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**The Political Economy of A Trade-First
Approach to Regionalism**

Graham Bird and Ramkishen S. Rajan

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Adelaide University

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The Political Economy of A Trade-First Approach to Regionalism

Graham Bird and Ramkishen S. Rajan

Surrey Centre for International Economic Studies

University of Surrey

United Kingdom

G.Bird@surrey.ac.uk

and

School of Economics

University of Adelaide

ramkishen.rajan@adelaide.edu.au

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ABSTRACT

The Political Economy of A Trade-First Approach to Regionalism

Graham Bird and Ramkishen S. Rajan

Regional integration has become commonplace in the world economy. Moreover, there is clear evidence of a 'trade first' approach to regionalism. What is the logic behind this approach? Is it that trade integration prepares the ground for monetary integration by helping to fulfil optimum currency area criteria? Having analysed the economic inter-relationship between regional trade integration and monetary union, the paper contends that the 'trade first' strategy can instead be explained in political economy terms; there is a higher political return to trade integration. The paper concludes by examining the implications for the future of both regionalism and multilateralism.

Contact author:

Ramkishen S. Rajan

School of Economics

University of Adelaide

ramkishen.rajan@adelaide.edu.au

1. Introduction

There have been waves of regionalism in the world economy. The first was during the 1960s with Western Europe taking the lead. At this time the US opted for multilateralism rather regionalism. However, the second coming during the 1980s and beyond included the US. This wave has yet to end with an increasing number of regional agreements covering virtually all regions of the world including, most recently a number of Asian countries.

Regionalism has various components. These encompass both trade and monetary integration. Each component tends to involve a gradation running from 'modest' to full integration. On the trade side the gradation runs from preferential trade areas to common markets. On the monetary side the gradation runs from exchange rate coordination (including regional basket pegs or a regionally-harmonized exchange rate band) to full monetary and fiscal integration incorporating a single currency, common monetary policy and institutions, and coordinated tax and fiscal policy. However, not only are the components of regionalism graduated, regionalism itself is usually phased in terms of the sequence in which the components are introduced. Historically, regionalism has tended to begin with the establishment of a regional trade agreement (RTA). Monetary integration usually occurs subsequently, with the final stage, in principle, being full economic and monetary union.

Since empirical observation suggests that countries do not move from zero to full regionalism at one stroke, but instead stage the process, usually over many years, a question arises as to the appropriate sequencing in which the stages occur. What is the logic behind a 'trade-first' approach to regionalism? Surprisingly this is not a question that has been widely asked or discussed in the literature on regionalism. Instead, this has tended to focus on analysing the individual components of the process in isolation. However, the sequencing of measures of regional integration is the central focus of this paper. To answer the question, we examine the interactions

between trade and monetary integration. Is the connection one way or two way? In the former case a specific sequence would be suggested. In the latter, sequencing may become more complex.

The layout of the paper is as follows. Section 2 provides a brief empirical summary of the extent of regionalism worldwide. This provides indicative evidence for the claim that trading arrangements are much more common and occur at an earlier stage in the process of regionalism. Section 3 summarizes the principal issues that have emerged from the literature on trade and monetary integration and briefly examines some of the evidence on their quantitative importance. Section 4 isolates the areas of interaction between the trade and monetary components of regionalism to discover whether there is compelling economic logic for a ‘trade first’ strategy towards integration. Section 5 suggests that, in the absence of compelling economic logic, the preferred sequence reflects the importance of political economy factors. On the basis of this analysis, the final section briefly examines the extent to which existing regional trade agreements will graduate towards full monetary and economic integration over the reasonably near term.

2. The Extent and Pattern of Regionalism

Members of the World Trade Organisation (WTO) are bound to notify it of any FTA they establish or participate in. Notifications could also refer to the accession of new parties to an agreement that already exists. Table 1 provides a summary listing of the Regional Trade Agreements that have been notified to the WTO and also shows their membership. There are well over 170 FTAs in force, with intra-RTA trade accounting for almost half of overall global trade. Note though that not all the FTAs notified to the WTO are still in force today, while recent ones that have just been negotiated are not included (Crawford and Laird, 2001).

A number of things emerge from the Table. First, although most attention has been paid to integration in Europe, the Table reveals just how wide-ranging RTAs are. They cover most parts of the world. Second, the Table shows that trade integration is

indeed largely a regional phenomenon involving geographically proximate countries. This could reflect the economic proclivity to trade with regional neighbours, and is consistent with gravity trade models which stress the significance of transport costs in discriminating against more distant trade partners (Frankel, 1997). The finding is also consistent with the suggestion that 'subjective resistance' (Drysdale and Garnaut, 1989) or 'psychic distance' (Linnemann, 1966), including perceptions of risk, imperfect information and cultural and language barriers, tend to be directly related to physical distance between countries. The strong regional orientation or 'territoriality' of trade agreements also seems to imply that it is the politics of the region that is paramount (Pollins, 1989). RTAs may be viewed as a means of enhancing regional security and political stability. Third, the Table confirms the preponderance of trading over monetary agreements. Indeed of those listed it is only the European Communities and the West African Economic and Monetary Union that have a significant monetary dimension.

In the case of Europe the pattern emerged where an initial trade agreement was followed by increasingly binding constraints on exchange rate policy. First, in terms of the 'snake in the tunnel' and then the Exchange Rate Mechanism of the European Monetary System and eventual monetary integration with the adoption of a single currency, the euro, in 1999. In the case of Africa the seven members of the West African Economic and Monetary Union along with the six members of the Central African Economic and Monetary Union and the Comoros comprised the CFA Franc Zone and reflected the close former colonial ties of the member countries to France. Here exchange rate pegging and monetary coordination coincided with trade liberalization. The importance of colonial links is another important determinant of trade as highlighted by the gravity model (Frankel, 1997). In many other regional settings, most notably in Asia, there is rather loose discussion of the possibility of moving beyond trade integration towards fuller economic and monetary union along the lines of the European model but at present the discussions have led to little tangible forward movement (Bird and Rajan, 2002).

The evidence therefore confirms the existence of a trade-first approach to regional integration. Countries begin the process of integration by establishing RTAs. Monetary integration is at present rare. Drawing in particular on the example of Europe, monetary integration comes along, if at all, some considerable time after trade integration. How can this pattern be explained? Why has trade integration proved more attractive than monetary integration? Is there an economic explanation using conventional theory (Balassa, 1961), and is this reasoning still valid in the current global environment where cross-border capital and currency flows are as significant as real sector transactions and where capital account crises have been the norm rather than the exception (Bird and Rajan, 2002)?

