ATLANTIC FUTURE

SCIENTIFIC PAPER

03

Multilateral Agreements and Global Governance of International Trade Regimes

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ABSTRACT

This paper conceptualises how trade governance is evolving within regional trading agreements (RTAs) in the Atlantic Space. Two main research questions are posed: Can Atlantic Space agreements connect the bilateral and multilateral trade frameworks and contribute to a new framework on global trade governance? What are the areas of convergence and divergence between RTAs negotiated in the Atlantic Space and the WTO Agreements? Findings reveal that: firstly, trade liberalisation commitments undertaken with in the Atlantic Space by partner countries are driven by the aim of achieving convergence on trade rules between RTAs with WTO Agreements. Some agreements are, however, aspirational in nature. Second, the degree of trade governance convergence between Atlantic space trading arrangements and the WTO Agreements depends on the level of partner countries' development and their integration into the world economy, suggesting that RTAs with countries that are well integrated into the world economy tend to exhibit greater convergence to WTO Agreements. However, there is a clear trend of an overlap between RTAs and WTO Agreements which can be interpreted to mean that regional agreements could support the Atlantic Space's role as a global actor to shape a functioning multilateral order.

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List of Acronyms

ANDEAN	Andean Community of Nations
CARICOM	Caribbean Community
CEFTA	Central European Free Trade Agreement
CEMAC/CAEMC	Central African Economic and Monetary Union
COMESA	Common Market for Eastern and Southern Africa
CU	Customs Union
CRIS	Comparative Regional Integration Studies
CRTA	Committee on Regional Trade Agreements
ECOWAS	Economic Community of West African states
EEA	European Economic Area
EFTA	European Free Trade Area
FTA	Free Trade Agreement/Area
GATT	General Agreement on Tariffs and Trade
GATS	General Agreement on trade in Services
ITMA	International Trade and Market Access
MERCOSUR	South America's Regional Trading Agreement
NAM	North America
MTN	Multilateral Trade Negotiations
NAFTA	North America Free Trade Agreement
RIKS	Regional Integration Knowledge System
SADC	Southern African Development Community
SACU	Southern African Community Union
SPS	Sanitary and Phyto-sanitary
TBT	Technical Barriers to Trade
UN Comtrade	United Nations Commodity trade database
WAEMU	West African Economic and Monetary Union
WTO	World Trade Organization

1. Introduction

The establishment of the World Trade Organisation (WTO) in 1995 heralded a new era of global economic governance which was characterised by increasing world trade and investment within an agreed framework of rules. Despite the initial momentum of trade liberalisation talks in the nineties progress of the Doha Development Round (2001-2013) has been slow. This led to proliferation of various regional trading arrangements (RTAs) and levels of integration - preferential trade agreements (PTAs),[1] Customs Union (CU)[2] and free trade agreements (FTAs)[3]. In the current economic climate, regional and bilateral trade agreements are an increasingly significant feature of world trade (WTO 2012). The number of these agreements has multiplied in the 2000s with some trading agreements even outside the scope of the WTO. Studies describe the growing trading agreements "as contractual integration arrangements facilitating trade liberalization amongst partner countries in a specific region" (Collier et al. 2002; Hinkle and Schiff, 2004; Crawford, 2006; Fiorentino, 2006). Some of these trading arrangements, especially those negotiated by the USA and EU with partner countries, extend beyond the realm of conventional trade liberalisation and include a move to achieving rules on trade regulation (e.g. intellectual property right protection, social and environmental norms and legal frameworks) at the bilateral/regional level.

This paper discusses trade agreements in the Atlantic Space, comments on the evolving pattern of global trade governance within the Atlantic Space. In particular, the work conceptualises the contribution of trading agreements to global governance and how regional agreements map with WTO trade agreements and the global trade rules. While the paper analyses trade links between the Atlantic regions it also examines how regional agreements in the Atlantic landscape have evolved, and how the substance of agreements interact with the multilateral WTO Agreements. In addition, the paper comments on areas of convergence and divergence between Atlantic Space RTAs and the WTO Agreements. Thus the paper contributes to the emerging patterns of global governance and assesses compatibility of Atlantic Space trade agreements with WTO agreements, an area that has so far not attracted much academic scrutiny. In doing so, it comments on the trade governance framework by discussing governance indicators and how these present a trend towards future integration in trade. Two main research questions posed are: What are the areas of convergence and divergence in RTAs negotiated in the Atlantic Space? Can the Atlantic Space agreements contribute to a new framework on global trade governance by connecting the bilateral with multilateral framework?

The paper is organised as follows: Section 2 discusses the evolution of the Atlantic space. Section 3 presents the different types of economic integration and related literature on economic integration. Section 4 highlights the link between trading agreements and global governance, elaborates on the conceptual framework of trade governance and its indicators. Section 5 presents a discussion on methodology employed for the analysis. Section 6 maps trade flows in the Atlantic Space and

[1] This type of an agreement assures preferential customs levels for the group of countries that sign the agreement.
[2] CU provides for free trade between member countries, a common free trade policy and consequently adopts a Common External Tariff (CET) – that is, a single group of tariffs for imports from countries that do not belong to the bloc), as well as standard customs codes, integrating the collection of the CET, common phyto-sanitary policy. Examples: Mercosur.
[3] FTA eliminates tariff and quotas including non-tariff barriers on significantly all trade, allowing goods and services to move freely across signatories' borders (Baldwin and Wyplosz, 2009).

comments on the importance of RTAs within the Atlantic Space region. Section 7 analyses commitments undertaken by partners under the Atlantic Space trading agreements, which constitute nearly half of total world trade, and examines on the main areas of divergence and convergence in these agreements with the WTO commitments, which enables us to comment on whether the Atlantic Space is contributing to the rise of a new trade governance framework. Section 8 concludes.

