultural trade.

i. Korean PTA strategy and choice of PTA partner

The first interesting aspect in Korea's switch to the creation of bilateral agreements is the choice of the trading partner. This choice has an impact on the type of issue linkage that can be negotiated at the international level (level 1) and may reveal what the priorities of the Korean negotiators are when switching from one type of institution to another. I argue that choosing Chile as the first bilateral partner shows that Korean leaders learned from the costs of the GATT and WTO and wanted to minimise risks about the liberalisation of agricultural trade.

First I need to develop the objectives of Korean leaders in their switch to PTAs. As one of the last countries without any bilateral agreement in 1998, along with Mongolia, South Korea adopted a PTA strategy that was characterised as multi-track and comprehensive (Kim, 2005b). This approach was justified by a trade policy advisor due to the late start of Korea: "Why simultaneous? Because our start is very delayed [...] If we had chosen a step by step approach, one FTA after the other, we would have no time" (Interview 9). In 2000 at the WTO South Korea depicted its criteria to select its first FTA partner as mostly based on the potential economic benefits of the agreement:

- *“Whether the FTA with that country will maximize trade creation but minimize trade diversion*
- *Whether the economic systems of both countries could be harmonized and whether each country has a strong commitment to having an open economy*

- *Whether the competitiveness of each party's industries will be improved through the restructuring of the industries resulting from the FTA*
- *Similarities in non-economic areas.*” (WTO, 2000c, p.75)

As previously mentioned in this chapter, South Korea's initial choice for a bilateral trade agreement was first Japan. In parallel, instead of directly launching negotiations for agreements with the major trading partners of South Korea (US, China), Korean leaders decided to prioritise smaller partners that would serve as a gateway to bigger regional blocs such as South America, ASEAN or Oceania (Sohn, 2001). Potential candidates included Chile, New Zealand, Thailand, as well as Australia, Turkey and South Africa (The Korea Herald, 1998). Most potential partners for the first Korean PTAs were therefore agricultural exporters as well as members of the Cairns group, characteristics which are strong indicators that their preferences would likely revolve around the liberalisation of agricultural trade. South Korea officially announced that it would prioritise a PTA with Chile in November 1998 and negotiations began in December 1999 (WTO, 2000b). Chile's industrial structure was deemed compatible with South Korea's own industries, and Korean negotiators expected to learn from Chilean experience in PTAs (Park and Koo, 2007). A report from the Korean liberal think tank KIEP highlighted the motivations of Korean leaders to choose Chile as the first PTA partner:

“Chile's exports of primary goods such as copper and wood (wood products) will be highly complementary to Korea's manufactured goods exports of automobile and electronic products. [...] Chile's rather open and likely non-confrontational approach will likely allow Korea to sign a relatively comprehensive FTA agreement that is unencumbered by numerous side agreements. [...] Chile's experience with free trade and operating a relatively liberalised economic market will likely provide Korea valuable experience as it attempts to further liberalise its own economy and pursues FTAs with larger economies. [...] the economic size of Chile is relatively small and the trade volume between the two countries amounts to a small percentage of Korea's total trade. Any adjustment costs, such as workers being displaced, will be relatively low.” (Cheong, 1999, p.15).

It is interesting to note that the selection of Chile as a first PTA partner allowed Korean negotiators to decrease the threat of cheap agricultural imports on the domestic markets, when compared to other potential partners that were important food exporters such as Thailand (rice), Australia (beef) and New Zealand (dairy, beef). Park and Koo suggest that Korean negotiators expected the threat of Chilean agricultural exports to be minimal for the Korean farming sector due to the position of Chile in the southern hemisphere with opposing harvesting seasons (Park and Koo, 2007), which

was confirmed during an interview with a former vice-president of the Korean Association of Trade and Industry Studies (Interview #3). Another illustration of the weight of agriculture in the selection of first candidates for bilateral trade agreements by South Korea is the case of Korea-Australia trade, which is further discussed in Chapter 6. Following the launch of the negotiations on the KCPTA in 1999, Australia expressed a desire to start discussions about a potential trade agreement with South Korea. The Korean State Minister for Trade Han Duck-soo stated that agriculture may be the main challenge in PTA negotiations: “We will have no problem in signing the FTA over the long term if agricultural products are exempted from the FTA” (AsiaPulse News, 1999).

In comparison with South Korea, Japan, which had similar characteristics in term of agricultural cooperation problem and bilateral trade liberalisation, followed a similar position towards agricultural trade when selecting trading partners for PTAs. The chief executive officer of the Japan External Trade Organisation illustrated how agriculture impacted the selection of initial PTA: “Maybe the first group of countries we have FTAs with will have to be those that are not strong in agriculture, like Singapore or Mexico” (Australian Financial Review, 2000).

Following the costly outcomes of the Uruguay Round and just before the launch of the Doha Round, South Korea selected as its first PTA partner a country which was expected to pose minimal risks for the domestic agricultural sector. The selection of Chile as the first partner for a bilateral trade agreement therefore reduced the weight of agriculture in the win-set that Korea would have to match. In this case the issue linkage has to counteract a smaller domestic opposition than for other potential trading partners.

ii. Definition of the issue linkage

In opposition to the negotiations in multilateral institutions where South Korea had very limited agency on the issue linkage available to justify the liberalisation of agricultural trade, bilateral discussions with Chile offered more mechanisms to calibrate the issue linkage for minimal political costs. The issue linkage implemented in the final stages of the negotiation on the KCPTA to justify the liberalisation of agriculture resulted from a politically challenging process that took three years to complete, with the final issue linkage being different from the initial Korean proposal.

The starting Chilean and Korean win-set seemed to converge over the inclusion of agriculture in the liberalisation schedule without any exclusion. In a Trade Policy Review at the WTO, South Korea confirmed in 2000 that: “all products, including agricultural goods, will be covered” (WTO, 2000c, p.75). The initial position of Chile on the KCPTA was emphasising the inclusion of agriculture in

the negotiations, as described by the Chilean ambassador: “The promotion of stable, rule-oriented and open multilateral trade and investment under the aegis of the WTO is one of Chile's fundamental trade policy goals, and this means that Chile promotes global liberalisation in all sectors, including services and agriculture” (The Korea Herald, 2000a). So both countries initially announced their intention of liberalising agriculture without mentioning any potential exclusion of sensitive commodities. In this case the issue linkage justifies the full coverage of agriculture through the economic benefits of the KCPTA. However this advocacy of the full inclusion of agriculture in the issue linkage was quickly followed by an opposition from Korean farmers.

However, the inclusion of agriculture in the talks with Chile sparked constant opposition from Korean farmers who, in line with their protests at the WTO level, demonstrated in the streets against any liberalisation of the farming sector. In March 2001, 2000 Korean farmers demonstrated, following the Korea Farmers League, the main Korean farmers association, with one of the League's leader stating that “We, 4.5 million farmers, will fight with all our might if the government signs the agreement against our objection [...] Chile exports about \$4.6 billion worth of agricultural products every year and they are so cheap that local producers can hardly compete with them” (United Press International, 2001a). Later that year the Korean Farmers League accused the government of yielding to international pressures to open agricultural markets and reaffirmed their commitment to protect the Korean farming community: “We are making all-out efforts to safeguard our livelihood” (United Press International, 2001b). In October 2002, 3000 Korean farmers marched on the building of the National Assembly, burning effigies of Korean government officials and declaring “We want an immediate end to negotiations on the FTA, which will lead to the collapse of our agriculture industry” (Agence France Presse, 2002a). In November 2002, this opposition from farmers to market opening in the PTA with Chile also targeted at the same time discussions at the WTO level to import more rice, with protests gathering tens of thousand of farmers (Agence France Presse, 2002b).

Fruit farmers in Korea expressed their discontentment with the idea of competing with cheap imports from Chile and protested against the inclusion of agriculture in the PTA from the start of the negotiations (Korea Times, 2000a). Fruits were only the third agricultural crop cultivated in South Korea with 11% of the farming production in 1997, while the most important crop was still rice with 31% (OECD, 1999b). But fruits farmers proved to have a substantial political weight in the negotiations. The overall opposition to the opening of a seemingly minor portion of the Korean agricultural market, fruits, was justified by farmers based on the potential knock-on effects of market opening: “We are worried that a massive influx of Chilean fruit imports will cause a domino

effect as local fruit farmers will not just abandon farming, they will grow other profitable crops since farming is their only means of survival” (The Korea Times, 2003).

The resistance of farmers to agricultural liberalisation was supported by some lawmakers who also requested the exclusion of agriculture from the talks (The Korea Herald, 2000b). Nawakura (2016) explains the substantial pressure that Korean farmers are able to exert on politicians through the concept of indirect lobbying. Instead of accessing directly to policy-makers to promote their own interests, Korean farmers use public protests to change the public opinion in their favour and use it to pressure policy-makers. This explains why farmers’ organisations with relatively limited resources are able to advocate efficiently against trade policies that would undermine their interests. In the case of the KCPTA, this opposition from farmers had a substantial political weight due to the proximity of the negotiations with several important elections: presidential elections in 2002 and legislative elections in 2004. The electoral importance of farmers opposition to the KCPTA was such that even lawmakers from the ruling party of Kim Dae-Jung, the Millennium Democratic Party, opposed further progress of the negotiations in March 2001, by fear of negative repercussions in the presidential election of 2002 (The Korea Herald, 2001).

Despite the limited threat of Chilean agricultural exports to the Korean farming sector, the Korean win-set in the final stages of the negotiations of the KCPTA requested the exclusion of several agricultural commodities from the liberalisation schedule.

Commodities	KORUS PTA
Rice	Exclusion
Beef	TRQ + DDA
Pork	10 years
Grapes	Seasonal tariff
Apples/Pears	Excluded

Table 14: Korean concessions on sensitive commodities in the KCPTA agreement (TRQ = Tariff Rate Quota, DDA = to be negotiated after the Doha Development Agenda)

In addition to rice, other less culturally sensitive commodities have also been ruled out, such as pears and apples. These exclusions are interesting since they do not display the same underlying logic. The exclusion of fruits such as apples and grapes can be seen as a response to the domestic concerns of farmers groups during negotiations, which felt that the main Chilean exports would threaten their market share. The exclusion of rice did not follow the same reasoning since Chile did not export any substantial amount of rice and therefore did not present any threat to the Korean rice

farming sector. However I argue that Korean negotiators aimed at defining a new template of liberalisation for the agricultural sector in international negotiations. The Korean position on the exclusion of rice was assumed before the start of the negotiations. The previous vice president of the Korean Association of Trade and Industry Studies stated in an interview that “For all these FTA, rice is always exempted, from the start. We thought that rice is the last one if we have to open” (Interview #3). This was also confirmed by an interview with a Korean trade policy advisor: “Whenever South Korea negotiated with any other trading partner, the number 1 objective of the strategy is to exclude rice, and then the other crops are ok to liberalise, step by step” (Interview #9). Instead of having to find a compromise and make concessions to match the win-sets of their trading partners, they take full advantage of the possibility to exclude sensitive items in bilateral agreements to create a more acceptable issue linkage.

Exclusions were initially not acceptable for Chile, especially regarding agricultural commodities. The EU-Chile PTA, signed in 2002, did not contain any exclusion but the EU, also considering agriculture as a sensitive topic, defined quotas systems and phased-out tariffs after a fixed period on some farm products. This agreement was set up a reference for the negotiations with South Korea, with Chilean negotiators assessing that “At this point, we cannot accept offers that are below the European Union's because that would not make sense” (The Korea Herald, 2002b).

Following lengthy delays in the negotiations, and based on the two-level game approach, I suggest that Chilean negotiators tried to reverberate within the domestic politics of South Korea in order to alleviate the opposition to agricultural liberalisation and promote the issue linkage. An illustration of this reverberation can be seen in an interview of a counsellor of economic and commercial affairs in the Embassy of Chile in Seoul:

“I think the Korean agricultural sector's concerns about us invading its market is irrational. The Korean farmers are very misinformed. [...] From our point of view, we're not looking to invade the Korean market. And even if we wanted to, we can't for a number of reasons. I think the local government should make more effort to make the public realize this. [...] I think the entire issue is more sentimental than economical and this has to change if the FTA is to be formed. [...] The Korea-Chile FTA will be fruitful for both countries. The two economies are complementary (Chile exports raw materials and Korea manufactured goods), we have more experience than Korea in negotiating foreign trade agreements and we are far away geographically, thus reducing trade friction” (The Korea Herald, 2002d). However this kind of reverberation did not result in major changes in the discussions.

In addition to the exclusion of sensitive commodities, the issue linkage used by Korean negotiators in the agreement with Chile also includes a reference to the overall benefits of trade liberalisation for the Korean economy, an aspect already seen in multilateral institutions. In the midst of the stalemate of the negotiations with Chile, the issue linkage between the liberalisation of agriculture and the benefits for industrial sectors has been promoted by economic actors such as the chief of the Korea Chamber of Commerce and Industry: “Domestic farmers, particularly those growing apple, pear and grape, are required to take a broader attitude to a Korea-Chile FTA from the perspective of the national economy [...] Their stubborn objection to the market opening will eventually result in serious setbacks in Korea's industrial-goods exports” (The Korea Herald, 2002c). The cost of delaying the signature of the KCPTA for Korean industries increased after the conclusion of the EU-Chile PTA in 2002. European goods such as cars became more competitive and threatened Korean market shares in Chile, pushing an official from the Korean embassy in Santiago to highlight again the importance of issue linkage: “While it is important for us to try to protect our agricultural sector, it is even more important to consider what's good for Korea as a whole, such as exports of key products” (The Korea Herald, 2002).

The Korean government considered the issue linkage implemented in the bilateral institution with Chile as appropriate, and decided to sign the agreement. From the 1400 tariff lines in agriculture, the final text liberalise around 70% of them within 10 years, while 28% are treated as exception and excluded from liberalisation (Findlay and Urata, 2010). The final agreement includes the liberalisation of Korean agricultural protections following a specific calendar (Kim, 2004). 87,2% of agricultural tariffs were instantly removed (including flour, tomatoes and animal feed). Other commodities are tariff-free after a 5 to 16 years period. A seasonal tariff is applied on grapes in non-harvest season. The liberalisation of commodities such as beef and poultry is postponed after the conclusion of the Doha Development Agenda. Chilean rice, apples and pears, as well as Korean washing machines and refrigerators are excluded from liberalisation. The final agreement was signed in February 2003, and was associated with protests from hundreds of farmers (MundoMaritimo, 2003).

In addition to the exclusion of sensitive commodities, the Korea-Chile PTA also contains a Emergency Clause for Agricultural Goods, despite Chile's opposition to safeguard clauses (Kim, 2003), which states that:

“Notwithstanding Chapter 6 of this Agreement and Article 5 of the Agreement on Agriculture, if, given the particular sensitivity of the agricultural markets, a product originating in a Party is being imported into the other Party in such increased quantities and under such conditions as to cause or

threaten to cause serious injury or disturbance in the markets of like or directly competitive products of the other Party, that Party may take appropriate measures under the conditions and in accordance with the procedures laid down in this Article.” (MOTIE, 2003, p.13).

Once the agreement was signed by each party, the next step before implementation was the ratification by legislative bodies on each side. The Chilean Chamber of Deputies ratified the agreement in August 2003 (Xinhua News Agency, 2003), while the Chilean National Assembly unanimously ratified the KCPTA in January 2004 (DIRECON, 2004). The ratification of the trade agreement on the Korean side was challenging as it was affected by further opposition from domestic farmers groups that delayed the ratification of the text in the Korean legislative chambers. In line with their previous lobbying methods, thousands of farmers protested in front of the National Assembly in June 2003 to display their opposition to the agreement (Spanish Newswire Services, 2003a). In December 2003, thousands of Korean farmers protested the ratification of the KCPTA in front of the building of the National Legislative Assembly, with some of them burning sacks of rice as a symbolic gesture, shouting “No the free trade agreement” and threatening to punish parliamentaries who would endorse the agreement (BBC News, 2003; Spanish Newswire Services, 2003b). The KCPTA was eventually ratified by the Korean National Assembly in February 2004 (MOFAT, 2004). In order to accelerate the ratification of the trade agreement, several Korean economic federations lobbied the National Assembly, arguing that any “delay (in the passage of the bill) is not only imperilling the exports of automobiles, mobile phones, and colour televisions, among others, it is also dealing a serious setback to the foreign standing of Korea to pursue further FTAs” (The Korea Herald, 2003).

As summarised in Table 15, the new issue linkage implemented by Korean negotiators in the Korea-Chile PTA differs from the linkage adopted in multilateral institutions as it also incorporates the exclusion of sensitive commodities. The KCPTA demonstrated that when the issue linkage excluded from liberalisation the most sensitive commodities such as rice and fruits, the most influential opposition groups that caused high political costs in previous multilateral negotiations eventually considered the institution as appropriate and did not generate the same level of opposition. In this case, minor farmers groups were at the front of the opposition and delayed the negotiations and ratification of the agreement, but did not manage to prevent its conclusion.

Another important element explaining the efficiency of this new issue linkage to liberalise agricultural trade is the substantial pressure from pro-liberalisation groups in favour of the trade agreement. They gave more weight to the issue linkage suggested by Korean negotiators, by highlighting the risk of losing potential benefits for key Korean export markets, and justifying the

need to liberalise agriculture. This aspect proved to be relevant towards the end of the negotiations, supplementing the exclusion of sensitive commodities to mitigate the domestic resistance, attesting that both components of the new issue linkage are required to optimise the efficiency of the new issue linkage.

Institution	Components of the issue linkage to justify the liberalisation of agricultural trade
GATT/WTO	Overall benefits for the Korean economy
Korea-Chile PTA	Overall benefits for the Korean economy + Exclusion of sensitive commodities

Table 15: Comparison of the issue linkages implemented in different institutions by South Korea

Going back to the two-level game approach at the core of my model, the KCPTA also illustrates how an issue linkage needs to be accepted at both levels of negotiations, and not only at the domestic level, in order for the considered institution to be deemed as appropriate and in fine implemented. The discussions between Korea and Chile leading to the signature of the agreement depicted how the issue linkage that justifies the liberalisation of agricultural trade must be accepted by the foreign trade partner.

F. New path dependency

After looking at the design of the issue linkage that ultimately allowed the liberalisation of a substantial part of agricultural trade in the KCPTA, this section evaluates the importance of the issue linkage itself as a critical juncture for the liberalisation of agricultural trade in future bilateral trade agreements, and the consequences at the domestic level for Korean farmers.

i. Successful issue linkage and change of preferences of political actors

Overall, the KCPTA demonstrated that the liberalisation of agricultural trade is possible through an issue linkage in bilateral institutions and preferential trade agreements. The market opening may be qualified as partial, covering most tariff lines but neglecting items such as rice for which trade creation would be massive. However, it is still significant, and it was achieved despite significant

resistance from farmers with limited political costs compared to other types of institutions. Negotiations were delayed and farmers still protested, but the political backlash did not reach the same level than after the Uruguay Round. A large part of the initial opposition was alleviated through the exclusion of very sensitive items (rice, fruits).

The issue linkage in the Korea-Chile FTA was therefore much different from the issue linkage attempted at the GATT and WTO levels, particularly regarding the exclusions from the agricultural sector. In opposition to the broad concept of flexibility that was used to justify the demands against comprehensive liberalisation of agriculture in multilateral negotiations, at the bilateral level Korean negotiators chose to only exclude sensitive commodities that proved to be politically costly in previous negotiations. I argue that the signature of the KCPTA and the liberalisation of agricultural trade included in the issue linkage formed a critical juncture, as part of a new path dependent mechanism. In opposition to the critical juncture created in the GATT Uruguay Round that ultimately generated negative feedback effects and prevented any further liberalisation of agricultural trade in multilateral institutions, this critical juncture is based on positive feedback.

This general positive feedback effect of the KCPTA, considering trade as a whole and not only focused on the agricultural sector, was acknowledged by Korean leaders, as a KIEP report mention that “the agreement would set a favourable precedent for Korea signing FTAs with other countries” (Cheong, 1999, p.15). The signature and implementation of an institution that allowed Korean negotiators to liberalise agricultural trade without political pain had repercussions at both levels of the two-level game. The first type of consequences created at the international level (level 1) is linked to the message sent to other foreign partners regarding the win-set of South Korea in agriculture. Other partners, also interested in accessing the Korean domestic markets for agricultural commodities, may be looking to obtain the same amount of liberalisation than Chile in their own PTA with South Korea. They knew from this point forward that the win-set of Korea on agricultural trade included the exclusion of sensitive commodities, in order to alleviate domestic opposition from farmers. Discussions in the WTO allowed South Korea to share its new institutional strategy about agricultural trade and other countries to ask for more details. Korean negotiators used the Korea-Chile PTA as a template to highlight their commitment to the liberalisation of agricultural trade according to their own win-set and issue linkage: “Regarding FTAs, only three items (rice, apples and pears) were excluded from the bilateral FTA with Chile. They covered only 0.2% of all tariff lines. The FTA covered more than 77% of tariff lines from the outset and this would rise to 96% in ten years.” (WTO, 2004, p.21). The KCPTA was a signal to other potential trading partners that trade liberalisation was possible without the complete exclusion of agriculture, as mentioned by

Korean leaders at the WTO: “This degree of coverage was one of the best, and Korea would try to ensure future FTAs would be comprehensive and not exclude any specific sectors as a whole” (WTO, 2004, p.21). Many countries, including major agricultural exporters, asked questions to South Korea about the PTA negotiations with Chile in a trade policy review meeting at the WTO in 2000 (WTO, 2000c). Australia asked for confirmation that agricultural goods were indeed covered and were a sensitive topic that slowed the progress of negotiations. Philippines was interested in the opening of Korean markets of tropical fruits. After the ratification of the KCPTA, major agricultural exporters such as Australia and New Zealand expressed their interest in the agreement and encouraged South Korea to liberalise further agricultural trade (WTO, 2004).