3. The Gains from Trade and Monetary Regionalism: Economics or Politics?

There is a large literature examining the gains from regional trade liberalization and monetary integration and we make no attempt to review it. However, without getting involved in detail, a number of general points emerge from the literature.

Conventional static analysis of the gains from the formation of RTAs suggests that, in principle, they are likely to be small. Putting trade diversion to one side for a moment, the gains depend largely on the extent to which there is trade creation, such that the welfare gains will equal one half of the trade creation multiplied by the percentage reduction in tariffs. For example, if trade is initially equal to about 20 percent of GNP and the RTA liberalizes about 50 percent of trade, which increases by 50 percent as a consequence of a tariff cut of 10 percent, it follows that the welfare gain will be equivalent to about a quarter of one percent of GNP. Trade diversion will then reduce this overall gain. Calculations of this type suggest that RTAs are unlikely to be justified by large static gains. But there may be dynamic gains from trade consequent upon additional competition and reduced x-inefficiency, economies of scale, research and development and external economies (Grossman and Helpman, 1991). However, these dynamic gains are more difficult to pin down quantitatively and unsurprisingly, therefore, there remains some debate over their empirical importance.

General agreement that the static gains are small and that the dynamic gains are uncertain have led many observers to conclude that RTAs are better explained in

terms of politics rather than economics (Haggard, 1995 and Ortiz Mena, 2000).¹ Indeed, Schiff et al. (2000) have cautioned that regionalism “is good politics partly because it is ‘soundbite economics’ based on only those effects that are easiest to grasp...Regional integration may also be good economics, but the impetus for integration has usually not been the economics. Sometimes, good politics delivers bad economics” (p.11). As noted, RTAs could also serve a diplomatic/security purpose (Schiff and Winters, 1998).

Much the same goes for monetary integration.² Here, traditional arguments that regional exchange rate coordination or stability encourages trade by eliminating exchange rate uncertainty³ are matched by counter-arguments that additional certainty

¹ It is, nonetheless, important to keep in mind that RTAs nowadays are ‘deep and multifaceted’, also encompassing services trade and issues relating to investment (principles of national treatment and the right of establishment), government procurement, e-commerce, customs procedures, promotion of small and medium-sized enterprises and much more. This being the case, such regional agreements could act as a “testing ground or pilot project for exploring complex trade issues” and may help establish some sort of precedent or benchmark for trade negotiations involving a larger number of countries, including one at the multilateral level (Sager, 1997, p.242). In addition, from an individual country perspective, there may be an economic rationale for a country to source a number of trade pacts as it could gain a first-mover advantage by being a ‘hub’ of a number of overlapping arrangements (Wonnacott and Lutz, 1989 and Wonnacott (1996). The benefits of being a hub could arise from investment diversion as well as via cost advantages vis-à-vis producers in the ‘spokes’, as hub producers are able to obtain more of their intermediate goods at relatively lower prices. Rajan et al. (2001) and Rajan and Sen (2002) discuss a number of these issues in the context of Singapore’s recent trade policies.

² As noted earlier, monetary integration may involve no more than exchange rate coordination but may also extend to coordinated monetary policy, common monetary institutions and ultimately a single currency. In this paper, we use the term somewhat loosely but endeavour to emphasize when it is the exchange rate dimension that is significant by then referring to exchange-rate unions. Kenen (1997) distinguishes between a ‘currency area’ which he defines as “a group of countries that undertake to contain their bilateral exchange rates within narrow bands defined in respect of agreed central rates which they can change unilaterally” and a ‘monetary union’ in which, according to him, “there is one money, one central bank and one monetary policy.” We use the terminology in a slightly different way.

³ Wei (1999) provides new empirical evidence suggesting that exchange rate volatility has had a detrimental effect on trade between pairs of countries to a much larger extent than suggested by previous studies. More generally, in a comprehensive survey of the literature

with regards the exchange rate is bought at the cost of additional uncertainty with regards the stance of domestic macroeconomic policy, since balance of payments disequilibria now have to be corrected by adjusting the level of aggregate demand rather than by altering the exchange rate. Furthermore, claims that exchange rate coordination facilitates price stability need to address the question of the size of the gain from reduced inflation as well as the costs of potentially higher unemployment and the increased risks of prolonged recession due to the loss of the exchange rate instrument in the case of domestic real or external shocks. There is also the argument that almost endemically, exchange rate coordination in and of itself lacks credibility in an era of mobile global capital flows, such that the gains from regional exchange rate stability will only be derived if the chance of exchange rate adjustment is eliminated completely by forming a unified currency area or a full monetary union.

In the context of a unified currency area, the potential gains may, once more, be subdivided into those that are static, in terms of reduced transactions costs and information costs, and those that are dynamic, arising from reduced interest rate premia and higher rates of investment and economic growth. However, no clear consensus exists as to the quantitative importance of these potential gains or indeed the potential losses from sacrificing exchange rate and monetary policy instruments at the level of individual members of the monetary union. Yet again, therefore, monetary unions are frequently seen as essentially political phenomena.⁴

on the impact of exchange rate volatility on trade flows, McKenzie (1999) concludes that the recent empirical studies have had “greater success in deriving a statistically significant relationship between volatility and trade” (p.100). Calvo and Reinhart (2000) review a more limited set of such studies and draw a similar conclusion.

⁴ Closely related to this, Quan Li (2000) suggests that security externalities and interstate alliance ties of currency arrangements influence a country’s choice of exchange rate anchor, particularly in the case of developing countries. Allies, especially defense-pact allies, are

But this gives rise to another question which tends not to have been addressed in the literature. If both regional trade and regional monetary arrangements may be better explained in terms of politics rather than economics, does the same apply to the sequence in which regionalism occurs, with trade arrangements normally preceding monetary arrangements? Or is there an economic logic behind a 'trade first' strategy?

