

# Global Economy

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## Lecture 4

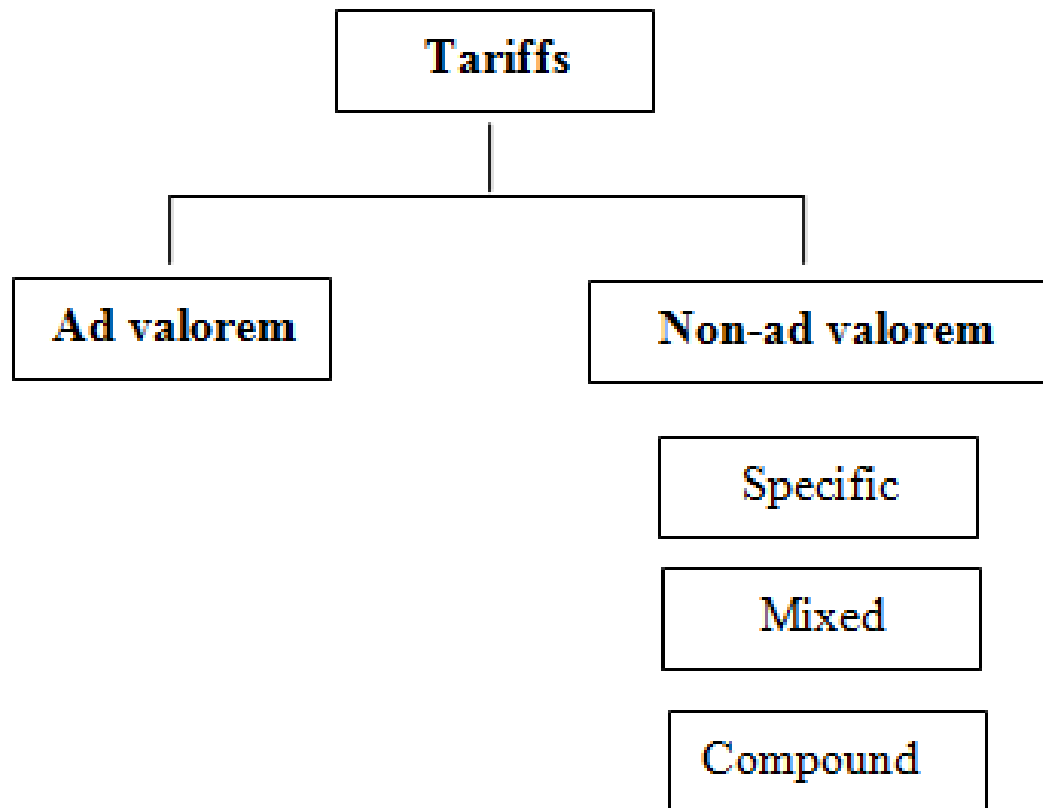
# Arguments for trade protection

Instruments of trade policy: tariffs and non-tariff barriers (NTBs)

# Arguments for trade liberalization

# Tariffs

- A tariff is a tax imposed on goods when they are moved across a political boundary.
- Tariff rates vary across goods and services as well over time.
- **Import tariff** – levied on imports.
- **Export tariff** – levied on exported goods as they leave the country.



## Different technical methods of assessing customs duties

- **ad valorem** – percentage of the value of the imported goods, e.g. 10 per cent of the value,
- **specific** – based on weight or volume of goods, e.g. 2 dollars per kilogram,
- **mixed** – ad valorem or specific – whichever is higher/lower,
- **compound** – ad valorem and specific, e.g. 10 per cent plus 2 dollars per kilogram or on another basis (technical tariff) e.g. according to percentage content of a product component (e.g. sugar or alcohol).

# Arguments for trade protection

## Why impose tariff?

- to raise revenue (a **revenue tariff** – a tariff imposed to generate public revenue),
- to protect domestic industries (a **protective tariff** is intended to artificially inflate prices of imports and "protect" domestic industries from foreign competition),
- to discourage consumption and imports (special case a **prohibitive tariff** – so high that no one imports any of the item) – prohibitive tariffs on used vehicles

- Tariff as a source of government revenue (revenue argument).
- Tariff to increase employment in a particular industry.
- Tariff to reduce aggregate unemployment.
- Tariff to improve the balance of trade.
- National defense argument for a tariff.
- To “encourage better policy” abroad.

- **To “encourage better policy” abroad.** On March 27, 2006 Russia stopped wine imports from Moldova and Georgia (reason – low quality and harmful). The Russian sanctions – a response to Chisinau's new border regime with Transnistria.
- The Russian sanctions came only a few weeks after Moldova and Ukraine imposed a new customs regime at the Transnistrian border. The breakaway republic could only export its goods to or through Ukraine with Moldovan customs approval.



- Chisinau lost about 21 million U.S. dollars in the first five months of 2006. Moldova delivered about 80 percent of its wines (at a value of about 250 million dollars in 2005) to Russia before the embargo. Up to the date of the embargo, about 130 companies delivered alcoholic drinks to Russia (36 companies in 2008).
- 2007 Russian inspectors came to Moldova – five companies, all of whom had Russian capital, received the right to export to Russia.

- According to various estimates, Moldovan producers in 2009 had a 10-15-percent market share on the Russian market compared to 60-70 percent they had before 2006.
- 2011 - 40 percent of Moldova's wine production was exported to Russia

## **Protection as a response to international policy distortions**

- Tariff to offset a foreign subsidy.
- Tariff to offset foreign dumping.

## Export subsidies

- Export subsidies are payments made by the government to encourage the export of specified products.
- The most common product groups where export subsidies are applied are agricultural and dairy products.
- Country's subsidies can hurt: a domestic industry in an importing country, rival exporters from another country when the two compete in third markets, exporters trying to compete in the subsidizing country's domestic market.
- If domestic producers are hurt by imports of subsidized products, **countervailing duty** can be imposed.

- **Agreement on Subsidies and Countervailing Measures** allows the use of countervailing measures on subsidized imported goods.
- A country can use the WTO's dispute settlement procedure to seek the withdrawal of the subsidy or the removal of its adverse effects. Country can launch its own investigation and ultimately charge extra duty (known as "countervailing duty") on subsidized imports that are found to be hurting domestic producers.
- Countervailing investigations shall be terminated immediately in cases where the amount of a subsidy is *de minimis* (the subsidy is less than 1 per cent *ad valorem*) or where the volume of subsidized imports, actual or potential, or the injury is negligible.

# Antidumping (AD)

- The first recorded antidumping law was in Canada (1904).
- The Canadian legislation was followed by similar legislation in most of the major trading nations in the industrialised world prior to and after World War I (Australia in 1906; US in 1916 and 1921).
- Nowadays, virtually all of the industrialised and developing countries have adopted antidumping legislation.

# Antidumping (AD)

- **Dumping** occurs when export price is below normal value. Normal value is usually based on domestic prices, unless domestic sales are made in relatively low volumes or are made at prices below cost.
- Export prices should be compared against the higher of: domestic prices or cost of production plus reasonable amount for selling costs and profit.

# Antidumping (AD)

- AD is GATT/WTO consistent and requires no concessions. Article VI of GATT 1994 allows Members to apply antidumping measures on imports of a product with an export price below its „normal value” if such imports causes or threaten to cause material injury to a domestic industry.
- The WTO agreement on anti-dumping defines de minimis dumping as below 2%. That is, export prices can be up to 2% below normal value before they will be considered ‘dumped’.
- WTO rules define negligible injury as less than 3% of imports into the country concerned.