2. Evolution of Atlantic Space and contribution to trading system

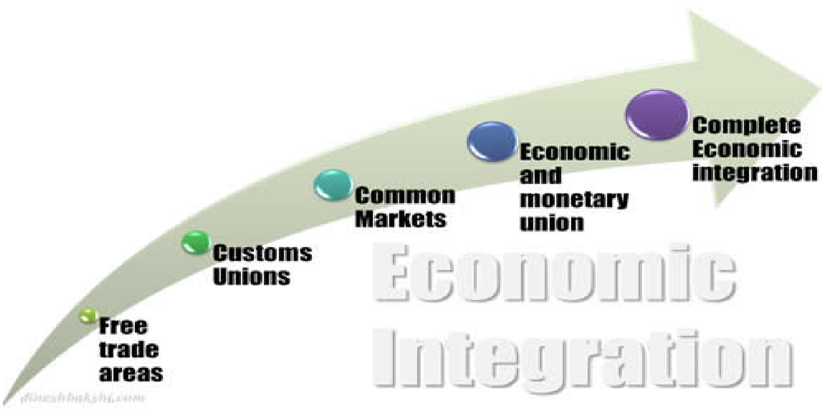
The earliest formation of trade integration arrangement efforts can be traced back to the Atlantic Space, which is now home to a large number of regional trade agreements (Quinlan, 2003; Francois, 2013) and the focus of this paper. Historically, the Atlantic region spearheaded by the USA and the EU led the creation of the General Agreement on Tariffs and Trade (GATT) of 1947, which is now transformed into the World Trade Organisation (WTO) (under 1994 GATT) and provides an institutional forum in which governments can negotiate trade agreements and settle trade disputes through a system of trading rules (see Hoekman and Kostecki (2001) for the historical background on GATT/WTO). The predecessor, i.e. GATT 1947 provided an international round table for creating a multilateral approach to trade, and established a system of internationally recognised rules on trade. The underlying idea was to create a level playing field for all members through the 'substantial reduction of tariffs and other barriers to trade and the elimination of discriminatory treatment in international commerce' (GATT, Art 1). While the Atlantic Space region has been the main driving force behind eight rounds of multilateral trade negotiations, including the successful conclusion of the Uruguay Round and the creation of the WTO, the USA together with the EU was instrumental in launching the Doha Round. Trade data for EU and USA show that a quarter of USA's GDP is tied to international trade, up from 10 per cent in 1970, the largest such increase of any developed economy over this period. Also, a third of USA growth since 1990 has been generated by trade. And America's trade is increasingly global in scope - 37 per cent with Canada and Mexico, 23 per cent with Europe, 27 per cent with Asia (WTO, 2012). In terms of global trade, the EU is ranked as a major exporter and second largest importer in the world, which makes the EU an attractive partner for preferential trading agreements (Dur and Zimmermann, 2007: 772). The recent 'Market Power Europe' concept promulgated by Chad Damro (2012) highlights the growing importance of the EU on the global trade arena and an important driving force behind the USA-EU Transatlantic Trade and Investment Partnership (Dur and Zimmermann, 2007: 771). Elgstrom's (2007: 958) work also resonate Damro's views that the USA and EU are taking a lead in setting global trade agenda. In this manner, the Atlantic Space trade arrangements with the EU and US as key partners continues to play a dominant role in shaping the current and future of trading agreements as these are being decided, crafted and institutionalised within this geographical zone. It would not be far from the mark to comment that as a whole, the transatlantic community's unique contribution to the global system, led by USA and EU has been a bridge across the Atlantic, across languages and cultures, and economic interests.

What really establishes the importance of Atlantic Space is that this region contributes significantly to world economy in terms of trade and investment – in terms of in two-way trade the total value was US$ 300 billion in 1996, $810 billion in investment, and a combined transatlantic output of over $16.5 trillion. Recent research suggests that the only two economies in the Atlantic Space, i.e. EU and USA account for 50% of global output, almost 30% of world merchandise trade (including intra-EU trade, but excluding services trade), and 20% of global foreign direct investment (OECD 2014). Though these statistics do not fully capture the essential quality of the transatlantic relationship they enable us to contextualise the extent to which the Atlantic Space is at the epicentre of a growing web of trans-border investment, technology and ideas which are the new arteries of global economy. In many ways the economic ties between the EU and USA represents a single transatlantic market. An analysis of the pattern of regional expansion in the world shows that there are two distinctive focal points with concentric circles of preferential trade arrangements radiating outwards. If it is true that the strength of the multilateral system for fifty years rested on the strength of the transatlantic partnership, it is also partly true that the sudden proliferation of regional arrangements reflects a certain inability of the transatlantic community to coordinate its trade interests and vision. Thus, there is no denying the fact that while transatlantic competition has encouraged the entire Atlantic space region to move to closer preferential groupings it has triggered off a set of trade governance issues that need addressing.

3. Types of Economic Integration and Related Literature

RTAs are defined as groupings of countries that aim to reduce barriers to trade between member countries. Such RTAs are often described by the five levels of integration set out by Balassa (1961). Depending upon their level of integration RTAs can be broadly divided into five categories: Preferential Trade Agreements (PTAs), Free Trade Agreements (FTAs), Customs Unions (CUs), Common Markets and Economic Unions. The five categories are often treated as a sequencing pattern towards closer integration as well as taxonomy of deeper and deeper integration.

Figure 1: Forms of economic integration



A PTA is a union in which member countries impose lower trade barriers on goods produced within the union, with some flexibility for each member country on the extent of the reduction. A Free Trade Area (FTA) is a special case of PTA where member countries completely abolish trade barriers (both tariff barriers and non-tariff barriers) for goods originating within the member countries. It should be clarified here that in most cases, countries do not abolish trade barriers completely even within Free Trade Areas. Most agreements tend to exclude sensitive sectors. A Customs Union (CU) provides deeper integration that an FTA because, unlike FTAs where member countries are free to maintain their individual level of tariff barriers for goods imported from non-member countries, in a CU, member countries apply a common external tariff (CET) on a good imported from outside countries. The CET can vary across goods but not across union partners. While PTAs, FTAs and CUs are often loosely termed as ‘shallow integration’ arrangements in trade literature, ‘deep integration’ is often referred to as arrangements where member countries attempt to harmonize institutional arrangements as well as commercial and financial laws and regulations among themselves.

Economists have traditionally used the concepts of ‘trade diversion’ and ‘trade creation’ effects to analyse the economic effects of trading agreements (Viner 1950). While there is unanimous agreement that trading agreements promote bilateral trade among members, recent debate has concentrated around the effects of trading agreements on other countries (Daia, Yotov & Zylkin 2014, Anderson & Yotov 2011, Baier & Bergstrand 2007, Helpman et al. 2008; Magee, 2008; Panagariya 2002; Brown, Deardorff & Stern, 1994; Kehoe & Kehoe, 1994). In general, the economic rationales include the ease of negotiations amongst fewer partners, the ability to preclude liberalisation in certain sectors (Ravenhill 2003), and the possibility to mitigate the fear of ‘losing out to neighbours’ through trade diversion, and contagion effects generated by spill-overs (Baldwin 1993; Baldwin and Jaimovich, 2012). Thus, economists are concerned with the costs of incomplete liberalisation and overlapping rules of origin, and have engaged in a debate on the relative merits of these with respect to the WTO multilateral regime, with some arguing that FTAs are ‘stumbling blocks’ to multilateral liberalisation (Bhagwati 1994, 2008), and others claiming they are ‘stepping stones’ (Wei & Frankel 2005; Dent 2003). Transcending this, political economists have focused on domestic politics as drivers of bilateral trading agreements (Mansfield & Milner 2012), trading agreements as a mechanism to secure domestic economic reform and as a way of gaining international recognition and acceptance (Aggarwal & Lee 2011; Aggarwal & Urata 2006). Trading agreements proliferation has also been explained as a result of policy imitation based on fear of exclusion from regional initiatives rather than of economic losses (Solis et al. 2009), and these have even been viewed as a reflection of geo-competition amongst actors (García 2012).