4. Interrelationships Between Trade and Monetary Regionalism

There has been a strong tendency in the literature to treat trade and monetary regionalism independently. Thus, the criteria for judging whether countries would be good partners within a customs union have focused on the size of the proposed union and the pre-union size of trade between potential partners as indicating the likely extent of trade diversion, the degree overlapping in production, as a measure of the potential gains from specialization, as well as the cost differentials between prospective partners, the size of pre-union tariffs, the price elasticities of demand and supply for traded goods and services, and the scope for dynamic gains. Meanwhile, optimum currency area (OCA) criteria have focused on the degree of factor mobility between partners, size and openness, trade diversification, dissimilarity of commodity composition of production and trade baskets, macroeconomic trends and the

more likely to establish a pegged regime. As the author notes, "(a)lliance affects the anchor currency choice by promoting compatible security interests and enhancing commitments to the fixed regime through issue linkage. The pegging country obviously has to watch out for the potential manipulation of this relationship by the anchor currency country. Such abuse is likely to be infrequent if two states have compatible interests. Alliance ties imply common security interests between the pegging and the anchor-currency countries. With security interests more aligned... The pegging country will not only expect less threat from the anchor currency country but be more willing to allow the anchor-currency country to tap into those resources for political purposes against a third party" (p.7). As acknowledged by Quan Li (2000), there is an older active literature which tries to explain a country's choice of exchange rate regime as an outcome of political dynamics.

synchronization of business cycles, the degree of labour market flexibility, the scope for regional transfers and the strength of the financial sectors of potential members.⁵ It is only more recently that the connections between trade and monetary integration have been examined, leading some analysts to claim, for example, that conventional OCA criteria are endogenous.⁶ What are the connections?

First, if exchange rate stability encourages trade, the formation of an exchange rate union will help establish the conditions for a welfare-generating trade agreement. By reducing transactions and information costs, a single currency may encourage further trade amongst partners in an RTA. By the same token, however, an RTA may be undermined by exchange rate instability amongst members. Currency misalignment or competitive devaluations may generate a protectionist backlash which goes against the purpose of the RTA and possibly even threatens its existence, as the recent experience of the Mercusor seems to suggest (see Section 6). Indeed, Fernandez-Arias, Panizza and Stein (2002) present evidence based on thirty seven countries and six RTAs to suggest that the adverse effects of uncoordinated exchange rate policy may be more pronounced within the context of a RTA. These adverse effects can be expected to be greater the deeper the real sector integration, as the cross-price elasticity of demand for similar goods and services produced within the

⁵ Tavlas (1993) provides a succinct summary of the theory of optimum currency areas distinguishing between the old theory and the 'new theory' which emphasizes the credibility of exchange rate commitments. Other recent reviews of note are Horvath (2001), Kenen (2000) and Willett (2001).

⁶ Frankel and Rose (1998) suggest that intra-union trade is encouraged by reducing the risk of exchange rate changes and that this in turn increases the degree of synchronization between business cycles of countries comprising the union which is itself a criterion for an OCA. We return to this idea later.

integrated region may rise (so-called 'knife-edge' comparative advantage). This is particularly so if, as Fernandez-Arias, Panizza and Stein suggest, intraregional FDI is especially footloose and sensitive to exchange rate changes and misalignments.

Second, the increased openness and intra-union trade encouraged by forming an RTA makes flexible exchange rates less appropriate and monetary integration more appropriate amongst partner countries.

Third, while the increased factor mobility that may be associated with forming a common market may substitute to some extent for trade amongst partner countries (as suggested by conventional trade theory), it may also substitute for exchange rate adjustment and therefore help to meet the criteria for an OCA.

Fourth, to the extent that a monetary union encourages intra-industry trade within the union, it may help not only to enhance the welfare gains from regional trade integration but also encourage the closer synchronization of business cycles that then helps retrospectively to justify the formation of the monetary union. This particular dimension of the relationship between trade and monetary regionalism has been empirically investigated by Frankel and Rose (1998) using thirty years of data for twenty industrialized countries. They acknowledge that if RTAs or monetary unions encourage industrial specialization and inter-industry trade according to comparative advantage, this could reduce the correlation between business cycles in the member countries, and this in turn could weaken the case for monetary integration since independent monetary tools, or a flexible exchange rate, may be needed to compensate for asymmetrical shocks (Eichengreen, 1992, Krugman, 1993). However, they claim that the empirical evidence that they examine suggests that closer economic integration has coincided with closer synchronization between business cycles - hence

the argument that OCA criteria are endogenous.⁷ Their finding is also consistent with evidence suggesting that European integration has encouraged intra-industry trade within the manufacturing sector more than inter-industry trade (Sapir, 2000).

A number of implications follow from this analysis. If further EU enlargement encourages greater industrial specialization based on factor intensity-driven comparative advantage, it does not necessarily follow that the historical trend observed by Frankel and Rose will carry forward into the future. At the same time, however, the effects of industry-based asymmetrical shocks could be offset by the reduced incidence of demand-side shocks associated with the closer coordination of macroeconomic policy; with the implication that the effects of integration on the synchronization of business cycles within the integrated area is difficult to predict *a priori* and *ex ante*. Fortunately, our principal purpose in this paper is not to pursue this particular issue but merely to observe that there will be inter-connections between trade and monetary integration, and that the direction of these connections may run both ways. Trade integration and the formation of a common market may help to create conditions more suitable for monetary integration. Meanwhile, monetary integration may help to facilitate trade integration.

5. The Political Economy of Sequencing Regional Trade and Monetary Arrangements

⁷ Rose and Engel (2000) argue that a common currency area significantly increases international business cycle correlations. Frankel and Rose (2001), Glick and Rose (2001) and Rose (2000) estimate gravity models using both cross-sectional and time series data and conclude that a common currency is especially trade stimulating. Corsetti and Pesenti (2002) formalize the theory behind this catalyzing role of monetary unions and the possibility of OCA criteria being satisfied *ex-post* even if they fail *ex-ante*.

If the connection between regional trade agreements and regional monetary arrangements was simply that RTAs resulted in trade creation with partners and helped to establish the OCA criteria, it would be relatively easy to explain why historically RTAs tend to come first. But the previous section identifies a much more complex and two-way relationship within which it is as easy to argue that exchange rate and even monetary union will help to maximize the benefits from RTAs. If there is this two-way relationship between trade and monetary integration, why is it that we observe a strong empirical tendency for trade agreements to come first? Why are they not preceded by exchange rate and monetary union; or why are regional trade and monetary arrangements not established simultaneously?