## Example: Polish golf carts case

- In the 1970s, Poland began exporting electric golf carts to the United States in significant numbers.
- In 1975, US golf cart producers complained that these Polish golf carts were unfairly priced and filed an antidumping complaint.
- Problem of pricing Polish golf carts. Poland did not have convertible currency and had no usable cost data on inputs, since most were simply provided by the government. There was no domestic Polish market or third market for the golf carts, because the carts were exported only to the US. At the time, golf carts were made by only the US and Poland.

## Example: Polish golf carts case

- Poland was asked to provide actual data on the amount of labour, electricity, and other inputs. Surrogate market was chosen to set appropriate monetary values for the inputs.
- The constructed values, based on Spanish prices, led to a determination that the golf carts were not being sold below fair value.

# Antidumping (AD)

- Until the last two decades of the 20th century most antidumping actions were confined to a small group of GATT Contracting Parties - the US, Canada, Australia and the European Community (EC).
- In the mid-1980s, antidumping actions began to spread beyond the traditional users to involve many developing countries.
- Total antidumping initiations have continued to rise since 1980. Antidumping initiations by the US, Canada, Australia, EC has tailed off in the last decade.

## **Protection to offset market imperfections**

- Tariff to extract foreign monopoly profit.
- The use of an export tax to redistribute profit from a domestic monopolist.

## **Infant industry argument**

- Argument that a tariff is needed to protect an industry in its early stage of development.
- Nascent industries often do not have the economies of scale that their older competitors from other countries may have, and thus need to be protected until they can attain similar economies of scale.

## **Infant industry argument**

- Firms may face initial losses in an industry. Tariffs allows those domestic industries to grow and become self sufficient within the international economy once they reach a reasonable size.
- Protectionism allows an industry to develop until it is able to compete in international trade.
- Infant industries are by definition those that are not strong enough to survive open competition - they are dependent on government protectionism in order to survive.

## **Infant industry argument**

- It was first used by Alexander Hamilton in 1790 and later by Friedrich List, in 1841, to support protection for German manufacturing against British industry.
- History provides numerous examples of the benefits of protecting infant industries.
- In the 1830's the average tariff in the US was 40%, the highest in the world, allowing the development of manufacturing industries until World War II when the manufacturing supremacy of the States was absolute.
- In 1939 Japan kicked out General Motors to protect Toyota which at the time was uncompetitive in the global market.

## Strategic trade policy

- Consideration of strategic trade policy is a relatively recent addition to the trade policy debate, having started in the early 1980s.
- **Spencer, B. and Brander, J.** (1983), *International R&D rivalry and industrial strategy*, Review of Economic Studies 50, 707–22.
- **Brander, J. and Spencer, B.** (1985), *Export subsidies and international market share rivalry*, Journal of International Economics 18, 83-100.



## Strategic trade policy

- Strategic trade policy refers to trade policy that affects the outcome of strategic interactions between firms in an actual or potential international oligopoly.
- The term “strategic” arises from consideration of the strategic interaction between firms.

## Strategic trade policy

- Strategic interaction requires that firms recognize that their payoffs in terms of profit or other objectives are directly affected by the decisions of rivals or potential rivals.
- As a result, firms recognize that their own choices concerning such variables as output, price and investment depend on the decisions of other firms.
- **A main idea is that trade policies can raise domestic welfare by shifting profits from foreign to domestic firms.**

## Numerical example

Krugman, P. (1987), *Is Free Trade Passé?* Journal of Economic Perspectives, 1(2), 131–44.

- Two firms, Boeing, an American firm, and Airbus, a European firm, are capable of producing a certain type of passenger aircraft. The aircraft are all exported to a third country.
- The profit earned by each country's firm minus the cost of any subsidy is then the appropriate measure of each country's national benefit.
- The third-country market is profitable if there is only one producer, but both firms would make losses if they both enter and must share the market.

The European government is considering whether to subsidize the entry of Airbus.

Table 1. Intervention by Europe

Non-intervention				Subsidize entry by 25			
		Airbus				Airbus	
		Enter	Not enter			Enter	Not enter
Boeing	Enter	(-5;-5)	(100;0)	Boeing	Enter	(-5;20)	(100;0)
	Not enter	(0;100)	(0;0)		Not enter	(0;125)	(0;0)

## Alternative case – subsidy as a wrong idea

Table 2. Intervention by Europe

Non-intervention				Subsidize entry by 25			
Airbus				Airbus			
		Enter	Not enter			Enter	Not enter
Boeing	Enter	(5;-20)	(125;0)	Boeing	Enter	(5;5)	(125;0)
		Not enter	(0;100)		Not enter	(0;125)	(0;0)

## NBT – Import quotas

- Import quotas are limitations on the quantity of goods that can be imported into the country during a specified period of time.
- There are two basic types of quotas: **absolute** quotas and **tariff-rate** quotas (TRQs).

## Tariff-rate quotas (TRQs)

- **Tariff quotas** (tariff-rate quotas) - lower tariff rates for specified quantities, higher (sometimes much higher) rates for quantities that exceed the quota.
- In March 2002, the United States imposed tariff-rate quotas of about 30 percent on most imported steel above set quotas. This measure is expected to reduce steel exports from East Asian countries, particularly from Japan and Korea.

## Tariff-rate quotas (TRQs)

- 1993 – the EU’s regulatory regime for imported bananas
- ACP (Africa, the Caribbean, Pacific) bananas – duty-free entry up to a ceiling of 857,000 tons, imports in excess of this amount paid 750 ECUs per ton.
- Non-ACP bananas – duty of 100 ECUs per ton on imports up to 2 million tons and 850 ECUs on imports above that amount.
- 33.5% of the 2 million tons of non-ACP bananas was reserved for European marketing firms



## Tariff-rate quotas (TRQs)

- 5 Latin-American banana producing countries (Colombia, Costa Rica, Guatemala, Nicaragua, Venezuela) – GATT dispute settlement proceedings in June 1993.
- Framework Agreement – the non-ACP quota 2.1 million tons in 1994, 2.2 million tons in 1995, 75 ECUs per ton (except Guatemala); above quota duty at 765 ECUs per ton

There are three basic methods used to administer import quotas

- **First-Come, First-Served** – The government can allow imports to enter freely from the start of the year until the quota is filled. Once filled, customs officials would prohibit entry of the product for the remainder of the year.
- **Auction Quota Rights** – The government can auction quota rights.
- **Give Away Quota Rights** – The government can give away the quota rights by allocating quota tickets to appropriate individuals.

The choice between a tariff and a quota depends on several different concerns

- The revenue effects
- Administrative costs of tariffs and quotas
- The protective effect the policy has on the import-competing industries

## The revenue effects

- A tariff has an immediate advantage for governments in that it will automatically generate tariff revenue.
- Quotas may or may not generate revenue depending on how the quota is administered. If a quota is administered by selling quota tickets (i.e., import rights) then a quota will generate government revenue, however, if the quota is administered on a first-come, first-served basis, or if quota tickets are given away, then no revenue is collected.