Political explanations include the spread of democracy generating new alliances (Mansfield et al., 2002; Wu 2004), lack of momentum at the multilateral level, and the quest for geopolitical stability (Mansfield and Pevehouse 2000; Martin et al., 2008, 2010; Vicard 2008). Mansfield and Milner (1999) propose that regionalism comes in waves, and Baldwin (1997) argues that the ‘new’ wave arises from domino forces created by 1980s Eurocentric round of preferential liberalisation. Current ‘new’ regionalism is however ‘deeper’ than traditional trade agreements (Burfisher et al. 2003; Ethier 1998; Baldwin 2011), with partners willing to negotiate investment, procurement, competition policy and intellectual property rights issues. Although traditional models of trade suggest that trading agreements between countries which share differences in comparative advantages makes economic sense, Mansfield et al. (2008) argue that political support may be complicated due to the unequal distribution of factor rewards, implying “good politics drives out good economics” (Mansfield et al. 2008: 69), as agreements between countries with similar factor endowments may be politically easier to conclude.

An important debate within the literature concerns the compatibility of trading agreements with the WTO regime, which has pitted proponents of such agreements as “stumbling blocks” (Thurow 1992; Bhagwati 1994, 2008) against supporters who call these “stepping stones” towards global liberalisation (Krugman 1993; Lamy 2002; Wei & Frankel 1996). The latter has been explained through 'domino effects' where outsiders become insiders to trading agreements to offset trade diversion effects, thus changing the domestic constellation of pressures for and against liberalisation (Balwin 1993). This rationale is also present in some states' deliberate abandonment of the WTO, like the USA’s turn to bilateralism in the 2000s to encourage “competitive liberalisation” amongst partners (Schott 2006), thus weakening the developing world's opposition to liberalisation as articulated at the WTO. However, “stepping stone” analyses focusing on trade effects mainly in goods and some services have obviated the matter of the effect of the inclusion of new regulatory issues in trading agreements. It is no coincidence, that where those governance structures are absent, the negotiating partners incorporate these into trading agreements. This has necessitated incorporating ‘appropriate’ governance structures within a country to facilitate the flow of goods and ideas and this is often associated with a more liberal trade stance (see Mansfield et al. 2000, 2002; Mansfield et al. 2008).[4] Using these theoretical underpinnings on regional integration, this paper examines whether governance structures within RTAs negotiated in the Atlantic Space can link bilateral trading relationships with the multilateral trade framework and in doing so contribute to a new framework on global trade governance. This is particularly relevant given that we also examine whether the Atlantic Space agreements are a means to liberalise trade and investment liberalisation, at and behind the border, or is this merely another of those regional arrangements that already exist.

4. Trade governance and related literature

Global governance in general terms is defined as ‘an order that lacks a centralized authority with the capacity to enforce decisions on a global scale’ (Rosenau 1992b: 7). Within the context of general global governance debate espoused in political economy, Christie et al. (2013) draw attention to three dimensions of governance - the first dimension relates to rules and resources, and how institutions function. The second is about key principles such as participation and inclusion. The third dimension is that governance encompasses several themes that impact on transparency, accountability, democratization, human rights, rule of law and administration of justice. Literature also highlights the underlying characteristics of global governance as: first, it requires some form of patterned regularity or order at the global level suggesting that patterned regularity is a necessary, but not a sufficient, condition for global governance. Second, global governance must be purposive and/or oriented toward the achievement of some goal or goals (Bull 1977). Third, governance is a system of rules, which can be formal and embodied in an institution or informal and can reside within a set of institutional actors. It is a system of authoritative rule or rules (with varying degrees of institutionalization) that functions and operates at the global level. In order for a system of authoritative rules to operate at a global level, it is not required that they be universally practiced or universally recognized as legitimate. It merely requires that they be widely shared and practiced on a global scale (on multiple continents) by relevant and important actors (Alker et al, 2011). Thus, global governance entails decisions that shape and define expectations (controlling, directing, or regulating) at the global level. There can be different degrees of institutionalization associated with different forms of governance, and there is debate about whether formal or informal institutions are necessary for governance. In this manner, global governance is perceived as an inter-subjectively recognized, purposive order at the global level, which defines, constrains, and shapes actor expectations in an issues domain.

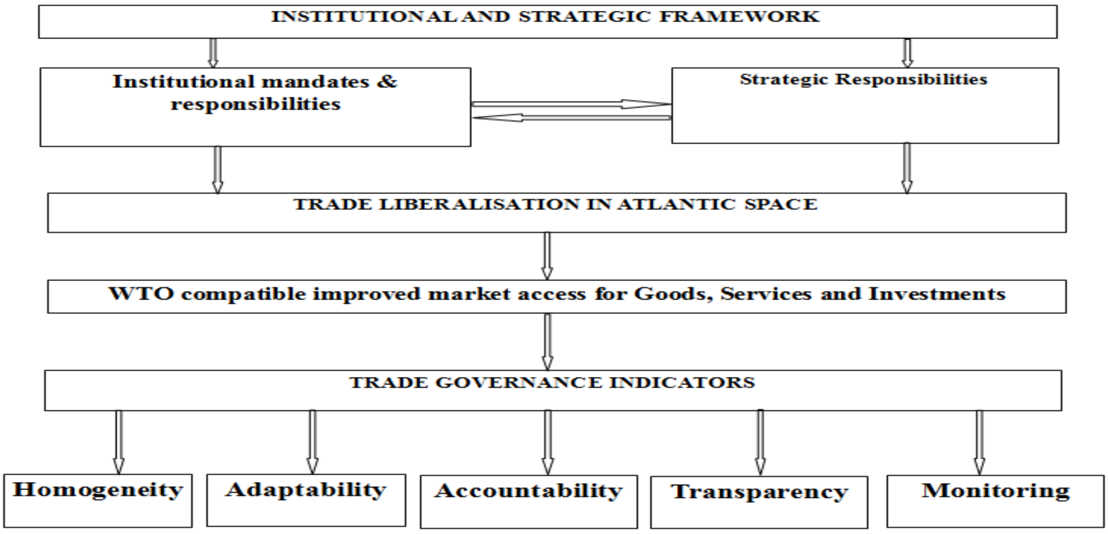
[4] Within this category of determinants should lie the role of multilateral negotiations in the formation of new trade agreements as suggested by Mansfield and Reinhardt (2003). These are omitted in this paper as the period under investigation only includes one round of negotiations unlike that used in Mansfield and Reinhardt (2003)

To examine whether RTAs negotiated in the Atlantic Space support convergence or divergence in the trading framework and to provide policy advocates with access to robust information we propose to use the following trade governance indicators. The set of indicators proposed and associated with the trading framework of the WTO are: homogeneity, adaptability, accountability, transparency and monitoring. Given that the WTO is a framework of rules that apply at the multilateral level and set the 'gold standard' for trading agreement rules, we then assess these indicators against a set of criteria which include a reflection on the following: Are the indicators *actionable*—that is, can the primary institution involved "do things better" to ensure effective trade governance? Are they *credible*? Are the commitments undertaken *relevant,* i.e. do they capture a critical dimension of the quality of governance and ensure parity with WTO agreements? Do the commitments foster *accountability* – do the available institutions support an increased commitment to accountability and transparency? Are the trade liberalisation commitments *reliable* - can the commitments be trusted to ensure transparency?

