

Cambridge University Press

978-1-107-08387-5 - Trade Cooperation: The Purpose, Design and Effects of
Preferential Trade Agreements World Trade Forum

Edited by Andreas Dür and Manfred Elsig

Frontmatter

[More information](#)

TRADE COOPERATION

The Purpose, Design and Effects of Preferential Trade Agreements

Preferential trade agreements (PTAs) have been proliferating for more than two decades, with the negotiations for a Transatlantic Trade and Investment Partnership and a Trans-Pacific Partnership being just the tip of the iceberg. This volume addresses some of the most pressing issues related to the surge in these agreements. It includes chapters written by leading political scientists, economists and lawyers who theoretically and empirically advance our understanding of trade agreements. The key theme is that PTAs vary widely in terms of design. The authors provide explanations of why we see these differences in design and whether and how these differences matter in practice. The tools for understanding the purposes and effects of PTAs that are offered will guide future research and inform practitioners and trade policy experts about progress in the scientific inquiry into PTAs.

ANDREAS DÜR is professor of international politics at the University of Salzburg, Austria. His research interests include trade policy, international institutions and interest group politics.

MANFRED ELSIG is associate professor of international relations and deputy managing director of the World Trade Institute, University of Bern, Switzerland. He is also the director of the National Centre of Competence in Research (NCCR) on Trade Regulation.

Cambridge University Press

978-1-107-08387-5 - Trade Cooperation: The Purpose, Design and Effects of
Preferential Trade Agreements World Trade Forum

Edited by Andreas Dür and Manfred Elsig

Frontmatter

[More information](#)

Cambridge University Press

978-1-107-08387-5 - Trade Cooperation: The Purpose, Design and Effects of
Preferential Trade Agreements World Trade Forum

Edited by Andreas Dür and Manfred Elsig

Frontmatter

[More information](#)

TRADE COOPERATION

The Purpose, Design and Effects of
Preferential Trade Agreements
World Trade Forum

Edited by

ANDREAS DÜR

MANFRED ELSIG



CAMBRIDGE
UNIVERSITY PRESS

Cambridge University Press

978-1-107-08387-5 - Trade Cooperation: The Purpose, Design and Effects of
Preferential Trade Agreements World Trade Forum

Edited by Andreas Dür and Manfred Elsig

Frontmatter

[More information](#)

CAMBRIDGE
UNIVERSITY PRESS

University Printing House, Cambridge CB2 8BS, United Kingdom

Cambridge University Press is part of the University of Cambridge.

It furthers the University's mission by disseminating knowledge in the pursuit of
education, learning and research at the highest international levels of excellence.

www.cambridge.org

Information on this title: www.cambridge.org/9781107083875

© Cambridge University Press 2015

This publication is in copyright. Subject to statutory exception
and to the provisions of relevant collective licensing agreements,
no reproduction of any part may take place without the written
permission of Cambridge University Press.

First published 2015

Printed in the United Kingdom by TJ International Ltd. Padstow Cornwall

A catalogue record for this publication is available from the British Library

ISBN 978-1-107-08387-5 Hardback

Cambridge University Press has no responsibility for the persistence or accuracy of
URLs for external or third-party internet websites referred to in this publication,
and does not guarantee that any content on such websites is, or will remain,
accurate or appropriate.

Cambridge University Press

978-1-107-08387-5 - Trade Cooperation: The Purpose, Design and Effects of
Preferential Trade Agreements World Trade Forum

Edited by Andreas Dür and Manfred Elsig

Frontmatter

[More information](#)

CONTENTS

<i>List of figures</i>	page	viii
<i>List of tables</i>		x
<i>List of contributors</i>		xii
<i>Preface</i>		xxii
<i>List of abbreviations</i>		xxiv

- 1 Introduction: the purpose, design and effects of preferential trade agreements 1
ANDREAS DÜR AND MANFRED ELSIG
- PART I **Why do countries sign PTAs?**
- 2 Technology, politics and economic exchanges: historical patterns in international economic agreements 25
MOONHAWK KIM
- 3 The political economy of preferential trade agreements 56
EDWARD D. MANSFIELD AND HELEN V. MILNER
- 4 Weak governments and preferential trade agreements 82
JEAN-LOUIS ARCAND, MARCELO OLARREAGA AND LAURA ZORATTO
- 5 Natural trading partners? A public opinion perspective on preferential trade agreements 113
VÍCTOR UMAÑA, THOMAS BERNAUER AND GABRIELE SPILKER
- 6 Regionalisation in search of regionalism: production networks and deep integration commitments in Asia's PTAs 134
SOO YEON KIM
- PART II **The design of PTAs**
- 7 Imitation and innovation in international governance: the diffusion of trade agreement design 167
LEONARDO BACCINI, ANDREAS DÜR AND YORAM Z. HAFTEL