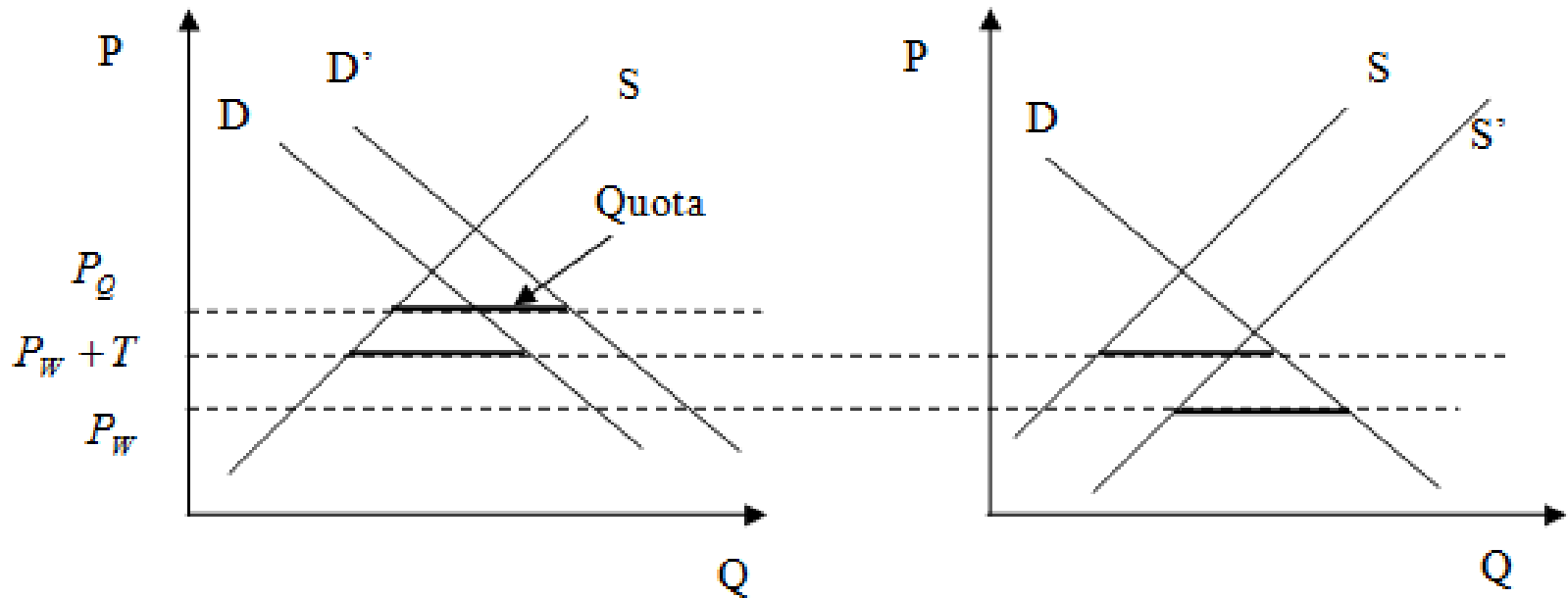
## **Administrative costs of tariffs and quotas**

- Tariff involves product identification and processing of fees.
- Quota administration involves product identification and some method of keeping track, or counting, the product as it enters the country in multiple ports of entry. It may also involve some method of auctioning or disbursing quota tickets.

## **The protective effect the policy has on the import-competing industries**

- Quotas are more protective for the domestic industry because they limit the extent of import competition to a fixed maximum quantity. The quota provides an upper bound to the foreign competition the domestic industries will face.
- In contrast, tariffs simply raise the price, but do not limit the degree of competition or trade volume to any particular level.

# The Protective Effects of Tariffs vs. Quotas with Market Changes



## Voluntary Export Restraints (VERs)

- A VER is an agreement, explicit or tacit, between exporting and importing countries, where the former „voluntarily” limit the quantity or the growth of their exports.
- VERs are known by other names, including „orderly marketing arrangements”.



## Voluntary Export Restraints (VERs)

- VERs began to emerge as elements of some industrial countries' trade policies in the mid-1950s. They were the most frequently used in the decades of the 1970s and 1980s.
- VERs became prominent restrictions in the industries where Japan, the East Asian tigers and other developing countries built-up competitiveness - textiles and clothing, footwear, iron, steel, and motor vehicles.

Examples of VERs: US-Japan automobile VERs in the early 1980s

- Japanese cars - cheap and fuel efficient.
- 1981 voluntary export restraint agreement limited Japan to exporting 1.68 million cars to the US annually.
- Since the quantity of car trade between Japan and the US was limited but the value of trade was not, Japanese producers began upgrading the quality of their exports to raise their profitability.

Examples of VERs: US-Japan automobile VERs in the early 1980s

- The profits of Japanese firms have risen in the face of the imposition of the VERs. By the late 1980s, new higher-quality car lines such as Acura, Infiniti, and Lexus made their debut.
- Japanese cars assembled in the US were not counted as part of the export restriction - only complete cars exported from Japan were restricted. Thus, after the VERs were implemented, Honda, Mazda, Toyota, Mitsubishi, and Nissan all opened assembly plants in the US.

## Examples of VERs: US-Japan textile VERs in the 1950s and 60s

- In the mid-1950s, US **cotton textile** producers faced increases in Japanese exports of cotton textiles which negatively affected their profitability.
- The US government subsequently negotiated a VER on cotton textiles with Japan.
- By the early 1960s, other textile producers in the US, who were producing **clothing using the new synthetic fibres** like polyester, began to experience the same problem with Japanese exports that cotton producers faced earlier.
- VERs were negotiated on exports of synthetic fibres from Japan to the US.

## Technical Barriers to Trade (TBT)

- If technical measures differ across countries they can represent significant barriers to trade. It is costly for exporters to obtain accurate and up-to-date information on technical measures abroad and on related conformity assessment procedures.
- Adjusting to foreign technical measures often causes significant costs.
- The TBT Agreement covers: technical regulations, labelling requirements, nutrition claims and concerns, and quality and packaging regulations.

## **Technical Barriers to Trade (TBT)**

The Uruguay TBT Agreement recognizes that governments employ technical regulations to attain legitimate objectives such as:

- national security requirements,
- the prevention of deceptive practices,
- protection of human health or safety,
- protection of animal or plant life or health,
- protection of environment.

## The *Cassis de Dijon* case (1979)

- The case concerned the sale by an importer of the liquor - **Crème de Cassis de Dijon** (20% alcohol content), a blackcurrant flavoured liqueur, produced in France.
- The German government had a law restricting the minimum amount of alcohol which should exist in certain products being sold as a liqueur, being a minimum of 25%.
- Therefore the importer was told that the product could not be sold as they wished to sell it.

## The *Cassis de Dijon* case (1979)

- The European Court of Justice – held that there are no valid reasons why a product that is lawfully marketed in one member state should not be introduced in another member state.
- **The Cassis de Dijon principle** - goods lawfully produced in a Member State of the European Union (EU) can also be sold in any other EU state.



## Sanitary and Phytosanitary (SPS) Measures

- SPS Agreement covers all measures which purpose is
  - to protect human or animal health from food-borne risks;
  - to protect human health from animal- or plant-carried diseases;
  - to protect animals and plants from pests or diseases;
  - to prevent or limit other damage to a country from the entry, establishment or spread of pests.

## **Protection of health or environment: cases**

### *The „mad cows” case*

- On March 27th 1996 the European Union imposed a world-wide ban on beef exports from the United Kingdom because cases of BSE (Bovine Spongiform Encephalopathy) had been detected in British cattle.
- Scientific evidence published at the time suggested that there was a real possibility that mad cow disease could affect people (the human equivalent is Creutzfeldt-Jakob Disease).