The first indicator, i.e. homogeneity focuses on the extent to which the policies and mandates of trading agreements are similar across the Atlantic Space. The second indicator is adaptability that is defined for the purpose of this study as an attribute that enables RTA partner countries meeting the ratification/implementation requirements of the agreement at the stakeholder level, whether this is at the regional, national or sub-national levels. The third - accountability is the quality of relevant stakeholders being held comprehensively accountable at all levels, as part of the objectives of the agreement. The fourth indicator is transparency that refers to information being readily available and accessible to all stakeholders. This is central to institutionalizing good governance and higher accountability, as secrecy and lack of accountability breed corruption, whereas greater transparency can help to ensure the appropriate checks and balances. The final indicator is monitoring that encourages external scrutiny, enhances transparency in trade policy developments and provides partners with an up-to-date picture of trends in the implementation of trade policies by other trading countries. Further, monitoring and transparency are different in that the former will generate findings indicating that the indicator set needs to be acted on in ways that leads to measurable results, which may require (external) advocacy or support. Transparency, however, encourages public access to information, and the supply of information to stakeholders encourages a demand for governance. It is also important to emphasise that, although each indicator offers an important insight into governance in its own right because each sits within the governance cycle framework and are all closely interlinked.

Figure 2 presents the relationship between trade governance indicators, suggesting that an overarching institutional framework is required for successful trade liberalisation by countries, such that commitments undertaken within preferential trade liberalisation framework are compatible with the WTO underlying principles of enhancing market access whilst ensuring transparency, accountability and effective monitoring of commitments undertaken. In addition, trade governance indicators help in identifying whether trade liberalisation commitments are adaptable and in line with the WTO agreements.

Figure 2: Trade governance framework



Although the governance dimensions and indicators list which are common among WTO Agreements helped frame the scope of the inquiry at the design stage, indicators identified present a phasing of activity i.e. analysis of goods, services and financial services, in which each phase requires the appropriate governance to secure good outcomes. The purpose of the proposed indicators is to allow analysing whether there is a common trend emerging within the Atlantic Space. Further, this provides a useful guide to policy decision makers to improve governance performance and at the same time provide policy advocates with access to robust information as a platform for appropriate action. Those measuring governance often perceive the indicators being examined as broad in nature, with perhaps abstract institutional setups, structures, and opportunities for development. To help ground governance as a manageable concept, there needs to be a clear and objective basis for the scoring of indicators - and one that can better support decision making at both the policy and planning levels. As a result, we have assigned a score of WTO + or WTO- as the case may be depending on the level of commitment undertaken by partners. This classification borrows the typology developed by Horn et al. in their comparison of EU and USA FTAs. WTO+ suggests that commitments undertaken by partner countries are far and beyond the WTO level of commitments. WTO- suggests that commitments are not equal to those undertaken at the WTO level but there is a catch-up trend exhibited by trading agreements to match the WTO rules (see Methodology section).

5. Methodology employed for analysis

The research design of this paper is guided by the interpretive research design used by Horn et al. (2010), Volz (2011), Bryman (2012), Christie et al (2013), Fakuyama (2013), Dur et al. (2014) and Strange (2014). The approach involves identifying (a) the Atlantic space (there are 6 regions bordering the Atlantic Ocean comprising of North America, Central America, South America, Caribbean, Europe and Africa; (b) Atlantic basin countries. For analysis, a list of all agreements to which Atlantic space and basin countries are signatories has been compiled based on list of WTO notified agreements, World Bank, and the United Nations University Centre for Regional Integration Studies. Out of 46 agreements within the Atlantic space that have been notified to the WTO - 32 are bilateral free trade agreements and 14 are RTAs (WTO RTA database, 2013). Trade flows for all 14 RTAs in the Atlantic Space are examined and a selection of the main RTAs for further detailed analysis is carried out. The sampling criteria for identifying which RTAs are proposed for detailed analysis are based on the following: (a) origin of the agreements; (b) notification of the agreement to the WTO[5]; and, (c) share of agreement in total world trade.

Based on the sampling criteria, trading agreements, i.e. RTAs in the Atlantic Space that fulfil the above criteria and, therefore, selected for detailed analysis are: European Economic Area (EEA), North America Free Trade Agreement (NAFTA), European Free trade Agreement (EFTA), Central European Free Trade Agreement (CEFTA), South American Common Market (MERCOSUR), Andean Community of Nations (ANDEAN), Southern African Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA), Economic Community of West African states (ECOWAS), Caribbean Community (CARICOM), Central African Economic and Monetary Union (CAEMC), Central American Common Market (CACM), West African Economic and Monetary Union (WAEMU) and Southern African Community Union (SACU).

Given that the main aim of this paper is to examine the evolving trading governance framework in the Atlantic Space, and linking RTAs within the broader context of governance indicators the next step involves identifying the legal provisions undertaken by countries, in particular the nature and scope of legal provisions. The main areas of analysis are: goods, services, investment, intellectual property, dispute settlement under WTO framework, vis-à-vis commitments undertaken in RTAs. WTO Agreements analysed are: Agriculture, Import Licensing, SPS/TBT, Rules of Origin, Trade defence, Cross-border supply, Consumption abroad, Commercial presence, Presence of natural persons, Intellectual Property, TRIMS, Trade facilitation/aid for trade, and Dispute Settlement Understanding. Based on the degree of conformity between WTO and RTA

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[5] For any trade agreement to be officially recognized by WTO members as an official agreement in the world trading system, the agreement has to be "notified". Notification is part of the WTO transparency mechanism for RTAs, which was negotiated and established by the Negotiating Group on Rules in the Doha Development Agenda of December 14, 2006. WTO transparency mechanism is currently the main criteria for an agreement to be WTO notified. It is overseen by a Committee on Regional Trade Agreements (CRTA), except for those agreements notified under "the Enabling clause", which is overseen by the Committee on Trade and Development. It involves six stages. The first stage is the **Early Announcement:** when WTO members negotiating an agreement must inform WTO secretariat of undergoing negotiations, and convey officially documented information to the WTO secretariat on a newly signed agreement; The second stage involves the actual **Notification:** WTO members must notify the agreements under Article XXIV of the GATT 1994 or the Enabling Clause (for RTAs covering trade in goods), or under Article V of the GATS (for RTAs covering trade in services), two notifications are required for RTAs covering both goods and services. The notification is to be made following ratification[5] of the RTA but before the application of preferential treatment amongst signatories. This stage is also a platform for notifying any changes affecting the implementation and operation of a new or existing RTA prior to ratification; the third stage is **Questions and Replies**: Before an agreement is considered by WTO Members, they may submit questions in writing to the signatories of an agreement. The parties are expected to provide written answers to these questions in advance of the meeting to consider that RTA. A document containing the questions and replies submitted by Members and the parties is issued three working days in advance of the CRTA or the CTD meeting where the RTA is to be considered **Subsequent reporting** is the fourth stage: At the end of the RTA's ratification phase, signatories shall submit an official report on the realisation of the RTA commitments undertaken; this is followed by a fifth stage, the **factual presentation or abstract**: a documented summary of the main features of an agreement prepared by the Committee on regional trade agreement (CRTA) or Committee on trade and development (CTD) in conjunction with the RTAs signatories after examining an agreement. It is prepared in conformity with article 7 (b), 22 (b) and annex I of the transparency mechanism. The report describes the trade environment, the main characteristics of the agreement, impact on market access in the signatories to the RTA and tariff line information. This stage occurs within a specified period of 10-20 weeks after notification. The factual presentation or abstract may be either "on hold" (for commitments that have not yet been agreed on) or "distributed" (issued as an official WTO document) and this information is made available through the World Trade Organisation; Regional Trade Agreement- Information System (WTO RTA-IS)"(WTO, 2013b).

commitments, we assign a tick (✓) if the legal provisions of RTAs are similar to the WTO or a cross (x) if the agreement is not similar to WTO commitments.