Cambridge University Press

978-1-107-08387-5 - Trade Cooperation: The Purpose, Design and Effects of
Preferential Trade Agreements World Trade Forum

Edited by Andreas Dür and Manfred Elsig

Frontmatter

[More information](#)

vi

CONTENTS

- 8 PTA design, tariffs and intra-industry trade 195
MARK MANGER
- 9 Audiovisual goods and services in preferential trade
agreements 218
KERRY A. CHASE
- 10 Competition policy and free trade: antitrust provisions
in PTAs 246
ANU BRADFORD AND TIM BÜTHE
- 11 PTAs and public procurement 275
STEPHANIE J. RICKARD
- 12 Trade agreements, violent conflict and security 295
YORAM Z. HAFTEL
- 13 Dispute settlement provisions in PTAs: new data and
new concepts 319
TODD ALLEE AND MANFRED ELSIG
- PART III The effects of PTAs**
- 14 Preliminary examination of heterogeneous effects on
international trade of economic integration agreements 355
SCOTT L. BAIER, JEFFREY H. BERGSTRAND AND
MATTHEW W. CLANCE
- 15 Effects of deep versus shallow trade agreements in general
equilibrium 374
PETER EGGER AND SERGEY NIGAI
- 16 Revisiting the trade effects of services agreements 392
ANIRUDH SHINGAL
- 17 Trade agreements as protection from risk 408
JEFFREY KUCIK
- 18 What do we know about preferential trade agreements and
temporary trade barriers? 433
CHAD P. BOWN, BAYBARS KARACAOVALI AND PATRICIA TOVAR

Cambridge University Press
978-1-107-08387-5 - Trade Cooperation: The Purpose, Design and Effects of
Preferential Trade Agreements World Trade Forum
Edited by Andreas Dür and Manfred Elsig
Frontmatter
[More information](#)

CONTENTS

vii

PART IV PTAs and the multilateral trading system

- 19 The dialectical relationship of preferential and multilateral trade agreements 465
THOMAS COTTIER, CHARLOTTE SIEBER-GASSER AND
GABRIELA WERMELINGER
- 20 Forget about the WTO: the network of relations between PTAs and double PTAs 497
JOOST PAUWELYN AND WOLFGANG ALSCHNER
- 21 Plurilateral agreements, variable geometry and the WTO 533
BERNARD HOEKMAN
- 22 Referring PTA disputes to the WTO dispute settlement system 555
JAMES FLETT
- Index* 580

Cambridge University Press

978-1-107-08387-5 - Trade Cooperation: The Purpose, Design and Effects of
Preferential Trade Agreements World Trade Forum

Edited by Andreas Dür and Manfred Elsig

Frontmatter

[More information](#)

FIGURES

1.1	Number of PTAs over time, 1945–2013	<i>page</i> 5
1.2	PTAs 1992 and 2013	6
1.3	Change in type and membership over time	7
1.4	Change in the contents of PTAs	8
3.1	Relative risks of ratifying a PTA, derived from the base model in Table 3.1	73
4.1	The need for credibility-driven trade agreements	87
4.2	Which governments sign credibility-driven PTAs?	89
5.1	Example of a choice task	125
5.2	Marginal effects	126
6.1	Regional trade agreements in Asia, 1975–2013	135
6.2	Depth of integration scores by country	141
6.3	Depth of integration in PTAs over time, 1971–2013	143
7.1	The data on the PTA design	173
7.2	EU model (subset of agreements)	174
7.3	US model	175
8.1	Adjustment and product differentiation	202
8.2	Vertical intra-industry trade, 1998–2006	205
8.3	Contribution to relative risk of exclusion (model 2)	213
10.1	How competition policy is addressed	254
10.2	Percentage of PTAs with a competition article or chapter, five-year moving average	257
10.3	PTA-established working groups for the discussion of competition policy	265
10.4	Provisions indicating concerns about selective enforcement	266
10.5	Provisions indicating desire to enhance enforcement	268
11.1	Depth of PTAs	281
12.1	A two-way graph of conflict and security	310
12.2	A two-way graph of hegemony and security	311
12.3	A two-way graph of nonrivalry and security	311
14.1	Treatment effect for all agreements	363
14.2	Treatment effect for all free trade agreements	364