## **Protection of health or environment: cases**

### *The „mad cows” case*

- In the UK, beef cattle sales fell by nearly 90% the week after the ban was declared.
- Two weeks later, beef prices had fallen by 20 to 50% throughout the countries of the EU.
- Sales volumes had dropped even further, with consumption falling 50% in Belgium, 30% in France, 50% in Portugal and 60% in Italy.
- In 1995, exports of British beef and related products had reached US \$1 billion.

## Protection of health or environment: cases

### *The poisoned grapes case*

- On March 13th 1989, the US Food and Drug Administration (FDA) announced it had detected in the port of Philadelphia two grapes from Chile contaminated with cyanide.
- Without consulting the Chilean Government, the FDA promptly banned Chilean fruit, triggering the „poisoned grapes crisis” as it became known, which hit one of Chile’s main exports hard.

## **Protection of health or environment: cases**

### *The poisoned grapes case*

- FDA decided to quarantine all fruit from Chile headed for the US market, calling on stores to take it off their shelves and consumers to avoid consuming the fruit. The decision to ban the fruit and to publicize this created real panic.
- Four days later, following though bargaining between government representatives from Chile and the US, and the signing of agreements on strict sanitary controls, the US formally ended the embargo. In the meantime, Chile had lost over US \$400 million.

## **Protection of health or environment: cases**

### *Hormone-fed beef case*

- The WTO ruled against the EU ban on beef raised with growth hormones because EU failed to produce a science-based risk assessment showing that it might be dangerous.
- The EU did not cancelled the ban. Their strategy - „precautionary principle” that says to prohibit new technologies that have not yet been proven safe, even if there is no evidence that they are dangerous.

## **Protection of health or environment: cases**

### *Shrimp-turtle case*

## Shrimp imports and the protection of sea turtles

- US Endangered Species Act
- International trade in shrimp was harming sea turtles by ensnaring them in nets. US had banned shrimp imports from countries that did not have in place for all production a specific turtle-protection regime - Turtle Excluder Devices.

## Protection of health or environment: cases

### *Shrimp-turtle case*

- 1998 - the WTO panel and the Appellate Body - the ban in imports from countries without adequate regulatory regimes was **arbitrarily and unjustifiably discriminatory** against the four Asian shrimp suppliers (India, Malaysia, Pakistan, Thailand).
- The Asian suppliers had been given only four months' notice, thus discriminating against them and in favour of Caribbean suppliers (three years).
- (The majority of suppliers in India raise shrimp by aquaculture, where no sea turtles are endangered)



## **Protection of health or environment: cases**

### *Tuna-dolphin case*

#### Tuna imports and the protection of dolphins

- US (under the Marine Mammal Protection Act) had banned imports of tuna from countries that allowed the fishermen to use nets that also caught dolphins.
- Mexico brought a case before the GATT, and the GATT panel ruled against the US law (because the ban did not discriminate according to which type of net was used).
- A system for labelling tuna in the US market as either „dolphin safe” or not was later found consistent with the GATT. Since 1990, the major companies have sold only the dolphin-safe kind tuna.

## **„Blue tariffs”- labour standards**

- Labour standards differ between countries and tend to be lower and/or enforced less in developing countries.
- Some countries use trade policy to induce other countries to adopt something closer to their social policy standards.
- Labour standards contributes to differences in countries' comparative advantages in trade.

## „Blue tariffs”- labour standards

- Shorter working weeks, higher overtime pay, longer annual leave, safer and healthier working conditions raise worker welfare but also raise the cost of employing labour.
- Labour standards tends to raise the cost of production in labour-intensive industries most in high-standard countries thereby reducing the capacity of those industries to compete with producers in low-standard countries.

## Red-Tape Barriers

- Red-tape barriers refers to costly administrative procedures required for the importation of foreign goods. Red-tape barriers can take many forms.
- In 1982 France required that all Japanese videocassette recorders enter the country through one small port in the south of France. Because the port capacity was limited, it effectively restricted the number of videocassette recorders that could enter the country.
- A red-tape barrier may arise if multiple licences must be obtained from a variety of government sources before importation of a product is allowed.

## **Arguments for trade liberalization**

- Trade promotes competition that leading to innovative investments and improvements in productivity.
- Trade improves resources allocation and fosters specialization in sectors where countries have comparative advantage.
- Trade enlarges a country's access to scarce resources and its consumption capacities.

## **Arguments for trade liberalization**

- Trade attracts foreign capital and technology into developing countries.
- Trade accelerates overall economic growth, which raises profits and promotes greater savings and investment and thus further growth.
- It causes long run improvements in living standards.

## **Arguments for trade liberalization**

- Trade provides access to worldwide markets for poor countries.
- Trade generates very needed foreign exchange to pay for debt or imports.
- Trade increases world output.

# Trade Agreements and Economic Integration



## Trade Agreements and Economic Integration

- Trade agreement: a special agreement upon preferential arrangement among a group of nations governing their trade/economic relationship.
- Economic integration - defined as joint action of countries to create a larger economic unit, with special relationships among the members.

## **Types/Levels of Agreements**

### **Partial Scope Agreement (PSA)**

- An agreement between two or more parties in which the parties offer each other concessions on a selected number of products or sectors.
- Includes tariff reductions, rules of origin, customs procedures, and safeguards.

### **Economic Integration Agreement (EIA)**

- refers to agreement on trade in services through which two or more parties offer preferential market access to each other.

## **Types/Levels of Agreements**

### **Free Trade Area (FTA)**

- Member countries eliminate trade barriers among themselves, but maintain individual trade policies on imports from non-member countries,
- often include „rules of origin” to prevent transshipment.

### **Customs Union (CU)**

- Member countries eliminate trade barriers among themselves, and adopt a common trade policy towards non-members.

## **Common Market**

- In addition to requirements of a customs union, no barriers to factor movements among the member countries.