This type of path dependency was also considered by level 2 groups, particularly about the commodities that should be excluded or not. Opposition groups during the early stages of discussions with Chile pointed out that any concession on agricultural trade made with Chile would be automatically asked by other more powerful countries such the US (The Korea Herald, 2000b). Following the signature of the KCPTA, a KIEP report warned that farmers may ask for the same exclusions about agriculture in the future PTA with Singapore, even if the sector is unlikely to be of major significance in the negotiations:

“Though not a strong farming nation, Singapore is known to have agreed with Japan in signing their FTA in 2000 to defer customs-related discussions on agricultural trade in the face of strong resistance from Japanese farmers and relevant pressure groups [...] Accordingly, it is very likely that the Korean farmers will demand the same in Korea's negotiations with Singapore [...] Once Korea sets the pattern in which it forms FTAs without the agricultural sector, the farmers here will continue to demand it in our agreements with other markets like Japan. This will defy the true definition of FTA, which is a full market opening.” (The Korea Herald, 2002a).

So the new issue linkage created a critical juncture in the Korean trade strategy, where political actors at both the international and domestic levels acknowledged that the liberalisation of agricultural trade was indeed possible in bilateral institutions, and that the linkage implemented in the KCPTA became the new template of win-set that would be used in future negotiations.

ii. Consequences for farming sector

In addition to the focus on the effect of a successful issue linkage on the win-set of potential future trading partners, this section aims specifically at evaluating the consequences of the implementation

of the KCPTA and the opening of a large part of the Korean agricultural markets to Chilean exports. The objective is not to quantify the economic benefits of the agreement, as this has been done by others (Kim, 2004). My theoretical framework and model of institutional strategy assumes that, as part of the critical juncture, the liberalisation of agriculture included in the KCPTA will have long-lasting effects on the Korean farming sector, thereby facilitating the creation of similar issue linkages in new bilateral institutions.

No data was available on the evolution of farmers headcount for specific agricultural commodities in South Korea in the early 2000s, so the analysis of the repercussions of liberalisation on Korean agriculture will be based on commodities production. It is assumed that foreign exports can be said to have detrimental effect on the domestic farming sector when farming production sharply declines following the removal of barriers. The removal of tariffs implemented by the KCPTA triggered an increase of trade flows between Chile and Korea. Major Chilean exports to South Korea post-KCPTA included fresh grapes (from 9000 tons in 2003 to 47000 tons in 2013), kiwi fruit and pork (15000 tons in 2003 to 30000 tons in 2013) (Yoon Sojung, 2014). It is therefore relevant to focus on the change of production for these commodities when looking at potential detrimental effects of the PTA on Korean farmers. As can be seen on the Figure 9, the effect of the liberalisation of agriculture from the KCPTA on the Korean farming sector and production seems to have been modest. It must be noted that South Korea also signed another PTA with ASEAN in 2006, although with minor agricultural liberalisation. Agricultural production of major commodities did not display any sizeable decrease in the years following the entry into force of the KCPTA agreement. Even among commodities for which Korea experienced higher imports from Chile, only grapes production suffered from the cheaper competition, while pork production actually increased.

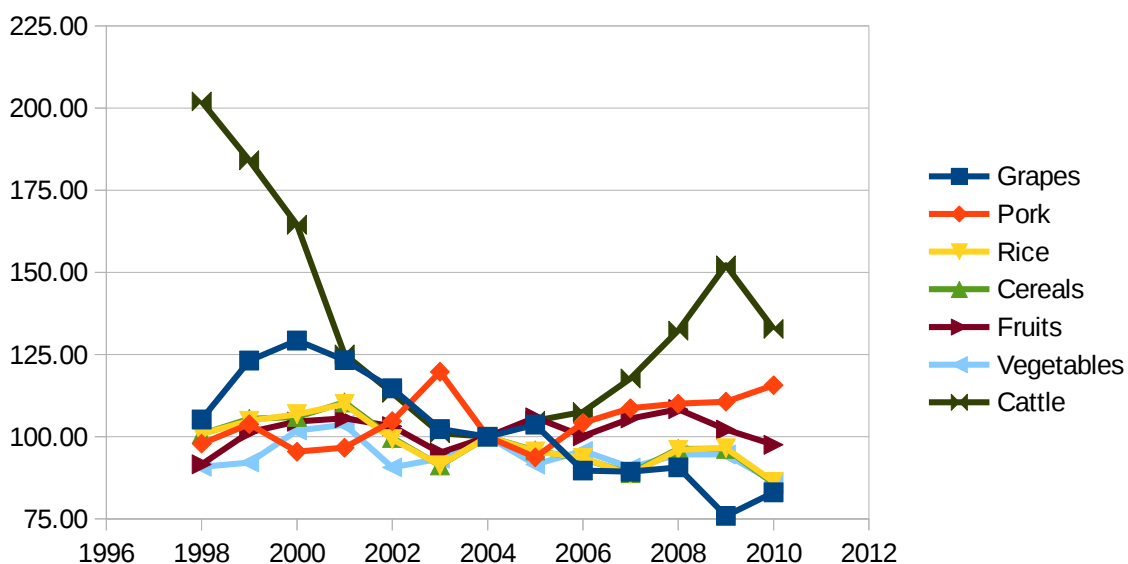


Figure 9: Agricultural production for major commodities (base 100=2004) (FAOSTAT)

Similarly, the number of farmers in South Korea, displayed on Figure 10, kept steadily decreasing after the implementation of the KCPTA in 2004, following a tendency already in place before the negotiations.

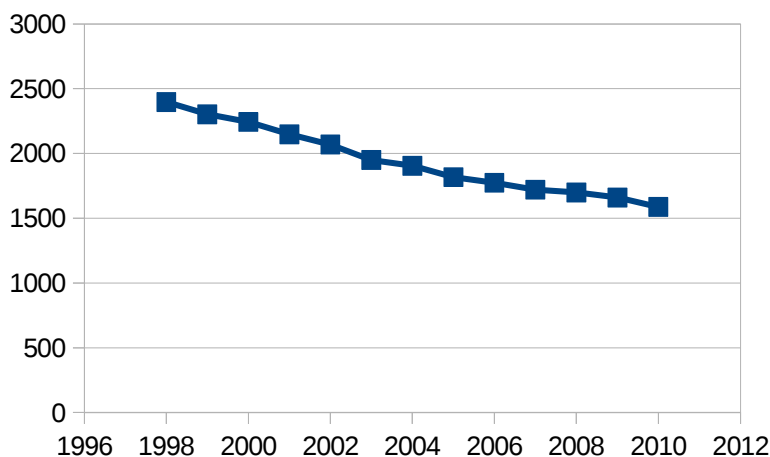


Figure 10: Employment in agriculture (Thousands) (FAOSTAT)

It is not therefore possible to assert that the KCPTA had a significant effect on the agricultural sector in South Korea, whether regarding overall production or number of farmers. However I suggest that this does not invalidate the path dependent mechanism initiated by the KCPTA. The initial low level of agricultural trade and the exclusion of major Chilean food exports imply that, as advanced by proponents of the agreement during negotiations, the extent of the threat of Chilean exports to the Korean farming sector was very limited. Consequently, repercussions of liberalisation and the resulting positive feedback considered in my model are also minimal in South Korea.

The KCPTA is still an important milestone in the liberalisation of Korean agriculture as the first successful issue linkage, serving as a critical juncture that created path dependent mechanisms in more important trade agreements, such as the Korea-US PTA analysed in the next chapter.

G. Conclusion

After looking at the critical juncture that occurs at the GATT Uruguay Round and its negative feedback on the preferences of Korean political actors over issue linkages in multilateral discussions, the Korea-Chile PTA illustrates how another critical juncture took place in bilateral agreements, this time with potential positive feedbacks in future PTAs.

The creation of a new institution allowed Korean political leaders to implement a new issue linkage to justify agricultural trade, by linking any concession not only to the overall benefits for the Korean economy and also to the exclusion of sensitive commodities from liberalisation. Concessions on the most sensitive of these commodities, rice, were at the centre of the political backlash at the Uruguay Round. This new issue linkage had initially a limited efficiency to alleviate the opposition of domestic groups, who still managed to significantly delay the negotiations and ratification of the agreement. Fruits were added to the list of sensitive commodities, despite their low production in Korea. Eventually this new issue linkage was eventually accepted by these domestic groups as well as the trading partner, making the PTA a suitable institution.

So the KCPTA differed from the Uruguay Round on two main points: the Korean agricultural trade was in effect liberalised, although with the exception of a few commodities, and political costs were limited for the government. These differences justify the characterisation of the KCPTA, and the issue linkage implemented, as a critical juncture for a new path dependency where issue linkages manage to liberalise agricultural trade. After identifying the critical juncture in the path dependency, the next step is now to evaluate which consequences this juncture had in future issue linkages implemented in the following bilateral agreements of South Korea, such as the Korea-US PTA.

Chapter 5: Korea-US PTA: Efficient issue linkage with a major trade partner

The previous chapter analysed the negotiations of South Korea in its bilateral trade agreement with Chile. The Korea-Chile PTA (or KCPTA) was the first bilateral trade agreement negotiated by the Korean government after the politically costly concessions made in the GATT Uruguay Round and just before the launch of the WTO Doha Round, both multilateral arenas that are discussed in Chapter 3 of this thesis.

In the frame of my main research questions investigated in this thesis, the KCPTA was described as a critical juncture in Korea's institutional strategy. After the political costs linked to the use of existing focal institutions (GATT/WTO) to liberalise agricultural trade, Korean leaders opted for the creation of new institutions where a more efficient issue linkage may be implemented, that would achieve their priorities in terms of the liberalisation of specific agricultural trade barriers and the exclusion of the most sensitive protections. This critical juncture created a path dependent mechanism which was, in opposition to the negative feedback identified in multilateral institutions, based on positive feedback that makes it easier in time for Korean leaders to implement effective issue linkages to liberalise agricultural trade.

This chapter follows up on the conclusions from the previous chapter, by looking at the next main bilateral trade agreement signed by South Korea with the United States (KORUS), signed first in 2007 but not ratified before a revision in 2010. A timeline of the negotiations of the agreement is given in Table 16.

Date	Step in the negotiations
February 2006	Official launch
June 2006	First round
March 2007	Eighth round
April 2007	Conclusion of the negotiations
June 2007	Signature of the agreement
June 2010	Resumption of negotiations on US beef and auto exports
February 2011	Conclusion of the negotiations
October 2011	Ratification of the agreement by the US
November 2011	Ratification of the agreement by South Korea
March 2012	Entry into force

Table 16: Timeline of the negotiations of the KORUS PTA

The KORUS PTA was selected as a case study due to the much more significant agricultural trade already in place between the US and South Korea as well as the larger political and economic issues at stake before the launch of negotiations, in comparison to more modest agreements such as the KCPTA. Other PTAs were launched by South Korea between the KCPTA and the KORUS PTA, such as Singapore and ASEAN, but the KORUS PTA is the most consequential after 2004.

The KORUS PTA gives me the opportunity to address my research questions and hypothesis on the consequences of successful issue linkages on the preferences of international and domestic groups in negotiations, the efficiency of issue linkages and the institutional strategy of governments. I will explore the consequences of the critical juncture and the path dependency mechanism initiated by the KCPTA on the following major Korea trade agreement. In terms of the issue linkage involving agriculture, it allows me to analyse how political actors at both international and domestic levels of negotiations altered their preferences first defined at the multilateral level to endorse the issue linkage achieved in the KCPTA based on the exclusion of sensitive commodities and ultimately managed to partially liberalise agriculture without excessive political costs. I will test the following steps of my causal chain: 8 - *Protectionist interest groups oppose less resistance to the trade liberalisation of non-sensitive items and focus on the protection of highly sensitive items* and 9 - *The government creates similar institutions to liberalise trade protections in sensitive sectors, using the first one as a template*. The evidence that would support the existence of this steps are *Reduction in size of protectionist interest groups and focus on sensitive items, Limited protest from protectionist interest groups for future agreements, More agreements are signed, and These agreements have similar characteristics compared to the initial one, especially regarding the exclusion of sensitive items*.

From the change in scale in the selection of PTA partner from South Korea, in comparison to the relatively modest economic size of Chile, several points are worth mentioning to explain the relevance of the KORUS PTA for my research questions. First, much more resistance to the conclusion of the KORUS agreement could be expected from opposition groups such as Korean farmers, and accordingly more support from Korean trade-oriented groups. This exacerbated division among domestic interests at level 2 of the two-level game in South Korea will provide an interesting background to analyse how Korean leaders managed to create the KORUS PTA as a new institution, and the role that the concept of issue linkage played in the negotiations.

Second, the potential capacity of the US agricultural exports to flood Korean domestic food markets, as demonstrated by the PL480 programme in which American agricultural surplus significantly contributed to the food supply and reconstruction of South Korea after the Korean War,

justifies more investigation in the concept of food security. In addition to the loss of income due to cheaper foreign competition, food security was used as an important argument against any liberalisation of agricultural trade by Korean farmers before the KORUS PTA, including in the WTO Doha Round where it was linked to multifunctionality. They argued that opening borders to the influx of foreign food would endanger the food security of South Korea.

I argue that South Korea once again used issue linkage in the KORUS PTA to justify the almost total liberalisation of agriculture, through the potential benefits of the agreement for the Korean economy. The exclusion of rice as the most sensitive commodity in the agreement was an essential part of the issue linkage, and was required to counter the opposition from Korean farmers to the opening of domestic markets to foreign competition. It also allowed the Korean government to frame the problem of food security as equivalent to self-sufficiency in rice, preventing the opposition from using it as an argument in the negotiations at the same time as a period of high price volatility on world food markets. The characteristics of the issue linkage in the negotiations of the KORUS PTA displayed the characteristics of a path dependency phenomenon that started with the Korea-Chile agreement. In addition to the negative feedback that discouraged Korean leaders to attempt to negotiate the liberalisation of the agricultural sector at the WTO level (as described in Chapter 3), a new positive feedback appeared following the switch from the use of current institutions to the creation of new institutions. This new path favoured the creation of bilateral institutions to liberalise agricultural protections with limited political costs through this issue linkage even with major food exporters such as the US.

The structure of this chapter will be divided in five sections. The first section will describe the political and economic relations of Korea and the US prior to the launch of the negotiations, in order to first understand why the KORUS PTA is considered as one of the most important trade agreements signed by South Korea, and why I selected it in my empirical analysis, and what were the priorities of each side in the negotiations³.

The second section will describe the state of the cooperation problem in agricultural trade in the years between the KCPTA and the KORUS PTA, in order to demonstrate that Korean leaders again deemed the WTO as an unsuitable focal institution and decided not to promote agricultural liberalisation in the Doha Round but kept their previous strategy of institutional creation to liberalise agricultural trade through bilateral agreements.

3. I choose in this chapter not to focus on the purely military and security aspects of the Korea-US relations. Although many scholars highlighted how these strategic topics were of primary importance in the signature of the KORUS PTA (Heo, 2008; Sohn and Koo, 2011; Lee, 2013), they are not part of my theoretical framework and my approach on issue linkages and trade cooperation.

The third part will focus on the issue linkage at the core of the liberalisation of agricultural trade in the KORUS PTA. In opposition to the agreement with Chile, opposition to the opening of domestic agricultural markets gathered a large spectrum of actors, with farmers but also major groups of the Korean civil society rejecting the prospects of an agreement with the US. Korean negotiators implemented their model of issue linkage, promoting the benefits for the Korean economy to alleviate concerns for agriculture, and excluding rice from the discussions. However they faced unexpected complications over the issue of US beef exports, which remained at the forefront of the negotiations, with fears over food safety on the Korean side.

The fourth section of the chapter will focus on the issue of food security. As mentioned before, the concept of food security has been at the forefront of Korean opposition to the wide liberalisation of agriculture in multilateral arenas. First I will describe how the high volatility on food markets and the so-called food crisis of 2007-2008 did not have a substantial influence on food security in South Korea. Specific characteristics of the country attenuated the effects of the food crisis, with limited prices increase, therefore excluding it from the discussions on the KORUS PTA. Second, the framing of food security by Korean leaders will be analysed, to highlight how it was cut down to self-sufficiency in rice, leading to few objections on the liberalisation of other food commodities.

The last section evaluates the consequences of the successful issue linkage implemented in the KORUS PTA to liberalise agriculture, on both the domestic farming sector in Korea and Korean potential future PTA partners. Korean agriculture experienced different levels of restructuring due to trade liberalisation, depending on which commodities were excluded from negotiations.

A. Korea-US trade relations

The aim of this section is to give more elements about the political and economic relations of South Korea with the US prior to the launch of the negotiations about a potential trade agreement. These elements will justify the weight of agriculture in the negotiations over a trade agreement between the two countries, as well as the importance of non-agricultural trade which is part of the issue linkage to reduce domestic opposition.

i. US Food Aid

A first relevant factor to consider in the study of agricultural trade between South Korea and the US is the early and specific influence that US exports played on the Korean agricultural sector in the second half of the 20th century. This early influence is one of the motivations for US agricultural

interests to increase exports to Korea. Relations between South Korea and the US officially originated in 1882 but sharply intensified after World War 2. The US-ROK Mutual Defence Treaty signed in 1953 ensured the protection of South Korea's territory against threats from its northern neighbour after the Korean War. In addition to the military assistance, the US also contributed to the recovery of the Korean agriculture, which had been heavily damaged by conflicts. Physical infrastructure was destroyed, and land reforms disrupted the previous structure of farms, now divided in very small entities and less productive (Burmeister, 1990; Cumings, 2005). In parallel to this lack of agricultural production, another problem was the 2 million of North Korean refugees that accentuated the famine situation (Hsiao, 2019).

The US provided economic aid to South Korea and supported the Korean agriculture in several ways. South Korea was a major recipient of US food aid through programmes such as Food for Peace programme (also called PL480). Wheat was a major commodity in the PL480. From 1955 to 1974, the PL480 programme was equivalent to 37% of the total US aid, or \$4.4 billions (KEIA, 2015). The main objective of food aid programmes like the PL480 was to sustain food supply in countries that were of interest for the US as well as disposing of domestic surplus (McMichael and Friedmann, 1989). It also included more long term objectives as it targeted the development of markets for future US food exports. This included the creation of preferences for US products such as processed meat, dairy and bread, which were absent from the food culture in Korea at the time (Riel Müller, 2015). However the empirical evidence of these potential benefits for the US exports was not found a posteriori in the case of South Korea, due to the competition with similar products coming from food exporters such as Australia or Canada (USGAO, 1995). The US also provided Korea with fertilisers, which were only produced in North Korea prior to the war, as illustrated by the US Economic Advisor in Korea in 1948: "Because the resulting shortage of fertiliser in South Korea worked serious hardship upon the Korean people, the American Government has purchased on world markets and brought into South Korea over 500,000 metric tons of chemical fertilisers" (Bunce, 1948).

The US food aid prevented food shortages in the years after the Korean war, and lasted until the 1970s. As it sustained food security, it supported the industrialisation of South Korea in the 1960s by feeding urban workers and keeping domestic prices at a low level (Riel Müller, 2015). Meanwhile investments in the agricultural sector was neglected, despite official calls for food self-sufficiency (Hsiao, 2019). Urban incomes increased faster than in agriculture, and rural exodus led to shortages of farmers. The effects of US food assistance did not only cover food supply but also shaped the development of the Korean agricultural sector, by distorting food prices and enticement

for farmers (KEIA, 2015). The PL480 programme ended in 1970, due to changes in the priorities of US foreign aid. South Korea then had to launch its own programmes to expand the food production domestically, the main one being Saemaul Undong, and promote food self-sufficiency in rice. Massive investments in agricultural and rural areas included infrastructures, storage, irrigation and mechanisation. The consumption of domestic rice was promoted, while the US kept exporting cheap food to Korea (Kim, 2006a).

The US aid from 1945 to 1970 therefore had a significant influence on the development of the Korean agricultural sector to the point where it needs to be liberalised in the 2000s. It set up the US as the main supplier of food exports to South Korea by initially limiting the development of the domestic farming and introducing Western diets in the country. The termination of the US assistance programmes then pushed the Korean government to promote self-sufficiency in rice and protect farmers from external competition.

ii. Recent trends

Following the industrialisation process and the shift in agriculture that occurred in the 1960s/1970s, South Korea became one of the newly industrialising countries and a major actor in international trade, exporting high-value goods such as cars and electronics. South Korea progressively developed a substantial positive balance of trade with the US, from \$5 billions in 1990 to \$20 billions in 2004⁴, South Korea importing \$25 billion from the US (semiconductors, manufacturing equipment, aircraft, agriculture, plastics) and exporting \$45 billion (mobile phones, televisions, cars, computer parts). This level of trade made South Korea the seventh largest trading partner of the US and its seventh largest export market. Correspondingly, the US was the third largest trading partner of South Korea, its second-largest export market (behind China), and its third main source of imports (behind Japan and China) (Manyin, 2006).

