National Conference on Advanced Research in Science, Engineering, Management, Social Sciences & Humanities (NCARSEMSSH – 2021)

31st January, 2021

CERTIFICATE NO : NCARSEMSSH/2021/C0121105

OVERVIEW ON REGIONAL TRADE AGREEMENTS

Srijanee Chattopadhyay[1], Dr. Manoj Parmar[2]

[1]Research Scholar, Department of Political Science, Dr. A.P.J. Abdul Kalam University, Indore M.P., India

[2]Research Guide, Department of Political Science, Dr. A.P.J. Abdul Kalam University, Indore, M.P., India

ABSTRACT

Regional Trade Agreements are typically negotiated between adjacent nations to minimize trade barriers like custom charges on imports,' claims the Inter-American Development Bank. Regional trade agreements go against the Most Favored Nations (MFN), which is an essential WTO principle. In this article, overview on Regional Trade Agreements has been highlighted.

Keywords : *Regional, Trade, Agreements.*

INTRODUCTION

In the case of regional trade agreements, two or more nations come together to establish an association or union, and the members decide to do away with import duties for goods from one another but not for goods from other countries. Raising the welfare of member countries is the goal of this type of economic integration or geographical tariff discrimination. Regional Trade Agreements are a blend of the policies of free trade and restricted commerce since they restore unrestricted trade among member countries while imposing trade restrictions on non-member countries of the world.

REGIONAL TRADE AGREEMENTS

Two viewpoints can be used to describe the theoretical benefits and drawbacks of regional trade agreements. The first is the static effects of economic integration on consumer welfare and productive effectiveness. The second is the dynamic impact of economic integration on member countries' longterm growth rates. To examine the consequences of RTAs, Jacob Viner developed the idea of trade formation and trade deviation in 1950. These days, economists' perspectives are split into two groups: those who believe that RTAs are "building blocks" and others who believe that they are "stumbling blocks". RTAs are seen as a building brick by the major industrialized and developing economies of the globe, despite the fact that over the past 20 years they have become a fascinating phenomenon for all nations. The result is that there have been more regional integration initiatives recently in the global trading system. Today, regional trade agreements regulate more than 50 percent of all trade globally. The unprecedented increase of RTAs is a notable development in the world trading system. The two waves of regional integration progress in the world have been separated by economists. Following the formation of the European Economic Community (EEC) in 1957, the first wave of regional integration took place. The second wave of regionalism, or "new regionalism," emerged in the middle of the 1990s, and this year has seen a marked growth in the number of RTAs that have come into existence. [1]

The first drive for this new regionalism came from developing nations who wanted to make their voices heard in opposition to developed nations. The delayed progress of the WTO and GATT was another factor in the recent rise of RTAs. Getting a huge number of nations to agree on changes can be incredibly challenging, despite the WTO's primary goal of promoting trade liberalization through global accords. Since the WTO was unable to produce a worldwide trade agreement by the early 2000s, nations gradually turned to more constrained Regional Trade Agreements as a different strategy for trade liberalization. [2]

VARIOUS TYPES OF REGIONAL TRADE AGREEMENTS

Based on their level of integration, regional trade agreements can take many different forms:

- Preferential Trade Agreements (PTAs), which are the initial stage of the process, are where partner nations agree to reduce some of their mutually applicable tariffs.
- The Free Trade Agreements (FTAs), which eliminate all tariffs between member nations but let each one keeps its own tariff rates on imports from non-members, make up the second tier.
- Custom Union (CU) members determine a common tariff level for non-members.

- A common market (CM), which has member nations, makes up the fourth tier and permits free movement of manufacturing factors.
- The Economic Union is the final tier. Its members adopt a single currency and integrate their national economic policies.

CONCLUSION

International trade facilitates access to new markets for both services and products. Interchange of capital, goods, and services across international boundary is referred to as international trade. It is being significantly impacted by industrialization, modern transportation, globalization, multinational collaborations, and outsourcing. The sustainability of globalization is necessary for the growth of international trade. Free trade and restricted trade are two forms of international trade. It actually takes place in the latter, with both natural and artificial obstacles, in a real-world environment, despite the pure theory of international trade viewing the former as the ideal type. Trade limitations can take the form of both natural (such as transportation costs) and artificial (such as tariffs, quotas, non-tariff measures, etc.) trade barriers. These artificial barriers are frequently an element of a nation's import substitution trade policy since they are frequently used by a nation to reduce or limit its imports. [3]

REFERENCES

1) Choudhary, S., “India and ASEAN Trade: An Overview”, International Journal of Social Science & Interdisciplinary Research, Vol.2, Issue 2, Page No. 21-28,2013.
2) Jha, S., “Utility of Regional Trade Agreements: Experience from India’s Regionalism” Asia Pacific Research and Training Network on Trade, Vol. 1, Issue 1, Page No. 12-20, 2011.
3) Devonshire E. C., “Understanding ASEAN’s Free Trade Agreements”, ASEAN Briefing, Vol 1, Issue 1, Page No. 28-45, 2014.