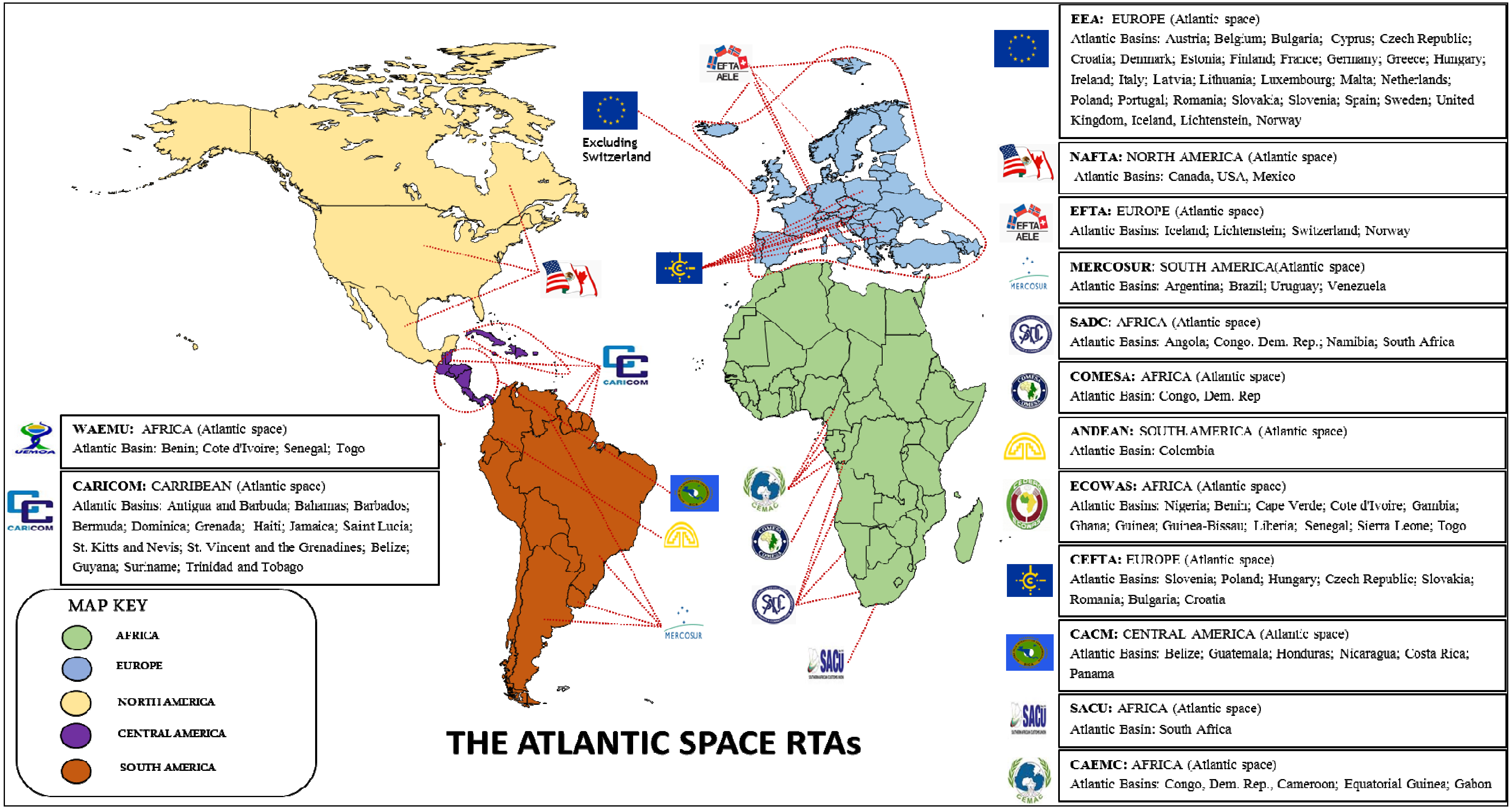
Data for analysis has been collected from various sources - WTO RTA database6, WTO International trade and market access (ITMA) database7, the official texts of WTO multilateral governing agreements sourced from the WTO legal texts database8. Legal texts of the RTAs have been obtained from the United Nations University-Institute for comparative regional integration studies-regional integration knowledge system database (UNU-CRIS-RIKS)9 and World Bank global preferential trade agreements database (GPTAD)10. Trade statistical data for 2012 has been collected from WTO ITMA database11 which includes data on world trade flow values of import and export of goods and services, as well as Atlantic space RTAs trade flow values. For ease of analysis and interpretation all the trade flow values are in international US dollars. All secondary data used in this study, acquired from the various data sources are available online.

6. Mapping Trade Flows in Atlantic Space

Based on trade flow values Figure 3 presents those RTAs in the Atlantic Space area which have the highest level of trade, these are: EEA,[12] NAFTA,[13] EFTA,[14] CEFTA,[15] MERCOSUR,[16] ANDEAN,[17] SADC,[18] COMESA,[19] ECOWAS,[20] CARICOM,[21] CAEMC,[22] WAEMU[23] and SACU[24].