Looking at agriculture, the level of trade exceeded those with other Korean PTA targets. American agricultural exports to South Korea amounted to \$2,5 billion, accounting for around 25% of the \$10.6 billions of Korean food imports. The US agricultural exports to Korea were very diverse. In 2004, the main imported commodities included beef (\$790 millions in 2003 before the import ban), corn (\$547 millions), soybean (\$284 millions) and wheat (\$231 millions) (USTR, 2006a). Agriculture was clearly established as soon as 2001 as an American priority in the negotiations as this would be one of the sectors with the higher potential for export development (USITC, 2001). The potential benefits for US exporters were indeed significant since in 2006 Korean tariffs on US

4. Statistics from the World Bank Database

agricultural products could reach 40% for beef, 30% for pork and 487% for soybeans (USTR, 2006a).

The level of trade between Korea and the US in the years before the launch of the negotiations of the KORUS PTA demonstrates two important points. First, the US is a major key export market for the main Korean industries, which will therefore look to gain improved access in the trade negotiations, a relevant aspect for my study of issue linkages which take into consideration the overall benefits of liberalisation for the Korean economy. Second, South Korea is a crucial export market for many US agricultural commodities, many of them were considered as relatively sensitive for Korean farmers, such as rice and beef. Considering the potential benefits from the removal of high tariffs, major pressures from the American side can be expected over agricultural protections.

B. Cooperation problem and institutional strategy: reiteration of institutional creation

This section addresses the state of the cooperation problem in agriculture for South Korean leaders, in particular the issues of low productivity in the farming sector and the pressures from foreign partners to open domestic food markets. The objective is to understand why Korean leaders did not attempt to liberalise agricultural trade in the WTO Doha Round (as demonstrated in Chapter 3), but opted to create a new bilateral trade agreement with the US and include agricultural trade through a similar issue linkage compared to the KCPTA.

i. Korea's agricultural policy in the early 2000s

As done in the previous empirical chapters, this section aims at giving a quick overview of the agricultural policies selected by the Korean government as illustrated in Table 8, with a comparison to the overall state-business relations in the country. Following the economic adjustment triggered by the financial crisis of 1997/1998 and the IMF assistance, the reform of the Korean economy towards a more market-oriented model continued in the 2000s, with for instance the launch by the Korea Fair Trade Commission of the Three-year Roadmap for Market Reform and the Task Force for Advancement of Market Economy in 2006 to increase competition (Park, 2011). This meant that the Korean state control over the industry was significantly altered (Pirie, 2008). However state intervention in the Korean economy persisted: while promoting market competition, the Korean government kept intervening through resource mobilisation to achieve national development (Uttam, 2019). The main target were chaebols, seen as engine of growth, and domestic support to key industries such as shipbuilding were maintained (WTO, 2008).

This change of strategy of the Korean government was translated in the reorganisation of agriculture. In line with the minimum market access commitment negotiated for rice at the WTO level, agricultural production and food self-sufficiency were not the Korean state priority anymore, as evidenced by the repeal of the rice purchasing programme in March 2005 and its replacement by other payments more in accordance with WTO regulations. The development of rural areas and farmers' incomes was still a concern, but the government adapted its policies to focus on the multifunctionality of agriculture, food safety and environmentally friendly practices (APEC, 2007).

ii. Worsening of the cooperation problem

The conclusion of the KCPTA agreement with Chile and its implementation from 2004 did not solve the cooperation problem about agriculture that was at the core of the switch in institutional strategy from Korean leaders at the end of the 1990s. This cooperation problem is still constituted of two main components: first a need to reform the domestic farming sector in order to increase its competitiveness in a period of increased opening of markets at the international level, second continuous pressures from major food exporters to allow access to the Korean markets to cheaper foreign exports.

The decline of the Korean farming sector continued in the early 2000s. In 2005 the agricultural sector only contributed to 3.1% of South Korea's GDP and only employed 7.9% of the Korean workforce, compared to 4.4% and 10.6% respectively in 2000 (KREI, 2015). Aging of the farming population was still a concern. In 2005, 39% of farmers were more than 60 years old and only 29% were between 20 and 49 years old (Agriculture and Agri-Food Canada, 2009). Agriculture was therefore a minor and uncompetitive part of the economy in terms of production, but it still retained massive political power. Many Korean people still had roots in the countryside, and considered that rural development was still required (Kim, 2008). This public support explain why agriculture remained a political priority for Korean leaders in the second half of the 2000s.

In an Individual Action Plan at APEC level in 2007, Korea developed its objectives in terms of agricultural policies:

“In its efforts toward restructuring its agricultural sector in an accelerated and efficient manner, the Korean government has shifted its policy orientation; focusing more on the stabilization of farm income and farming management [...] Based on the principle of selection and concentration, the fund is used to strengthen competitiveness, to enable the agricultural sector to rapidly respond to the changes in consumption pattern, and to support

the efforts of increasing the scale of farmhouses and equipping themselves with expertise and facilities” (APEC, 2007, p.79).

Reforms were introduced in 2002 to remove the maximum size limit of farms and facilitate corporate agriculture (WTO, 2008). The launch of the PTA with the US is part of this reform package to increase farming competitiveness and prepare the sector for more market opening (WTO, 2008). The Korean Chief negotiator for the KORUS PTA illustrated this reform objective in a report in July 2006, stating that:

“The most sensitive sectors for promoting the Korea-US FTA are agriculture and service sectors. In the case of agriculture, it is true that there is damage caused by openness. However, our agriculture has already been opened except for rice, and rice is also partially open. The question we need to ponder now is not whether to open up or not, but how to minimize the damage of openness. What is important to us now is how to induce and support restructuring at an appropriate speed.” (Kim, 2006b, p.22 (translation by the author))

This restructuring of agriculture aimed at making Korean farming more competitive in an opened international market. A PTA advisor noted in an interview:

“We are importing pork, mainly from the Netherlands and Denmark. Can you imagine it? If we consider the wage rate and the price of land, the Netherlands and Denmark would definitely be higher than Korea [...] What are the mechanisms so that these countries can export to Korea? Prices in Korea are too high, we need to reform it.” (Interview #1).

The Korean government had a specific plan to reform the agricultural sector. According to a Korean PTA advisor, instead of simply producing more in order to increase farmers' incomes, the Korean government planned to use PTAs to restructure agricultural sectors to “correct distortions in the market” where there is a surplus of production, such as rice and beef, and “transform the current production strategy/schedule towards the production of high value agricultural goods” (Interview #1). The focus of the policy reform is on the promotion of high-quality niche markets, such as the Korean *hanu* beef, which would less suffer from cheap and lower-quality foreign imports (Interview #8). The objective is then to begin to export these high-quality products abroad, as Trade Minister Hyun-chong Kim mentioned in 2006 at the dawn of the negotiations of the KORUS PTA:

“We will continue to convince our farmers that they will have to find some niche markets. Also, instead of being defensive about it, we will also have to think offensively. Will there be products, agriculture products that we can export to the United States? For instance, California oranges which are three or four times more expensive than the local grown ones

in China, for instance, they sell well. So there must be certain products of ours, agriculture products, which we should be able to sell to the United States and we will continue to persuade our farmers to take a close look at these type of products.” (USTR, 2006, p.10)

So the farming sector in South Korea needed to implement radical structural reforms to improve farmers' situation by reducing surplus production and focus on high quality products. The reforms were also relying on younger generations of farmers. This new wave of farmers have more training and technology and are more productive (Interview #8). But implementing these reforms unilaterally was still not politically feasible due to the opposition of farmers (Interview #1).

In addition to the objective from Korean leaders to progressively reform the domestic farming sector to make it more competitive, external pressures from major food exporters such as the US also contributed to the cooperation problem in agricultural trade. The US exerted pressure on South Korea on two main topics: beef and rice (Manyin, 2006). Following the discovery of cases of bovine encephalopathy (BSE), or mad cow disease, in US beef exports, South Korea, and other countries such as Japan, decided to ban imports of US beef at the end of 2003. Considering their significant amount of beef exports to Korea, US negotiators pushed for a reopening of Korean markets prior to the launch of negotiations for a PTA. On the issue of rice, the US pressured South Korea regarding its minimum access at the WTO level. Following the GATT Uruguay Round, South Korea obtained a 10-year grace before opening its rice markets, ending in 2004. Before the end of the grace period, South Korea asked the WTO for an extension of the minimum access instead of tariffication, and needed an unanimous decision from members. In exchange for this concession, the US requested that the Korean quota be doubled. The US also asked for the guaranteed access for 50,000 tons of their rice exports be used directly by Korean consumers. These strict conditions were ratified by the National Assembly with difficulty in 2005, due to the opposition of Korean farmers. In parallel to the US pressures on rice quotas, China and Thailand also asked for the tariffication of Korean rice imports.

iii. Institutional creation

The lasting issues developed in the previous section over the cooperation problem in agriculture explained the need for Korean leaders to pursue their efforts to progressively liberalise agricultural trade. After the signature of the agreement with Chile, the first PTA they created, the focal institution for trade liberalisation remained the WTO. The Doha Round of multilateral discussions was launched in November 2001 and included talks on agriculture. However at the WTO level, South Korea refused to make concessions to liberalise agricultural issues, as described in the

previous chapter, judging the focal institution still not appropriate. So the institutional strategy of the Korean government stayed focused on the creation of bilateral institutions to discuss agricultural protections.

Similarly to my analysis on the KCPTA, it could be argued that South Korea may have selected, instead of created, the KORUS PTA as an existing potential alternative institution to the WTO, especially after they concluded one with Chile themselves. The KORUS PTA would just be considered as a copy of the KCPTA, and this argument has its merits. However I suggest that the difference of stature on a political and economic size between Chile and the US, including the range of commodities and level of competitive exports, justifies my view that negotiating a bilateral agreement such as the KORUS PTA should be viewed more as institutional creation. Indeed, according to the USCC component of my theoretical framework, institutional use and selection usually denotes a minimal amount of risk for governments, with low distributional differences. In contrast, institutional creation is associated with significant political risks as well as distributional and power differences. This latter option is more suitable to describe the PTA between South Korea and the US.

Since the KCPTA was signed in February 2003, the Korean strategy towards PTA was based on three main pillars: multi-track and simultaneous negotiations, comprehensive coverage (including issues like services, procurement or intellectual property) and broad public support based on national consensus (Chae, 2007). Based on these three criteria, Korea developed a 'FTA Roadmap' in 2003-2004 with short and mid/long term target countries for future agreements. Korean leaders assigned two main objectives for the next trade agreements: exploiting foreign markets and enhancing competition in domestic markets through market opening (Interview #5). In line with this roadmap, South Korea initially pursued small-scale trade agreements with medium-sized partners: Singapore (2005), the European Free Trade Association (2005), and a framework economic agreement with ASEAN (2005). These agreements have not been selected as case studies for this thesis due to their small scale and low level of agricultural exports (Thailand was not part of the initial Korea-ASEAN agreement), but they included a partial liberalisation of agriculture. The US was part of the medium/long term targets and the first Korean PTA to be officially negotiated with a major trade partner.

In this period, agriculture stayed at the forefront of the concerns regarding trade liberalisation. As an illustration, South Korea conducted six rounds of negotiations regarding a trade agreement with Japan from December 2003, although unsuccessfully. The 2006 Korean Diplomatic White Paper explained this failure by pointing out the "excessively low level of concessions in agricultural

products”, and requires a more “positive proposal for agricultural products” to consider the reopening of negotiations (MOFAT, 2006, p.154). This illustrates the potential trade frictions around agriculture in the Korean PTA strategy of institutional creation, despite substantial economic benefits for other sectors.

C. Issue linkage in the creation of the KORUS PTA

This section focuses on the negotiations of the KORUS PTA, and aims at establishing how Korean leaders designed the issue linkage that allowed them to include the liberalisation of a large part of the agricultural trade with the US. In particular, the focus will be on the feedback effects of the path dependency initiated in the KCPTA and its consequences on the negotiations of the KORUS PTA. Positive feedbacks from the issue linkage implemented in the KCPTA are expected to counteract the opposition from domestic groups to an agreement of a magnitude much higher than previous occurrences.

The analysis looks at the characteristics of the path dependency on the issue linkage from the perspective of the three main type of political actors. First I look at how the Korean government implemented the different elements of the issue linkage from the KCPTA (overall benefits and exclusion of sensitive commodities). Then, I evaluate how the US negotiators agreed to make concessions to accept this linkage. Finally I assess how the Korean domestic groups had a limited opposition to the agreement due to the issue linkage.

i. Path dependency for the Korean government

Korean negotiators didn't manage to achieve an issue linkage that would exclude rice in the GATT negotiations in the Uruguay Round, leading to high political costs. However a successful issue linkage was completed in the PTA with Chile which managed to limit these political costs, with the promotion of overall benefits for the Korean economy and the exclusion of rice along with a few other highly sensitive commodities from the liberalisation schedule. This section aims at identifying a path dependent mechanism that originated from the initial issue linkage in the negotiations of the Korea-Chile PTA, exploring how it shaped the negotiations of the KORUS agreement, eventually achieving again the same issue linkage based on the promotion of overall benefits for the Korean economy and the exclusion of rice from the negotiations despite domestic pressures from American rice producers.

The overall issue linkage between the opening of agricultural markets and the overall benefits of trade liberalisation for the key export-oriented industries of South Korea that was analysed in the agreement with Chile can be again found in the discussions with the US. At the start of the discussions and later during the negotiations of the KORUS PTA, Korean leaders supported concessions in agricultural liberalisation on the basis of the overall benefits of the preferential trade agreement with the US for South Korea. In a public speech at the beginning of 2006, President Roh Moo-hyun established the KORUS PTA as beneficial for South Korea: “Korea has been pursuing free trade agreements with various countries. We should also sign a free trade agreement with the United States for the better future of our economy” (Inside US Trade, 2006). According to the USTR Representative Wendy Cutler, the Agriculture Minister of South Korea, Park Hong-Soo, supported the liberalisation of agricultural trade at the beginning of the negotiations by stating that, “Opening the market through free trade agreements is my duty to all Koreans and to future generations.” (Cutler, 2006b).

This linkage between the concessions on agriculture and the benefits for the Korean economy was confirmed by one of the PTA advisors who worked on the KORUS agreement (Interview #1): “In the roadmap we considered not just the agricultural sector, but also the consumer gains from expanding the FTA network [...] We can’t approach this by saying ‘agriculture is the most protected sector, so they should liberalise’. My whole approach is that we emphasize consumer gains”. When asked what he meant exactly by consumer gains, he added “Due to social issues, FTA are hard to understand for the population. Big companies collect most of the gains, so how about people? So we say: ‘Alright big companies definitely enjoy FTA but if they are doing good business then they will hire more people/workers, and they are going to pay more taxes, and these taxes will be distributed to more people’. Another issue for consumers is that tariffs or complicated border measures increase consumer prices. We are improving this and give benefits to consumers in FTA”. This justification of the need to liberalise agriculture to achieve benefits for key industries had not been used in the PTA signed by South Korea between Chile and the US, such as EFTA (2005) and ASEAN (2006-2007) and India (2006-2009). This was not required considering the low level of agricultural exports of these countries.

The benefits of the KORUS PTA for Korean industries mostly consisted in getting the same preferential access to the US market than Korean foreign competitors such as Canada, Australia and Mexico obtained in the years prior to 2007. In addition to the increased exports and revenues, Korean firms would benefit from gains in productivity. Before the signature of the agreement in April 2007, President Roh Moo-hyun highlighted the merits of the KORUS PTA for the main

Korean industries: “In the US market, the largest in the world, South Korea will now be able to secure price competitiveness over rival exporters not only in its core exports, such as automobile, textiles and electronics, but also in small-business products, including footwear, rubber and leather”, before downplaying the costs of the agreement: “There has been a lot of groundless fear of the free trade deal. I wish experts would hold in-depth discussions on the benefits and harms of the FTA at the National Assembly” (BBC Worldwide Monitoring, 2007b).

These gains for Korean industries were officially linked to compromises South Korea will have to make later. In a speech before the launch of the discussions, Trade Minister Hyun-chong Kim alluded to the need for South Korea to make concessions in sensitive sectors in order to secure other benefits: “So these are all issues that we will have to be making some very tough choices and tough decisions. But having said that, again, I would like to emphasize that we stand ready to make these tough decisions. They can be difficult. Nevertheless, they obviously affect industries and we intend to obviously address them” (USTR, 2006b, p.6). In the same speech, Trade Minister Hyun-chong Kim recalled the dichotomy between winners and losers of a trade agreement that is at the heart of an issue linkage, identifying Korean farmers as the main issue:

“There will be certain sectors that make gains, huge gains perhaps, and then again there are those that will be adversely affected. We have not forgotten those that will be adversely affected. In our case, quite simply put, it's the agriculture sector. But we will be spending US\$119 billion over the next ten years to assist our farmers to make that adjustment, to become more competitive, and we will also be producing additional packages to assist them” (USTR, 2006b, p.4).

The issue linkage used in the KORUS FTA to justify the opening of agricultural markets therefore relied heavily on the overall benefits of the agreement for Korean economy and key industries. Losers of trade liberalisation such as farmers were acknowledged by Korean negotiators, but their sacrifice was justified by the gains for other sectors. However, again in accordance to the case of the KCPTA previously studied, the issue linkage also included the exclusion of sensitive commodities in order to avoid triggering a fierce domestic opposition that was responsible for the political costs at the multilateral level. As another illustration, Trade Minister Hyun-chong Kim mentioned in 2006: “I don't know a single free trade agreement whereby there are no exceptions, or a staged implementation period.” (USTR, 2006b, p.6). The Korean Chief negotiator for the KORUS PTA concurred with this view by stating in a report in July 2006 that: “Moreover, in the negotiation process, sensitive areas where domestic damage is expected may be excluded from the agreement or a long implementation period may be secured.” (Kim, 2006b, p.22 (translation by the author)).

Following these statements, South Korea did indeed request the exclusion of rice from the KORUS PTA at the start of the negotiations, citing national interest as its motivation (Korea Times, 2006b). So the exclusion of rice became an official position for Korean negotiators when discussing the liberalisation of agricultural trade, and one condition they requested from the start.

Overall the Korean government adopted the same issue linkage to justify the liberalisation of agricultural trade in the KORUS PTA than in the KCPTA, by highlighting the benefits of the agreement for Korean industries and excluding sensitive commodities from the start of the negotiations. I argue that this is evidence illustrating the path dependent mechanism that is at work at the level of the Korean government and negotiators in successive trade agreements.

ii. Path dependency for US negotiators

The path dependency identified in the definition of the issue linkage at the level of the Korean negotiators should be put in perspective with the other levels of negotiation. As assumed in our hypothesis H2 and H3b, an issue linkage need to be deemed as appropriate at both international (level 1) and domestic (level 2) levels of discussions to be implemented and follow a path dependent mechanism. I suggest in this section that the path dependent aspect of the issue linkage first implemented in the KCPTA can also be observed at level 1 with the US negotiators. The US negotiators joined the issue linkage of Korean leaders about how the benefits of trade liberalisation for Korean key industries make up for concessions in agriculture. Assistant Trade Representative Wendy Cutler stated in November 2006 that Korea's concessions in agriculture "pales in comparison" to the U.S. concessions on textiles and industrial goods (The Korea Herald, 2006a). Similarly, the US Trade Representative Rob Portman to use the trade agreement to "level the playing field by bringing down tariffs to both countries" (USTR, 2006b, p.2).

This path dependency in the issue linkage was more observable about the exclusion of sensitive commodities, as US negotiators were aware of the sensitive aspects of the liberalisation of agricultural trade for Korean negotiators prior to the start of negotiations. The USTR Wendy Cutler illustrated after the 5th round of negotiations in December 2006 how US negotiators were expecting rice to be a challenging topic in the discussions:

"Let me just say that we know that the rice market is extremely sensitive for Korea. We've also made it clear to Korea that we are seeking a comprehensive FTA. In the Agriculture Group this week we started discussing items that Korea has designated in its tariff offer list, in the undefined category. So we're starting to discuss sensitive sectors. We did not get to

the rice sector, but at some point we are going to discuss rice. It's not unusual in negotiations for the most sensitive issues to be discussed at a late stage and at senior levels." (Cutler, 2006a, p.3).

So the American negotiators were expecting resistance from the Korean side on the rice issue from the beginning of the negotiations. However they still insisted to include it in the liberalisation schedule. This illustrates how the issue linkage suggested by the Korean negotiators was at first considered not satisfactory by their US counterparts, who wanted to include rice. This position may seem to contradict our assumption about path dependency in issue linkages. US negotiators did acknowledge the sensitivity of rice for the Korean issue linkage but initially did not aim at reproducing the same issue linkage. It could also be suggested that this was part of a negotiation tactic from the American negotiators in order to obtain more concessions from South Korea.