Cambridge University Press

978-1-107-08387-5 - Trade Cooperation: The Purpose, Design and Effects of
Preferential Trade Agreements World Trade Forum

Edited by Andreas Dür and Manfred Elsig

Frontmatter

[More information](#)

LIST OF FIGURES

ix

14.3	Treatment effect for all customs union agreements	365
14.4	Treatment effect for all common market agreements	365
14.5	Treatment effect for all economic union agreements	366
15.1	Correlation between average exports and the number of provisions adopted	381
15.2	Counterfactual experiments	389
16.1	Top services export flows (US\$ billion, average 1999–2010)	396
17.1	Distribution of design scores	421
17.2	Substantive effects for model 5	425
18.1	Turkey's imports subject to imposed temporary trade barriers by PTA partner status	444
18.2	Argentina's average tariffs on imports of footwear in categories subject to the 1997 safeguard	449
18.3	Argentina's imports of footwear in categories subject to the 1997 safeguard	450
18.4	Turkey's imports of footwear from selected source countries	454
18.5	Turkey's imports of footwear from selected EU source countries	454
18.6	Turkey's import prices of footwear from selected source countries	455
18.7	Dominican Republic's imports of polypropylene bags and tubular fabrics	457
18.8	Dominican Republic's imports of polypropylene bags and tubular fabrics from selected CAFTA source countries	458
19.1	Bilateral conventions in force in 1886	470
19.2	PTAs with commitments to liberalise, or an intention to liberalise, trade in services (1956–2010)	478
20.1	Few countries have many PTAs, many countries have few PTAs	505
20.2	The global PTA network	507
20.3	Who signs the deepest agreements on average?	509
20.4	The depth of PTAs	511
20.5	The network of deep PTAs	512
20.6	An Asia–America cluster emerges through mega-regionals	513
20.7	Mega-regionals are likely to transform the PTA network to resemble the appearance of the bilateral investment treaty (BIT) network	514
20.8	Double PTAs in the PTA network	515
20.9	The double PTA network	516
20.10	The double PTA network after the conclusion of mega-regionals (extract)	517

Cambridge University Press

978-1-107-08387-5 - Trade Cooperation: The Purpose, Design and Effects of
Preferential Trade Agreements World Trade Forum

Edited by Andreas Dür and Manfred Elsig

Frontmatter

[More information](#)

TABLES

3.1 The political and economic influences on PTA ratification, 1952–2011	<i>page</i> 70
4.1 Government's welfare mindedness a_{it}	95
4.2 Government's bargaining weight σ	97
4.3 Summary statistics of P^c by type of agreement	98
4.4 The effect of credibility on PTA formation, 1988–2000	100
4.5 The effect of credibility on PTA formation, 1988–2000 (OLS estimates)	102
4.6 The impact of credibility-driven PTAs on imports	103
5.1 Attributes and their values	124
5.2 Description of the attributes	125
6.1 Production network trade and investment commitments in PTAs	147
7.1 Explaining similarity to the EU	184
7.2 Explaining similarity to NAFTA	186
7.3 Substantive effects	187
8.1 Regression results	212
8.2 Conditional marginal effects (Tobit model)	212
9.1 Partial commitments for audiovisual services in PTAs	229
9.2 Improvements over GATS for audiovisual services in PTAs	232
9.3 Correlates of audiovisual services commitments in PTAs	233
9.4 Trade flows and leverage in audiovisual services commitments	237
9.5 Cultural distance and audiovisual services commitments	241
10.1 All good things go together? Format of competition provisions as a function of PTA depth	258
11.1 PTAs with procurement rules	278
11.2 Tender criteria	284
12.1 Fuzzy-set membership scores on four variables	304
12.2 Main instruments and activities of REOs with a high level of security cooperation	306
12.3 Levels of consistency and coverage for conflict, hegemony and nonrivalry	310
13.1 PTAs with a dispute settlement provision	324
13.2 PTAs with a consultation provision	325

Cambridge University Press

978-1-107-08387-5 - Trade Cooperation: The Purpose, Design and Effects of
Preferential Trade Agreements World Trade Forum

Edited by Andreas Dür and Manfred Elsig

Frontmatter

[More information](#)

