ACTUAL TRENDS OF REGIONAL TRADE AGREEMENTS CREATION

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The distinctive feature of the modern world economy is an active process of regionalization. Regional trade agreements (hereinafter referred to as RTA) have become one of the main trade policy tools in many countries. Currently, all WTO members participate in such agreements.

According to the World Trade Organization (hereinafter – the WTO) data, as of 28 June 2016, 423 notifications of the existing RTA had been registered by the WTO Secretariat (236 – on free trade areas (hereinafter – FTA) creation, 141 – on economic integration, 29 – on customs unions creation, 17 – on preferential trade). These figures correspond to 267 physical RTA, which are currently in force. The scope of these RTA is different. 132 of them cover trade in goods, 1 – trade in services. The remaining 134 RTA are wider and regulate both trade in goods and services [9]. 72 RTA that are currently in force have not been notified to the WTO [8].

It appears that WTO members are active in creation of RTA due to some reasons. The main one is a slight progress in the Doha Round launched in 2001. For example, if we focus on the issue of tariff barriers elimination discussed during this negotiations, we can state that a certain result has been achieved only in 2015 by the expansion of the Information Technology Agreement. This is the first tariff-cutting deal at the WTO in 18 years. It will eliminate tariffs on over 200 IT products. Trade in those products is valued at over 1.3 trillion dollars each year. So that means the deal will eliminate tariffs on approximately 7% of global trade [1]. Taking to the account the dynamics of the negotiation process, many issues that cannot be solved at the multilateral level are settled at the regional level in the framework of RTAs.

It also should be noted that the need to improve market access encourages countries with expanding export opportunities to liberalize trade by concluding RTAs. Furthermore, the creation of regional groupings contributes to better integration of RTA members, strengthens their positions in the international arena and stimulates their economic development. These agreements are aimed at trade facilitation. At the present time an important factor for the development of regional integration is the maintenance of peace and security. Thereby, RTAs have become an effective trade liberalization instrument forming the basis of trade policy in many countries.

If we analyze the trends of recent decades in the sphere of RTA creation, a number of aspects can be distinguished. They deal with the scope of the agreements, their geography, and changes in membership of the agreements, etc.

1 Notications on goods and services as well as notifications on accessions are counted separately. That’s why double counting is possible.
The scope of the agreements is expanding significantly. In the second half of the XX century there were mostly agreements on the liberalization of trade in goods. Currently the agreements are comprehensive and cover a large range of issues. They regulate trade in goods and services, investments and government procurements, intellectual property rights, sustainable development, competition, trade facilitation, electronic commerce, etc. To a large extent, this situation arises from many countries’ discontent with the pace of solution of these problems at a multilateral level, as well as the willingness to deepen and broaden their commitments. Moreover, some developed countries (the US, the EU, the EFTA and others) stimulate their integration partners to develop these spheres through the inclusion of the above mentioned provisions in RTAs. Thus, it can be stated that the scope of the present RTAs is beyond the WTO rules.

The present RTAs are often characterized by diversification of the level of economic development of grouping partners. For example, the USA predominance in NAFTA is obvious: over 70 % of total grouping GDP is accounted for by the US. Russia dominates in the EAEU (hereinafter – the EAEU, the Union): more than 80 % of total Union GDP. In the Asian Free Trade Area Singapore has the highest GDP per capita (10 times higher than in Cambodia) [10].

Recently the process of signing multilateral RTAs has intensified, including through the consolidation of previously concluded bilateral agreements. Regional groupings are formed between existing integration associations and individual countries (MERCOSUR – the EAEU – Vietnam). The geography of RTAs expands. Countries from different regions are becoming regional integration partners (e.g., FTA Canada and Korea, the EU and Cameroon, Chile and China). RTAs with the participation of developing countries and between them are actively concluded. Countries of the Asia-Pacific region are deeply involved in this process.

The efforts of many countries, especially developed ones, are aimed at the formation of interregional and megaregional trading blocs. The most striking example is the Agreement on the Trans-Pacific Partnership (hereinafter – TPP), signed in October 2015. This is an agreement of a new format – megaregional trade agreement (hereinafter – MRTA). Its participants are Australia, Brunei, New Zealand, Vietnam, Singapore, the US, Canada, Chile, Japan, Mexico, Malaysia, Peru. These countries accounts for about 30 % of world trade and 40 % of world GDP [6].