Conventional economic considerations on their own struggle to explain the observed trade-first strategy. One possibility is that the answer lies in the dynamics of integration, but this seems unlikely. As noted earlier, the dynamic effects of integration are difficult to pin down and quantify. In any case, there is a reasonable presumption that the dynamic effects of monetary integration on trade expansion will exceed the dynamic effects of trade integration on securing the conditions most suited for monetary union. At the very least, the dynamics do not conveniently explain the tendency for a 'trade first' strategy towards integration. In terms of the economics of integration, it would be as easy to argue for a 'money first' or a concurrent approach. So, again, why is this not what we observe?

RTAs and monetary unions are not just economic phenomena. Indeed, numerous studies emphasize the importance of political imperatives. Krugman (1996), for example, argues that many of the issues surrounding NAFTA at the time

of its inception were of little quantitative significance. From the viewpoint of the US there were never likely to be large gains in terms of increased trade or large costs in terms of unemployment amongst unskilled US workers or environmental degradation. Subsequent empirical studies appear to confirm this (Krueger, 1999a,b). Instead, NAFTA offered the US a way of assisting Mexico at a time when it was anxious to strengthen Mexican democracy, encourage policy reform in Mexico and help Mexican economic development.

Similarly, Goodhart (1995) argues cogently that Economic and Monetary Union (EMU) in Europe reflects a political desire for closer integration. Strong and unambiguous justification is not to be found in the underlying economics. As Willett (2000) observes, “many of the arguments put forward by the political leaders advocating EMU were economic, but these were frequently providing cover for political objectives and were often based on extremely sloppy, if not outright fallacious economic analysis” (p.3). Emphasizing this point about the importance of politics, Eichengreen and Bayoumi (1999a,b) have concluded that from an economic standpoint East Asia may be as close to, or rather, as far away from being an optimum currency area (OCA) as Western Europe.⁸ However, the authors go on to conclude that Asia is unlikely to move towards a European-type union anytime soon as “there is little sign, comparable to the evidence which has existed in Europe for nearly 50 years, of a willingness to subordinate national prerogatives to some larger regional entity. There is no wider web of interlocking arrangements, as in the EU, which

⁸ This conclusion is based on an OCA index that takes into account the costs associated with asymmetric region-wide shocks as well as the benefits from stabilising exchange rates with trading partners.

would be put at risk by a failure to follow through on promises of monetary and financial cooperation” (Eichengreen and Bayoumi, 1999b, p.11).⁹

If politics lies behind both trade and monetary agreements, it may be reasonable to assume that politics also helps explain the sequence in which RTAs and exchange rate and monetary unions occur. The short answer may simply be that the political rate of return to RTAs is higher than it is for monetary unions, so that it is rational for governments to pursue trade regionalism first.

Let us consider the options facing governments of geographically proximate states that are anxious to develop a closer relationship for political (military or security) reasons. A closer relationship can, in principle, extend to a full economic union but can be sub-divided into trade integration and monetary integration. Economic analysis suggests that there are probably small welfare benefits from trade liberalization within the context of an RTA. But the domestic political costs are probably even smaller and may indeed be outweighed by domestic political benefits. There are a number of elements to this.

First, the gainers will be those sectors of the economy that benefit from trade expansion and trade diversion. In the case of the European Union, for example, it has been the manufacturing sector that has gained from trade creation and the politically powerful agricultural sector that has gained from trade diversion (Sapir, 2000). An analytically strategic component of a customs union is the common external tariff. It

⁹ In addition, substantial asymmetries in the sizes and levels and stages of economic development of the countries in East Asia, on the one hand, and the *de facto* policy of strict non-intervention in one another’s affairs (economic and particularly political), on the other, makes it extremely difficult to envisage the successful introduction of ‘tie-in’ clauses to create punishment mechanisms to ensure conformity of economic policies as done in Europe.

is this tariff on imports from the rest of the world that generates trade diversion and the protectionism involved in RTAs (Krueger, 1997 1999a,b and 2000). The domestic political importance of trade diversion is revealed by the preference governments often show for RTAs as opposed to multilateral free trade. In the latter case, trade creation would be greater and trade diversion (except via non-tariff barriers) would be eliminated. In terms of basic economic analysis, the gains from multilateral trade integration would generally be higher. It is therefore the domestic politics of protectionism that tends to get in the way.

Trade policy tends to be more heavily driven by producer interests that may benefit from protectionism than by consumer interests where there would be a gain from cheaper imports, since producers represent a more coherent and better organized political lobby. Consumers are probably ill-informed about the effects of protectionism and are, in any case, poorly organized. Against this background, RTAs offer governments the closer regional relationships that they are anxious to establish at relatively little, if any, net domestic political cost. They may also offer the prospect of higher tax revenue than multilateral free trade. In this context, it is easy to see why they have been so widely pursued.¹⁰

The matrix of costs and benefits is much different for monetary unions. Here there is less unanimity of view about the benefits. At least in the case of trade integration there is a consensus around the view that there will be some small benefit via trade creation. Not so in the case of monetary unions. Governments therefore

¹⁰ Of course, the suggestion that RTAs are pursued as a protectionist device is less relevant to some recent enthusiasts of regionalism like the small city state of Singapore which is already highly open to trade and investment flows. Pursuit of trade agreements by such economies is driven by other economic considerations, though security and political do admittedly play a significant role (see fn 1 and Rajan et al, 2001 and Rajan and Sen, 2002).

encounter significant uncertainty surrounding the benefits from a full-fledged monetary union. The claim that monetary unions will exert a counter-inflationary effect also becomes less compelling in an environment in which inflation is no longer perceived as a problem.¹¹ Moreover, while monetary unions may offer a pro-trade benefit they do not offer the protectionist pay-off which is a feature of many RTAs.

Lodged against the uncertain benefits from regional monetary arrangements is an array of potential political costs. First, there is the implication that exchange rate unions require enhanced labour market flexibility or intraregional labour mobility. Establishing this risks domestic political opposition if powerful trades unions have to be confronted. Second, exchange rate unions imply a need for fiscal transfers within the union and this may encounter political resistance especially amongst the probable creditor nations. Third, and perhaps most significantly, there is the whole notion of 'national sovereignty' over domestic macroeconomic policy culminating, in the context of Euroland, in the abandonment of national currencies. This will carry a particularly high cost for countries that possess a strong feeling of national identity or whose monetary authorities are concerned about forsaking hard-earned credibility. Clearly from a political perspective it is irrelevant whether there is a real loss of sovereignty or not. It is the perception that counts.