LIST OF TABLES

xi

13.3 PTAs with various types of dispute settlement	326
13.4 Overlap between types of dispute settlement	329
13.5 Forum choice in PTA dispute settlement	331
13.6 Features of dispute settlement proceedings	332
13.7 Number of references to mutually agreeable solutions (MAS) (by number of agreements)	335
13.8 Sanctions in PTA dispute settlement	337
13.9 Exceptions in PTA dispute settlement	340
13.10 Conceptualising degree of <i>delegation</i> in PTA dispute settlement provisions	342
13.11 Conceptualising amount of <i>information provision</i> in PTA dispute settlement provisions	343
13.12 Conceptualising level of <i>enforcement</i> in PTA dispute settlement provisions	345
13.13 Conceptualising <i>settlement promotion</i> in PTA dispute settlement provisions	346
13.14 Conceptualising <i>flexibility</i> in PTA dispute settlement provisions	348
14.1 Determinants of EIA partial effects	369
15.1 Average exports and the average number of adopted provisions in trade agreements	380
15.2 Types of trade agreements	382
15.3 Trade cost variables	384
15.4 Estimation results	385
15.5 Results of the counterfactual experiment	387
16.1 Decile distribution of bilateral services exports (avg. 1999–2010)	397
16.2 Results (2WFE) from estimating Eq. (16.1) on positive exports	399
16.3 Results (2WFE) from estimating Eq. (16.1) on all exports	400
16.4 Lagged effects of STAs for positive exports	401
17.1 Components of design measures	420
17.2 Baseline results	424
17.3 Heckman selection estimation	428
18.1 TTb policy-imposing economies and affected imports in 2011	442
18.2 The discriminatory nature of safeguards in the four case studies	448
20.1 Centrality of countries in the PTA network	508

Cambridge University Press

978-1-107-08387-5 - Trade Cooperation: The Purpose, Design and Effects of
Preferential Trade Agreements World Trade Forum

Edited by Andreas Dür and Manfred Elsig

Frontmatter

[More information](#)

CONTRIBUTORS

TODD ALLEE is assistant professor of government and politics at the University of Maryland. He holds a PhD in political science from the University of Michigan and previously served on the faculty at the University of Illinois. His research focuses on international organisations, international trade, the World Trade Organization, foreign direct investment, dispute settlement and territorial conflict resolution. His work has been published in journals such as *American Political Science Review*, *International Organization*, *World Politics*, *International Studies Quarterly* and *Journal of Conflict Resolution*.

WOLFGANG ALSCHNER is a PhD candidate in international law and a teaching assistant at the Graduate Institute of International and Development Studies in Geneva, Switzerland. Prior to taking up his studies, he worked for several years as a consultant in the International Investment Agreements Section of the United Nations Conference on Trade and Development. In his PhD thesis, he explores the design and evolution of international investment agreements from an interdisciplinary angle. Other research interests include World Trade Organization law, law and economics and the empirical analysis of law.

JEAN-LOUIS ARCAND is director of the Centre for Finance and Development and professor of international economics at the Graduate Institute of International and Development Studies in Geneva. He is a founding fellow of the European Union Development Network and senior fellow at the Fondation pour les études et recherches sur le développement international. He was assistant and then associate professor at the University of Montréal, and professor at the Centre d'études et de recherches en développement international. He holds a PhD in economics from Massachusetts Institute of Technology. His research focuses on the microeconomics of development.

Cambridge University Press

978-1-107-08387-5 - Trade Cooperation: The Purpose, Design and Effects of
Preferential Trade Agreements World Trade Forum

Edited by Andreas Dür and Manfred Elsig

Frontmatter

[More information](#)

LIST OF CONTRIBUTORS

xiii

LEONARDO BACCINI is assistant professor of international political economy at the London School of Economics and Political Science. His research interests are in the area of international political economy and comparative political economy. He is the author of *Cutting the Gordian Knot of Economic Reform: How International Institutions Promote Liberalization* and of several articles published or forthcoming in leading journals. Information on his publications and working papers can be found at <https://sites.google.com/site/leonardobaccini/>.

SCOTT L. BAIER is associate professor in the John E. Walker Department of Economics at Clemson University, South Carolina. He is also a BB&T scholar and director of the BB&T Center for Education and Economic Policy Studies. His main areas of research are in international trade and economic growth.