## **Economic Union**

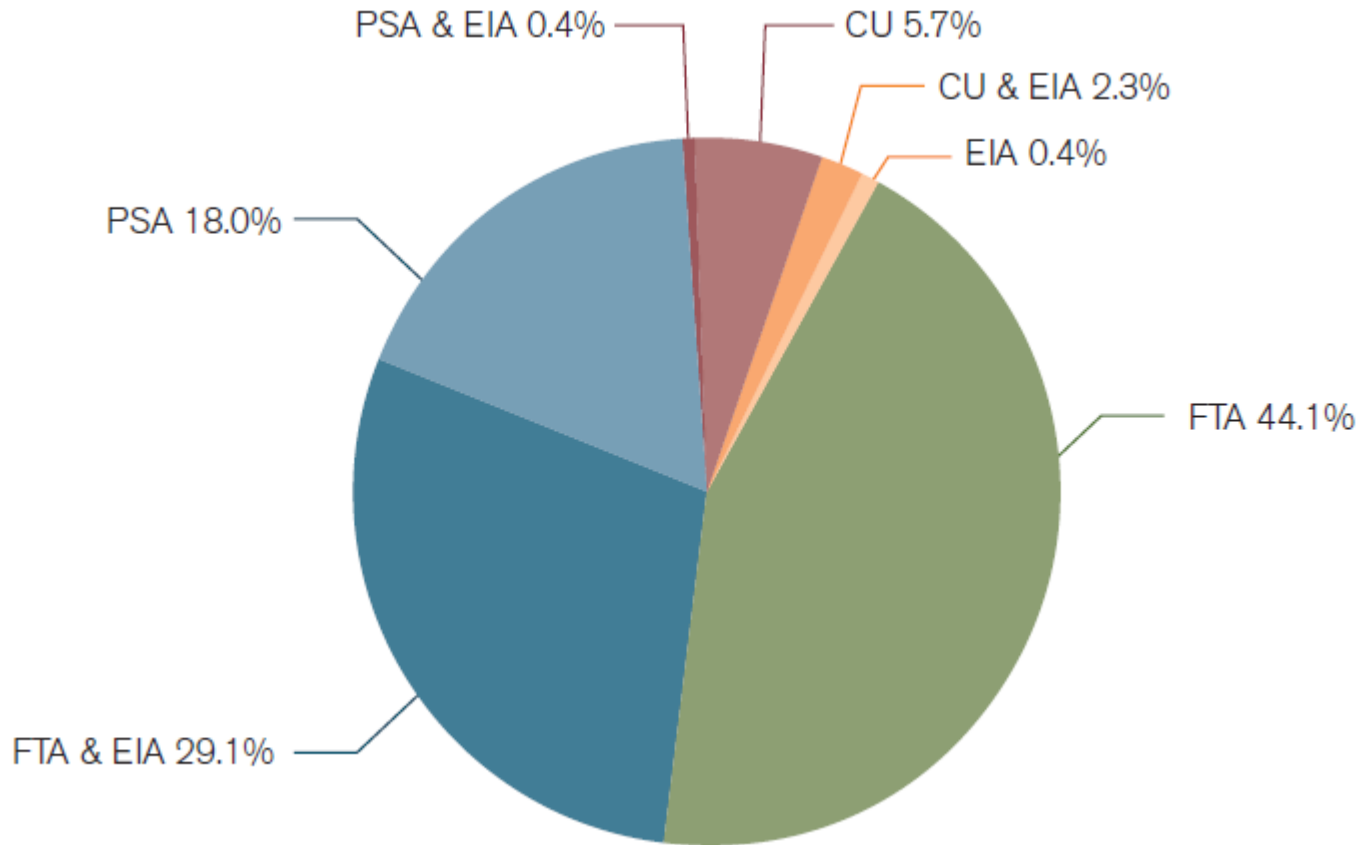
- In addition to requirements of common market, members unify all other economic (fiscal, monetary - common currency) and socio-economic (labour, social security) policies.

# The Welfare Implications of Trade/Economic Pacts

- Trade creation: the lowering or removal of tariffs within a group of nations could result in an increase in the amount of trade among members.
- Trade diversion: the lowering or removal of tariffs within a group of nations could divert trade from (more efficient) non-members to (less efficient) members.
- Increased market size - economies of scale.
- The possibility of more competition within the group.
- Knowledge spillovers, reduction in duplication in research.
- More market power.

# Types of trade agreements, 2010

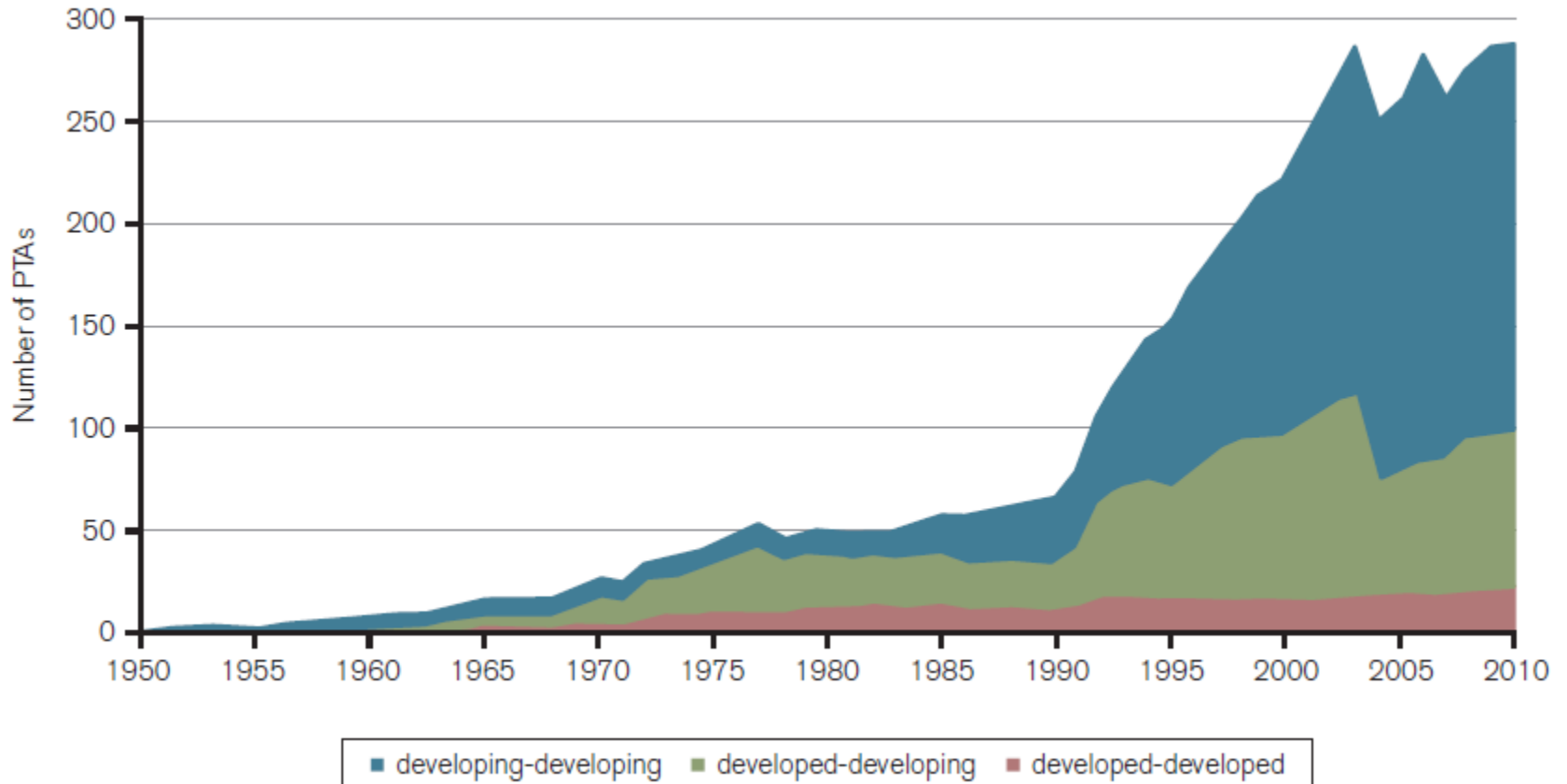
FTA – Free Trade Agreement; EIA – Economic Integration Agreement,  
CU – Customs Union, PSA – Partial Scope Agreement



Source: World Trade Report, 2011 ([www.wto.org](http://www.wto.org))

