

A REVIEW OF THE REGIONAL AGREEMENTS IN MULTILATERAL PERSPECTIVE

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ABSTRACT

Multilateral trade ties between the members of the world trade organisation have been impacting the trade to the new dimensions and targets. Multilateral trade has been seen as a tool of inclusive growth and sustainable development across the developing and developed world. The developing countries have the rich resources remaining untapped. The developed countries has the technology and tools to use those resources. Multilateral is the real thing which connects both the developed and developing world. Although the WTO regime has done a tremendous job but still there is the problem of poverty and less development amongst the least developed countries. The regional co-operation agreements have come to help the regional imbalance while supplementing the WTO objectives. This review paper reviews the role of the regional co-operation agreements in the era of Multilateralism and internationalization of trade and industry.

KEYWORDS: REGIONAL TRADE AGREEMENTS, WTO, SAFTA, FREE TRADE AGREEMENTS, MULTILATERAL AGREEMENTS, INTERNATIONAL TRADE

STATEMENT OF REVIEW

The review is a critical analysis of the regional trade agreements in the high times of multilateral trade and WTO region. The regional trade agreements focuses on a specified trading bloc which has common tax systems, tariffs and industrial policies. The said trading bloc is generally established via trade agreements by the governments of the member countries of that

trading bloc. The prime objective of establishing a trading bloc is to help each other in a more focused way and transparent policies. The customs co-operation amongst the member countries of that trading bloc is the other characteristics of a trading bloc. This review highlights the role of regional trade agreements working for the task of regional development when the member of the agreement is having another multilateral agreements which the WTO member country which is a stranger to the regional trading bloc.

REGIONAL TRADE AGREEMENTS

The development at the regional level is more looked after by the regional co-operation having the common modalities, common tax tariffs, common customs controls and common statements of development. The regional trade agreements are entered into by the members of a specified trading bloc who is not a stranger but a member to that trading bloc. South Asian Association For Regional Co-operation (SAARC) agreements are the examples of the regional trade agreements. The SAARC is the regional trade agreement which is entered into by the members of the South Asian Countries. This agreement focuses on the regional development amongst the south asia region.

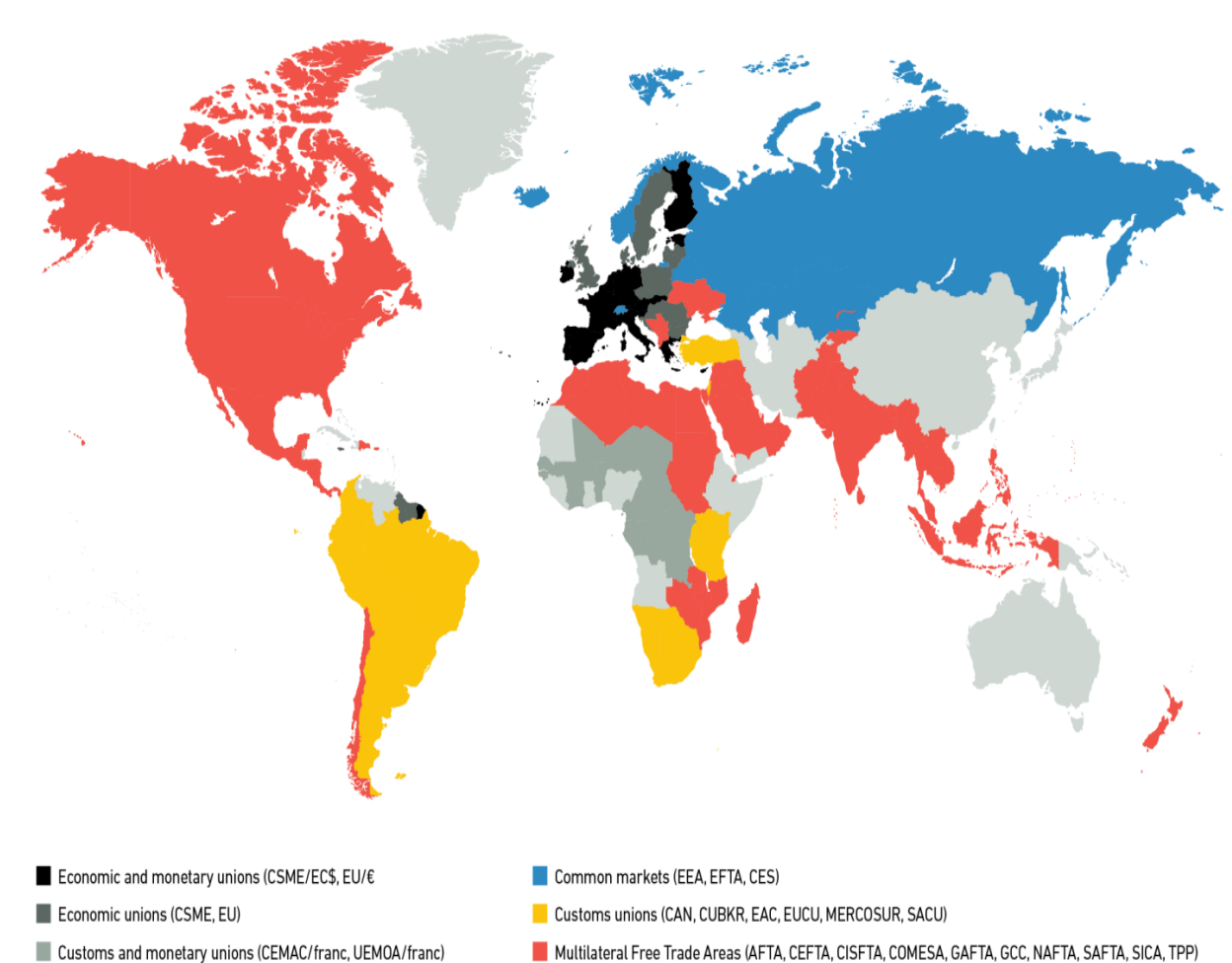
The regional trade agreements have been emerged as a regional developmental tool for eradicating poverty and ensuring the inclusive and sustained economic and social development. The members of the regional trade agreement have their mutual obligations towards each other. The obligations are taken on priority by the member countries when any other agreement of multilateral nature is considered.