The strict position of South Korea on the exclusion of rice was denounced by many US business groups, including rice interests (States News Service, 2006). During negotiations, subcommittee Ranking Member Wally Herger (R-CA) illustrated the possible negative consequences of the exclusion of rice for the final agreement: "The exclusion of either rice or beef from this important agreement will risk congressional passage" (Inside US Trade, 2007b). But despite these pressures at their level 2, US negotiators eventually agreed to the Korean concessions on rice in the 8th round of discussions in March 2007. Therefore, despite the initial refusal to exclude rice from the US, the final text of the agreement excluded it from liberalisation, similarly to the KCPTA and other previous agreements. So the final issue linkage differed from the preferences of the US negotiators. In addition to potential Korean concessions, this change in US preferences about rice in the issue linkage is linked to the fact that US negotiators had a time constraint in their negotiations with South Korea. The authority of the US president George W. Bush to negotiate trade deals with other countries (whether they are bilateral or multilateral), also called Fast-Track authority, was amended by the Trade Act of 2002. This legislation only granted Fast Track authority until the 1st of July 2007 (US Congress, 2002).

This added time pressure is a relevant factor to explain why US negotiators eventually agreed to exclude rice from liberalisation in order to conclude the KORUS PTA in May 2007. The Deputy U.S. Trade Representative Karan Bhatia illustrated this argument as follows: "Ultimately, the question that confronted us was whether to accept a very, very good albeit less perfect agreement or to lose the entire agreement because Korea refused to move on rice. [...] And we opted for the very good over the perfect, especially because the perfect was not going to be attainable" (Inside US

Trade, 2007c). He mentioned the efforts US negotiators pursued to persuade the Korean government to drop their request on rice, without success.

The importance of the final exclusion of rice in the negotiations with the US must be put into perspective, due to the low value of rice production in the US compared to other more essential commodities such as beef. In 2004, the rice production in the US only amounted to \$1,6 billion, compared to \$77,6 billion for cattle (USDA, 2005). Overall, although the exclusion of rice may have become the standard position for South Korea when entering negotiations for a trade agreement, the final and effective exclusion will be dependent on other factors influenced by the position of the trading partner. As an example, previous discussions of South Korea with ASEAN on a potential FTA were hampered by the refusal of Thailand, the world's top rice exporter, to exclude rice from the negotiations (Malaysia General News, 2005).

So the Korean issue linkage for agricultural trade was eventually deemed as appropriate by the US negotiators, which contributed to the conclusion of the negotiations and the signature of the agreement. I argue that this illustrates the path dependent aspect of the Korean issue linkage for agricultural trade at the level 1 with the trading partner. After the successful conclusion of the KCPTA, the KORUS PTA used a similar issue linkage. Furthermore, even when the US, the most important trade partner of South Korea, tried to deviate from the previous issue linkage defined in the past, it could not impose its own definition of the issue linkage including a liberalisation of rice, and had to follow the previous template, although due to exogenous time constraints.

Interestingly for our historical approach of issue linkages and the exclusion of sensitive commodities, path dependent mechanisms were a concern on the US side. Assistant USTR for Japan, Korea and APEC Wendy Cutler stated in 2007 after the signature of the KORUS PTA that the exclusion of rice “does not create a precedent” for future PTA negotiations (Inside US Trade, 2007c). However when the MOFE director Kim Young-mo stated in April 2006 that Korean negotiators would keep domestic rice markets out of reach of US exports, he added that “Considering previous free trade pacts inked by the U.S. with other FTA partners, the U.S. agreed to clauses that (held) exceptions for some specific industries” (Korea Times, 2006c), highlighting the path dependent component of the exclusions.

Similarly, following the conclusions of the discussions in April 2007, the US Rice Federation expressed its opposition to the exclusion of rice from the Korean market opening, while underlining the historical repercussions for future US agreements: “U.S. rice farmers and marketers have been

excluded from one of the most significant bilateral trade agreements in over a decade [...] This is a bad precedent for all future free trade agreements” (USA Rice Federation, 2007).

iii. Path dependency at level 2: resistance from domestic groups

The previous sections highlighted how the path dependent mechanism initiated by the issue linkage in the KCPTA ultimately promoted the use of a similar issue linkage at level 1 of the negotiations on the Korean and US sides. Our hypothesis also suggest that this issue linkage should also be deemed appropriate at level 2 of the discussions, in this case mainly by Korean farmers groups and civil society, in order for the trade agreement to be concluded.

This is illustrated in the 2006 Diplomatic White Paper, where emphasis is placed on the need for the Korean government to have the approval from the Korean civil society in order to implement the trade agreement with the US: “The successful conclusion of the KORUS FTA negotiations hinges on the support from the relevant stakeholders and the general public” (MOFAT, 2006, p.158). However, in line with the previous negotiations on liberalisation at multilateral (Doha Round) and bilateral (KCPTA) levels, the KORUS PTA generated a fierce general domestic opposition, especially from farmers. The Korean Alliance Against KORUS FTA, a coalition composed of 300 trade unions, farmers organisation and NGOs, summarised in a letter to the US Congress in March 2007 the arguments of the opposition against the liberalisation of agriculture in the agreement (Inside US Trade, 2007a, p.2):

“we are concerned that the Korea-US FTA will make the lives of Korean farmers and the sustained development of South Korea’s farming communities much more difficult. When the South Korean was first opened as a result of the WTO Uruguay Rounds, Korea’s farmers suffered greatly. The situation has now reached the point that the future of Korean agriculture as whole is in question. Given the current conditions, we face the prospects of the disappearance of South Korean agriculture if our market is further opened through the Korea-US FTA. Statistics show that if the Korea-U.S FTA is concluded roughly half of Korean farmers will loose their livelihoods. Domestic agriculture is necessary for sustainable development and food security. For this reason countries around the world, including the United States, have agricultural subsidy policies. We would like to point out that in South Korea farming communities play the part of preserving our history, culture and the rural environment and ecosystems. If these communities are destroyed, the resultant influx from the country side to the cities will seriously exacerbate already increasing urban

poverty, unemployment and underemployment. We must emphasize that the Korea-US FTA is inviting the destruction of agriculture and agricultural life and with it, these social problems”

At the beginning of the negotiations in 2006, the Chairman of National Farmers' Association Moon Kyung-sik described the fears of farmers groups: “If the current government does not listen to these concerns and pushes forward with the Korea-US FTA as it is now, I will assure you. Like the Great June Democratization Movement, it will face national resistance [...] It is safe to say that the conclusion of an FTA with the United States means the immediate collapse of Korean agriculture [...]” (KPL, 2006, translation by the author)). He also denied the veracity of the issue linkage emphasized by Korean political leaders: “A more serious problem is that the Korea-US FTA does not have sufficient national interest to compensate for the enormous damage to the agricultural sector”.

Korean farmers protested against the successive rounds of negotiation of the KORUS PTA, in particular against any reduction of the protectionism on rice (Associated Press International, 2006b). South Korean protesters demonstrated in front of the building where FTA talks were held in July 2006, and 3500 people marched in Seoul in November 2006 (Agence France Presse, 2006). The arguments from the opposition to the KORUS PTA at the domestic level turned from a fear of damage to the domestic agricultural sector to a more global anti-American sentiment. The chairman of the National Farmers Confederation Moon Kyung Sik stated in July 2006 that “The Korea-U.S. FTA will make all South Korean people live in a U.S. economic colony, dispatching us on the path of a dark and uncertain future” (The International Herald Tribune, 2006). This anti-Americanism in the Korean society originated to the 1980s, and, in addition to the US pressures to open Korean markets to American exports, it is usually attributed to the negative aspects of the US military presence on the Korean soil in this period: American support to the dictatorship and potential complicity in the Kwangju massacre, misconduct of US personnel during the 1988 Seoul Olympics... (Kim, 1989). In addition to this anti-Americanism, popular protests also targeted decisions from the Korean president of Lee Myung-Bak, elected in February 2008: membership to the G20, Four Major Rivers project (Interview #10).

Another similarity between the issue linkages implemented in the KCPTA and the KORUS PTA resides in the uncertainties and risks that appeared during the negotiations outside of the focus on rice as a sensitive commodity. In the discussions to create a new bilateral institution with Chile, domestic pressures from fruit growers forced Korean negotiators to request the exclusion of apples and pears from the issue linkage, in exchange for Chilean concessions on Korean major industries.

When looking at the KORUS PTA, the path dependency observed for the exclusion of rice is not applicable for other exclusions from the KCPTA. Fruits such as apples and pears are not excluded from the agreement with the US, despite a similar, if not greater, threat in terms of cheap exports. The popular support for the PTA was threatened by a matter distinct from the usual arguments of protectionist groups against the liberalisation of agricultural trade (loss of income for farmers and food security): food safety.

Korean negotiators faced pressures from domestic constituencies to again limit the issue linkage in agriculture, excluding other commodities than rice. In the case of the KORUS PTA, popular concern was focused on the safety of US beef exports that were to be substantially increased after liberalisation. Initially, US beef exports to South Korea were banned in 2003 after the discovery of cases of mad cow disease in the US. Although this problem started as a separate issue from the discussions on a potential trade agreement, both became entangled in the negotiations (Interview #6).

The unexpected challenge on the Korean issue linkage originated from the asymmetry of power between each South Korea and the US, a factor characteristic of the creation of new institutions as mentioned in our theoretical framework. During preliminary talks between South Korea and the US in February 2005, American negotiators stated that concessions on priority sectors such as agriculture, intellectual property and screen quotas should be achieved by South Korea to gain domestic support on the US side (MOFAT, 2005). Korean negotiators therefore had to agree to unilateral concessions on agricultural trade to the US, in order to secure the launch of proper negotiations. This decision from Korean leaders was not part of the initial Korean issue linkage in trade negotiations, as no exchange concessions was granted by American negotiators, but was imposed by the US. After the Korean government agreed in January 2006 to resume imports of US beef, these initial concessions triggered a wide negative response from level 2 actors (Interview #10). This episode can be compared to the case of the GATT Uruguay Round, where South Korea had to agree to concessions on agricultural trade pushed by other members without using an appropriate issue linkage. This resulted in fierce opposition from domestic groups such as farmers and high political costs for Korean leaders.

This insistence from the US fuelled a resentment within the Korean opposition groups and civil society. A Korean trade advisor confirmed this aspect of the domestic opposition, noting that “the Korean Farm Federation dislikes the US and is profoundly anti-American, and most Korean people believe that there was a negative behaviour of the US in the 1990s” (Interview 9). Despite the initial agreement to open Korean beef markets to US exports signed in mid-2007, the Korean president

Lee Myung-Bak backed out from this concession in June 2008 amid popular opposition, pledging that “it is natural for the government to ban the imports of U.S. beef from cattle 30 months old and older, if the majority of the [Korean] people want” (Inside US Trade, 2008). However the issue of beef was more important for US negotiators than rice, as illustrated by USTR Spokesman Sean Spicer saying in 2007 that “Before we would sign and send [the FTA] up to Congress, there would have to be a clear path for U.S. beef” (Inside US Trade, 2007c). The issue of beef became part of another smaller issue linkage that was specifically linked to the ratification of the agreement signed in May 2007. Korean leaders were able to justify the opening of Korean markets to US beef in exchange for concessions on the import of Korean cars, a sensitive topic for the US and one of the reasons for the delayed ratification by the US Congress.

So it seems at first sight that the issue linkage implemented in the negotiations about the KORUS PTA was not able to alleviate the domestic opposition to the opening of agricultural markets. Farmers groups aligned with other divisions of the civil society to protest the negotiations, grounding their arguments on concepts of food safety. However I argue that this resistance was not targeting the usual aspect of the negotiations that the issue linkage was covering: the loss of income of farmers. This aspect of trade liberalisation did not play a major role in the discussions, and was superseded by food safety concerns. So the issue linkage at play in the KORUS PTA managed to alleviate the same aspect of domestic opposition than in previous trade agreements, confirming the path dependent mechanism at level 2 of negotiations.

iv. Final issue linkage

The effects of the path dependency at different levels of negotiations with the US as previously described eventually produced a first agreement that was signed in June 2007. Table 17 summarises the liberalisation of agricultural commodities implemented in the final text of the agreement, and compares it to the KCPTA. This comparison is interesting since it illustrates how both agreements are not exact copies, although important similarities emerge.

A potential alternative explanation to my model of path dependency in issue linkages is that Korean leaders are just negotiating the exact same agreement every time, like a copy/paste, independently from any linkage (Allee and Elsig, 2019). But as can be seen in Table 17, the win-set of the Korean government in agriculture is different in its negotiations with Chile and the US. Korean negotiators made more concessions to American exports, especially in sensitive commodities such as beef and

fruits⁵. The copy/paste explanation may be relevant for other economic sectors but it is not suitable to explain how South Korea managed to liberalise agricultural trade with the US.

In opposition, my model of path dependent issue linkages is able to explain how South Korea overcame the domestic opposition to liberalisation through the use of the same issue linkage than in the PTA with Chile: overall benefits for the Korean economy and exclusion of highly sensitive commodities such as rice. My theory does not constrain the contents of the agreements themselves, provided that the two conditions are met, and can explain why successive agreements do not liberalise agriculture in the same way.

Commodity	KCPTA	KORUS PTA
Rice	Excluded	Excluded
Beef	TRQ + DDA	15 years
Pork	10 years	10 years (fresh) - Until January 2014 (frozen)
Cheese	DDA	15 years + TRQ
Butter and milk	DDA	10 years + TRQ
Grapes	10 years + seasonal tariff	17 years + seasonal tariff
Apples and pears	Excluded	20 years
Orange	DDA	TRQ
Wheat	5 years	15 years + TRQ

Table 17: Concessions on agricultural tariffs in the KORUS PTA

So my model has so far been able to explain how Korean negotiators managed to alleviate the domestic resistance to agricultural liberalisation with such a major food exporter, but I haven't cover the second obstacle to the opening of Korean domestic food markets: food security.

D. Food security and bilateral trade agreements

The previous section focused on the issue linkage used to alleviate domestic resistance from farmers who would suffer substantial losses from a trade agreement. Loss of income and reduction of the domestic farming sector were not the only arguments of opposition groups during the negotiations. This section focuses on the other main rationale for Korean leaders to maintain trade barriers on

5. Although, in opposition to the negotiations with Chile, Korean negotiators could not ask to their US counterparts to postpone concessions after the completion of the DDA, since in 2007 the latter was already showing signs that it would not easily be concluded

agricultural imports: the potential threat from imports on food security and self-sufficiency, and consequently on national interest, issues that are highly sensitive in South Korea.

Following the implementation of the Agreement on Agriculture in 1995, South Korea promoted its vision of the multifunctionality of agriculture and non-trade concerns at the multilateral level. In 2000, in coordination with Japan, South Korea defined what would be an ideal framework to protect food security: “In the case of developed countries, the need to maintain infrastructures for production in case of crisis, and to keep a certain level of domestic production is essential to secure food security, as well as securing stable and diversified importation of agricultural products” (WTO, 2000a, p.28).

Considering this emphasis on the importance of domestic production in case of crisis for food security, it is therefore puzzling to see Korean negotiators agree to liberalise agricultural trade with a major food exporter such as the US, thereby potentially damaging domestic producers, in a period (2007-2011) of high price volatility on world markets. Even before the start of the negotiations with his US counterpart in 2006, the Korean Trade Minister warned that food security would be at the centre of the discussions on agricultural trade: “For us, food security is real. It's after all back in the 1950s when there was a Korean war and people starved to death because there was no food. And there is North Korea to the north of us. The concept of food security is real, and this is something that we have to take into account so therefore it affects our national psyche when we say we refer to staples such as rice, for instance.” (USTR, 2006b, p.10).

This apparent puzzle will be analysed in this section, using our theoretical framework, by first looking at the repercussions of the 2007-2008 food crisis on the negotiations at both levels 1 and 2, and then evaluating how the exclusion of rice in the issue linkage benefitted the Korean negotiators by decoupling the problem of food security from trade liberalisation.

i. KORUS PTA and food crisis

The period 2007-2011 experienced an usually high price volatility on world food markets affecting most commodities, with two major peaks in 2008 and 2011 as described in Figure 1. The economic and social impact of this volatility on a number of countries around the globe leading the UN to speak of a ‘food crisis’ (United Nations, 2011).

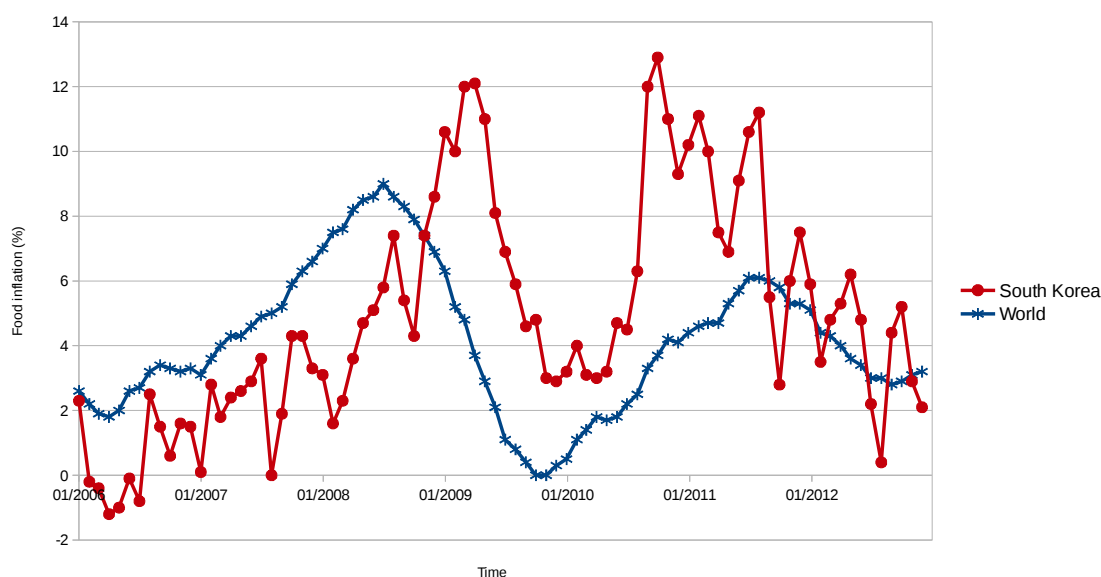


Figure 11: Comparison of food price inflation in South Korea and World on the 2006-2012 period (source: FAO)

As shown in Figure 11, this high volatility of food prices was also experienced in South Korea during the 2007-2011 period, with food inflation reaching 12% in 2009 and 2011. The negotiations around the KORUS PTA started in February 2006, the agreement being signed in May 2007 but only ratified by the American and Korean parliament at the end of 2011 after renegotiations. Discussions on the liberalisation of agricultural trade, whether it was about rice or beef, therefore occurred in this period of high price volatility and concerns about the issue of food security throughout the world. The FAO reports that the Korean government took specific measures to alleviate the effects of the food inflation on the domestic markets, by releasing stock at subsidised price, managing price control, reducing tariffs and customs fees on imports and financially assisting both consumers and farmers (Demeke et al., 2009). According to an expert from the Samsung Institute, the Korean government “cares very much about consumer prices, especially food and oil prices that are basic items” and therefore asked food processing industries to absorb a part of the food inflation to avoid passing it on the population (Interview #9). These actions explain why the volatility in food prices was lower in South Korea than in other food importing countries.

In addition to a reduced food inflation, another reason for the low echo of the global food crisis in South Korea is linked to the developed economic status of the country. Even though South Korea benefitted from the status of developing country in the negotiations in WTO rounds, South Korea’s economy is developed enough so that price volatility on world markets does not translate into substantial price surge that would prevent consumers to buy what they need. Korean consumers

allocate a limited share of their income for food-at-home expenditures. In 2007, this share was about 15,4%, compared to 14,6% for Japan and 34,9% for China (Schnepf and Richardson, 2009). Any increase in food prices would therefore be minor in relation to the income, except for the low-income groups that were more affected (Interview #3), and would not trigger any major political revendication. The impact of the price volatility on agricultural markets was much more pronounced for Korean cattle farmers. Since South Korea did not produce enough animal feed, most of it was imported from world markets. A farmer mentioned to me how “some cattle farmers could not feed their animals, so they killed them” (Interview #10).

It therefore appears that the ‘food crisis’ of the 2007-2011, although it occurred in the middle of the negotiations of the KORUS PTA, didn’t have a notable influence on domestic groups at level 2 of the negotiations in the institutional creation of the trade agreement. This is due to the low impact of the high price volatility on the Korean civil society, a major part of the level 2 in the two-level game, with a limited food inflation that did not trigger groups from civil society to oppose the agreement on the grounds of food security. Food security gathered less support in the Korean civil society, which was more focused on issues of food safety and US beef imports. This is illustrated by an advisor for the Korea-US PTA who, when I asked him about the effects of the 2008 food crisis in South Korea, replied: “I am not familiar with this food crisis [...] As far as I remember we didn’t have any situation where we said ‘Ok we are having a food crisis’” (Interview #1).

The only groups that used the argument of food security against the KORUS PTA at level 2 were farmers. Korean farmers develop a specific discourse to oppose the liberalisation of agricultural trade by relying on the notions of food self-sufficiency and food sovereignty, in opposition to food security which is a more general idea that relies on a stable and reliable supply of food, whether it comes from domestic production or imports.

ii. Decoupling of food security and agricultural liberalisation

The previous section demonstrated how the food crisis did not alter the preferences of the civil society at level 2 against the threat of the liberalisation of agriculture on food security. This lack of consideration towards the food crisis shows that the concerns of the Korean civil society towards food security were quickly decreasing, as confirmed by the previous Vice President of the Korean Association of Trade and Industry Studies: “Frankly speaking not too many people are concerned about food security, especially consumers, they don’t care [...] Debate about food sovereignty is very limited. Farmers organisations are trying to raise this kind of issue, but actually many people in general don’t think about food sovereignty” (Interview #3).