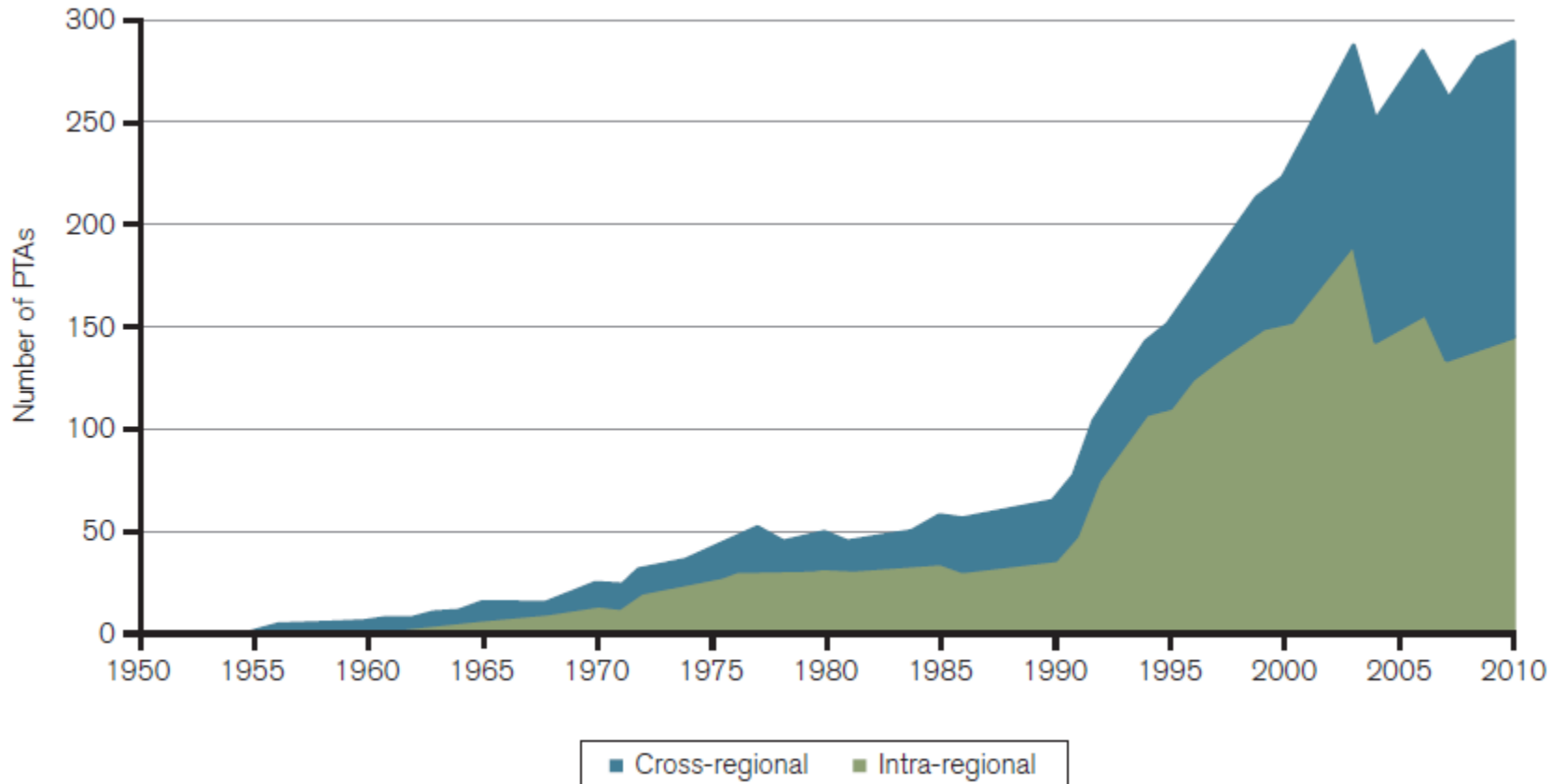
# Number of PTAs in force, 1950-2010,

Source: World Trade Report, 2011 ([www.wto.org](http://www.wto.org))



# Number of PTAs in force, 1950-2010,

Source: World Trade Report, 2011 ([www.wto.org](http://www.wto.org))





## Waves of regionalism

- **The first wave** of regionalism occurred in the late 1950s and 1960s.
- **European Coal and Steel Community** in 1951,
- **European Economic Community (EEC)** in 1957,
- **European Free Trade Association (EFTA)** in 1960
- Africa, the Caribbean, Central and South America – **the East African Community** (1967-1977, Burundi, Kenya, Rwanda, Tanzania, Uganda), **the Central American Common Market** (1960- mid-1980s, Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica in 1962)

## ASEAN (1967)

- The Association of Southeast Asian Nations (10 members) – **Indonesia, Malaysia, Philippines, Singapore, Thailand, Brunei, Myanmar, Cambodia, Laos, Vietnam.**

## Free Trade Areas in Europe

- European Economic Community (EEC) 1957
- The European Union (EU)
- The European Free Trade Association (EFTA)
- The Central European Free Trade Agreement (CEFTA), 1992
- The European Economic Area (EEA) – EU +EFTA (except Switzerland)



## Waves of regionalism

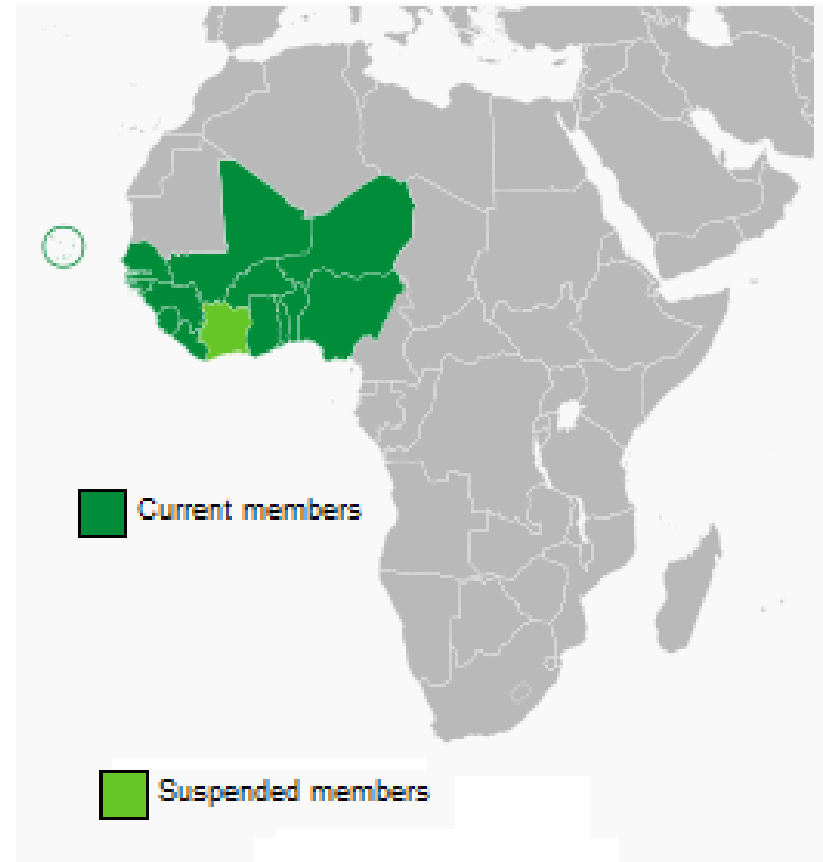
- **The second wave** of regionalism began in the mid-1980s and extended well into the 1990s.
- The EC – Central and Eastern European countries
- the EU – a number of bilateral agreements with countries in the Middle East – (with Israel, Jordan, Lebanon and the Palestinian Authority) and North Africa (with Algeria, Egypt, Morocco and Tunisia).