[6] See:<http://rtais.wto.org/UI/PublicMaintainRTAHome.aspx>
[7]See:<http://www.wto.org/english/res_e/statis_e/statis_bis_e.htm?solution=WTO&path=/Dashboards/MAPS&file=Map.wcdf&bookmarkState={%22impl%22:%22client%22,%22params%22:{%22langParam%22:%22en%22}}>
[8] See:<http://www.wto.org/english/docs_e/legal_e/legal_e.htm>
[9] See:<http://www.cris.unu.edu/riks/web/arrangement>
[10] See:<http://wits.worldbank.org/gptad/library.aspx>
[11]See:<http://www.wto.org/english/res_e/statis_e/statis_bis_e.htm?solution=WTO&path=/Dashboards/MAPS&file=Map.wcdf&bookmarkState={%22impl%22:%22client%22,%22params%22:{%22langParam%22:%22en%22}}>
[12] EEA countries are: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Demark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and United Kingdom
[13] NAFTA countries are: Canada, USA and Mexico
[14] EFTA countries are: Iceland; Lichtenstein, Switzerland and Norway.
[15] Out of 15 signatories, CEFTA has 8 participating basin countries. These are: Slovenia, Poland, Hungary, Czech Republic, Slovakia, Romania, Bulgaria and Croatia.
[16] Out of 6 countries included in MERCOSUR, 4 fall within the Atlantic Space. These are: Argentina, Brazil, Uruguay and Venezuela.
[17] Out of 4 signatories to the ANDEAN bloc, only 1 has been identified as within the Atlantic Space i.e. Colombia.
[18] Out of 14 signatories, it has 4 participating basin countries (Angola, Congo Democratic Republic, Namibia and South Africa)
[19] Out of 19 signatories, COMESA has 1 country in the participating basin i.e. Congo Democratic Republic.
[20] Out of 16 signatories to ECOWAS, 12 countries fall within the participating regions. These are: Nigeria, Benin, Cape Verde, Cote d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Senegal, Sierra Leone and Togo.
[21] Out of 21 signatories, 15 participating basin countries have been identified: Antigua and Barbuda; Bahamas, Barbados; Bermuda; Dominica; Grenada; Haiti; Jamaica; Saint Lucia, St. Kitts and Nevis, St. Vincent and the Grenadines, Belize, Guyana, Suriname, Trinidad and Tobago.
[22] Out of 7 signatories, it has 4 participating basin countries (Congo Democratic Republic, Cameroon, Equatorial Guinea and Gabon)
[23] Out of 7 signatories, it has 4 participating basin countries (Benin, Cote d'Ivoire, Senegal and Togo)
[24] Out of 5 signatories, it has 1 participating basin countries (South Africa)

Figure 3: Map of Atlantic space RTAs and participating basins



Source: Author's compilation from WTO international trade statistics (2012) and WTO's RTA database (2013)

It is worth mentioning that there are 159 signatories to trading agreements in the Atlantic Space, but only 98 are in the Atlantic Basin. This is because some of the regions have more than one trading agreement and that countries are signatories to more than one such trading agreement. Examples include: EEA, NAFTA, EFTA, MERCOSUR, SADC, COMESA, ANDEAN, ECOWAS, CEFTA, CACM, CAEMC, CARICOM, WAEMU and SACU, where countries have overlapping membership. For instance, Bulgaria, Croatia, Czech Republic, Hungary, Poland, Slovenia, Slovakia and Romania are signatories to both EEA and CEFTA. Similarly, Iceland, Liechtenstein, Norway are signatories to both EEA and EFTA. Belize is signatory to CACM and CARICOM. Senegal, Togo, Benin and Cote d'Ivoire are signatories to both ECOWAS and WAEMU. Congo Democratic Republic is signatory to 3 trading agreements - SADC, COMESA and CAEMC. South Africa is also a signatory to two agreements - SADC and SACU.

Table 1 presents total trade flows in the Atlantic Space, the share of these agreements in total world trade and as percentage of total world trade. The analysis of trade flows reveals that these RTAs account for a significant share of total world trade. WTO ITMA trade data on goods and services for 2012 shows that total world trade in goods and services is US$ 45.7 trillion, of which US$ 26.5 trillion are traded within the Atlantic Space. In percentage terms, this constitutes 57.96% of total world trade suggesting the importance of these RTAs at the global level.

Table 1: Atlantic space RTAs in terms of percentage share of total world trade (2012)

RTAs	Stage of Integration	GOODS (Million USD)				SERVICES (Million USD)				TOTAL (Million USD)	
		Import	Exports	Total trade flow (goods)	Share of total world trade (goods)	Imports	Exports	Total trade flow (services)	Share of total world trade (services)	Total trade flow (goods and services)	Share of total world trade (goods and services)
EEA	EMU	6050485	5981719	12032204	32.52%	1648037	1910638	3558675	40.91%	15590879	34.11%
NAFTA	FTA	3190934	2371330	5562263	15.03%	577300	735500	1312800	15.09%	6875063	15.04%
EFTA	FTA	289875	392038	681914	1.84%	98600	139600	238200	2.74%	920114	2.01%
MERCOSUR	CU	325049	339522	664571	1.80%	102900	60300	163200	1.88%	827771	1.81%
SADC	FTA	216054	208500	424553	1.15%	60100	27800	87900	1.01%	512453	1.12%
COMESA	CU	174349	134310	308659	0.83%	43100	40300	83400	0.96%	392059	0.86%
ANDEAN	CU	135122	140867	275989	0.75%	23100	13000	36100	0.41%	312089	0.68%
ECOWAS	CU	104584	155280	259864	0.70%	37200	11500	48700	0.56%	308564	0.68%
SACU	CU	143280	100262	243542	0.66%	18968	16244	35212	0.40%	278754	0.61%
CEFTA	FTA	68742	37462	106204	0.29%	12342	22354	34696	0.40%	140900	0.31%
CACM	CU	61872	37383	99255	0.27%	8200	11100	19300	0.22%	118555	0.26%
CARICOM	CU	30976	21781	52756	0.14%	13000	16100	29100	0.33%	81856	0.18%
CAEMC	CU	26751	44975	71726	0.19%	0	0	0	0.00%	71726	0.16%
WAEMU	CU	29501	23259	52760	0.14%	4701	2448	7148	0.08%	59909	0.13%
RTAs Trade Total (Million USD)		**10847575**	**9988686**	**20836261**	**56.31%**	**2647548**	**3006883**	**5654431**	**64.99%**	**26490692**	**57.96%**
World Trade Total (Million USD)		**18601000**	**18401000**	**37002000**	**100.00%**	**4274000**	**4425800**	**8699800**	**100.00%**	**45701800**	**100.00%**

*Key: *CU-Customs Union; *EMU-Economic & Monetary union; *FTA-Free trade area (RTAs are in descending order of percentage share of total world trade of goods and services)

Source: Author's compilation using WTO RTA database (2013) and WTO ITMA database (2012)

The analysis of trade flows (in value terms) shows that EEA is the most dominant trade bloc and leads with 15.5 trillion, followed by NAFTA (6.8 trillion), EFTA (920 billion), MERCOSUR (827 billion), SADC (512 billion), COMESA (392 billion), ANDEAN (312 billion), ECOWAS (308 billion), SACU (278 billion), CEFTA (140 billion), CACM (118 billion). CARICOM (81 billion), CAEMC (71 billion), and WAEMU (59 billion) follow with lower values. In percentage terms, EEA leads with a share of 34%, followed by NAFTA (15%), EFTA (2%), MERCOSUR (1.81%), SADC (1.12%), COMESA (0.86%), ANDEAN (0.68%), ECOWAS (0.68%), SACU (0.61%), CEFTA (0.31%), CACM (0.26%), CARICOM (0.18%), CAEMC (0.16%) and WAEMU (0.13%).