JEFFREY H. BERGSTRAND is associate dean for graduate programs and professor of finance in the Mendoza College of Business, concurrent professor of economics in the College of Arts and Letters and faculty fellow in the Helen Kellogg Institute for International Studies at the University of Notre Dame in Notre Dame, Indiana. He is also a research network fellow of CESifo in Munich, Germany. His current research focuses on determinants of bilateral trade flows, of bilateral foreign direct investment flows and of international economic trade and foreign direct investment agreements.

THOMAS BERNAUER is a professor of political science at ETH Zurich. He and his research group are based at the Center for Comparative and International Studies, a joint institution of ETH Zurich and the University of Zurich, and at ETH Zurich's Institute for Environmental Decisions. In his research and teaching, he focuses on international environmental and economic issues. He is the author or coauthor of 10 books, more than 80 journal articles and book chapters and many other types of publication. His publications have appeared in political science, economics and natural sciences journals.

CHAD P. BOWN is a lead economist at the World Bank and a research fellow at the Centre for Economic Policy Research. He is a member of the Council on Foreign Relations, and he serves on the editorial boards of a number of journals that cover the law, politics and economics of international trade policy. He was formerly a tenured professor of economics at Brandeis

Cambridge University Press

978-1-107-08387-5 - Trade Cooperation: The Purpose, Design and Effects of
Preferential Trade Agreements World Trade Forum

Edited by Andreas Dür and Manfred Elsig

Frontmatter

[More information](#)

University, and his government service included time as senior economist in the White House on the President's Council of Economic Advisers. Bown has also been a fellow at the Brookings Institution and the visiting scholar at the World Trade Organization Secretariat in Geneva.

ANU BRADFORD is professor of law at Columbia Law School. Before joining Columbia Law School in 2012, she was an assistant professor at the University of Chicago Law School. Her research focuses on international economic law, especially international trade law, and European Union law. A prominent contributor to legal and policy debates over the need for, and limits of, an antitrust regime in the World Trade Organization, she also practised antitrust law at Clearly Gottlieb Steen & Hamilton in Brussels for two years. Her work has been published in *University of Chicago Law Review*, *Harvard International Law Journal*, *Virginia Journal of International Law* and other law reviews and journals.

TIM BÜTHE is an associate professor of political science and public policy at Duke University, North Carolina, and a senior fellow for the Rethinking Regulation project at the Kenan Institute for Ethics. His research focuses on the politics of international economic relations and how institutions empower and constrain political actors, especially in antitrust/competition policy, foreign aid, foreign direct investment and the transnational regulation of product and financial markets. His publications include *The New Global Rulers: The Privatization of Regulation in the World Economy* (2011) as well as articles in *American Political Science Review*, *American Journal of Political Science*, *International Organization*, *World Politics* and other journals and edited volumes.

KERRY A. CHASE is an associate professor in the Department of Politics at Brandeis University in Waltham, Massachusetts. He is the author of *Trading Blocs: States, Firms, and Regions in the World Economy* (2005) and articles in *International Organization*, *World Trade Review* and other journals. His recent research investigates the political economy of trade in audiovisual material, and he has completed a book manuscript on this subject titled *Trading Cultural Goods: The Contentious Politics of Filmed Entertainment*.

MATTHEW W. CLANCE is currently a senior lecturer at the University of Pretoria in South Africa. He received his PhD from the John E. Walker Department of Economics at Clemson University, South Carolina, in

Cambridge University Press

978-1-107-08387-5 - Trade Cooperation: The Purpose, Design and Effects of Preferential Trade Agreements World Trade Forum

Edited by Andreas Dür and Manfred Elsig

Frontmatter

[More information](#)

LIST OF CONTRIBUTORS

XV

2012. His current research focus is international trade and applied econometrics. In 2011, he worked for the Federal Reserve Bank of Atlanta as a research associate on projects related to macroeconomic variables, financial crises and economic freedom.

THOMAS COTTIER was educated at the University of Bern and the University of Michigan Law School. He was a visiting fellow at Cambridge University, United Kingdom. Since 1992, he has been a full professor of European and international economic law and the managing director of the World Trade Institute of the University of Bern. He directed the National Centre of Competence in Research Trade Regulation from 2005 to 2013. Formerly, he was the deputy-director general of the Swiss Intellectual Property Office. He served on the Swiss negotiating team of the Uruguay Round from 1986 to 1993 and as a member or chair of several General Agreement on Tariffs and Trade and World Trade Organization dispute settlement panels.