## **The second wave of regionalism**

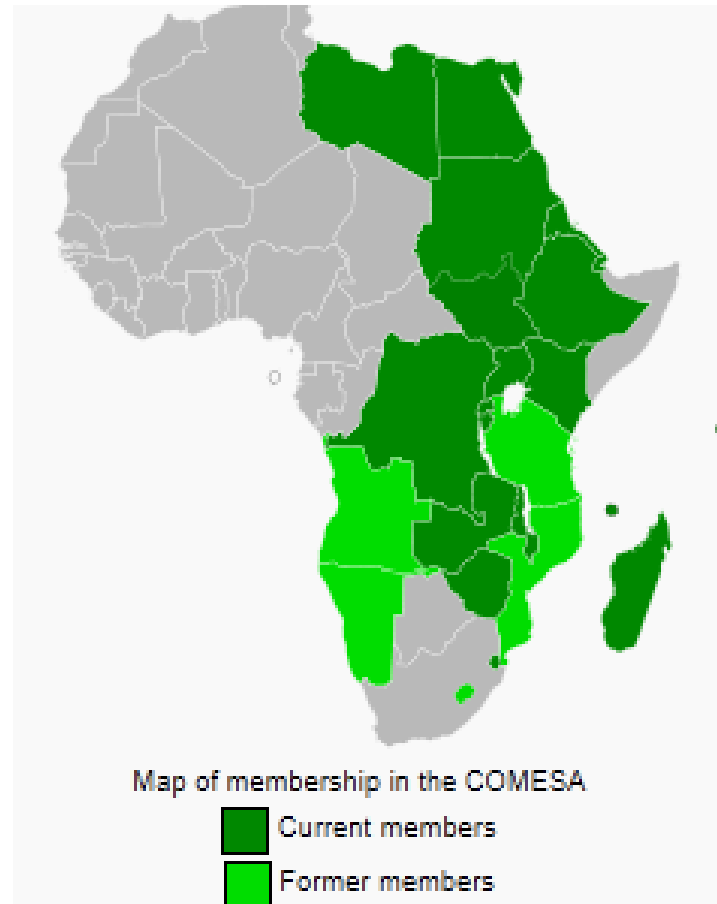
- the Canada-US Free Trade Agreement in 1988, NAFTA (1994)
- the MERCOSUR (Southern Common Market) - Argentina, Brazil, Paraguay, Uruguay (1991) and Venezuela (2012).
- the Economic Community of West African States (ECOWAS), 1975
- the Common Market for Eastern and Southern Africa (COMESA), 1994

# ECOWAS (1975) – The Economic Community of West African States

- Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo



# The Common Market for Eastern and Southern Africa (COMESA), 1994



- The Association of Southeast Asian Nations (ASEAN)
- **ASEAN + 3** (China, Japan, South Korea)
- ASEAN-China Free Trade Agreement (ACFTA, 01-Jan-2010)
- ASEAN-India Free Trade Agreement (AIFTA, 01-Jan-2010)



## **APTA (1975)**

- **The Asia Pacific Trade Agreement** (previously Bangkok Agreement) – Bangladesh, China (2001), India, Republic of Korea, Lao, Sri Lanka, Nepal

## **SAFTA (2004)**

- **The South Asia Free Trade Agreement** – Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka

## European Union – List of Notified Regional Trade Agreements in Force

FTA – Free Trade Agreement; EIA – Economic Integration Agreement, CU – Customs Union

<b>Agreement name</b>	<b>Type</b>	<b>Coverage</b>	<b>Date of entry into force</b>
EU – Albania	FTA&EIA	Goods&Services	01-Dec-2006 (Goods), 01-Apr-2009 (Services)
EU – Algeria	FTA	Goods	01-Sep-2005
EU– Andorra	CU	Goods	01-Jul-1991
EU – Bosnia and Herzegovina	FTA	Goods	01-Jul-2008
EU – Cameroon	FTA	Goods	01-Oct-2009
EU – CARIFORUM	FTA&EIA	Goods&Services	01-Nov-2008
EU - Central America (Costa Rica; El Salvador; Guatemala; Honduras; Nicaragua; Panama)	FTA&EIA	Goods&Services	01-Aug-2013
EU – Chile	FTA&EIA	Goods&Services	01-Feb-2003 (Goods) 01-Mar-2005 (Services)
EU - Colombia and Peru	FTA&EIA	Goods&Services	01-Mar-2013

**European Union – List of Notified Regional Trade Agreements in Force**  
 FTA – Free Trade Agreement; EIA – Economic Integration Agreement

<b>Agreement name</b>	<b>Type</b>	<b>Coverage</b>	<b>Date of entry into force</b>
EU – Côte d'Ivoire	FTA	Goods	01-Jan-2009
EU– Egypt	FTA	Goods	01-Jun-2004
EU – Faroe Islands	FTA	Goods	01-Jan-1997
EU – Former Yugoslav Republic of Macedonia	FTA&EIA	Goods&Services	01-Jun-2001 (Goods) 01-Apr-2004 (Services)
EU – Ghana	FTA	Goods	15-Dec-2016
EU – Iceland	FTA	Goods	01-Apr-1973
EU – Israel	FTA	Goods	01-Jun-2000
EU – Jordan	FTA	Goods	01-May-2002
EU – Korea, Republic of	FTA&EIA	Goods&Services	01-Jul-2011
EU – Lebanon	FTA	Goods	01-Mar-2003
EU – Mexico	FTA&EIA	Goods&Services	01-Jul-2000 (Goods) 01-Oct-2000 (Services)

**European Union – List of Notified Regional Trade Agreements in Force**  
 FTA – Free Trade Agreement; CU – Customs Union, EIA – Economic Integration Agreement

<b>Agreement name</b>	<b>Type</b>	<b>Coverage</b>	<b>Date of entry into force</b>
EU – Montenegro	FTA&EIA	Goods&Services	01-Jan-2008 (Goods) 01-May-2010 (Services)
EU – Morocco	FTA	Goods	01-Mar-2000
EU – Norway	FTA	Goods	01-Jul-1973
EU – Overseas Countries and Territories (OCT)	FTA	Goods	01-Jan-1971
EU – Palestinian Authority	FTA	Goods	01-Jul-1997
EU – Papua New Guinea/Fiji	FTA	Goods	20-Dec-2009
EU – San Marino	CU	Goods	01-Apr-2002
EU – Serbia	FTA&EIA	Goods&Services	01-Feb-2010 (01-Sep-2013)
EU– Republic of South Africa	FTA	Goods	01-Jan-2000
EU – Switzerland – Liechtenstein	FTA	Goods	01-Jan-1973

**European Union – List of Notified Regional Trade Agreements in Force**  
 FTA – Free Trade Agreement; CU – Customs Union, EIA – Economic Integration Agreement

<b>Agreement name</b>	<b>Type</b>	<b>Coverage</b>	<b>Date of entry into force</b>
EU – Syria	FTA	Goods	01-Jul-1977
EU – Tunisia	FTA	Goods	01-Mar-1998
EU – Turkey	CU	Goods	01-Jan-1996
EU – Canada	FTA & EIA	Goods&services	21-Sep-2017
EU – Georgia	FTA & EIA	Goods&services	01-Sept-2014
EU - Rep. of Moldova	FTA & EIA	Goods&services	01-Sept-2014
EU – Ukraine	FTA & EIA	Goods&services	23-Apr-2014
EU – Japan			Under negotiation
EU – India			Under negotiation
EU – Malaysia EU – Morocco EU – Singapore EU - Viet Nam			Under negotiation
EU-US Transatlantic Trade and Investment Partnership (TTIP)			

