

It is argued here that regionalism can be a positive force, but only in the right circumstances, namely in the context of a strong multilateral system where the margin of preference that regional pacts can confer is small. To paraphrase Oscar Wilde, I will argue "The Importance of Being Multilateral", even (and perhaps especially) in a rapidly regionalizing world.

The Game that is Afoot: Competitive Regionalism

While many of us like to think that the global trading system is working well overall, *The Economist* charges that, today, "global trade takes place on a playing-field as level as the Himalayas, with the added spur to trade and investment of not knowing what the contours will be from one month to the next." The concerns that inform this charge are spurred largely by the current flurry of activity in formation or discussion of regional and bilateral preferential trading arrangements.

There is little question that the game today in international trade is regionalism.

The standard bearer for regionalism has long been the European Union. Over the years, the European economy has received a series of boosts from deepening and widening the customs union that has been evolving since 1968⁵. This dynamic will continue: the EU has recently signalled a strong commitment in the form of recent acceptance, by 2004, of ten new members (Poland, Czech Republic, Hungary, Slovakia, Slovenia, Malta, Cyprus, Latvia, Lithuania and Estonia) to their regional club. This development will expand the EU's common market significantly. Further expansion is more or less committed (Bulgaria and Romania) and/or to be discussed (Turkey). Regional integration within Europe is complemented by the extensive web of bilateral/plurilateral agreements that the EU has struck with eastern European and non-European partners; this

⁵ On July 1st, 1968, the European Customs union enters into force. Remaining customs duties in intra-Community trade are abolished 18 months ahead of the Rome Treaty schedule and the Common Customs Tariff is introduced to replace national customs duties in trade with the rest of the world. http://europa.eu.int/abc/history/1968/1968_en.htm