In addition to the above, the political benefits from incremental regional integration may be subject to diminishing returns. What is the political value-added from the greater integration that monetary union brings? Against this background it is easy to see why governments may pursue regional trade integration but may pause before they embark on monetary integration. While, on the basis of economic considerations alone, it is unclear why a trade first strategy should be favoured, it becomes much easier to understand the preferred approach when political

¹¹ It was possibly the attractions of the counter-inflationary effects of an exchange rate union that encouraged the UK to join the Exchange Rate Mechanism of the European Monetary System in the early 1990s.

considerations are added. The example of West Africa is a special case (Ogunkola, 2002) - but it is the exception that proves the rule. Here it was the common importance of France and the French franc that provided the extra impetus needed for monetary integration alongside trade integration. Again it is the politics that is central.

6. Concluding Remarks: Implications for the Future of Regionalism

The analysis in this paper suggests that the path towards regional integration and its 'trade first' orientation is the outcome of a combination of politics and economics. But, it is the politics that dominates. There is increasing evidence from an economic perspective that trade and monetary integration are closely connected. Most recently in South America, the Mercosur trading agreement designed to encourage trade between Brazil, Argentina, Paraguay and Uruguay has been severely undermined by uncoordinated exchange rate policy between Brazil and Argentina.¹² The devaluation of the Brazilian real in 1999 accentuated the overvaluation of the Argentine peso and contributed to the economic crisis in Argentina which in turn had significant negative repercussions on the Uruguayan banking system. Trading partners were in effect pursuing competitive exchange rate policy and, as noted earlier, the ramifications of exchange rate changes will be much greater for close trading partners - fellow members of an RTA - than for other countries. More generally, the situation may be that monetary integration encourages trade and that trade integration leads to the closer synchronization of business cycles that facilitates monetary integration. This implies a complex set of positive causal interconnections between trade and monetary integration; it does not support the universal superiority of a 'trade first' strategy.

What does our analysis suggest for the future of regional integration? Unless there is a very strong commitment to further political integration, as there was in Europe, it implies that any global trend towards regionalism is likely to be in the form of additional RTAs rather than in the form of deepening existing agreements in the direction of monetary union. Once the broadening of RTAs has been completed and the political constraints on deepening them have

¹² The member countries of Mercosur did also use economic integration to 'lock-in' structural reforms which is an important political economy benefit of RTAs involving developing and transition countries. Concerns about the sustainability of Mercosur as only a regional trade agreement has given rise to suggestions in some policy circles that it be extended into a full-fledged regional monetary union (Fратиanni, 2002 and Levy Yeyati and Sturzenegger, 1999). There is also a growing literature examining the prospects of a monetary union in North America (Buiter, 1999).

become binding, the trend towards regionalism may come to an end. But does this mean that the focus will return to multilateral trade policy? This is unlikely *if* an important part of the appeal of RTAs lies in their protectionist dimension (i.e. RTAs are 'strategic' rather than 'natural'). If governments defer exchange rate and monetary integration, uncoordinated exchange rate changes may create additional pressures for protectionism which may then cause regional trade agreements to unravel to some extent. For this reason the option of stopping the process of integration after regional trade integration has been achieved may turn out not to be an option at all.

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Table 1
Regional Trade Agreements Notified to the GATT/WTO and in Force by Type of Agreement
as of 30 June 2002

Agreement ¹	Date of entry into force	Related provisions	Type of agreement	Status
EC accession of Austria, Finland and Sweden	1-Jan-95	GATT Art. XXIV	Accession to customs union	Consultations on draft report
EC accession of Portugal and Spain	1-Jan-86	GATT Art. XXIV	Accession to customs union	Report adopted
EC accession of Greece	1-Jan-81	GATT Art. XXIV	Accession to customs union	Report adopted
EC accession of Denmark, Ireland and United Kingdom	1-Jan-73	GATT Art. XXIV	Accession to customs union	Report adopted
CEFTA accession of Bulgaria	1-Jan-99	GATT Art. XXIV	Accession to free trade agreement	Consultations on draft report
CEFTA accession of Romania	1-Jul-97	GATT Art. XXIV	Accession to free trade agreement	Consultations on draft report
CEFTA accession of Slovenia	1-Jan-96	GATT Art. XXIV	Accession to free trade agreement	Consultations on draft report
EFTA accession of Iceland	1-Mar-70	GATT Art. XXIV	Accession to free trade agreement	Report adopted
EC accession of Austria, Finland and Sweden	1-Jan-95	GATS Art. V	Accession to services agreement	Consultations on draft report
EAEC	8-Oct-97	GATT Art. XXIV	Customs union	Under factual examination
EC - Andorra	1-Jul-91	GATT Art. XXIV	Customs union	Factual examination concluded
EC - Turkey	1-Jan-96	GATT Art. XXIV	Customs union	Under factual examination
Czech Republic - Slovak Republic	1-Jan-93	GATT Art. XXIV	Customs union	Report adopted
MERCOSUR	29-Nov-91	Enabling Clause	Customs union	Under factual examination
CARICOM	1-Aug-73	GATT Art. XXIV	Customs union	Report adopted
EC - Cyprus	1-Jun-73	GATT Art. XXIV	Customs union	Report adopted
EC - Malta	1-Apr-71	GATT Art. XXIV	Customs union	Report adopted
CACM	12-Oct-61	GATT Art.	Customs	Report adopted