## **China – List of Notified Regional Trade Agreements in Force**

PSA – Partial Scope Agreement; EIA – Economic Integration Agreement;

FTA – Free Trade Agreement

<b>Agreement name</b>	<b>Type</b>	<b>Coverage</b>	<b>Date of entry into force</b>
ASEAN-China	PSA & EIA	Goods & Services	01-Jan-2005 (Goods), 01-Jul-2007 (Services)
APTA – Accession of China	PSA	Goods	01-Jan-2002
Chile – China	FTA	Goods	01-Oct-2006
China – Hong Kong, China	FTA & EIA	Goods & Services	01-Jan-2004
China – Macao, China	FTA & EIA	Goods & Services	01-Jan-2004
China – New Zealand	FTA & EIA	Goods & Services	01-Oct-2008
China – Singapore	FTA & EIA	Goods & Services	01-Jan-2009
Pakistan – China	FTA & EIA	Goods & Services	01-Jul-2007 (Goods), 10-Oct-2009 (Services)
Peru – China	FTA & EIA	Goods & Services	01-Mar-2010

## China – List of Notified Regional Trade Agreements in Force

PSA – Partial Scope Agreement; EIA – Economic Integration Agreement;

FTA – Free Trade Agreement

Agreement name	Type	Coverage	Date of entry into force
Switzerland – China Iceland – China	FTA & EIA	Goods & Services	01-Jul-2014
China-Georgia	FTA & EIA	Goods & Services	01-Jan-2018
The Cross-Straits Economic Cooperation Framework Agreement (ECFA) (The Association for Relations Across the Taiwan Straits (China); The Straits Exchange Foundation (the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu))		Goods & Services	12-Sep-2010
Australia – China	FTA & EIA	Goods & Services	20-Dec-2015
China – Norway Republic of Moldova – China			under negotiation

## **India** – List of Notified Regional Trade Agreements in Force

PSA – Partial Scope Agreement; EIA – Economic Integration Agreement;

FTA – Free Trade Agreement

<b>Agreement name</b>	<b>Type</b>	<b>Coverage</b>	<b>Date of entry into force</b>
ASEAN-India (Brunei Darussalam; Myanmar; Cambodia; Indonesia; Lao People's Democratic Republic; Malaysia; Philippines; Singapore; Viet Nam; Thailand; India)	FTA	Goods	01-Jan-2010
Asia Pacific Trade Agreement (APTA) (Bangladesh; China (2002); India; Korea, Republic of; Lao People's Democratic Republic; Sri Lanka)	PSA	Goods	17-Jun-1976
Chile-India	PSA	Goods	17-Aug-2007



## India – List of Notified Regional Trade Agreements in Force

PSA – Partial Scope Agreement; EIA – Economic Integration Agreement;

FTA – Free Trade Agreement

Agreement name	Type	Coverage	Date of entry into force
<p style="text-align: center;"><b>Global System of Trade Preferences among Developing Countries</b>                      (Algeria; Argentina; Bangladesh; Benin; Brazil; Cameroon; Chile; Colombia; Cuba; Ecuador; Egypt; Ghana; Guinea; Guyana; India; Indonesia; Iran; Iraq; Korea, Democratic People's Republic of; Korea, Republic of; Libya; Malaysia; Mexico; Morocco; Mozambique; Myanmar; Nicaragua; Nigeria; Pakistan; Peru; Philippines; Singapore; Sri Lanka; Sudan; Tanzania; Thailand; The former Yugoslav Republic of Macedonia; Trinidad and Tobago; Tunisia; Venezuela, Bolivarian Republic of; Viet Nam; Zimbabwe)</p>	PSA	Goods	19-Apr-1989

## **India** – List of Notified Regional Trade Agreements in Force

PSA – Partial Scope Agreement; EIA – Economic Integration Agreement;

FTA – Free Trade Agreement

<b>Agreement name</b>	<b>Type</b>	<b>Coverage</b>	<b>Date of entry into force</b>
India-Afghanistan	PSA	Goods	13-May-2003
India-Bhutan	FTA	Goods	29-Jul-2006
India-Japan	FTA&EIA	Goods& Services	01-Aug-2011
India-Malaysia	FTA&EIA	Goods& Services	01-Jul-2011
India-Nepal	PSA	Goods	27-Oct-2009
India-Singapore	FTA&EIA	Goods& Services	01-Aug-2005
India-Sri Lanka	FTA	Goods	15-Dec-2001
Korea-India	FTA&EIA	Goods& Services	01-Jan-2010

## **India** – List of Notified Regional Trade Agreements in Force

PSA – Partial Scope Agreement; EIA – Economic Integration Agreement;

FTA – Free Trade Agreement

<b>Agreement name</b>	<b>Type</b>	<b>Coverage</b>	<b>Date of entry into force</b>
MERCOSUR-India (Argentina; Brazil; Paraguay; Uruguay; India)	PSA	Goods	01-Jun-2009
South Asian Free Trade Agreement (SAFTA) (Bangladesh; Bhutan; India; Maldives; Nepal; Pakistan; Sri Lanka)	FTA	Goods	01-Jan-2006
South Asian Preferential Trade Arrangement (SAPTA) (Bangladesh; Bhutan; India; Maldives; Nepal; Pakistan; Sri Lanka)	PSA	Goods	07-Dec-1995

## **India** – List of Notified Regional Trade Agreements in Force

PSA – Partial Scope Agreement; EIA – Economic Integration Agreement;

FTA – Free Trade Agreement

<b>Agreement name</b>	<b>Type</b>	<b>Coverage</b>	<b>Date of entry into force</b>
Bay of Bengal Initiative on Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)			Under negotiation
EFTA – India			Under negotiation
EU – India			Under negotiation
India – SACU (The Southern African Customs Union)			Under negotiation

# United States – List of Notified Regional Trade Agreements in Force

FTA – Free Trade Agreement, EIA – Economic Integration Agreement

Agreement name	Type	Coverage	Date of entry into force
<p><b>Dominican Republic - Central America - United States Free Trade Agreement (DR-CAFTA)</b> (Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, United States)</p>	FTA&EIA	Goods & Services	01-Mar-2006
<p><b>North American Free Trade Agreement (NAFTA)</b> (Canada, Mexico, United States)</p>	FTA&EIA	Goods & Services	01-Jan-1994
US – Australia	FTA&EIA	Goods & Services	01-Jan-2005
US – Bahrain	FTA&EIA	Goods & Services	01-Aug-2006
US – Chile	FTA&EIA	Goods & Services	01-Jan-2004

**United States – List of Notified Regional Trade Agreements in Force**  
 FTA – Free Trade Agreement, EIA – Economic Integration Agreement

<b>Agreement name</b>	<b>Type</b>	<b>Coverage</b>	<b>Date of entry into force</b>
US – Israel	FTA	Goods	19-Aug-1985
US – Jordan	FTA&EIA	Goods & Services	17-Dec-2001
US – Morocco	FTA&EIA	Goods & Services	01-Jan-2006
US – Oman	FTA&EIA	Goods & Services	01-Jan-2009
US – Peru	FTA&EIA	Goods & Services	01-Feb-2009
US – Singapore	FTA&EIA	Goods & Services	01-Jan-2004
Korea, Republic of – US	FTA&EIA	Goods & Services	15-Mar-2012
US – Colombia	FTA&EIA	Goods & Services	15-May-2012
US – Panama	FTA&EIA	Goods & Services	31-Oct-2012