The initiators of the TPP consider it as a "high quality partnership of XXI century", which will become a new model of all preferential trade agreements among countries all over the world [7]. This Agreement, along with the traditional RTA provisions, contains arrangements that go beyond the provisions of the WTO Agreements: issues of increasing production capacity, utilization of labor resources, development problems and regulations in the field of environmental protection and others. According to A.Portansky, this document contains arrangements of completely new type, the highest trade standards and norms known today in world, which are not yet in the WTO rules [6].

The Transatlantic Trade and Investment Partnership between the US and the EU (hereinafter – TTIP), on which negotiations are ongoing, can become even more ambitious MRTA. The objective of this Agreement is to create the largest FTA between the most economically developed regions of the world. About 40 % of world trade and nearly 50 % of global GDP may be accounted for by member countries. The signing of the Comprehensive Agreement on Investment Protection (with the creation of a new Investment Court System) is also expected [6].

There are ambiguous points of view on active extension of the RTA network, especially interregional and megaregional. Some experts declare the formation of a new international order and call into question the existence of the WTO. Many others are not configured so categorically.

Already in 2013, Minister of Trade of the Eurasian Economic Commission A.Slepnev expressed the opinion that there is a “crisis of the WTO negotiating model”, a situation of “achievement of a new potential for the next step of development of the global trading system”, occurring due to the formation of a growing number of FTAs, has arisen. At the same time he pointed out that “the WTO should continue to play the role of ‘rule-maker’, being the body that will systematize these regional agreements” [11].

Chinese expert Lui Zongui believes that the purpose of the US administration in the TPP and TTIP negotiations is the establish an order of global trade and investment, which exclude the BRICS members and most of the developing countries, in order to replace the WTO [12].

According to the Speaker of the State Duma of the Russian Federation Sergey Naryshkin, “the agreement on the Transatlantic Trade and Investment Partnership is one of those projects, which is able to ‘leave behind the IMF, the World [Trade] Organization and other traditional forms of economic interaction’” [5].

In this regard, it is necessary to note the following. There is no doubt that the global trade architecture will be formed under the influence of large regional integration blocks, taking into account their interaction and possible associations. However, it seems that it is early to talk about a possible liquidation or replacement of the WTO. But we should not deny that the confrontation between regionalism and the multilateral format is already a

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serious challenge for this international organization. It seems that large RTAs will become platforms for the formation of new rules of international trade, which subsequently may be implemented within a framework of the multilateral trading system. In this connection, an important task is the systematization of RTAs and harmonization of multilateral WTO rules and regulations of concluded RTAs.

The Eurasian Economic Union does not stand apart from integration processes, although at this stage it is still significantly yielding to developed countries on the degree of the involvement in RTAs. The Union, as a major integration association, seeks to expand its participation in regional groupings by virtue of the establishment of new FTAs.

According to Article 35 of the Treaty on the Eurasian Economic Union dated 29 May, 2014, the free trade regime (hereinafter — the FTR) is applied in the EAEU within the meaning of Article XXIV GATT 1994. Moreover, the FTR shall be specified to trade with a third party on the basis of an international treaty of the Union with such third party. Signing of the Agreement on the free trade area between the EAEU, its Member States, on the one hand, and Socialist Republic of Vietnam, on the other hand, (hereinafter — the Agreement) became a major step toward the establishment of the Union’s own network of FTAs. From the point of view of depth of arrangements, a scope and a format, such international treaty is essentially new to the EAEU Member States. Besides, this comprehensive Agreement keeps up with the current tendencies regarding the preparation of documents of this kind.

In mutual trade between the EAEU and Vietnam most tariffs are subject to the reduction to a zero level since the entry into force of the Agreement or after a 10-year transition period. From the point of view of the improvement of access conditions of Belarusian products on the Vietnamese market, the decrease in duty rates for dairy and meat products, cargo vehicles and buses, tires and potash fertilizers is very important. At the same time, some goods are exempted from the FTR for supplies to the customs territory of the Union. If necessary, the Union’s producers of sensitive goods will be granted an adequate level of the protection from possible negative effects of increasing competition. For this purpose trigger safeguard measures (concerning textile products and some types of furniture) or bilateral safeguard measures can be applied.

It is expected that the implementation of the Agreement will allow to increase a mutual goods turnover between the Member States of the EAEU and Vietnam to 10 billion dollars by 2020 [3].