ANDREAS DÜR is professor of international politics at the University of Salzburg. His research interests are trade policy, international institutions and interest group politics. He is the author of a large number of publications in journals such as *British Journal of Political Science*, *European Journal of Political Research*, *International Studies Quarterly* and *Journal of Conflict Resolution*. Among his publications is also *Protection for Exporters: Discrimination and Power in Transatlantic Trade Relations, 1930–2010* (2010).

PETER EGGER is professor of economics at ETH Zurich and head of a department at the KOF Swiss Economic Institute, also at ETH Zurich. He held positions as associate professor of economics at the University of Innsbruck and as full professor of economics at the University of Munich prior to his appointment at ETH. He is also a research fellow of the Centre for Economic and Policy Research based in London and a research director of the Global Economy Area of the CESifo research network based in Munich. In addition, he is a research affiliate at the Centre of Business Taxation at Oxford University, the Norwegian Centre for Taxation and the Federal Reserve Bank of Dallas. He is editor-in-chief of the *Review of International Economics*. His research agenda covers topics in international economics, public economics and econometrics. He has published more than 100 articles in peer-reviewed international journals in economics.

Cambridge University Press

978-1-107-08387-5 - Trade Cooperation: The Purpose, Design and Effects of
Preferential Trade Agreements World Trade Forum

Edited by Andreas Dür and Manfred Elsig

Frontmatter

[More information](#)

xvi

LIST OF CONTRIBUTORS

MANFRED ELSIG is associate professor of international relations and deputy managing director of the World Trade Institute, University of Bern. He is the director of the National Centre of Competence in Research Trade Regulation (<http://www.nccr-trade.org>). He holds a PhD from the University of Zurich in political science (2002). His research focuses on international political economy, international organisations, international courts, preferential trade agreements and European trade policy. His work has been published in journals such as *European Union Politics*, *European Journal of International Relations*, *International Studies Quarterly*, *Review of International Organizations*, *Review of International Political Economy* and *World Trade Review*. He is the co-editor of *Governing the WTO: Past, Present and Beyond Doha* (Cambridge University Press, 2011).

JAMES FLETT works in the World Trade Organization (WTO) Team of the European Commission Legal Service. He has 25 years of experience in the field of international trade law. He frequently represents the European Commission before the Court of Justice of the European Union and the European Union in proceedings before the WTO. He regularly advises the Commission on WTO law. He graduated from the London School of Economics and Political Science and has a master's degree in European law from the College of Europe, Bruges. He is a qualified solicitor. Before joining the Commission Legal Service, he spent several years working for international law firms in London and Brussels, with a particular emphasis on international trade law. He speaks frequently at conferences and universities and has published widely on WTO law.

YORAM Z. HAFTEL is an associate professor in the Department of International Relations at the Hebrew University of Jerusalem. His research agenda touches on the sources, design and effects of international organisations and agreements. His book, *Regional Economic Institutions and Conflict Mitigation: Design, Implementation, and the Promise of Peace* (2012), explores the relationships between variation in regional economic organisations and regional security. In other projects he explores the politics of investment treaty ratification and renegotiation. He has published peer-reviewed articles on these and other topics in such journals as *International Organization*, *International Studies Quarterly* and *Review of International Organizations*.

Cambridge University Press

978-1-107-08387-5 - Trade Cooperation: The Purpose, Design and Effects of
Preferential Trade Agreements World Trade Forum

Edited by Andreas Dür and Manfred Elsig

Frontmatter

[More information](#)

LIST OF CONTRIBUTORS

xvii

BERNARD HOEKMAN is a professor and director of global economics at the Robert Schuman Centre for Advanced Studies, European University Institute in Florence, Italy. His previous positions include director of the International Trade Department and research manager in the Development Research Group of the World Bank, and economist in the General Agreement on Tariffs and Trade Secretariat. He is a graduate of Erasmus University Rotterdam and holds a PhD in economics from the University of Michigan. He is a Centre for Economic and Policy Research research fellow and a senior associate of the Economic Research Forum for the Arab countries Turkey and Iran.

BAYBARS KARACAOVALI is an assistant professor of economics at the University of Hawaii at Manoa. He was an assistant professor of economics at Fordham University, New York, and a consultant in the Development Economics Research Group of the World Bank prior to joining the University of Hawaii. He received his PhD in economics from the University of Maryland at College Park, and BA and MA degrees from Bogazici University in Istanbul, Turkey. His main research interests are in international trade, political economy of trade policy and development economics. His publications include articles in *International Economic Review* and *Journal of International Economics*.