In addition to this low mobilisation of the civil society, a recurrent debate in South Korea challenged whether free trade had a positive or negative effect on food security: “In terms of economical purchasing power, the food security is important. But food security cannot be maintained only by domestic production. If we had the ability to import food with very stable prices from abroad, that is another solution for maintaining our food security. So free trade also maintains food security [...] Even through the Korean government knows very well, they did not make any argument about it in front of the Korean parliament, it is only discussed internally” (Interview #9). In this case trade liberalisation may even be advertised to promote food security. Farmers were the remaining group that focused its arguments on food security, in order to oppose trade liberalisation by promoting the self-sufficiency and sovereignty aspects (Interview #8). So food security remained a main argument in the communication of Korean negotiators at level 1 and farmers at level 2. Any liberalisation of agricultural trade would by definition impact the Korean food security. Korean negotiators had therefore to integrate together trade liberalisation and food security in order to achieve the official objectives.

The issue linkage used to justify the liberalisation of agricultural trade as part of the creation of the KORUS PTA not only had to counteract the opposition from farmers whose income was threatened by cheaper competition, but also demonstrate that the Korean food security was not jeopardised by the trade agreement. This objective was achieved by targeting rice as the only commodity for which food self-sufficiency was to be achieved in Korea. In this case, markets for other commodities may be opened to foreign exports without undermining the official objectives of food security. The consequences of this focus on rice for food security was that once rice was excluded from the discussions and the issue linkage, with the approval of the US negotiators, Korean leaders were able to argue that food security was not threatened by the liberalisation considered in the KORUS FTA, weakening the arguments from the opposition. I argue that the creation of a bilateral trade agreement with the US as a new institution allowed the Korean government to decouple the issue of food security from the negotiations on the liberalisation of agriculture.

The decoupling of food security and liberalisation of agriculture had a major consequence for the Korean negotiators. Through the creation of a new institution, they managed to alter the initial issue linkage, that originally included food security as a strong argument against any liberalisation of agricultural trade, to a situation where food security is no longer an issue and the liberalisation of agricultural trade is a less sensitive topic, as displayed in Table 18. This particular framing of food security for the specific case of South Korea weakened the argument of multifunctionality which was at the heart of the farmers’ argument.

Initial issue linkage for the liberalisation of agricultural trade		New issue linkage for the liberalisation of agricultural trade	
Loss of income for farmers + Food security	Benefits of PTA	Loss of income for farmers	Benefits of PTA

Table 18: Result of the decoupling between food security and trade liberalisation in issue linkage

E. Consequences of successful issue linkage

This section focuses on the effect of the liberalisation of agricultural trade that was achieved in the KORUS PTA partly due to the success of the issue linkage with the overall benefits of the agreement. Considering the much more substantial increase in food imports resulting from the PTA, the effects of liberalisation on the Korean farming sector are more pronounced than after the KCPTA. I argue that the path dependent mechanism defined in our theoretical framework took place on two levels: through the progressive restructuring of Korean agriculture and the decrease in public opposition to trade liberalisation in agriculture.

i. Restructuring of the domestic agricultural sector

The implementation of the KORUS PTA removed the trade barriers for US agricultural exports to South Korea, which resulted in a gradual increase from 2010/2011. Figure 12 shows this increase for major commodities exported by the US to Korea, rice having been excluded.

The opening of Korean food markets to a selected list of foreign exports in PTA and the corresponding increase in agricultural imports had a limited effect on the overall distribution of commodities in the total farming workforce in South Korea, as illustrated in Table 19. Although these ratios did not change much, the effects of the KORUS PTA are not equal for each major commodity.

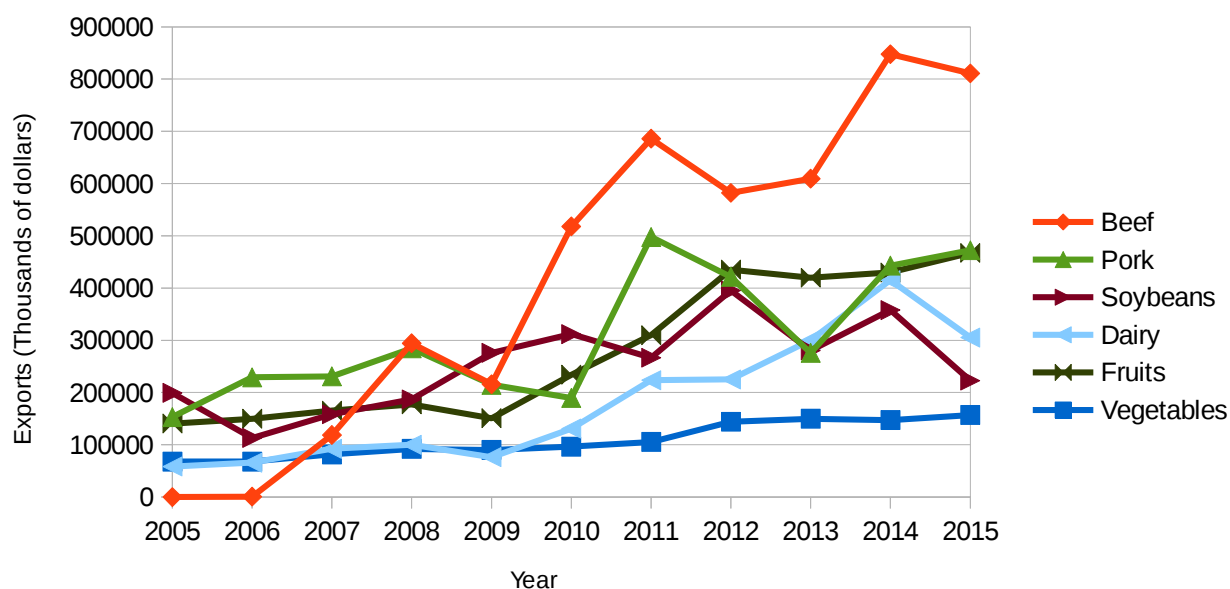


Figure 12: Exports of US main agricultural commodities to South Korea (USDA 2022)

In the case of the production of beef, a commodity for which a 40% tariff was progressively removed on the Korean side, the trade agreement did not completely destroy the domestic sector. While the number of cattle farms decreased steadily, the total number of beef cattle started increasing from 2003, evidence of the increase in the size of cattle farms. Despite a sharp increase in imports of US beef after the conclusion of the KORUS PTA (from 15 000 tons in 2007 to 107 000 tons in 2011), the total beef production in South Korea increased from 150 000 tons in 2005 to more than 250 000 tons in 2013, supported by the corresponding increase in national consumption (KREI, 2015). This is an illustration of the benefits of niche markets for Korean *Hanu* beef production, of higher quality than US exports and particularly valued in South Korea.

However, for other commodities where Korean farmers had no niche, such as dairy or pork, the effect of trade liberalisation is negative. Despite steady increase in consumption, the number of farms decreased and production stagnated, with a sharp increase in imports. This illustrates how liberalisation in Korean PTA promoted structural changes in the agricultural sector, by facilitating the development of larger and more productive farms that had a competitive status towards cheap foreign exports, while it forced the progressive closure of non-competitive farms that couldn't reorient their production towards niche commodities.

Commodity	Ratio of total farm households (%)	
	2010	2015
Paddy rice	44.4	41.7
Vegetables	19	18.2
Fruits	14.5	15.8
Livestock	6.9	4.9
Food crops	9.9	12.7

Table 19: Change in distribution of number of farming households for major food products (KOSTAT 2016)

The case of rice is different from the previously mentioned products. The exclusion of rice from liberalisation in all the Korean PTA means that domestic rice farmers did not suffer from a surge of cheap foreign competition. However the rice sector kept declining after the signature of the KORUS PTA, mainly due to structural factors. The national consumption of rice experienced a substantial reduction from 93.6 kg per capita in 2000 to 65.1 kg in 2014, affecting the level of rice production required for food security. Despite limited imports as agreed in previous multilateral discussions, the production of rice kept decreasing steadily through the beginning of the 21st century (KREI, 2015).

I argue that the rice sector in South Korea did not go through the same restructuring process as for other commodities, meaning that most rice farms still in place after the implementation of PTA did not improve their competitiveness and continued to be threatened by potential cheap foreign imports. This persistence of low competitiveness coupled with cultural values associated to rice in South Korea are key factors to explain the resilient position of Korean leaders to oppose any liberalisation of rice in bilateral trade agreements after the KORUS PTA. As a consequence of this reduction in the number of farms and the political power of farmers, the government support to the cause of farmers in South Korea also eroded after the PTA with the US. The budget share of agriculture decreased to less than 4% (Interview #4).

ii. Reduction of the public support to farmers

In addition to the decrease in political power and the restructuring of the farming sector, the conclusion of the KORUS PTA also had an effect on the public support towards the protection of agriculture in Korea.

A member of the KPL confirmed that the support for the farmers' cause progressively decreased among the Korean society, due to two main reasons. First, the overall benefits of trade

liberalisation, at the core of the issue linkage used by the government, were a sufficient motivation for a lot of people to change their opinion on the need for liberalisation:

“The majority of the public work for companies that focus mainly on the profit of exporting their products overseas, and the way they see is, in order for us to make more benefit, more profit and export more products overseas, we also have to sacrifice something and we also have to import something from them so we can make more money of it, and the easiest thing for them to sacrifice is the food, and people just think that we don’t have any problem importing food and eating imported food, because it is the same thing” (Interview #6).

This was confirmed by a chairman of a Korean think tank on food security, who described the change of status of agriculture in the Korean society: “Korean people view on agriculture in Korea has been changing a lot. In the old days, agriculture was food production. But today agriculture is rather environmental protection and leisure areas, this has very much changed” (Interview #7).

The second aspect relates to the financial assistance provided to Korean farmers by their government in previous bilateral agreements. This assistance had negative repercussions on the perception of farmers by the civil society, as explained by a member of KPL:

“The second problem is that there was a large amount of taxes spent on giving the compensation to farmers, and some of the general public assume that all this money is going to the farmers directly when in reality it is not distributed efficiently at all, it is not spent where the farmers actually need it to be spent. So then the people think that ‘oh the government spends so much money on meeting their needs and taking the compensation measures and the farmers are still complaining and the farmers are still wanting more” (Interview #6).

These two factors explain how the successful issue linkage implemented in the KORUS PTA, and inspired by the KCPTA, had repercussions on the domestic opposition at level 2 of the negotiations: the public support to the protection of agriculture was progressively reduced, leaving farmers as the main opposing group to liberalisation for the future. This is an example of positive feedback which will facilitate the completion of similar linkages in the next trade negotiations.

F. Conclusion

In conclusion, my analysis highlighted the evidence required to demonstrate how the KORUS PTA illustrates the steps 8 and 9 of my causal chain. Despite the US being a major food exporter, and the

strong resistance that could be expected from some domestic groups, the Korean government managed to liberalise most of their agricultural trade in the agreement. They achieved this by using the same institution and the same type of issue linkage compared to the KCPTA, based on the promotion of overall benefits for the Korean economy and the exclusion of a few sensitive commodities such as rice. The positive feedbacks in the issue linkages, that are at the core of the path dependent mechanisms, took place at both levels of negotiation: the trading partner and the domestic interest groups were influenced by the past issue linkage implemented by South Korea and adapted their preferences to recreate a similar issue linkage. This liberalisation was achieved with limited political costs for Korean leaders in comparison to multilateral institutions. This demonstrates the validity of my hypothesis H2 and H3b.

Since the bilateral agreement with the US (KORUS) demonstrated the first result of the path dependency initiated in the agreement with Chile (KCPTA), the next step in my analysis is to provide more evidence of the effects of the positive feedback, by investigating if this path dependency was still at play in the Korean PTAs signed after the KORUS agreement, with countries such as the EU, Australia and China.

Chapter 6: Korean PTAs with the EU, Australia and China: confirmation of path dependent issue linkages

This chapter is the last part of my empirical analysis on the liberalisation of agricultural trade by South Korea. Through a chronological approach starting at the end of the 1980s, the previous sections looked at the evolution of the institutional strategy of South Korea for agricultural trade, with a first attempt at an issue linkage at the multilateral level whose failure convinced the Korean leaders to switch to bilateral institutions to implement more appropriate issue linkages, as described in Chapter 3. In Chapters 4 and 5, I looked at two Korean bilateral trade agreements separately. The Korea-Chile PTA was the first Korean bilateral agreement to partially liberalise agriculture, with Korean negotiators experiencing with an issue linkage that emphasised the overall benefits for the key export industries and excluded sensitive commodities. The KORUS PTA illustrated the path dependent mechanism that started to take place once the issue linkage from the KCPTA proved to be successful with minimal political costs. This path dependency occurred at both levels of negotiations, domestic and international, facilitating the reproduction of the same institutional choices. However, if the Korea-Chile PTA is considered as a critical juncture, the sole KORUS trade agreement cannot properly demonstrate a path dependency in the issue linkage, only the early signs. This chapter aims at confirming the path dependency on the issue linkage used to liberalise agricultural trade as observed first in the KCPTA and then reiterated in the KORUS PTA. My theoretical framework assumes that it is harder to divert from path dependent strategies further in the future, as the path dependency should in theory lead to less resistance from international trading partners and domestic groups. So, if my assumptions are correct, it can be expected that the main issue linkage defined by Korean negotiators in the KCPTA and the KORUS PTA will be more easily negotiated and implemented in the next Korean PTAs.

Similarly to the KORUS PTA, this chapter will address my hypothesis H1, H2 and H3b, by testing the validity of the causal mechanism and the associated evidence as described in Table 5 and 6. This chapter aims at demonstrating the step 9 of the causal chain (*The government creates similar institutions to liberalise trade protections in sensitive sectors, using the first one as a template*), based on the following evidence: *More agreements are signed*, and *These agreements have similar characteristics compared to the initial one, especially regarding the exclusion of sensitive items*.

Taking into account the overall objective of this chapter of checking the existence of a path dependent mechanism on a longer time frame, I adopt a different approach, by not focusing on a

single Korean trade agreement but looking at a selection of three trade agreements signed by South Korea between 2009 and 2015, with the EU, Australia and China. The analysis of each agreement will focus on the same aspects of the issue linkage but will be less advanced than the investigation performed in the previous chapters. As explained in my case selection section (see section 2.C.ii), I suggest that this change of approach is justified in my analysis due to the similarities of these three trading partners in terms of agricultural trade, the timing of each negotiation, and the potential analytical benefits of a pluri-agreement approach.

The analysis will be divided in four sections. The first section evaluates the state of the cooperation problem over agricultural trade in South Korea after the launch of the KORUS PTA, at both the domestic and international levels, in order to assess how the institutional status-quo was again inadequate and Korean leaders needed to change their institutional strategy. Each of the three following sections looks at one of the bilateral trade agreements that were selected for this chapter: European Union, Australia and China. For each of these PTA, I analyse how Korean negotiators used the same issue linkage than for the agreements with Chile and the US, based on the overall benefits for the Korean economy and the exclusion of sensitive commodities. I describe how this issue linkage was easily accepted, and sometimes anticipated, by actors at both levels of negotiation, illustrating the path dependent mechanisms at play.

A. Cooperation problem and institutional strategy: reiteration of institutional creation

This section addresses the state of the cooperation problem in agriculture for South Korea in the late 2000s, in particular the issues of low productivity in the farming sector and the continuous pressures from foreign partners to open domestic food markets, and the changes in institutional strategy for Korean leaders that resulted from this cooperation problem. The objective is to understand why Korean leaders did not attempt to liberalise agricultural trade in the WTO Doha Round (as demonstrated in Chapter 3), but opted to keep liberalising their agricultural trade in bilateral agreements through a similar issue linkage compared to the KCPTA and KORUS PTA.

i. Korea's agricultural policy in the 2010s

As part of this last empirical chapter, this section offers a final view of Korea's agricultural policies in the 2010s, following their evolution from a statist to a more market-oriented approach as illustrated in Table 8, in accordance with the erosion, although not disappearance, of the developmental state in South Korea.

From the late 2000s, the relations between government and business in South Korea seem to have partially reverted to what was seen in a developmental state, with important nuances. Economic growth is again a priority for Korean leaders, but instead of being controlled by the state and bureaucracy, major conglomerates have more power and dictate the policies to be implemented in order for them to thrive in a competitive environment (Kalinowski, 2009). The Korean trade policy from the late 2000s was focused on getting access to potential new markets for these chaebols, through the implementation of additional trade agreements with key partners (WTO, 2012). Trade liberalisation was also expected to increase domestic competitiveness and consumer welfare.

In terms of agricultural policy, the end of the 2000s was a turning point for Korean leaders. Food security still officially a major objective of the government, especially for rice, with targets for each type of commodity. However the Korean agriculture was from this point more market-oriented, except for rice. The partial liberalisation of the farming sector previously implemented aggravated the gap between urban and rural incomes. The priority therefore remained the development of the living conditions of rural residents and the economic development of the countryside to reduce this disparity (OECD, 2011). From 2008, the Korean government enacted new policies to stimulate the food industry sector, which was up to this point neglected (KREI, 2015). Links between this high-value industry and agriculture were promoted, with investments in food processing capabilities. Supported by efforts to officially recognise local food through country of origin labelling scheme (OECD, 2010), objectives for trade policy now include access to foreign markets for Korean food products, similarly to the overall trade policy previously described.

ii. Worsening of the cooperation problem

Following the signature of the KORUS PTA, the cooperation problem in agriculture in South Korea was still a concern and a rationale for institutional cooperation, both at the domestic and international levels. At the domestic level of the Korean farming sector, the weight of agriculture in the economy kept decreasing. The ratio of farming in the Korean GDP was reduced from 3% in 2005 to 2.4 % in 2010, while at the same time the number of farm households dropped from 1.27 million to 1.17 million (KREI, 2015). The aging problem among farmers also persisted, with around 61% of them aged 60 or more in 2010, compared to 51% in 2000. At the international level, the cooperation problem also required more liberalisation in agriculture. Even through the major agricultural exporters only launched one dispute at the WTO level against South-Korea after 2000, Canada's request for consultations regarding the importation of beef in 2009 (WTO, 2012b),

Korean trading partners were still very interested into the opening of the Korean domestic agricultural markets.

For instance, at South Korea's Trade Policy Review at the WTO in 2008, major agricultural exporters, which didn't have a bilateral agreement with Korea at the time, reiterated criticisms on the Korean remaining protections in agriculture. Australia's representative raised concerns about "Korea's high agricultural tariffs and overall level of assistance for agriculture, which placed undue costs on Korean consumers and taxpayers, and were counterproductive" (WTO, 2008, p.9). Argentina's representative drew attention to "the high out-of quota tariff rates (average, peaks) applied to imports of agricultural products. Argentina had sought further details on the methods for allocation of quotas and the products that were subject to agricultural tariff quotas" (WTO, 2008, p.10). Similarly, at the following Trade Policy Review in 2012, New Zealand pushed for agricultural reforms that would "increase competitiveness and raise incomes in the rural sector, as well as support Korea's broader goals of food security and reduced prices for consumers" (WTO, 2012a, p.18). In the same meeting, China raised the issue of Korean agricultural tariffs: "That being said, there are still some areas in Korea's trade policy which cause Members' concerns. The tariff structure remains relatively complex and the agriculture sector under high protection" (WTO, 2012a, p.20), a query supported by Canada: "Canada remains concerned over the high level of agricultural tariffs in Korea" (WTO, 2012a, p.21).

Although these complaints had no legal repercussions and served purely for communication purposes, they illustrated the preferences for liberalisation of most remaining major agricultural exporters and how they kept pressuring Korean leaders in order to get preferential access to their domestic agricultural markets.

iii. Institutional strategy

The deterioration of the cooperation problem in agricultural trade required Korean leaders to again cooperate with other countries through dedicated institutions to liberalise their agricultural trade. However, the institutional strategy adopted by South Korea for agricultural trade after the KORUS PTA slightly evolved due to changes in the institutional status quo. I argue that the institutional status quo evolved because the focal institution for the liberalisation of agricultural trade changed in the end of the 2000s. Following the launch of the Doha Round at the WTO Ministerial Conference of 2001, many issues, including agricultural trade, created insurmountable stumbling blocks in the negotiations. In particular, the position of the US and the EU on agricultural trade was denounced by developing countries (Muzaka and Bishop, 2015). Discussions were pursued in several

ministerial meetings: Cancun (2003), Geneva (2004), Paris and Hong Kong (2005), Geneva (2006), Potsdam (2007)... Even if the WTO Doha Round was officially on-going in this period, no real breakthrough was achieved regarding agricultural trade. The collapse of the WTO Doha Round is usually considered to be effective after the failure of the Geneva Ministerial Conference in 2008 (Ismail, 2009).

