

While the role of the WTO clearly goes beyond the impact of negotiations on merchandise trade, it is nonetheless a powerful result that the trade-creating power of a regional free trade agreement seems to be much greater for the participants than the gains available from multilateral initiatives. The evidence considered above makes a powerful case for the large amount of energy pouring into regional trade discussions and negotiations. And, in contrast to previous decades, where the fear was that RTAs were being created as “fortresses”, it appears that, given today’s export-oriented growth agendas, the main motivation for reciprocal trading arrangements appears simply to create surer access to foreign markets. In this context, the end result would be in effect a race to bottom in protectionism, not a bad outcome at all. Indeed, conceptually, when members from different RTAs sign new RTAs linking the blocs, the effect achieved would be essentially the same as a multilateral agreement: in the limiting case, the end result would be global free trade. New Zealand’s WTO Ambassador has also argued that this perspective would “also ease concerns about the rapidly spreading network of regional trade agreements, with their varying rules and preferences”.³⁹

The political-economy case for regionalism

Some of the political-economy benefits from regional trade arrangements are generally agreed to be the following:

There are faster negotiating results. The fewer the number of players, the easier it is to establish a trade agreement, as difficulties over language, details and multiplicity of positions/negotiating objectives are resolved more quickly in negotiations.

- The proof of the pudding is in the eating: given the number of regional trade arrangements (especially if we count bilaterals along with the plurilateral arrangements) that have

³⁹ See, Frances Williams, “WTO urged to scrap tariffs on non-farm goods”, *Financial Times*, November 5th, 2002.