MOONHAWK KIM is an assistant professor in the Department of Political Science at the University of Colorado, Boulder. His research addresses the causes and consequences of evolution in international governance of trade. He focuses on the evolution of dispute settlement procedures and the increasing linkages to nontrade issues in both the multilateral and preferential trade institutions. In his current project, he examines the causes and consequences of changes over time in the membership scope and the design features of preferential trade agreements. His work on these and other topics appears in *World Politics*, *International Studies Quarterly* and *International Theory*.

SOO YEON KIM is associate professor of political science at the National University of Singapore. She holds a PhD in political science from Yale University and a BA in political science and international studies from Yonsei University. She is the author of *Power and the Governance of Global Trade: From the GATT to the WTO* (2010). Her main research areas are free trade agreements (FTAs), World Trade Organization disputes and

Cambridge University Press

978-1-107-08387-5 - Trade Cooperation: The Purpose, Design and Effects of
Preferential Trade Agreements World Trade Forum

Edited by Andreas Dür and Manfred Elsig

Frontmatter

[More information](#)

xviii

LIST OF CONTRIBUTORS

emerging markets. Her current project focuses on FTAs in Asia, in particular, the effect of multinational firms and production networks on states' commitments in behind-the-border trade rules.

JEFFREY KUCIK is an assistant professor of political science and director of the MA in International Relations program at City College of New York. He was previously a research scholar at the Niehaus Center for Globalization and Governance at Princeton University. Prior to that, he spent three years at University College London as director of the MSc in International Public Policy. He holds a PhD in political science from Emory University. His work focuses on trade and international economic cooperation. He has a particular interest in trade institutions and politics of market risk.

MARK MANGER is associate professor at the Munk School of Global Affairs, University of Toronto, specialising in political economy, following appointments at McGill University and the London School of Economics. He is the author of *Investing in Protection: The Politics of Preferential Trade Agreements between North and South* (Cambridge University Press, 2009) and articles published in *International Studies Quarterly*, *Journal of Conflict Resolution*, *Review of International Political Economy*, *World Development* and *World Politics*. His research focuses on the comparative and international political economy of Japan and the Asia-Pacific region.

EDWARD D. MANSFIELD is the Hum Rosen Professor of Political Science, chair of the Political Science Department and director of the Christopher H. Browne Center for International Politics at the University of Pennsylvania, Philadelphia. His research focuses on international security and international political economy. He is the author of *Power, Trade, and War* (1994), *Electing to Fight: Why Emerging Democracies Go to War* (with Jack Snyder) (2005) and *Votes, Vetoes, and the Political Economy of International Trade Agreements* (with Helen V. Milner) (2012).

HELEN V. MILNER is the B. C. Forbes Professor of Politics and International Affairs at Princeton University and the director of the Niehaus Center for Globalization and Governance at Princeton's Woodrow Wilson School. She was the chair of the Department of Politics from 2005 to 2011. She has written extensively on issues related to international political economy, the connections between domestic politics and foreign policy, globalisation and regionalism and the relationship between democracy and trade policy.

Cambridge University Press

978-1-107-08387-5 - Trade Cooperation: The Purpose, Design and Effects of
Preferential Trade Agreements World Trade Forum

Edited by Andreas Dür and Manfred Elsig

Frontmatter

[More information](#)

LIST OF CONTRIBUTORS

xix

SERGEY NIGAI is a postdoctoral researcher at the Chair of Applied Economics: Innovation and Internationalisation at ETH Zurich and a CESifo research affiliate. He received his PhD from ETH Zurich in 2012. His research interests mainly lie in the areas of international trade with a focus on structural estimation and general equilibrium modelling of multicountry models. His research has focused on quantifying the effects of different trade policies on economic outcomes in a global economy.

MARCELO OLARREAGA is professor of economics at the University of Geneva and research fellow at the Centre for Economic Policy Research in London. Before joining the University of Geneva, he worked in the Research Department of the World Bank and in the Economics Research Division of the World Trade Organization. He holds a PhD in economics from the University of Geneva. He is currently doing research on the political economy of trade policy and trade agreements, barriers to developing countries' exports and distributional and poverty impacts of trade reforms.