7. Analysis of commitments undertaken within Atlantic Space

This section assesses whether the Atlantic Space agreements could potentially foster the normative aim of multilateral convergence in trade liberalisation by contributing to a common external governance model. The analysis also sheds light on ongoing debates regarding Atlantic space countries' ability to effect change on other actors. The discussion is couched within the 'normative power' debate that calls for a greater focus on ascertaining the degree of effectiveness in terms of behavioural changes in other actors (Forsberg 2011), but this focuses in particular on EU's 'normative' behaviour and the USA's aspirations. In doing so, the paper also aims to capture the extension of rules and practices beyond the geographical borders that focuses on the "external governance" literature (Gänzle 2009, Lavenex 2008, Lavenex and Schimmelfenning 2009, Wunderlich 2012), where the determinants facilitating adoption rules are present and concentrates on when third parties adopt its norms and regulations. Within this realm, Barbe et al. (2009) highlight with regards to the EU that it may not always extend its rules but it "may act more as a taker/transmitter of rules that have been elaborated in other international fora". It is this aspect that makes the "external governance" literature relevant to this article. Combining the "normative" rationales for extending the preferred multilateral approach to trade liberalisation, with the conditions for rule externalisation described in "external governance" literature, we analyse how and whether the Atlantic Space countries further the WTO multilateral agenda on trade liberalisation through the new generation of trade agreements.

Table 2 provides a snap shot of the Atlantic Space agreements. The analysis suggests that there are only three agreements in Atlantic space demonstrate conformity with WTO Agreements; these are: EEA, EFTA and COMESA. CEFTA and CARICOM follow closely in terms of their conformity with WTO Agreements, while WAEMU, CAEMC and SACU score low and do not demonstrate closeness to WTO Agreements. A striking feature is that only 4 RTAs include commitments on goods and services, these are: NAFTA, EFTA, MERCOSUR and CARICOM. Other agreements in the Atlantic Space have undertaken limited liberalisation commitments, and restrict themselves to commitments on liberalising goods trade only. Further, the level of integration also varies within the RTAs in Atlantic Space – NAFTA, EFTA, SADC and CEFTA are FTAs, the remaining agreements are customs unions. Thus, over 60% of Atlantic Space agreements show a higher level of integration at the level of CU.

Table 2: Overview on trade liberalisation commitments and WTO compatibility

	EEA	NAFTA	EFTA	MERCOSUR	SADC	COMESA	ANDEAN	ECOWAS	CEFTA	CACM	CAEMC	CARICOM	WAEMU	SACU
GOODS														
Agriculture	√	√	√	√	√	√	√	√	√	√	X	√	X	X
Import Licensing	√	√	√	√	√	√	X	X	√	√	X	√	√	√
SPS, TBT	√	√	√	√	√	√	√	√	√	√	X	√	X	X
Subsidies/CVD	√	√	√	√	√	X	X	X	√	√	X	√	X	X
Rules of Origin	√	√	√	√	√	√	X	√	√	√	X	√	√	X
Trade defence	√	√	√	√	√	√	√	√	√	X	X	√	X	X
Intellectual property	√	√	√	X	√	X	X	X	√	X	X	X	X	X
SERVICES														
Cross-border supply	√	√	√	√	X	√	X	√	√	X	√	√	√	X
Consumption abroad	√	√	√	√	X	√	X	√	√	X	√	√	X	X
Commercial presence	√	√	√	√	X	√	X	√	√	X	√	√	√	X
Presence of natural persons	√	√	√	√	X	√	X	√	√	X	√	√	√	X
INVESTMENT														
TRIMS	√	√	X	X	√	X	X	X	√	X	X	X	X	X
Trade facilitation/Aid for trade	√	X	X	X	√	√	X	√	X	X	X	√	X	X
DISPUTE SETTLEMENT														
Dispute Settlement Mechanism	√	√	√	√	√	√	√	X	X	√	X	√	√	X

Source: Own compilation from various trading agreements.

Detailed examination of the Atlantic Space agreements shows that, in line with WTO agreements, these arrangements make specific reference to non-discrimination and the standard WTO language applies. For instance, the EEA has detailed coverage commitments and Article 2 clearly resonates members commitment to "(a) the free movement of goods; (b) the free movement of persons; (c) the free movement of services; (d) the free movement of capital; (e) the setting up of a system ensuring that competition is not distorted and that the rules thereon are equally respected…" EFTA and NAFTA are similar and reiterate liberalisation commitments with partner countries in the Atlantic Space. SADC also confirms its intention "to further liberalise intra-regional trade in goods and services on the basis of fair, mutually equitable and beneficial trade arrangements, complemented by Protocols in other areas (Article 2). CEFTA states its commitment to "expand trade in goods and services and foster investment by means of fair, clear, stable and predictable rules" (Article 1). The striking level of similarity in RTA commitments with the WTO suggests homogeneity between some regional and multilateral commitments given that the policies and mandates of trading agreements across the Atlantic Space are similar with the WTO. There are, however, exceptions to homogeneity in that MERCOSUR, COMESA, ANDEAN, ECOWAS, CACM, CARICOM, CAEMC and WAEMU do not spell this.

Another interesting result from the analysis is that MERCOSUR, COMESA, ANDEAN, ECOWAS, CACM, CARICOM, CAEMC and WAEMU strive for homogeneity with WTO Agreements and that these are mainly aspirational in nature. These agreements are clearly indicative of the partner countries' aspiration and commitment to progressively work towards being able to upgrade to WTO commitments. An examination of the agreements suggests that there is evidence of trend to achieving homogeneity between the Atlantic Space and WTO agreements given that the regional groupings through RTAs strive to export WTO style commitments. The convergence of commitments undertaken on services show the growing tendency of RTAs to liberalise in line with the WTO as is the case under EEA, EFTA and MERCOSUR. Further, the analysis also shows that the African agreements, i.e. COMESA, ECOWAS, CAEMC and CARICOM, require members to undertake commitments to ensure fair competition and that liberalisation commitment aspire to go beyond discrimination on geographical origin of service suppliers. Further, the Atlantic Space agreements also list derogations/exceptions to services with regards to commitments and domestic policy issues in appendices. Services exempt are clearly stated in the Annexes. Thus, the trend among Atlantic Space agreements to adapt to WTO agreements is evident.
However, commitments are undertaken by partners through RTAs on government procurement, intellectual property rights and trade facilitation with partner countries. An interesting feature of these 'deep integration' commitments is the common trend among countries to undertake liberalisation commitments which commensurate with the partners' level of development and integration into the world economy. Thus, developed countries which are parties to RTAs have taken a higher level of commitments and developing countries have recognised the importance of undertaking such commitments over a period of time. The argument for phased approach to liberalization under RTAs is relevant given the added benefits of reduced transaction costs for developing countries negotiating future GPA accession. In the short term, RTA commitments reflect the willingness of partner countries to liberalize trade within the Atlantic Space.