		XXIV	union	
EC (Treaty of Rome)	1-Jan-58	GATT Art. XXIV	Customs union	Report adopted
India - Sri Lanka	15-Dec-01	Enabling Clause	Free trade agreement	Examination not requested
Chile - Costa Rica	15-Feb-02	GATT Art. XXIV	Free trade agreement	Factual examination not started
Turkey - Slovenia	1-Jun-00	GATT Art. XXIV	Free trade agreement	Factual examination not started
United States - Jordan	17-Dec-01	GATT Art. XXIV	Free trade agreement	Factual examination not started
EFTA - Jordan	1-Jan-02	GATT Art. XXIV	Free trade agreement	Factual examination not started
EFTA - Croatia	1-Jan-02	GATT Art. XXIV	Free trade agreement	Factual examination not started
Slovenia - Bosnia and Herzegovina	1-Jan-02	GATT Art. XXIV	Free trade agreement	Factual examination not started
EC - FYROM	1-Jun-01	GATT Art. XXIV	Free trade agreement	Factual examination not started
Hungary - Estonia	1-Mar-01	GATT Art. XXIV	Free trade agreement	Factual examination not started
New Zealand - Singapore	1-Jan-01	GATT Art. XXIV	Free trade agreement	Factual examination not started
EFTA - Mexico	1-Jul-01	GATT Art. XXIV	Free trade agreement	Factual examination not started
Chile - Mexico	1-Aug-99	GATT Art. XXIV	Free trade agreement	Factual examination not started
Mexico - Israel	1-Jul-00	GATT Art. XXIV	Free trade agreement	Factual examination not started
Georgia - Armenia	11-Nov-98	GATT Art. XXIV	Free trade agreement	Under factual examination
Georgia - Azerbaijan	10-Jul-96	GATT Art. XXIV	Free trade agreement	Under factual examination
Georgia - Kazakhstan	16-Jul-99	GATT Art. XXIV	Free trade agreement	Under factual examination
Georgia - Russian Federation	10-May-94	GATT Art. XXIV	Free trade agreement	Under factual examination
Georgia - Turkmenistan	1-Jan-00	GATT Art. XXIV	Free trade agreement	Under factual examination
Georgia - Ukraine	4-Jun-96	GATT Art. XXIV	Free trade agreement	Under factual examination
EFTA - Former Yugoslav Republic of Macedonia	1-Jan-01	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Latvia - Turkey	1-Jul-00	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Turkey - Former Yugoslav Republic of Macedonia	1-Sep-00	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Kyrgyz Republic - Armenia	27-Oct-95	GATT Art. XXIV	Free trade agreement	Under factual examination

EC - South Africa	1-Jan-00	GATT Art. XXIV	Free trade agreement	Factual examination not started
EC - Morocco	1-Mar-00	GATT Art. XXIV	Free trade agreement	Under factual examination
EC - Israel	1-Jun-00	GATT Art. XXIV	Free trade agreement	Factual examination concluded
EC - Mexico	1-Jul-00	GATT Art. XXIV	Free trade agreement	Under factual examination
Estonia - Ukraine	14-Mar-96	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Poland - Turkey	1-May-00	GATT Art. XXIV	Free trade agreement	Factual examination concluded
EFTA - Morocco	1-Dec-99	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Bulgaria - Former Yugoslav Republic of Macedonia	1-Jan-00	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Hungary - Latvia	1-Jan-00	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Hungary - Lithuania	1-Mar-00	GATT Art. XXIV	Free trade agreement	Factual examination concluded
CIS	30-Dec-94	GATT Art. XXIV	Free trade agreement	Under factual examination
Kyrgyz Republic - Kazakhstan	11-Nov-95	GATT Art. XXIV	Free trade agreement	Under factual examination
Poland — Latvia	1-Jun-99	GATT Art. XXIV	Free trade agreement	Factual examination concluded
EFTA - Palestinian Authority	1-Jul-99	GATT Art. XXIV	Free trade agreement	Factual examination not started
Poland - Faroe Islands	1-Jun-99	GATT Art. XXIV	Free trade agreement	Under factual examination
BAFTA	1-Apr-94	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Kyrgyz Republic - Moldova	21-Nov-96	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Kyrgyz Republic - Russian Federation	24-Apr-93	GATT Art. XXIV	Free trade agreement	Under factual examination
Kyrgyz Republic - Ukraine	19-Jan-98	GATT Art. XXIV	Free trade agreement	Under factual examination
Kyrgyz Republic - Uzbekistan	20-Mar-98	GATT Art. XXIV	Free trade agreement	Under factual examination
Bulgaria - Turkey	1-Jan-99	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Czech Republic - Turkey	1-Sep-98	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Slovak Republic - Turkey	1-Sep-98	GATT Art. XXIV	Free trade agreement	Factual examination concluded
EC - Tunisia	1-Mar-98	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Estonia - Turkey	1-Jun-98	GATT Art. XXIV	Free trade	Factual examination

		XXIV	agreement	concluded
Slovenia - Israel	1-Sep-98	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Poland - Israel	1-Mar-98	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Estonia - Faroe Islands	1-Dec-98	GATT Art. XXIV	Free trade agreement	Under factual examination
Czech Republic - Estonia	12-Feb-98	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Slovak Republic - Estonia	12-Feb-98	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Lithuania - Turkey	1-Mar-98	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Israel - Turkey	1-May-97	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Romania - Turkey	1-Feb-98	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Hungary - Turkey	1-Apr-98	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Czech Republic - Israel	1-Dec-97	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Slovak Republic - Israel	1-Jan-97	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Slovenia - Croatia	1-Jan-98	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Hungary - Israel	1-Feb-98	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Poland - Lithuania	1-Jan-97	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Slovak Republic - Latvia	1-Jul-97	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Slovak Republic - Lithuania	1-Jul-97	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Czech Republic - Latvia	1-Jul-97	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Czech Republic - Lithuania	1-Sep-97	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Romania - Moldova	1-Jan-95	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Canada - Chile	5-Jul-97	GATT Art. XXIV	Free trade agreement	Factual examination concluded
EC - Palestinian Authority	1-Jul-97	GATT Art. XXIV	Free trade agreement	Factual examination not started
Slovenia -Estonia	1-Jan-97	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Slovenia - Former Yugoslav Republic of Macedonia	1-Sep-96	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Slovenia - Latvia	1-Aug-96	GATT Art. XXIV	Free trade agreement	Factual examination concluded