So I consider in my analysis that from 2008, and arguably in the years before, even through the WTO was still an institution dedicated to trade liberalisation, it progressively proved to be inadequate to help countries, including South Korea, to cooperate to liberalise agricultural trade. The WTO therefore lost its status of focal institution for agricultural trade. The only other institutions available for cooperation on this issue were preferential trade agreements, which did not suffer from the same stalemate. No other multilateral institution was available to fulfil this function, due to the emphasis of the major international actors of agricultural trade to address this issue in the GATT in the second part of the 20th century, as explained in the section 3. Error: Reference source not found of this thesis.

This argument could be challenged by the fact that Korean leaders repeated during their negotiations on bilateral agreements that they still considered the WTO to be an important institution for trade liberalisation, and that its status was not called into question. In the Diplomatic White Paper of 2006, the Korean government stated that: “As 70% of Korea’s GDP relies on trade, a successful conclusion of the DDA negotiations is critically needed to guarantee a stable and favourable environment for trade. To this end, the government is committing its unrelenting efforts to advance the DDA negotiations” (MOFAT, 2006, p.178). After the negotiations at the WTO got into a stalemate, the 2012 Diplomatic White Paper reiterated their support to the conclusion of the Doha Round: “As one of the biggest beneficiaries of the multilateral trading system, Korea has worked hard at both the bilateral and multilateral levels to secure trade benefits through the successful conclusion of the DDA negotiations [...] For the stabilization of the current package, which includes a number of measures to protect its vulnerable agricultural sector, Korea actively participated in the agricultural negotiations in close cooperation with like-minded countries. Korea will continue to address its concerns and key interests based on the progress that has been made so far” (MOFAT, 2012, pp.189–191).

I argue that even if these statements demonstrate the motivation of Korean negotiators to discuss agricultural trade in the WTO, these negotiators acknowledged that the multilateral institution did not offer them any potential to open agricultural markets in the near future, as shown by this passage from the 2012 Korean Diplomatic White Paper: “Developed and developing countries, with

the major players being are the U.S., the EU, China, Brazil, and India, have become more entrenched in their positions on key issues, including agricultural and non-agricultural market access and the reduction of agricultural subsidies” (MOFAT, 2012, p.188).

I suggest instead that preferential trade agreements were not only the sole alternative to the WTO for trade liberalisation, it also proved to be adequate to open Korean agricultural markets before and during the Doha Round. This implies that a new institutional status quo took place after the stalemate of the negotiations of the WTO Doha Round at the end of the 2000s. Bilateral agreements therefore became the de facto focal institution for the liberalisation of agricultural trade in place of multilateral institutions such as the WTO.

In the case of South Korea, after creating PTA with Chile and the US as alternatives to the focal institution with a better issue linkage, the following PTA can be seen as a more simple use of the focal institution, as illustrated by the arrow 4 on Figure 13 below.

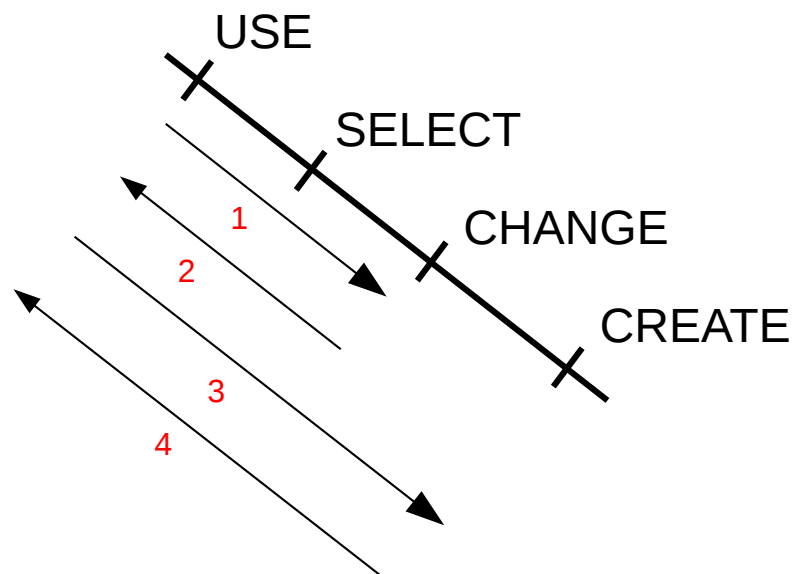


Figure 13: Shift of the Korean strategy from the creation of new institution to the use of the existing focal institution

This switch from the creation of new institutions to the use of a focal institution is also illustrated by the similarities in the liberalisation of agricultural trade among Korean PTAs analysed in this section, and the relatively short time in which they were signed. Although PTAs may not have been an optimum solution for South Korea to liberalise agricultural trade, they entail less risks and uncertainty for Korean leaders as negotiators already have experience in the liberalisation of agricultural trade in previous PTAs, illustrating the ‘good enough’ characteristic of focal institutions in the USCC theory.

B. Issue linkage in the Korea-EU PTA

After looking at the cooperation problem in agriculture and the Korean use of PTA as the new focal institution, this section explores the case of the Korea-EU PTA, the first PTA signed after the initial signature of the KORUS agreement. A timeline of the negotiations is given in Table 20. The negotiations took place in the middle of the renegotiation of the KORUS PTA (2007-2011).

Date	Step in the negotiations
May 2007	Official launch
October 2009	Conclusion of the negotiations
October 2010	Signature of the agreement
February 2011	Ratification of the agreement by the EU
May 2011	Ratification of the agreement by South Korea
July 2011	Provisional application
December 2015	Official entry into force

Table 20: Timeline of the negotiations of the Korea-EU PTA

The European Union is an interesting case study for my analysis since it has a very different trade profile in agriculture with Korea compared to the US, despite also being an overall major agricultural exporter. In comparison to the substantial US food exports to Korea, the EU did not export large quantities of agricultural commodities to South Korea prior to the agreement. In 2006 the EU exported for €665 millions of food and agricultural commodities to South Korea. Main EU exports to South Korea were pork (€297 millions), beverages and spirits (€277 millions)⁶. Despite exporting €25 millions of cereals to South Korea in 2006, the EU rice exports amounted to €6900. Exports of vegetables and fruits combined amounted to €27 millions and could be considered as minor. The threat of agricultural imports from the EU was therefore low in comparison to previous trading partners such as the US and were besides very limited to pork products. All the other main commodities produced in South Korea were not jeopardised by cheaper competition from the EU, in stark opposition to the KORUS PTA.

Following its agreement with Chile signed in February 2003, the first Korean PTA, and the agreement with the US signed in May 2007, with the largest Korean agricultural supplier, South Korea adopted a new PTA strategy: “Against this backdrop, the Korean government is making efforts to build a global FTA network which will be completed by concluding FTAs with large advanced economies as early as possible” (MOFAT, 2009, p.118). These strategically important

6. Statistics in this section are extracted from the Eurostat database

economies included China and the European Union. Based on this new strategy, Korean leaders aimed at launching a trade agreement with the EU in 2004, and went to Brussels to meet with the European Department of Trade. The EU reply to the Korean request was described as ‘insulting’ by a Korean policy advisor in an interview: “They said ‘Thank you for your interest in the EU, but the EU is sticking to multilateral negotiations [...] and why should we consider a FTA with Korea?’” (Interview #5). Later, EU leaders launched a new trade initiative labelled ‘Global Europe’ in October 2006 aiming at defining a trade policy generating growth and jobs. In addition to negotiations at the WTO level, PTA with key partners were defined as a priority. Potential PTA partners included South Korea and ASEAN as they “combine high levels of protection with large market potential and they are active in concluding FTAs with EU competitors” (Commission of the European Communities, 2006, p.9).

In September 2006 EU and Korean leaders stated that “the EU and the Republic of Korea are conducting exploratory talks, at the technical level, on a possible EU/Republic of Korea Free Trade Agreement. The aim of this discussion is to verify their common level of ambition and readiness to examine the feasibility of a comprehensive FTA. They agreed to continue their efforts to achieve tangible positive outcomes in all areas of trade and cooperation” (Council of the European Union, 2006, p.2). From this background, the next sections look at the issue linkage implemented in the negotiations of the Korea-EU PTA, to identify the evidence of path dependency. In accordance to my framework, my analysis of the issue linkage will be done at both levels of negotiations: international (level 1) and domestic (level 2).

i. Level 1 of negotiations

Considering the profile of EU exports to South Korea prior to the start of discussions about a potential trade agreement, Korean negotiators expected the negotiations on agriculture to be less challenging than in prior PTAs. In March 2007, the Korean Ministry of Foreign Affairs and Trade (MOFAT) summarised the assumptions on the Korean side:

“While the overall average tariff rate of the EU is somewhat lower than that of Korea, as the EU imposes high tariffs on major Korean export items, such as automobiles, textiles, and electronic goods, it is expected that a concluded Korea-EU FTA will bring about significant visible benefits to Korean companies. On the other hand, as the agricultural sector is a sensitive area for both Korea and the EU, in addition to the fact that the agricultural products imported from the EU are of relatively low sensitivity, the Korea-EU FTA negotiations are predicted to be less difficult than the Korea-U.S. FTA negotiations. Whiskey and wine, both

of which hardly pose any impact on Korea's domestic agricultural sector, constituted USD 220 million and USD 40 million respectively of the USD 1.4 billion (11.1% of total agricultural imports) in agricultural imports to Korea from the EU in 2005. In addition, frozen pork, for which there is a shortage of supply in Korea's domestic market, recorded imports worth USD 240 million" (MOFAT, 2007).

Similarly, Kim Do-hoon, an economist from the Korea Institute for Industrial Economics and Trade stated in April 2007 that "The EU's major agriculture export items do not clash with our farming industries, so the talks wouldn't pose as much burden on us compared to our experience with the United States" (The Korea Herald, 2007b). However, despite this relatively positive view of the fate of the Korean agriculture after the Korea-EU PTA, the Korean government acknowledged the potential damages of liberalisation on the farming sector, and prepared measures to alleviate these damages. Chang Tae-pyong, the Korean Minister for food and agriculture at the time, acknowledged the damages of the Korea-EU PTA on the domestic farming sector and pledged efforts to alleviate them: "We, therefore, plan to establish a taskforce and draw up a comprehensive counter-plan by the end of the latter half of this year" (The Korea Herald, 2009a).

The exclusion of sensitive commodities was the core measure aiming at reducing the blow to agriculture. The deputy minister for FTA Promotion & Policy Adjustment Authority of the Ministry of Strategy and Finance Lee Sung-han defended the issue linkage on agricultural liberalisation: "Some people have a misunderstanding that a free trade agreement would lead to opening of the market for all agricultural products [...] But that's not true. [...] We have negotiated in a way that vulnerable sectors can prepare themselves with better competitiveness, either by leaving the tariff unchanged for some products or by allowing a slow, gradual phase-out of the tariff for others." (The Korea Herald, 2009b). The previous statement also illustrates the path dependent issue linkage that is used by Korean leaders to justify opening the domestic agricultural markets in the PTA with the EU. Despite initially minimising the risks for the farming sector before the start of negotiations, due to the low level of competition of EU agricultural exports, Korean leaders still chose to use the issue linkage as defined in previous successful trade agreements, with a focus on the exclusion of sensitive commodities such as rice.

South Korea requested the exclusion of sensitive commodities, including rice, from the negotiations just before the second round of negotiations in July 2007 (Xinhua News Agency, 2007). These exclusions included rice as well as 150 other products, equivalent to around 10% of agricultural commodities (The Korea Herald, 2007a). Korean negotiators requested this exclusion of sensitive commodities as a precondition for the pursuit of discussions, as illustrated by one of the Korean

negotiators in an interview: “At first, Korea wanted a kind of guarantee for the exclusion list. Without this prior guarantee, Korea would not stay at the table of negotiations” (Interview #5). The Korean Trade Minister Kim Jong-hoon explained in March 2009, before the conclusion of the negotiations, why Korean negotiators requested the exclusion of sensitive commodities that were not exported by the EU in the first place: “These items may not be of interest anyways to the EU, but we sought for their sensitive nature to be reflected in the accord as they are important to us” (The Korea Herald, 2009c).

I argue that this illustrates how Korean leaders did not adapt their win-set and the associated issue linkage in PTA negotiations to the specificities of their trading partners, but opted to ask for the same exclusions from previous PTAs, as expected in a path dependent mechanism. Despite the EU being a limited threat for the Korean agricultural sector, Korean negotiators applied the issue linkage than in the KCPTA and the KORUS PTA. I suggest that this issue linkage became a template that was applied by default in Korean bilateral agreements. However, this path dependency on the Korean side was initially not completely accepted by EU negotiators. Despite the initial requests from Korean negotiators to exclude sensitive products in agriculture, the EU pushed to extend the liberalisation schedule and gain larger access to the Korean food markets (BBC Worldwide Monitoring, 2007a; Deutsche Presse-Argetur, 2007). The EU stance was described as “very aggressive” by a Korean advisor I interviewed, with the final concession schedule suggested by the EU requesting that barriers on all agricultural commodities be eliminated in 0 to 3 years (Interview #5). Here again the hard stance of the EU negotiators on agricultural trade can also be seen as a bargaining tactic to obtain more concessions in other sectors. This does not necessarily challenge my path dependent hypothesis as long as the EU eventually agreed to implement the issue linkage desired by South Korea. Indeed, the EU eventually conceded to the most sensitive Korean demands on agriculture commodities in exchange for Korean compromises on geographical indications (Interview #5).

The liberalisation schedule in agriculture implemented in the Korea-EU PTA displays striking similarities when compared to the KORUS PTA schedule, particularly when looking at sensitive agricultural commodities, as shown in Table 21. I argue that these similarities in the liberalisation schedule of the Korean PTAs with the US and the EU illustrates that path dependency also occurred on the European side, where the contents of the issue linkage involving the liberalisation of agricultural trade is remarkably consistent in time. This consistency is particularly interesting considering that the initial priorities in terms of trade liberalisation were substantially different between the US (beef, pork, fruits and vegetables) and the EU (pork, processed food). This

demonstrates that foreign negotiators at level 1 of the discussions are willing to accept the template issue linkage suggested by the Korean side.

Commodities	KORUS PTA	Korea-EU PTA
Rice	Exclusion	Exclusion
Beef	15 years + SM	16 years + SM
Pork	10 years + SM	11 years +SM
Barley (Malt)	15 years + SM + TRQ	16 years + SM + TRQ
Orange	Seasonal tariff + TRQ	Seasonal tariff + TRQ
Grapes	Seasonal tariff	Seasonal tariff

SM = Safeguard Measures, TRQ = Tariff Rate Quota

Official texts available at <https://english.motie.go.kr/en/if/ftanetwork/ftanetwork.jsp>

Table 21: Comparison of concessions for sensitive agricultural products by South Korea in the KORUS and Korea-EU PTA

ii. Level 2 of negotiations

Path dependent mechanisms can be noticed at level 1 of the negotiations, between Korean and European negotiators, and I argue that they also occurred at level 2 among domestic groups in South Korea. On the domestic side, the level of opposition to the Korea-EU PTA was substantially reduced in comparison to the KCPTA and KORUS agreements. In opposition to the previous negotiations with Chile and the US, the Korean domestic opposition to PTA was mainly supported by farmers and less by the civil society.

In comparison to mass street demonstrations against the opening of Korean markets to US agricultural exports, the opposition to the agreement with the EU only involved small protests from minority groups. For instance, the Korean Alliance Against FTA staged a lone protest outside the building where talks are being held in October 2007, arguing that: “South Korea is giving up its agriculture, environment, as well as its people's right to claim good health [...] The FTA with the EU will not save us, but only will lead us into what we went through after the Asian financial crisis.” (BBC Worldwide Monitoring, 2007c). In 2006, the KAFF published a statement criticising the negotiations with the EU, and particularly the benefits for the Korean economy, a key aspect of the issue linkage at play:

“The EU is Korea's third-largest importer of agricultural products after the US and China, and it is simply a childish idea that the EU easily yields to the agricultural market, and unless the government strategy that selects agriculture as a sacrifice card changes, it will be

re-established again. The damage to agriculture and farmers is clear and unambiguous. In addition, the rosy blueprint for GDP and new employment growth has not been verified by academia, and even the Korea Institute for International Economic Cooperation has not been able to properly provide the basis for this analysis” (KAFF, 2006, via Google Translate).

In this same statement, the KAFF mentions the path dependent aspect of trade negotiations: “The government should be very aware that the Korea-EU FTA, which is being rushed forward, will not only have a leverage effect on the Korea-US FTA negotiations, but will only provoke strong resistance from the majority of the people who are angry with the Korea-US FTA as 'pouring oil on a burned-out house” (KAFF, 2006, via Google Translate).

In opposition to the mobilisation of farmers’ groups, the involvement of the Korean civil society was greatly reduced compared to previous trade agreements. This lesser participation of the civil society can be partially due to the overall better reputation of the EU in the Korean society compared to the US (see section 5.C.iii), as the chief Seoul negotiator explained: “The economic effect (of the South Korea-EU FTA) might be similar to that of the South Korea-U.S. FTA [...] But I don't think there will be such fierce objections as those driven by so-called anti-Americanism” (Korea Times, 2007b). Lee Kyung-tae, president of the Korea Institute for International Economic Policy, corroborated this aspect of the Korea-EU PTA in July 2006, months before the official launch of the negotiations:

“The fact is that the Korea-U.S. FTA is creating high level emotional reaction from many Korean people [...] So we have to deal with this. But I see a lesser reaction for a Korea-EU FTA. [...] To some Korean people, the U.S. is perceived to be a very threatening power economically [...] But I don't think the EU is perceived equally with the U.S. [...] The EU and Korea share some common position about agriculture” with the EU also focusing on “non-trade concerns ... so hopefully on agriculture the EU and Korea will not have so sharp conflict” (Associated Press International, 2006a).

The reduced opposition of domestic groups at level 2 of the negotiations had an effect on the political costs from the ratification process. In opposition to the tumultuous ratification process that followed the signature at level 1 of the Korean PTA with Chile and the US, the ratification of the Korea-EU PTA was more uneventful. Despite a boycott of the vote from the Democratic Party, the main opposition force, the agreement was easily ratified by the National Assembly in May 2011 (The San Diego Union Tribune, 2011).

In conclusion, the Korea-EU PTA demonstrated evidence of the path dependency analysed in the chapters on Chile and the US. This path dependent mechanism resulted in the implementation of an issue linkage similar to the occurrences previously observed in my analysis. This issue linkage was not adapted to the specificities of the EU agricultural exports to South Korea, especially regarding the exclusion of sensitive commodities that the EU did not export anyway. This 'template' linkage was more easily accepted at both levels of negotiations on agricultural trade in comparison to previous trade agreements. The resistance of opposition groups and the mobilisation of the civil society, major obstacles to the negotiation and ratification of the PTA with Chile and the US, were substantially reduced, illustrating the effects of positive feedbacks.

C. Issue linkage in the Korea-Australia PTA

After looking at the liberalisation of agricultural trade in the Korea-EU PTA, an agreement which was negotiated directly after the signature of the more important KORUS PTA, the signature of the Korea-Australia PTA (KAPTA) took place several years later in 2014, giving me the opportunity to evaluate the effects of time in path dependent mechanisms. A timeline of the negotiations is given in Table 22.

South Korea negotiated and signed PTA with other countries, not major agricultural exporters, between the Korea-EU PTA and the KAPTA: Peru (2009-2011) and Turkey (2010-2013). However these countries are not major agricultural exporters so I did not select them as interesting case studies. South Korea and the US also managed to both ratify the final text of the KORUS PTA in 2012, after controversial issues such as beef and cars were discussed. Although I selected Australia as an interesting case for my analysis, due to the high volume of Australian agricultural exports to South Korea, Canada and New Zealand were also relevant examples as they presented similar characteristics in terms of agricultural trade and trade liberalisation. All three countries are medium agricultural exporters, with exports focused on a limited number of commodities, and they all signed PTAs with South Korea between 2014 and 2015.

Date	Step in the negotiations
March 2009	Official launch
December 2013	Conclusion of the negotiations
April 2014	Signature of the agreement
December 2014	Ratification of the agreement by South Korea
December 2014	Official entry into force

Table 22: Timeline of the negotiations of the Korea-Australia PTA

In 2010 Australia’s main exports to South Korea were mineral ores and fuels, with respectively \$9 and \$6 billions, while Korea’s main exports to Australia were cars (\$2.25 billions)⁷. Australia’s main agricultural exports to South Korea were cattle (\$630 millions), sugar (\$640 millions) and wheat (\$253 millions)⁸. In comparison, Canada’s main agricultural exports to South Korea were pork (\$132 millions) and wheat (\$122 millions), and New Zealand’s main agricultural exports to South

7. Data from Korean Customs

8. Data from FAO

Korea were cattle (\$100 millions) and cheese (\$100 millions). Australian exported less than \$500,000 in rice to South Korea, while New Zealand and Canada did not produce any, so similarly to the case of the EU, these three countries did not present a significant threat to Korean main farming sectors.