The cooperation with Vietnam is very important from a geopolitical point of view too. This country is a member of the WTO, the Association of Southeast Asian Nations (hereinafter — ASEAN) and a participant of a forum of the Asia-Pacific Economic Cooperation. Vietnam, as the member of ASEAN, has signed free trade agreements with China, Japan, Korea, Australia, New Zealand, India and, besides, it has bilateral agreements referred to FTAs with Japan, Chile, Korea. The negotiations on the EU-Vietnam free trade agreement have been already rounded off. The possibility of concluding a similar agreement with the EFTA is studied. As already mentioned above, Vietnam is a participant of a recently concluded MRTA [3]. In this regard, it is possible to consider this country as the platform for building-up the presence of the Member States of the Union primarily in the Asian region.

The great number of states has expressed the interest in expanding the cooperation with the EAEU by means of entering into free trade agreements. Recently such negotiations were launched between the Union and Israel. Joint research groups have already created in order to assess the feasibility of concluding similar agreements with India, Iran and Egypt. The interest in development of the relations on this way is stated by Thailand, Korea, China, Singapore and many other countries.

The initiative on the need to consider the prospects of creation FTA agreements beyond trade between the EAEU and BRICS countries has also been put forward in the Russian Federation. This position was sounded during the Civil Forum of BRICS, which took place in Ufa on July 8–9, 2015 [4].

The Member States of the Union and the Shanghai Cooperation Organization (hereinafter — the SCO) intend to begin work on the agreement so as to establish economic continental partnership in the form of the FTA. This project is seemed very ambitious. According to the Deputy Minister of Economic Development of the Russian Federation A. Likhachev, about a half of the population of the whole world will be its participants [2]. Many experts regard this planned agreement between the EAEU and the SCO as a counterbalance to megaregional trade blocs.

Also repeatedly at various levels it is declared the feasibility of the project implementation of “integration of integration” — the creation of a continental block from Lisbon to Vladivostok. It also should be noted some interesting initiatives — pairing the EAEU with the Silk Road Economic Belt, project Big Eurasia.

Nowadays it is not obvious which way the EAEU will go. But in any case it is necessary to monitor the current changes taking place in international trade and to seek common ground with megaregional trade blocs in order not to stay away from important processes occurring in the world.

1 According to Article XXIV GATT 1994, a free-trade area shall be understood to mean a group of two or more customs territories in which the duties and other restrictive regulations of commerce are eliminated on substantially all the trade between the constituent territories in products originating in such territories.
In spite of sufficiently vigorous activity of the EAEU on the development of external projects of regional integration, there are questions that require the solution in our integration organization. One of them concerns the implementation of the norms, which are specified in Articles 35 and 102 of the Treaty on the Eurasian Economic Union of May 29, 2014. These provisions stipulate that the Member States shall unify all treaties concluded before January 1, 2015, that imply granting preferences at unilateral level by the respective Member States in trade with a third party (Serbia, Montenegro, Georgia, etc.). The free trade agreement in a format of the EAEU — Serbia, which possibility of signing is already looked through, can become the first step in this direction.

Conclusions. Thus, in recent years the number of RTAs has considerably increased. Many states consider them as the main tool of a trade policy. Characteristic features of many RTAs are their considerable scope, deeper liabilities in comparison with fixed in the WTO rules, the expansion of geography of RTAs. The tendency of forming of regional and MRTAs, which will exert considerable influence on the alignment of forces in world trade, is traced. Forming of integration blocks gives the opportunity to their participants to solve arising problems on regional platforms within RTAs, but not only on a multilateral track within the WTO. It is possible to state that in connection with considerable expansion of a network of RTAs the WTO faces new serious challenges. It is reasonable to use possibilities of this international organization for the purposes of the systematization of RTAs and the harmonization between a multilateral format of the WTO and concluded RTAs.

The question of a search of an optimal variant of the interaction with the third countries in the conditions of active regionalization of international trade is actual for the EAEU. The assessment of the influence of new MRTAs both on the Member States of the Union and on the situation in international trade, as well as a search of mutually acceptable options of the interaction between their participants is very essential. Along with the establishment of the Union’s own network of FTAs, the completion of the unification of a FTR of the EAEU Member States the with the third countries is represented at least topical issue. More effective participation of the Republic of Belarus in FTAs can be promoted by the accession of our country to the WTO.

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The article was received for publication on 01.07.2016.