Slovenia - Lithuania	1-Mar-97	GATT Art. XXIV	Free trade agreement	Factual examination concluded
EC - Faroe Islands	1-Jan-97	GATT Art. XXIV	Free trade agreement	Under factual examination
Canada - Israel	1-Jan-97	GATT Art. XXIV	Free trade agreement	Factual examination concluded
EC - Slovenia	1-Jan-97	GATT Art. XXIV	Free trade agreement	Factual examination concluded
EFTA - Estonia	1-Jun-96	GATT Art. XXIV	Free trade agreement	Factual examination concluded
EFTA - Latvia	1-Jun-96	GATT Art. XXIV	Free trade agreement	Factual examination concluded
EFTA - Lithuania	1-Aug-96	GATT Art. XXIV	Free trade agreement	Factual examination concluded
EC - Czech Republic	1-Mar-92	GATT Art. XXIV	Free trade agreement	Factual examination concluded
EC - Slovak Republic	1-Mar-92	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Faroe Islands - Norway	1-Jul-93	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Faroe Islands - Switzerland	1-Mar-95	GATT Art. XXIV	Free trade agreement	Factual examination concluded
Faroe Islands - Iceland	1-Jul-93	GATT Art. XXIV	Free trade agreement	Factual examination concluded
EFTA - Slovenia	1-Jul-95	GATT Art. XXIV	Free trade agreement	Factual examination concluded
EC - Lithuania	1-Jan-95	GATT Art. XXIV	Free trade agreement	Factual examination concluded
EC - Estonia	1-Jan-95	GATT Art. XXIV	Free trade agreement	Factual examination concluded
EC - Latvia	1-Jan-95	GATT Art. XXIV	Free trade agreement	Factual examination concluded
EC - Bulgaria	31-Dec-93	GATT Art. XXIV	Free trade agreement	Factual examination concluded
EC - Romania	1-May-93	GATT Art. XXIV	Free trade agreement	Factual examination concluded
CEFTA	1-Mar-93	GATT Art. XXIV	Free trade agreement	Consultations on draft report
EFTA - Hungary	1-Oct-93	GATT Art. XXIV	Free trade agreement	Consultations on draft report
EFTA - Poland	15-Nov-93	GATT Art. XXIV	Free trade agreement	Factual examination concluded
EFTA - Bulgaria	1-Jul-93	GATT Art. XXIV	Free trade agreement	Factual examination concluded
EFTA - Romania	1-May-93	GATT Art. XXIV	Free trade agreement	Factual examination concluded
NAFTA	1-Jan-94	GATT Art. XXIV	Free trade agreement	Consultations on draft report

EFTA - Israel	1-Jan-93	GATT Art. XXIV	Free trade agreement	Factual examination concluded
EFTA - Czech Republic	1-Jul-92	GATT Art. XXIV	Free trade agreement	Report adopted
EFTA - Slovak Republic	1-Jul-92	GATT Art. XXIV	Free trade agreement	Report adopted
EC - Hungary	1-Mar-92	GATT Art. XXIV	Free trade agreement	Consultations on draft report
EC - Poland	1-Mar-92	GATT Art. XXIV	Free trade agreement	Factual examination concluded
EFTA - Turkey	1-Apr-92	GATT Art. XXIV	Free trade agreement	Report adopted
United States - Israel	19-Aug-85	GATT Art. XXIV	Free trade agreement	Report adopted
CER	1-Jan-83	GATT Art. XXIV	Free trade agreement	Report adopted
EC - Egypt	1-Jul-77	GATT Art. XXIV	Free trade agreement	Report adopted
EC - Jordan	1-Jul-77	GATT Art. XXIV	Free trade agreement	Report adopted
EC - Lebanon	1-Jul-77	GATT Art. XXIV	Free trade agreement	Report adopted
EC - Syria	1-Jul-77	GATT Art. XXIV	Free trade agreement	Report adopted
PATCRA	1-Feb-77	GATT Art. XXIV	Free trade agreement	Report adopted
EC - Algeria	1-Jul-76	GATT Art. XXIV	Free trade agreement	Report adopted
EC - Norway	1-Jul-73	GATT Art. XXIV	Free trade agreement	Report adopted
EC - Iceland	1-Apr-73	GATT Art. XXIV	Free trade agreement	Report adopted
EC - Switzerland and Liechtenstein	1-Jan-73	GATT Art. XXIV	Free trade agreement	Report adopted
EC - OCTs	1-Jan-71	GATT Art. XXIV	Free trade agreement	Report adopted
EFTA (Stockholm Convention)	3-May-60	GATT Art. XXIV	Free trade agreement	Report adopted
EAC	7-Jul-00	Enabling Clause	Other	Examination not requested
CEMAC	24-Jun-99	Enabling Clause	Other	Examination not requested
WAEMU/UEMOA	1-Jan-00	Enabling Clause	Other	Examination not requested
MSG	22-Jul-93	Enabling Clause	Other	Examination not requested
COMESA	8-Dec-94	Enabling Clause	Other	Examination not requested

SAPTA	7-Dec-95	Enabling Clause	Other	Examination not requested
AFTA	28-Jan-92	Enabling Clause	Other	Examination not requested
CAN	25-May-88	Enabling Clause	Other	Examination not requested
ECO	not available	Enabling Clause	Other	Examination not requested
Laos — Thailand	20-Jun-91	Enabling Clause	Other	Examination not requested
GCC	not available	Enabling Clause	Other	Examination not requested
LAIA	18-Mar-81	Enabling Clause	Other	Examination not requested
SPARTECA	1-Jan-81	Enabling Clause	Other	Examination not requested
ASEAN	31-Aug-77	Enabling Clause	Other	Report adopted
Bangkok Agreement	17-Jun-76	Enabling Clause	Other	Report adopted
GSTP	19-Apr-89	Enabling Clause	Other	Examination not requested
PTN	11-Feb-73	Enabling Clause	Other	Examination not requested
TRIPARTITE	1-Apr-68	Enabling Clause	Other	Report adopted
EC - Mexico	1-Mar-01	GATS Art. V	Services agreement	Examination not requested
Chile - Costa Rica	15-Feb-02	GATS Art. V	Services agreement	Factual examination not started
EC - Slovenia	1-Feb-99	GATS Art. V	Services agreement	Factual examination not started
EC - Lithuania	1-Feb-98	GATS Art. V	Services agreement	Factual examination not started
EC - Estonia	1-Feb-98	GATS Art. V	Services agreement	Factual examination not started
EC - Latvia	1-Feb-99	GATS Art. V	Services agreement	Factual examination not started
New Zealand - Singapore	1-Jan-01	GATS Art. V	Services agreement	Factual examination not started
EFTA - Mexico	1-Jul-01	GATS Art. V	Services agreement	Factual examination not started
Chile - Mexico	1-Aug-99	GATS Art. V	Services agreement	Factual examination not started
Canada - Chile	5-Jul-97	GATS Art. V	Services agreement	Under factual examination
EC - Bulgaria	1-Feb-95	GATS Art. V	Services agreement	Factual examination not started
EEA	1-Jan-94	GATS Art. V	Services agreement	Factual examination not started

