

were later instrumental in informing the development of multilateral rules.

Regional agreements can stimulate progress on multilateral agreements

- The usual case cited in this regard is a possible link between the formation of the NAFTA with the conclusion of the Uruguay Round. Under some interpretations, NAFTA was an insurance policy for the three participants against a failure in the Uruguay Round; at the same time, NAFTA is argued by some to have spurred closure in the Uruguay Round. Similarly, there was an acceleration and deepening of the ASEAN Free Trade Agreement (AFTA) in response to the APEC commitments to free and open trade in the Asia Pacific by 2010/2020; in effect, because ASEAN is embedded in APEC, its members felt that it had to liberalize faster and more deeply than APEC to remain relevant. There appears to be some evidence for this positive dynamic.

There are several other claims of a political economy nature that are sometimes made on behalf of regionalism (leading to deeper integration, creating zones of harmony and reducing latitude for beggar-thy-neighbour policies) that are essentially subjective evaluations. Deeper integration is undoubtedly possible in an RTA context, as shown by the European Union. That being said, the political underpinnings for such a development are obviously the key determining factor; there can be no presumption that an RTA will progress beyond a trade deal to become something deeper. The difficulties that the EU has in negotiations due to pre-commitments made in developing internal positions suggest that the "zones of harmony" may be established at some cost in flexibility. Similarly, there is little evidence that nations have not sought to use whatever tools are at their disposal to advance their own interests, even within trading blocs; indeed, the flurry of bilateral negotiations by members of regional groupings as well as evidence of intervention by some central banks to maintain competitive valuations of exchange rates testifies to that.