REGIONAL TRADE AGREEMENTS AS EXCEPTIONS TO THE MULTILATERAL TRADE

When the Regional Trade Agreements are entered, most of the focus of the agreement is on the development of the regional trading bloc. The beneficiaries of Regional Trade Agreements are always the parties to the agreements and not the strangers. The underlying principle of the regional trade agreements is the local liberalization while the basic principle of the multilateral trade is general globalization. There are various opinions in favour of regional system of trade agreements but it has always been felt that understanding the levels of accomplishments through the regional agreements is more difficult than that of in the WTO Region. The Regional Agreement are concerned with the countries having similar and same geographical and economic structures. The regional trade agreements overlap the general rules and jurisdiction of WTO system of multilateral trade.

The multilateral trade has always suffered due to the heavy powering of the developed countries over the developing or least developed countries. The Japan is one of the countries which has advocated for the regionalism instead of multilateralism. When WTO talks in Seattle got failed the Japan signed the regional agreement on the bilateral basis with the Singapore. The other accomplishment can be seen with the trade regional agreements in the EU system of regional trade pacts.

The following figure shows the comparison between the regional and multilateral trade agreements:-



The figure makes it clear that the increase in the regional arrangements of economic cooperation and development has been witnessed in the recent past. More and more getting into regional trade agreements by the world economies has made the multilateralism a relatively subordinate thing as far as the international trade is concerned. Even the multilateral agreements are supplemented by the regional trade agreements as shown in the figure above. The another interesting point is that the regional trade agreements have taken neo-stages and identities such as customs arrangements, common markets agreements, economic unions, monetary unions etc. All this is to frame the basis that the regional arrangements of international trade have made their own relevance and specification as far as the inclusive growth is concerned in the developing and least developed countries.