EC - Czech Republic	1-Feb-95	GATS Art. V	Services agreement	Factual examination not started
EC - Romania	1-Feb-95	GATS Art. V	Services agreement	Factual examination not started
EC - Hungary	1-Feb-94	GATS Art. V	Services agreement	Consultations on draft report
EC - Poland	1-Feb-94	GATS Art. V	Services agreement	Factual examination concluded
EC - Slovak Republic	1-Feb-95	GATS Art. V	Services agreement	Factual examination concluded
CER	1-Jan-89	GATS Art. V	Services agreement	Consultations on draft report
EC (Treaty of Rome)	1-Jan-58	GATS Art. V	Services agreement	Under factual examination
NAFTA	1-Apr-94	GATS Art. V	Services agreement	Consultations on draft report

Notes: Acronyms given in table below

Source: WTO

List of Acronyms used in Table 1

AFTA	ASEAN Free Trade Area	Brunei Darussalam Cambodia Indonesia Laos Malaysia Myanmar Philippines Singapore Thailand Vietnam
ASEAN	Association of South East Asian Nations	Brunei Darussalam Cambodia Indonesia Laos Malaysia Myanmar Philippines Singapore Thailand Vietnam
BAFTA	Baltic Free-Trade Area	Estonia Latvia Lithuania
BANGKOK	Bangkok Agreement	Bangladesh China India Republic of Korea Laos Sri Lanka
CAN	Andean Community	Bolivia Colombia Ecuador Peru Venezuela
CARICOM	Caribbean Community and Common Market	Antigua & Barbuda Bahamas Barbados Belize Dominica Grenada Guyana Haiti Jamaica Monserrat Trinidad & Tobago St. Kitts & Nevis St. Lucia St. Vincent & the Grenadines Surinam
CACM	Central American Common Market	Costa Rica El Salvador Guatemala Honduras Nicaragua
CEFTA	Central European Free Trade Agreement	Bulgaria Czech Republic Hungary Poland Romania Slovak Republic Slovenia
CEMAC	Economic and Monetary Community of Central Africa	Cameroon Central African Republic Chad Congo Equatorial Guinea Gabon
CER	Closer Trade Relations Agreement	Australia New Zealand
CIS	Commonwealth of Independent States	Azerbaijan Armenia Belarus Georgia Moldova Kazakhstan Russian Federation Ukraine Uzbekistan Tajikistan Kyrgyz Republic
COMESA	Common Market for Eastern and Southern Africa	Angola Burundi Comoros Democratic Republic of Congo Djibouti Egypt Eritrea Ethiopia Kenya Madagascar Malawi Mauritius Namibia Rwanda Seychelles Sudan Swaziland Uganda Zambia Zimbabwe
EAC	East African Cooperation	Kenya Tanzania Uganda
EAEC	Eurasian Economic Community	Belarus Kazakhstan Kyrgyz Republic Russian Federation Tajikistan
EC	European Communities	Austria Belgium Denmark Finland France Germany Greece Ireland Italy Luxembourg Netherlands Portugal Spain Sweden United Kingdom
ECO	Economic Cooperation Organization	Afghanistan Azerbaijan Iran Kazakhstan Kyrgyz Republic Pakistan Tajikistan Turkey Turkmenistan Uzbekistan
EEA	European Economic Area	EC Iceland Lichtenstein Norway
EFTA	European Free Trade Association	Iceland Liechtenstein Norway Switzerland
GCC	Gulf Cooperation Council	Bahrain Kuwait Oman Qatar Saudi Arabia United Arab Emirates
GSTP	General System of Trade Preferences among Developing Countries	Algeria Angola Argentina Bangladesh Benin Bolivia Brazil Cameroon Chile Colombia Cuba Democratic People's Republic of Korea Ecuador Egypt Ghana Guinea Guyana Haiti India Indonesia Islamic Republic of Iran Iraq Libya Malaysia Mexico Morocco Mozambique Nicaragua Nigeria Pakistan Peru Philippines Qatar Republic of Korea Romania Singapore Sri Lanka Sudan Thailand Trinidad and Tobago Tunisia United Republic of Tanzania Uruguay Venezuela Vietnam Yugoslavia Zaire Zimbabwe

LAIA	Latin American Integration Association	Argentina Bolivia Brazil Chile Colombia Cuba Ecuador Mexico Paraguay Peru Uruguay Venezuela
MERCOSUR	Southern Common Market	Argentina Brazil Paraguay Uruguay
MSG	Melanesian Spearhead Group	Fiji Papua New Guinea Solomon Islands Vanuatu
NAFTA	North American Free Trade Agreement	Canada Mexico United States
OCT	Overseas Countries and Territories	Greenland New Caledonia French Polynesia French Southern and Antarctic Territories Wallis and Futuna Islands Mayotte Saint Pierre and Miquelon Aruba Netherlands Antilles Anguilla Cayman Islands Falkland Islands South Georgia and South Sandwich Islands Montserrat Pitcairn Saint Helena Ascension Island Tristan da Cunha Turks and Caicos Islands British Antarctic Territory British Indian Ocean Territory British Virgin Islands
PTN	Protocol relating to Trade Negotiations among Developing Countries	Bangladesh Brazil Chile Egypt Israel Mexico Pakistan Paraguay Peru Philippines Republic of Korea Romania Tunisia Turkey Uruguay Yugoslavia
SAPTA	South Asian Preferential Trade Arrangement	Bangladesh Bhutan India Maldives Nepal Pakistan Sri Lanka
SPARTECA	South Pacific Regional Trade and Economic Cooperation Agreement	Australia New Zealand Cook Islands Fiji Kiribati Marshall Islands Micronesia Nauru Niue Papua New Guinea Solomon Islands Tonga Tuvalu Vanuatu Western Samoa
TRIPARTITE	Tripartite Agreement	Egypt India Yugoslavia
UEMOA WAEMU	West African Economic and Monetary Union	Benin Burkina Faso Côte d'Ivoire Guinea Bissau Mali Niger Senegal Togo