Negotiations on a Korea-Australia trade agreement officially started in 2009, but unofficial discussions about a potential bilateral trade agreement between the two countries occurred earlier. As mentioned in Chapter 4.i, the idea of a bilateral trade agreement between South Korea and Australia was already suggested by Australian negotiators in 1999. However Korean negotiators considered an agreement with Australia as a long term prospect and with the condition that agricultural commodities are excluded (Joint Standing Committee on Foreign Affairs, 2006), a condition which was deemed as unacceptable by Australia. The project of Korea-Australia PTA was delayed to avoid any further opposition on the Korean side, as explained to an Australian Trade Committee by the Korean ambassador in 2005:

“The Ambassador advised the Committee that as a result of pressure from the RoK agricultural sector, the RoK would need ‘some time until we will be able to expand our negotiations’ to include Australia in its FTA roadmap. He did note, however, that Australia is not excluded from this process, rather the RoK has some ‘later timing in mind’ for an Australia–RoK FTA” (Joint Standing Committee on Foreign Affairs, 2006, pp.75–76).

In reaction, Australian negotiators tried to demonstrate that their agricultural exports were in fact not a threat to the Korean farming sector. In January 2006 the Australian Ambassador in South Korea Peter Rowe stated a PTA with Korea as a priority of his mandate:

“I think we have to demonstrate that Australia is not the threat on agriculture that many, not only Korea, perceive it to be. For Korea, we really would not pose a serious threat to its agriculture sector [...] Much of what we do is counter-seasonal so it doesn’t threaten especially in horticulture [...] We can work for an agreement that Korea is comfortable with [...] I think once everything is on the table we will see that the issue is not the major stumbling block that it seems to be at the moment [...] Australia is not a big rice producer” (The Korea Herald, 2006b).

In 2008, the Australia Trade Minister Simon Crean stated that “some of the concessions gained by other countries are a threat to Australian exporters to Korea, so it's crucial for Australia to push ahead quickly with negotiations” (Australian Financial Review, 2009). This threat was mainly targeting the beef sector, one of the main Australian agricultural exports. In the same article, Glen

Feist, the Meat and Livestock Australia's regional manager for Korea, added: “We could probably put up with this for a couple of years, but after that time we'll be absolutely uncompetitive compared to US beef”, while another spokesperson of the Australian beef industry called for “import parity”. In 2013 the Australian Parliament reiterated the objectives of the negotiations for a PTA with South Korea: “Our objective in the negotiations is to put Australian exporters on an equal footing with US and EU competitors which have obtained improved access to the Korean market” (Joint Standing Committee on Foreign Affairs, 2013, p.99).

On the Korean side, Australia was part of the strategy to sign bilateral agreements with countries rich in natural resources, along with Canada, New Zealand and the Gulf Cooperation Council. The 2010 Diplomatic White Paper mentions that South Korea aimed at establishing strategic and systematic FTA policies to secure overseas markets in the “aftermath of the global economic downturn” of 2008 (MOFAT, 2010, p.123). Australia is presented as a “major exporter of natural resources and agricultural products, with strong reform policies and advanced technologies in the agricultural sector”, with whom trade liberalisation is presented as beneficial for South Korea due to the increase in exports, along with the argument that “natural resource imports would enhance Korea’s energy and resource security” (MOFAT, 2010, pp.130–131).

i. Level 1 of negotiations

As discussed in the previous section on the Korea-EU PTA, I look at the promotion of an issue linkage by Korean leaders to justify the liberalisation of Korean agricultural trade, based on the two elements already identified: overall benefits for the Korean economy and protection of sensitive commodities.

Similarly to the PTA with the EU, Korean leaders initially underplayed the threat of Australian agricultural exports on the Korean sector. In August 2007, before the launch of the negotiations, a Korean senior ministry official illustrated the role of overall benefits for South Korea in the issue linkage to liberalise agricultural trade: “However, since Korea signed the FTA with the U.S., the one with Australia would not negatively affect the country's agricultural sector as much as it would otherwise. Korea is expected to garner more benefits than harms in signing the FTA with Australia” (Korea Times, 2007a). The ministry's chief FTA negotiator Woo Tae-hee illustrated the two components of the issue linkage as assumed in my framework (overall benefits and exclusion of sensitive commodities): “The Korea-Australia FTA is to be a highly beneficial trade pact for Korea, as it visibly eliminates trade burden for our export items while keeping a barrier against imported agro-livestock goods [...] Considering the special characteristic of the agro-livestock market, we

secured a variety of protective measures” (The Korea Herald, 2013a). Choi Seong-keun, a senior researcher at Hyundai Research Institute, illustrated how the gain in competitiveness for liberalised commodities might facilitate the implementation of the issue linkage, by reducing the competing threat of Australian imports:

“Australia is a developed country with huge market potential, an economic powerhouse with high purchasing power. While Australia was considered mostly as a natural resource supplier for Korea, the FTA has set up a basis for us to expand exports and investments, opening a new market [...] The beef is coming from diverse countries. The Australian beef will gain a competitive edge in the market following the FTA, but it will be limited [...] The government should prepare measures to enhance the competitiveness of the Korean beef. There certainly are consumers who prefer the Korean beef. Farmers won't need to worry too much if they set up a system to produce quality beef” (Korea Times, 2014a).

In addition to the position of the Korean government about the issue linkage in agriculture, the Australian government also tried to minimise the need for an issue linkage by using reverberation in the early discussions. Australia's ambassador in South Korea Peter Rowe mentioned the 'overall benefits' element of the issue linkage when he tried to reassure Korean farmers in February 2006, arguing that:

“Our beef doesn't really compete with Hanu, or Korean beef. Koreans prefer Hanu beef and every last bit of it gets sold. Australian beef is simply filling in the gap in the demand that local industry can't meet [...] The only area where real tariffs remain in Australia are cars. So a Free Trade Agreement would lower the tariffs on (Korean) cars. They are very popular in Australia so sales will really increase” (Korea Times, 2006a).

Likewise, later in 2009, the Australian ambassador Sam Gerovich mentioned both elements of the issue linkage (overall benefits and protection of sensitive commodities):

“In an FTA, Korean industrial goods will enjoy improved market access with more than 70 percent currently facing tariffs in Australia [...] Many Koreans believe that an FTA with Australia would pose a threat to and undermine the Korean agricultural sector. This is simply not true [...] We do not represent a threat to Korean rice farmers” (The Korea Herald, 2009d).

So the issue linkage used to justify the liberalisation of Korean agricultural trade was also promoted by both Korean and Australian political actors before the official launch of the negotiations,

illustrating how it had become widely accepted as a measure to facilitate the inclusion of agriculture in the trade negotiations.

The final text of the agreement signed in 2014 liberalised most of Korean agricultural trade. In particular, Korea eliminated tariffs on sugar and wheat. The tariffs on Australian beef (40%) and dairy will be progressively eliminated over a 15-year period. 171 sensitive items have been excluded from liberalisation, including rice and other minor commodities such as walnuts and honey. In total, only 0,2% of Korea imports from Australia have been excluded from negotiations. In fact, similarly to my analysis of the similarities between the Korea-EU and the KORUS PTA, the KAPTA and KORUS PTA displays striking concordances, as listed in Table 23.

Commodities	KORUS PTA	KAPTA PTA
Rice	Exclusion	Exclusion
Beef	15 years + SM	15 years + SM
Pork	10 years + SM	10-15 years
Barley (Malt)	15 years + SM + TRQ	15 years + SM + TRQ
Orange	Seasonal tariff + TRQ	Seasonal tariff
Grapes	Seasonal tariff	Seasonal tariff

Table 23: Comparison of concessions for sensitive agricultural products by South Korea in the KORUS and KAPTA PTA

The final text of the KAFTA agreement illustrates how the exclusion of sensitive commodities, including rice, became the norm for the Korean negotiations, even for a country like Australia which exports very limited amounts of rice. Interestingly, a report from the Australian Parliament published after the signature of the Korea-Australia PTA illustrates why Australian negotiators were keen to accept the request from their Korean counterparts to exclude sensitive commodities, and how this eventually facilitate the implementation of an issue linkage:

“Korea has also excluded many of these sensitive products from their previous FTAs including rice which has been excluded from all of Korea’s FTAs, meaning Australian exporters will not be disadvantaged vis-à-vis their competitors [...] The Ricegrowers Association of Australia expressed disappointment that rice was excluded from KAFTA with South Korea being an important market for the Australian rice industry. While Australia negotiated on every product, some products were too sensitive for Korea to include in KAFTA. Rice is a highly sensitive product for South Korea and its inclusion in KAFTA proved too difficult, particularly since rice is excluded from all Korea’s FTAs, including

with the United States and European Union. Accordingly, although rice does not benefit from greater market access under KAFTA, rice growers of Australia will not be disadvantaged vis-à-vis its other foreign competitors in the Korean market” (Department of Foreign Affairs and Trade, 2014).

This is another illustration of the path dependency in the Korean issue linkage at level 1 of discussions, in this case the exclusion of sensitive commodities. Australian negotiators tried to include rice in the liberalisation schedule, but eventually agreed to follow the same issue linkage as implemented in previous trade agreements.

ii. Level 2 of negotiations

In line with the outcomes of the Korea-EU PTA, the opposition of domestic groups to the KAPTA agreement was very limited, in comparison with the Korean trade agreements with Chile and the US. A parliamentary official suggested in October 2014 that the ratification of the KAPTA agreement was going to be easier than other PTA due to less resistance from domestic groups: “It appears the deal will be passed sooner or later as the agreement is not causing as much social friction as the free trade accord with the U.S” (The Korea Herald, 2014b). Australian leaders also expected a lesser opposition from domestic groups, due to the temporal effect of liberalisation on lobbying groups as theorised in my framework. In a research note, the Parliament of Australia stated that:

“A successful FTA deal with the United States would complement government initiated structural reform, as cheaper agricultural imports push inefficient small-scale operators out of the market. It may also have the effect of reducing the strength of lobby groups opposed to an FTA with Australia. Australian agricultural exports that are considered sensitive in the Korean market, primarily beef and dairy, would more than likely already be partially liberalised as a result of an FTA with the United States” (Parliament of Australia, 2006).

These expectations from Korean and Australian negotiators proved to be relatively correct. The main resistance came from groups directly impacted by the market opening. Beef and dairy farmers, who are threatened by the opening of agricultural markets defined in the KAPTA agreement, protested with a 15-day hunger strike in front of the national legislature in Seoul (The Korea Herald, 2014a). However their goal was not to oppose the liberalisation but to request more subsidies to alleviate the damages once the agreement is ratified. Similarly to the Korea-EU PTA, the civil society did not oppose significant resistance in the negotiations. In a statement published in

2014, the KPL blamed the government for the concessions on agriculture made in the trade agreement with Australia, even comparing the negotiations with what was negotiated by Japan with Australia:

“On December 2nd, a bill to ratify the Korea-Australia and Korea-Canada FTA was proposed on the agenda of the plenary session of the National Assembly. It is a disgraceful appearance that shows that the National Assembly has given up on agriculture and handled the hasty negotiations without taking proper measures, giving up even the status the people have given them and showing that it is at the level of the Blue House. FTAs with Australia and Canada are expected to cause damage to livestock and dairy farming in the agricultural sector. In particular, the Korean beef industry, which can be said to be the pillar of Korean agriculture, faced a major crisis as the Korea-US FTA, which already took effect, and the Korea-New Zealand FTA, which was concluded last month, overlapped. [...] The government said that it protected agriculture as much as possible in the FTA negotiations, but it is revealed as a lie. [...] In Japan alone, while promoting the Economic Partnership Agreement (EPA) with Australia in the form of a free trade agreement (FTA), tariffs were not eliminated, but only half of the tariffs were lowered. Korea agreed to abolish tariffs for 15 years, and set up emergency import restrictions on agricultural products (ASG) at a disadvantage compared to Japan, so hasty negotiations turned out to be true. [...] At the very least, if the ratification bill is to be processed, the National Assembly will have to do its best to come up with practical measures as well as evaluate the negotiations and persuade the farmers. However, if we ignore the people's warning and process the ratification bill, we will define the lawmakers who have promoted and approved it as anti-peasant lawmakers and will forever expel them through the political judgment struggle” (KPL, 2014, via Google Translate)

So beef and dairy farmers were the main group who officially opposed the signature of the agreement, but they ultimately accepted the liberalisation on the condition that assistance was given as part of the issue linkage. This formal opposition from beef and dairy farmers continued until the ratification process, with Lee Gang-heoun, a spokesman for the four dairy and livestock farmers' associations, stating in November 2014: “We have not ruled out resuming our hunger strike or even bringing our cattle to the National Assembly, should lawmakers default on their promises” (The Korea Herald, 2014a). In reaction to the resistance from beef and dairy farmers, the ratification of the KAPTA was promoted by export-oriented Korean industrial groups such as Hyundai (cars) and POSCO (steel). These groups wanted to have preferential access to the Australian market before

their Japanese counterparts, as Japan aimed to ratify its own PTA with Australia in 2015 (Australian Financial Review, 2014). This is another illustration of the weight of the benefits of trade liberalisation for other economic sectors in the issue linkage to reduce the power of agricultural protectionism. The text of the KAPTA was submitted to the Korean Parliament in September 2014 and was ratified in early December 2014 (National Assembly of the Republic of Korea, 2014).

In conclusion, in line with my findings on the Korea-EU PTA, the Korea-Australia PTA illustrates how the path dependent issue linkage inherited from previous Korean PTAs effectively reduced the opposition from the civil society and rice farmers. The only opposition group who was vocal about the negotiations and ratification were beef and dairy farmers. But this resistance was not as strong as in previous negotiations, and it was also alleviated by the weight of overall benefits for the Korean economy and the exclusion of sensitive commodities included in the issue linkage.

D. Issue linkage in the Korea-China PTA

After looking at the Korea-EU and Korea-Australia trade agreements, this final section looks at the bilateral trade agreement signed by South Korea and China in 2015. A timeline of the negotiations is given in Table 24.

Date	Step in the negotiations
May 2012	Official launch
November 2014	Conclusion of the negotiations
June 2015	Signature of the agreement
November 2015	Ratification of the agreement by South Korea
December 2015	Official entry into force

Table 24: Timeline of the negotiations of the Korea-China PTA

In 2003, China became the first export destination of South Korea, and this trade connection substantially grew in the following decade. In 2014, Korean exports to China were worth \$145 billions, more than 25% of Korean total exports and more than double the value of exports to the US (\$70 billions). Similarly, Chinese exports from Korea were equal to \$90 billions, more than 17% of total Korean imports, and much higher than their US counterparts (\$45 billions)⁹.

9. Data from Korean Customs and WITS

This agreement was selected as part of my analysis due to the nature of Chinese agricultural exports. The topic of agricultural trade with China was particularly sensitive in South Korea. In opposition to the other PTA signed by South Korea around 2014/2015 (Australia, New Zealand, Canada), the Korea-China PTA posed a significant threat to Korean farmers, due to the proximity, high competitiveness and wide range of Chinese agricultural exports. China's main agricultural exports to South Korea in 2010 were vegetables (\$377 millions) and rice (\$272 millions)¹⁰. A member of the Korean Peasants League told me in an interview that illegal Chinese food exports to Korea were already a main threat to Korean farmers before the negotiations: "A large amount of our food is imported from China in illegal ways. We call it 'Puttarisan'¹¹, that's when the Chinese smuggle crops from China and bring it in Korea in their suitcases when they fly. That is a large percentage of our food" (Interview #6). Opposition lawmaker Park Joo-sun mentioned in 2012 the potential threat of Chinese farm exports to Korea:

"Agriculture, livestock and fishing industries should be dealt with extreme caution. Unlike the U.S., China produces the same agricultural products as South Korea does. Also, its geographical proximity eliminates concerns regarding freshness of the products which is the most important aspect of trading agricultural products. Furthermore, regarding the price competitiveness, Chinese agricultural products are overwhelming priced at 1/3-1/4 of the price of Korean products" (The Korea Herald, 2012a).

The negotiations over the Korea-China PTA were conducted among discussions for other types of trade agreements, with suggestions for a tripartite China-Korea-Japan PTA, and the negotiations of the Trans-Pacific Partnership that involved 12 countries (which excluded China).

i. Level 1 of negotiations

Similarly to the signature of PTA analysed in previous sections of this chapter, the issue linkage used to justify the liberalisation of agricultural trade was based on the promotion of overall benefits for the Korean economy and an exclusion of sensitive sectors such as rice. This strategy can be identified in the communication of the Korean government as soon as 2007, before the official launch of the negotiations. A KIEP report from 2006 illustrates how the negotiations with China on agriculture can be traced back to the PTA with Chile, notably with the exclusion of sensitive commodities that was part of the issue linkage:

10. Data from FAO

11. My personal transcription of the Korean word in Western alphabet, I could not find any existing translation

“The Korea-Chile FTA paved a new path for resolving the agricultural issue. It set down a long period of transition, allowing for step-by-step liberalisation of those sensitive markets of rice, apples, pears, etc. China can also follow suit to compromise on some sensitive agricultural products in Korea, or even put aside the agricultural issue, as Premier Wen Jiabao said” (Zhang, 2006, p.27).

In 2007 the MOFAT emphasised the objective of Korean negotiators to exclude sensitive commodities from negotiations, while looking for benefits for other Korean economic sectors:

“While China has continued to express interest in launching Korea-China FTA negotiations, Korea has maintained the position that there needs to be sufficient consideration of sensitive sectors, as the geographical proximity and similarity in production structures for agricultural and fishery products between Korea and China are likely to cause excessive damage to Korea’s sensitive sectors. The upcoming Joint Study Meetings have been agreed upon based on the common understanding that such sensitive sectors should be exempted from liberalisation under an FTA [...] Through this round of meetings, the Korean side plans to emphasize its upholding of an FTA that is comprehensive, including not only trade in goods, services and investment, but also intellectual property rights, government procurement, and competition policy. Korea will also stress the need to provide full consideration for structurally weak and sensitive products such as agricultural and fishery items.” (MOFAT, 2007).

Similarly, in 2011, the Korean Diplomatic White Paper reiterated the principles of this strategy:

“The conclusion of the Korea-China FTA is expected to create economic benefits, including the opportunity to establish a position in the Chinese market, China’s increased investment in Korea, and increased foreign investment in Korea by foreign investors who wish to establish a foothold in Korea to advance into the Chinese market, which will help create jobs for Korean workers [...] However, there are growing concerns over the agriculture and fishing industries due to the two countries’ geographical proximity and similarity in the pattern of consumption. By gathering the public’s opinion on the Agreement, the Government intends to reach a national consensus on pursuing the Korea-China FTA negotiations. The Government will also make efforts to reach an agreement with China on the necessary means and measures to address sensitive issues before the launch of negotiations” (MOFAT, 2012, pp.151–152).

The 'exclusion of sensitive commodities' aspect of the Korean issue linkage has been acknowledged by Chinese negotiators after the conclusion of the Korea-Chile PTA. In August 2005, in early discussions about a potential agreement, China's deputy commerce minister Li Shaozun told South Korea that China was willing to "show flexibility for sensitive items such as rice" (Hankyoreh, 2006b). This illustrates the path dependent mechanisms at play at level 1 of the negotiations, with China anticipating the need of Korean negotiators to exclude sensitive agricultural commodities from liberalisation to engage in negotiations on agricultural trade.

Despite this emphasis on flexibility in agriculture, an interview of a South Korean trade official in the Hankyoreh newspaper sheds more light on the way agriculture was still a stumbling block for Korean leaders in the perspective of a PTA with China in 2005 (Hankyoreh, 2006a). When asked why South Korea refused to negotiate with China for a potential PTA, he stated that: "South Korean produce cannot compete with Chinese agricultural products [in terms of price]. We had more than 200 items on the list of sensitive products. How can we solve the problem? We will not be able to stand the outcry from local farmers", adding that even China was willing to adopt a flexible stance on the agriculture issue, "Regardless of flexibility, it would be almost impossible to deal with 200 sensitive items". Similarly, prior to the start of the negotiations of the Korea-China PTA, Korean and Chinese negotiators agreed to establish a list of 'ultra-sensitive' commodities that would be excluded from the negotiations, as explained by the Korean Trade Minister Bark Tae-ho:

"We have agreed with China that items in the ultra-sensitive FTA basket will not be included in the negotiations [...] We will continue negotiations only after reaching agreements on the list of ultra-sensitive products [...] We have agreed with China that items in this basket will not be the subject of FTA negotiations [...] Mostly, agricultural crops such as rice, garlic and sesame as well as some industrial items will be in the basket. But some farm produce might be excluded. We plan to talk with related ministries and interested parties to come up with the final list" (Korea Times, 2012b).

The Korea-China PTA also illustrates the government strategy based a modernisation of the domestic farming sector in order to develop exports of processed food, as described by Moon Han-pil, a lead researcher at the Korea Rural Economic Institute:

"The government is putting a lot of effort into converting the agricultural system to produce expensive but quality products [...] With efforts such as standardizing the quality, our expensive agricultural products can survive among cheap imports [...] The income level of rich Chinese consumers is even higher than rich Korean consumers, and the number of them

is increasing. That means there is a possibility that expensive but high quality Korean products will sell well in China.” (The Korea Herald, 2013b).

This emphasis on the export of high-quality food products was also highlighted by the Korean president Park Geun-hye in a letter to her counterpart Xi Jinping after the signature of the PTA: “In particular, exports of consumer goods in fashion, cosmetics, home appliances and high-end food products will increase greatly” (Taipei Times, 2015). Ironically, the initial emphasis from both sides of the negotiations on sensitive sectors that should be excluded from the negotiations was a stumbling block for Korean interests later in the discussions. In July 2012, Choi Seok-young, the chief FTA negotiator at the Ministry of Foreign Affairs and Trade, said:

“I don't think the government's FTA talks with China will move forward smoothly [...] There are still wide gaps on some key issues, particularly the degree of openness. What we want is a comprehensive scope for the FTA that includes everything from services and products industries to investment, while China only wants to open non-sensitive sectors.” (Korea Times, 2012a).