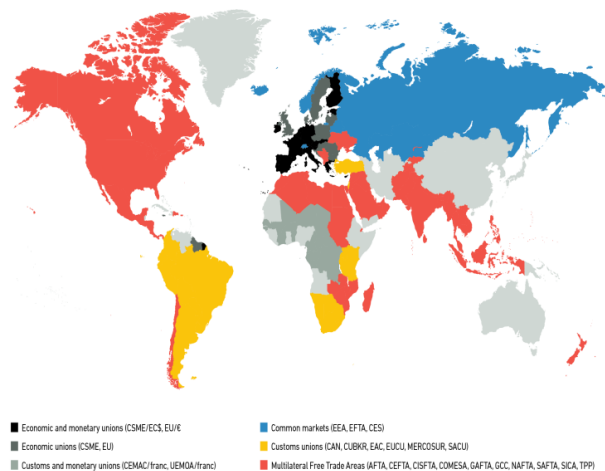
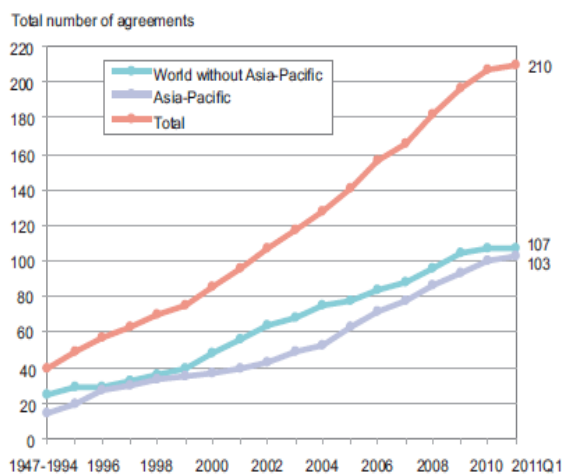
The expansion of the economic activity through the world economy has brought the justification to the coming with the regional cooperation and engagement as far as the economic development is concerned. The failure of the Doha arrangements has given the incentive to the increase in the economic cooperation going the regional way. It is the regional way only wherein the regional commonalities and requirements are known to each other by the parties to the regional arrangements. The regional specific factors also put the way on track paving the way for the regional groupings and blocs.

REGIONAL TRADE AGREEMENTS AS COMPLIMENT TO THE MULTILATERAL TRADING SYSTEM

It is the multilateral trading system which has generated the orientation towards the regional trade agreements and cooperation. The less fast cooperation at the multilateral system of the international trade has made the regional countries to go for regional cooperation while staying on wait by the time the multilateral trade agreement is finalized by the member countries of the WTO.

The multilateralism has even recognized various regional trade agreements entered at the regional level. By the year 2010, the number of such regional arrangements and agreements has reached to 400. This shows that the multilateral trade has provided the basis for the creation of the regional trading bloc. The recognition of the regional trading agreements by the multilateral trading system under the WTO regime has benefited the regionalism of the international trade.

Following figures shows the levels of the regional trading blocs has increased manifold:-



As shown in the first figure above the total number of regional trade agreements had

reached to 210 as on the completion of the first quarter of the year 2011. By the end of 2013, this

figure has reached to 400. This clearly shows the increased acceptance and adoption of the regional trade engagement by the regional partners having common markets or growth requirements. The another basis for the regional engagement is the supplementary roles of the regional players. The availability of the economic inputs and consumer markets has made the regional trading blocs an increasing choice by the regional economic players.

The another conclusion which can be derived from the above figure is that the developing world economies such as Asia-Pacific region have been increasingly opting for the regional participation and engagement for their economic and social development. The region is basically composed of developing countries and all these countries are opting for the regional arrangements at preference than the multilateral system of trade which has been a failure at Doha.

REVIEW DISCUSSION

The above exhibitions and explanations have put light on both the issues pertaining to the complementariness and exceptional of the regional trade agreements and the multilateral trade agreements. The role of regional trade agreements has been found that the increased trend in the regionalism has struck a contribution towards the multilateral trade. The multilateralism has also given the recognition to the regional trade agreements and the creation of the regional trade blocs across the member countries of the WTO. It has been found that both the regional system of the international trade and the regional cooperation amongst the regional participants has led to the increased levels of growth and inclusive development. The priority to be given by the regional players is more relevant for the fast implementation than the multilateral arrangements made by the WTO member countries.

CONCLUSION

The real choice for anything like inclusive growth is the engagement in those economic activities which have the common objectives and goals. The regional economic cooperation has been chosen by the major economic blocs as there are common developmental agendas, common markets aspects, and common cultural adaptability opportunities. The multilateral engagement has not helped the developing countries as their concerns may not entertain the developed countries which have different developed agendas. This has emerged as a big issue at the Doha round of talks of the WTO

regime. The failure of the Doha talks has incentivized the race for the regional options of engagement in the economic activities having shared objectives. The study has reviewed the popularity of the regional trade agreements over the multilateral arrangements of the international trade.

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