An important innovation of the Atlantic Space agreements is the introduction of comprehensive and non-discriminatory review with dispute settlement procedures as separate chapters, which highlight the common trend towards ensuring accountability. Further, there is an exhaustive treatment of arbitration and agreements include provisions on temporary remedies. In addition, the agreements have provisions on transparency with detailed guidance, and commitments undertaken focus on publishing information of all information on national website and notifying all partners. Further, these provide for cooperation through formalised institutional arrangements which ensure monitoring of commitments. For instance, the Latin American agreements require countries to establish a committee to meet once a year or anytime upon written request with each partner country to chair meetings alternately. CARIFORUM is slightly different and provides for exchanges of experience, the establishment of appropriate systems to ensure compliance and the creation of an online facility at a regional level. Another important finding is that the level of commitments undertaken in the Atlantic Space varies by countries level of development. The analysis shows that countries in the African region have aspirational agreements, which reiterate their commitment to work progressively to successive liberalisation in goods and services.

To sum up, the RTAs chosen for detailed analysis within the Atlantic Space strongly vary with respect to their design and coverage, i.e. the extent to which commitments undertaken liberalize trade, but these are similar in that they institute a common trend to meeting governance indicators in the integration arrangements amongst signatories. Thus, commitments undertaken through RTAs demonstrate a trend for partner countries to be aligned with WTO agreements. Further, these include procedural and substantive provisions on market access, transparency and monitoring. In those cases where the legal framework varies from liberalisation commitments under the trading agreement, partner countries have agreed to make changes to their existing framework within a particular time period. This is indeed suggestive of an emerging pattern to increasing adaptability among Atlantic Space agreements to WTO agreements. Given the proximity between RTA and WTO commitments, we can say that the Atlantic Space agreements could present a potential opportunity for eventual multilateral convergence. This is also suggestive that a common template liberalisation matrix as is the case in the Atlantic Space will support reducing divergence of commitments between partner countries over and within the multilateral system. In the case of the EU, the current trade policy is geared by the EU insisting on WTO-style binding obligations, highlighting the increased emphasis on meeting multilateral norms on trade governance. In some ways, the emerging framework in the Atlantic Space can be a learning process for partner countries and it is likely that this will create a feeling of 'ownership of rules'. Clearly in the short term, Atlantic Space RTAs reflect the willingness of partner countries to liberalise trade as evidenced through nature and shape of liberalisation commitments. In the longer term, the overall approach of Atlantic Space partners to liberalisation through RTAs possibly hints at an implicit and 'soft commitment' undertaking approach which aims to bridge traditionally distant policy agendas between countries and have a common trade commitments framework. This suggests that Atlantic Space trading agreements can be potential 'building blocks' and 'stepping stones' for future trade governance in the region. Such a common framework could eventually foster consensus among countries in the Atlantic Space region on international regulation issues currently dealt under the WTO and in this process lead to increased integration with multilateral rules. This can also be interpreted as a normative aspiration of the Atlantic Space agreements to export governance and multilateral regulation through a model of regional liberalization. In doing so Atlantic Space agreements could foster multilateral convergence in procurement through a common external governance model.

8. Conclusions

The rationale extended for the pursuit of RTAs by the Atlantic space countries is that structured partnerships facilitate mutual understanding and rapprochement, boost multilateral efforts and allow partners to address shared concerns on global challenges. Within this context, Atlantic Space agreements can be perceived as ‘stepping stones’ to broader trade liberalisation which enables partners to recognise that an efficient and competitive trading regime are a building block for multilateral trade liberalisation. The similarity between the WTO and RTA commitments hints that trading partners aim to use ‘new generation’ trading agreements as a tool for possible incremental extension of the multilateral system. In doing so, the Atlantic Space is likely to play a key role in establishing a framework for global trade governance.

Atlantic space agreements are likely to allow the region to play a leading role in establishing a global governance framework given that the agreements are likely to reduce resistance to multilateral liberalisation of goods, services and bring bilateral commitments in line with the letter and spirit of the WTO. These are also likely to further imperative for the externalization of trade liberalization derives from the creation of the Atlantic trading Space. While on the one hand, Atlantic space countries in particular the USA and EU recognize that Doha talks have been gridlocked, on the other the move towards RTAs demonstrates their commitment to ‘channel efforts into mapping a clearer long-term design for global governance’ (Young and Solbe 2010). In this manner, the analysis shows the effectiveness of RTAs as a transmitter of multilateral rules beyond the immediate geographical neighbourhood. Bilateral/regional agreements can also make a valuable contribution by enhancing the zone of agreement between the Atlantic Space countries, in particular those in Africa and Latin America, in multilateral negotiations which could potentially foster multilateral cooperation on trade liberalisation issues. This is the case in the EU which recognises that trading agreements gradually extend its preferred long-term governance design and guarantee market access for its firms.

Recent developments in Atlantic Space, i.e. the launch of Transatlantic Trade and Investment Partnership (TTIP) negotiations between the US and EU suggests growing momentum for the Atlantic trade Space. The proposed agreement aims to expand bilateral trade and investment is create an economic stimulus from the structural reform and give a boost to growth and jobs. This agreement is relevant for Atlantic Space given that the US and EU aim to contribute to the development of global rules that can strengthen the multilateral trading system. An ambitious agreement like the TTIP could conceivably become the ‘gold standard’ for deep and comprehensive global trade and investment integration. Ongoing negotiations between these two major players arguably have the potential to address a wider range of sensitive issues than the stalled WTO negotiations. In this respect an ambitious agreement could also be a building block for future multilateral initiatives, in much the same way as today there is interest in multilateralising WTO-plus provisions of existing RTAs.

Thus, an overlap between RTAs and WTO Agreements can be interpreted that regional agreements are as a means to engage countries at the inter-regional level that aims to support the Atlantic Space’s role as a global actor to shape a functioning multilateral order. The growing cohesion on liberalisation commitments amongst Atlantic Space countries is likely to lead to a possible incremental extension of the multilateral system in the longer term. Thus, the Atlantic Space could possibly play a key role in establishing a framework for global trade governance. Given that some of the current RTAs demonstrate an increasing degree of convergence with WTO Agreements and in cases where convergence is lacking there is an unmistakeable trend to longer term convergence, it is likely that the Atlantic Space will lay the ground for future convergence in trade governance. Thus starting with the Atlantic Space, it might be logical to assume that RTAs can be effective future transmitters of multilateral rules. Further, regional trade liberalisation in the Atlantic Space can be employed as an alternate vector for engagement on trade governance and that this evolving Space could provide momentum to the move towards the shaping of a functioning multilateral order on a bilateral/regional basis. In this manner, regional cooperation can be viewed as a viable formula to strengthen WTO's multilateralism approach, which so far has been lacking. The Atlantic Space might be the first move in this direction. Progress towards the multilateral rule convergence, however, depends on the political will of partner counties to open dialogue on controversial trade and non-trade issues, including the principles of sovereignty and non-interference. Given that there are developed and developing countries in the Atlantic Space, with different levels of capacity trade facilitation is an important aspect and imperative for the less developed countries in the region as this can support the integration of countries, particularly the ones in Africa into the world economy. This will thus, support the move and pave the way from regional blocks to future cohesion at the multilateral level.

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