The Korea-China agreement concluded in November 2014 achieved a lower level of liberalisation than previous Korean PTA. Cheong estimated that South Korea managed to liberalise 99.1% of its imports value in agriculture with the US, 99.8% with the EU, 98.6% with Australia but only 40% with China (Cheong, 2016). Most of the sensitive commodities for Korea have been excluded from liberalisation, as shown in Table 25.

Commodities	KORUS PTA	Korea-China PTA
Rice	Exclusion	Exclusion
Beef	15 years + SM	Exclusion
Pork	10 years + SM	Exclusion
Barley (Malt)	15 years + SM + TRQ	TRQ
Orange	Seasonal tariff + TRQ	Exclusion
Grapes	Seasonal tariff	Exclusion

Table 25: Comparison of concessions for sensitive agricultural products by South Korea in the KORUS and Korea-China PTA

In terms of liberalisation outcomes, the Korea-China presented a sharply different track record than previous Korean trade agreements. Korean negotiators therefore stopped using a ‘template’ issue linkage as in the agreements with the EU and Australia. The issue linkage used to justify access to Korean markets to Chinese agricultural exports included substantially more exclusions of

commodities, resulting in a lower level of liberalisation in agriculture. However this does not strongly challenge my hypothesis since Korean negotiators still used an issue linkage based on the overall benefits for the Korean economy and the exclusion of sensitive commodities to liberalise agricultural trade. They just adjusted it to the particular case of China.

ii. Level 2 of negotiations

As Korean negotiators took more precautions in their discussions with China on agricultural trade at level 1 of the negotiations, the higher threat of China agricultural exports on the Korean farming sector prompted more domestic opposition than other PTA signed around the same time. Domestic opposition to the Korea-China PTA was mainly played by farmers protesting in the streets: livestock farmers demonstrated in a public hearing in Seoul in February 2012 (European Press Agency, 2012), 3000 farmers marched in Busan where official talks were held in July 2013 (The Korea Herald, 2013b). Farmers opposed the Korea-China PTA following similar arguments to previous trade agreements, mostly the damages on their source of income, with Kim Yeong-ho, head of the Korean Peasants League, stating that: “The crisis in our agricultural industry has persisted even before the FTA was reached [...] Our farmers will take a heavy blow if the FTA is signed.” (BBC Worldwide Monitoring, 2014). Farmers also denounced the exclusion of sensitive commodities that was part of the issue linkage to negotiate agricultural trade with China, as illustrated by the policy director at the Korea Peasants League Gwak Gil-ja in May 2012:

“The government is reportedly seeking to exclude major agricultural products from FTA negotiations with China in the first stage. It also says it would not proceed to the second stage unless its first-stage demands are not agreed upon. But agricultural products are a strategic item for China. It would be nonsense for them to exclude the items from negotiation [...] The Korean market is already flooded with cheap Chinese produce, even though Seoul imposes tariffs. The staged negotiation structure is a mere ploy to ease opposition. We cannot accept the opening of the agricultural market.” (The Korea Herald, 2012b).

Despite the mobilisation from farmers and in line with the negotiations of other PTAs previously analysed in this chapter, the Korea-China PTA did not generate a strong opposition from the Korean civil society, in comparison to previous major trade agreements such as the KORUS PTA. The liberalisation of agricultural trade in previous successive bilateral trade agreements eroded the mobilisation of farmers. Although they are still concerned about trade liberalisation, “farmers are not very active with free trade issues anymore. Damage is done”, as acknowledged by a Korean

member of La Via Campesina I talked to (Interview #2). The stigma of trade liberalisation in the GATT Uruguay Round and potentially in the WTO Doha Round also pushed Korean farmers to focus on multilateral arenas, considering the WTO as “the symbolic enemy” (Interview #2).

The lower domestic resistance from civil groups to the PTA with China (and others such as Australia) can also be explained by a less transparent negotiations process at the domestic level, where details of the negotiated agreement were not made available to the public before the last stages and final signature. This is in contradiction with the Korean previous negotiations, in which consultations with farmers were organised to share information and try to persuade them (Interview #1). You Jong-il, a professor at the Korea Development Institute School of Public Policy and Management, denounced this governmental strategy: “It is unfortunate that the Park administration has taken a unilateral approach when negotiating the trade pact with China [...] 'The government should have listened to farmers and other concerned groups, and reflected their opinions before reaching the deal. The government should be blamed for its closed-door negotiations tactic.” (Korea Times, 2014b). Similarly to the ratification of the Korea-EU and KAPTA agreements, the opposition from farmers groups was not substantial enough to delay or impede the ratification of the Korea-China PTA, which occurred with a comfortable majority at the Korean National Assembly in December 2015. Opposition parties agreed to the ratification in exchange for additional \$870 millions of assistance funds for farmers in order to mitigate the damages linked to the trade liberalisation (The Korea Herald, 2015).

The Korea-China PTA therefore illustrates how the issue linkage created in the Korea-Chile PTA more than 10 years before and repeated in the agreements with the US, EU and Australia has been efficiently used by Korean negotiators to justify a partial liberalisation of agricultural trade with China. The only particularity of this agreement was that the higher level of threat from Chinese exports required a readjustment of the number of commodities excluded.

E. Conclusion

The approach adopted in this chapter highlighted a number of similarities among the PTA signed by South Korea after the KORUS agreement regarding the issue linkage on agricultural trade. The main elements of the linkage in the three trade agreements remained constant: overall benefits for the Korean economy and exclusion of sensitive commodities. In particular, the exclusion of rice have been used by Korean negotiators and accepted at both levels of negotiations, domestic and international in all the agreements analysed. The distinct range of agricultural exports and priorities of Korea's trading partners did not modify this issue linkage. This highlights the strong level of path dependency at the level 1 of the Korean trade negotiations, with Korean leaders and negotiators choosing to adopt the same issue linkage after it was successful in the negotiations with Chile and the US. Similarly, Korean trade partners were prepared to accept this issue linkage, with for instance concessions on the exclusion of rice.

This path dependency in the issue linkage also took place at level 2, as the domestic opposition in South Korea was progressively cut down. Korean farmers kept protesting the opening of agricultural markets but their mobilisation became limited to the sectors that were not excluded from negotiations. In addition, the support from the Korean civil society was also sharply reduced, resulting in a failure from opposition groups to really change the outcomes of the negotiations or deny the ratification of these agreements.

In terms of institutional strategy, the path dependent efficiency of the issue linkage allowed South Korea to include the liberalisation of agricultural trade in bilateral institutions with major food exporters, with a low level of political risks. In parallel with the stalemate of the WTO Doha Round, this resulted in a change of status of bilateral institutions to become the de facto focal institution that Korean negotiators used to liberalize agriculture.

General conclusion: path dependency in issue linkage and institutional choices

My research aimed at evaluating how path dependency may have an influence on the efficiency of institutions to implement issue linkages to liberalise agriculture. Through a qualitative case study and in-depth analysis of South Korea's trade liberalisation of agriculture through multilateral and bilateral institutions from the 1980s to the 2010s, I demonstrated that path dependency have indeed a role on how adequate an issue linkage is considered to liberalise agriculture, and that governments tend to adopt institutional strategies that provide the most effective issue linkage.

I found that feedback effects take place between issue linkages and tend to have different consequences depending on the initial linkage that act as a critical juncture, and the preferences of political actors are modified by this juncture. On one side, negative feedback emerges after the failure of an issue linkage, with actors now judging this linkage inadequate and unable to reach its objective without high political risks/costs. This change of preferences will create a path dependency, where any future use of the linkage is more and more difficult. On the other side, positive feedback occurs when an initial issue linkage is successful. Again, the preferences of political actors are affected by this favorable achievement. Actors learn from their experience and consider the linkage as a satisfactory solution to achieve their objectives with minimum political risks/costs. Another path dependent mechanism takes place, which promotes the use of the linkage and makes it harder to deviate from it with time.

The liberalisation of agriculture requires institutions that can perform effective issue linkages in order to overcome the opposition of farmers. As these issue linkages are connected to the institutions in which they are performed, these institutions follow a similar path dependency. When attempting to liberalise a sensitive sector such as agriculture, governments will use the available focal institution and then adapt their institutional strategy as a function of the outcomes of the issue linkage. If the focal institution, along with the range of issue linkages it provides, are deemed as inadequate, political leaders will opt for more adventurous strategies, increasing the level of uncertainty and potential costs. Institutions providing more suitable issue linkages will be selected, changed or created if necessary.

My research presents significant findings for the study of two-level games and trade cooperation. I demonstrate that it is relevant to adopt a historical approach when studying issue linkages, as it allows the researcher to take into consideration the consequences of past linkages, whether they

were successful or not, and the potential ramifications of these linkages in the future. The factors already identified in the two-level game literature are still at the centre of my analysis of issue linkages: preferences of domestic actors, domestic institutions and international bargaining. However, I established that these factors are not only just subject to exogenous constraints, such as an external shock, but are also influenced by past negotiations.

An important parameter in my model and my approach of trade cooperation is that political actors are assumed to be boundedly rational. Instead of having a perfect knowledge of the extent of options available and their benefits/costs, governments, negotiators and domestic groups rely mainly on their own experience. While still being rational, they can not define their best strategy backward from the desired outcomes

As a case study, South Korea presented an interesting profile in terms of agricultural trade. Agriculture has had a particular role in the history and development of the Korean society, which experienced a rapid industrialisation in the span of a few decades in the second part of the 20th century. Most Korean people today have parents and family living in the countryside and due to this link they still consider agriculture and rural development as essential assets. The constant threat of conflict with North Korea, where the agricultural production has often been described as deficient, and the food aid received from the US after the Korean War are example of factors that promoted food security to a degree not comparable with Western democracies. Although notions of food security were the pillars of the opposition to the opening of agricultural markets of South Korea in multilateral and bilateral institutions, it has actually been used by political actors as an argument to both oppose and promote the liberalisation of agricultural trade, depending on the political actors and the sources of food supply considered. Successful linkages in Korean bilateral institutions were able to achieve this by excluding rice from negotiations, as this was the main commodity for which the Korean government was looking to be self-sufficient. This allowed bilateral institutions to liberalise agricultural trade while guaranteeing food security.

Yet, despite the significant importance of domestic agricultural production in South Korea and the considerable political power of farmers, Korean leaders managed to liberalise most of its tariffs and quotas on agricultural commodities in less than 20 years. When multilateral institutions proved to be inadequate, they achieved it through bilateral agreements. These preferential trade agreements were signed with major food exporters such as the US, the EU or China. And Korean leaders completed this liberalisation of agricultural trade without major political costs, in comparison with

the massive outrage that followed the concessions made in the GATT Uruguay Round. The case of South Korea therefore provided maximum variations in terms of institutional strategy for the liberalisation of agricultural trade. It allowed me to test my theoretical framework and decision-tree on multiple institutions and with multiple outcomes of issue linkages.

As my research was based on a theory-building approach, investigating an area of political economy that had not been properly assessed before, I used a single case study and process tracing as my main methodology. Process tracing allowed me to test the existence of the causal chain between successive issue linkages and outcomes in trade liberalisation that is at the core of my analysis. After characterising each step of the causal chain, I collected evidence in my empirical analysis that would validate each of these steps. The main limit of this process-tracing in my thesis relates to the quality of this evidence, as it did not include double-decisive tests. However this provision may be nuanced with additional comparative data from other empirical cases, as suggested further in this chapter.

A. Contributions of my research

As stated in my literature review, my research contributed to two main fields of political science. First I contribute to the general literature on the two-level game in negotiations, and more particularly the factors that affect the efficiency of issue linkages and consequently the completion of trade agreements. This thesis demonstrated that considering the role of path dependency in successive linkages provides relevant insight on why these linkages may succeed or fail in achieving their objectives, and should be investigated more in details to understand these linkages and their outcomes. Evaluating the efficiency of each issue linkage independently from the previous and future occurrences, what most scholars previously did, ignores this historical component.

From this general contribution on issue linkage, my research contributes to the field of political economy and international trade, by drawing more conclusions about the process of trade liberalisation in agriculture. Agricultural trade proved to be an elusive target for the overall goal of market opening in the last 70 years. If the liberalisation of agricultural trade was achieved in most developing countries, a lot of developed nations have been resisting any progress on their side, maintaining high at-the-border and behind-the-border barriers. The problem of protections in agricultural trade is particularly salient as it tends to regularly come back on the front pages around the world. While a major food crisis occurred in 2008, toppling governments in some countries, the

first signs of a similar phenomenon started to appear in 2022 following the conflict in Ukraine, one of the major breadbaskets of the current food regime.

Although I am cautious about generalising my findings to other empirical cases, my research may contribute to the definition of guidelines for governments to liberalise sensitive sectors such as agriculture, by assessing how issue linkages may impede or promote trade liberalisation. Whatever the type of institution considered (multilateral, bilateral), I suggest that political leaders should not only look at the international and domestic factors that they are currently facing, but also take into consideration what happened in previous trade negotiations. Another interesting lesson of the South Korean case in my research is that liberalising agriculture is easier to achieve by following an incremental process, rather than through comprehensive rounds of negotiations. This gradual approach will likely encounter at first a fierce opposition from import-competing groups but this resistance may be alleviated with an issue linkage, and will progressively decrease in time, allowing for more market opening.

Second, my research also contributes to the literature on new institutionalism, particularly the factors that lead to institutional change and stability. This topic has been debated among new institutionalists who suggested different explanations based on factors such as the preferences of individuals, the role of path dependency and shared cultural understandings. Each theory provides interesting arguments, and approaches were developed to combine some of them, as the borders between each strand of institutionalism are not well defined. My contribution is focused on the USCC framework developed by Jupille et al. Based on a combination of rational and historical institutionalisms, the USCC framework originally used the suitability of an institution as a criterion to define the institutional strategy of political actors. My research acknowledges the relevance of the USCC framework to analyse trade cooperation but suggests a more refined criterion regarding the suitability of institutions. In the original USCC framework, any move along the decision tree is conditioned to the suitability of the institutional status-quo in relation to the cooperation problem. I applied this framework to the particular case of trade negotiations, where the notion of suitability is linked to the final achievements in terms of market opening and liberalisation. Defining the efficiency of issue linkages as a new standard to evaluate the suitability of institutions, I propose a new framework to analyse change and stability in trade institutions.

B. Limitations

After looking at the contributions of my research, I turn now towards its shortcomings. These are naturally resulting from the choices I made in this thesis, whether they were linked to my theory or my methodology, in response to the constraints of my PhD. Although my choice to perform an in-depth analysis of South Korean trade agreements allowed me to present a rich account of the liberalisation of agricultural trade, one of the drawbacks is the difficulty to directly repeat it on other countries in order to bring similarities and variations out, due to the specific Korean context. The recent history of the country, the speed of its industrialisation and the political and security aspects of Korean trade institutions would be challenging to repeat in other case studies. However this could be seen as a good way to refine the main analysis. If my findings are confirmed in cases which have a different context, it can be used as evidence that these contextual elements actually have a limited role in issue linkages and institutional choices.

The limited time and resources at my disposal during my doctoral research resulted in choices about the number of Korean trade agreements I could include in my empirical analysis. My main criterion to select these agreements was to display both positive and negative feedback effects in issue linkages and their consequences for the Korean institutional strategy. I achieved this objective through the four empirical chapters which identified the evolution of Korean institutional choices down the decision tree developed in my theoretical model in Chapter 2. However the inclusion of additional agreements would have likely proven to reinforce some of my arguments about path dependency and institutional changes, and provide more grounds to defend the generalisation of my findings. In particular, the addition of trade agreements where negotiations have failed to reach a compromise so far could be relevant, such as the Korea-MERCOSUR PTA. This addition could have shed more light on why the issue linkage did not manage to liberalize agricultural trade, narrowing my analysis of successful/failed linkages.

In addition to the low level of generalisation regarding the theoretical outcomes of my research, the selection of South Korea as my single case had another consequence on the quality and validity of my empirical analysis. Since I do not fluently speak Korean, the language barrier was a significant issue in my research. Online services have become more and more performant to translate any document, but unfortunately they still display significant shortcomings when it comes down to converting Asian alphabets and characters, forcing me to use them sparingly. My inability to reliably translate Korean documents likely prevented me from getting access to many internal documents and communications, such as ministerial reports or minutes of negotiations, that had a limited audience and for which it was not deemed necessary to publish an English version. Before

selecting South Korea as my main case study, I acknowledged this limitation, but considered that it was acceptable, by assuming that the most important aspects of trade negotiations would be more widely available than more anecdotal elements. Besides, I supposed that this was especially an issue for older negotiations, in my case the GATT Uruguay Round and the PTA with Chile, when the more recent discussions at the WTO and in recent bilateral trade agreements are increasingly translated online.

C. Future avenues of investigation

My research in this thesis contributed to the literature of issue linkage in trade policy and institutional change and stability, and it was designed from the start to elaborate an approach which has not been properly considered in the literature. This novel approach implies that my work can be seen as a preliminary sketch of a much larger theoretical body, and consequently it can be further tested, expanded and improved in many different ways. Numerous avenues of research can therefore emerge from this work, and in this section I focus mainly on the potential directions to check if my model can be generalised as a middle-range theory.

A first aspect relates to the case I selected for my qualitative analysis. This thesis focused on the single case of South Korea, as a food importing country with very high protections on agricultural trade and significant concerns on food security. So a relevant axis of investigation would be to investigate if my findings can be generalised to a wider range of cases with distinct initial conditions. Other countries display similar characteristics in terms of agricultural trade policy to South Korea, but did not follow the same institutional strategy for liberalisation. As an example, Japan also had substantial tariffs on agricultural imports, and sided with South Korea in multilateral negotiations at the GATT and WTO levels, but didn't follow the same process of liberalisation. Davis (2003) studied the role of issue linkage in the opening of Japanese agricultural markets through the GATT, but similar investigation has not been done for the PTAs Japan negotiated with agricultural exporters such as Australia. In order to test my theoretical model, even countries which may differ from the case of South Korea could be relevant. Agricultural protectionism is more prevalent in developed countries, such as the US and the EU which could be interesting variations. These actors of agricultural trade were politically more powerful in both bilateral and multilateral negotiations, which may have altered the role of issue linkages needed to achieve liberalisation. Evaluation of the strategy of other countries for sensitive sectors such as agriculture may put more light on variations in the theoretical model I developed in this thesis. Variations in the level of liberalisation achieved, the type of institutions used or the sequencing of the different issue linkages

used or attempted may provide contrasting outcomes that could enrich my model. More in-depth studies are needed to understand the interactions between both levels of negotiation in the case of a successful or failed issue linkage. I noted a few examples of reverberation in my research on South Korea, where the international trading partner tried to modify the preferences of domestic groups regarding the issue linkage. This type of dynamics in negotiations could be another underestimated factor affecting the efficiency of issue linkages in time.

Another angle of investigation is an empirical situation where more than two levels are present, such as the design of trade policy in the European Union. Specific adaptations of the two-level game structure have been developed to account for international institutions directly involved in negotiations as a single entity, such as the EU, by adding an additional level, creating de facto a three-level game approach (Patterson, 1997; Larsén, 2007). The addition of new levels in the negotiation process implies that my arguments on the efficiency of the issue linkage would have to be further tested and potentially modified, to confirm if path dependency and feedback effects operate in the same way.

Similar to potential expansions of cases and levels, it may be interesting to expand my work to other sensitive sectors which are still heavily protected or have been recently and progressively liberalised, instead of solely focusing on agriculture, provided the initial criteria of international pressures, domestic opposition and issue linkage are met. For instance, agriculture was the major stumble in the WTO Doha Round, but other sensitive sectors were also challenges in negotiations. Non-tariff barriers such as Intellectual Property Rights have been a long-lasting bone of contention between developing and developed countries, in pharmaceuticals for instance. The liberalisation of these sectors has been contentious at both multilateral and bilateral levels, meaning that they may provide valuable historical data.

Previous suggestions were focused on trade cooperation, but the concepts of issue linkages and institutional strategy as formulated in my work can be exploited in a wider range of applications in political science. Studies in public policy and international relations have used issue linkages and institutions to evaluate negotiations, and could be fields in which my theoretical framework may provide relevant insights.

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Appendix

Appendix 1: List of interviews

Interview number	Date	Position
1	28/06/2019	Korean advisor on a range of PTA, including Chile, US and EU
2	20/07/2019	Korean member of La Via Campesina
3	09/07/2019	Previous Vice President of the Korean Association of Trade and Industry Studies
4	11/06/2019	Previous employee of the Ministry of Foreign Affairs and Trade and the Ministry of Agriculture
5	21/06/2019	Korean advisor on the PTA with EU
6	22/07/2019	Member of the Korean Peasants League
7	05/07/2019	Chairman of a Korean think tank on food security
8	11/07/2019	Previous employee of the Samsung Institute, in charge of agriculture and food security
9	03/07/2019	Senior Research Fellow at the Korean Institute of International Economic Policy and special trade policy advisor to the Minister of Trade, Industry, and Energy
10	23/07/2019	Korean farmer and member of La Via Campesina