JOOST PAUWELYN is professor of international law at the Graduate Institute of International and Development Studies (IHEID) in Geneva, Switzerland, and codirector of the Institute's Centre for Trade and Economic Integration. He is also senior advisor with the law firm of King & Spalding LLC, practising both World Trade Organization (WTO) law and investor–state arbitration. Before joining the IHEID, he was a tenured professor at Duke Law School, North Carolina, and worked as legal officer for the WTO Secretariat.

STEPHANIE J. RICKARD is an associate professor at the London School of Economics. She earned her PhD at the University of California, San Diego, and her BA at the University of Rochester, New York. Her research examines how political institutions influence economic policies, and it appears in journals such as *International Organization*, *Journal of Politics*, *British Journal of Political Science* and *Comparative Political Studies*. Her current research includes a study of 'buy national' procurement policies and an investigation into how domestic politics affect International Monetary Fund loan negotiations.

ANIRUDH SHINGAL is a senior research fellow at the World Trade Institute (WTI) and coleader of the National Centre of Competence in Research work package on the impact assessment of trade. Holder of a PhD in economics from the University of Sussex, he specialises in international

Cambridge University Press

978-1-107-08387-5 - Trade Cooperation: The Purpose, Design and Effects of
Preferential Trade Agreements World Trade Forum

Edited by Andreas Dür and Manfred Elsig

Frontmatter

[More information](#)

XX

LIST OF CONTRIBUTORS

economics, applied econometrics and development. His research on trade in services, government procurement and preferential trade agreements has been published in peer-reviewed journals as well as by the World Bank, the European Commission and the Commonwealth Secretariat. He is also affiliated with the Centre for the Analysis of Regional Integration at Sussex and has also worked with the World Bank, World Trade Organization and the private sector. He graduated summa cum laude from the MILE Programme of the WTI and also holds a master's degree in economics from the Delhi School of Economics. His undergraduate degree was in economics (honours) from St. Stephen's College, Delhi University.

CHARLOTTE SIEBER-GASSER is a doctoral research fellow at the World Trade Institute, University of Bern, and is about to finish her PhD thesis on South–South preferential trade in services. She holds an MLaw degree from the universities of Bern and Fribourg and an MA degree in development studies from the University of Manchester, United Kingdom. Her research interests include trade law and development, and labour migration and investment. These have translated into articles on the General Agreement on Trade in Services, tied aid and labour migration. Her work has been published in *Swiss Review of International and European Law*, in *Jusletter* and in an edited volume.

GABRIELE SPILKER is a postdoctoral researcher in the International Political Economy group of Thomas Bernauer at the Center for Comparative and International Studies and the Institute for Environmental Decisions. She was a Fritz Thyssen Fellow at the Weatherhead Center for International Affairs at Harvard University for the academic year 2011–12. Her main research interests are in the area of international political economy, international cooperation, globalisation and environmental politics. Her work has been published in *British Journal of Political Science*, *European Journal of Political Research*, *Journal of Peace Research* and *Rationality and Society* and in several edited volumes.

PATRICIA TOVAR is a professor of economics at the Pontificia Universidad Católica del Perú. From 2005 to 2012, she was an assistant professor of economics at Brandeis University, with a joint appointment in the Department of Economics and the International Business School. Prior to that, she worked as an economist at the Central Bank of Peru. She has also been a consultant for the World Bank. She received her PhD in economics from the University of Maryland at College Park and her BS

Cambridge University Press

978-1-107-08387-5 - Trade Cooperation: The Purpose, Design and Effects of
Preferential Trade Agreements World Trade Forum

Edited by Andreas Dür and Manfred Elsig

Frontmatter

[More information](#)

LIST OF CONTRIBUTORS

xxi

from the Pontificia Universidad Católica del Perú. Her research interests are in international trade, trade policy and political economy.

VÍCTOR UMAÑA is a PhD student in the International Political Economy group of Thomas Bernauer at the Center for Comparative and International Studies. He is a doctoral research fellow at the World Trade Institute and a researcher in the Latin American Center for Competitiveness and Sustainable Development at INCAE Business School. His main research interests are the political economy of international trade agreements, agricultural trade and the nexus of trade and sustainability.

GABRIELA WERMELINGER was educated at the University of Bern, the University of Lucerne and the Autonomous University of Madrid. She is a doctoral student and research fellow at the World Trade Institute and the Institute of European and International Economic Law, University of Bern. Her doctoral dissertation topic is marine genetic resources. She holds an MLaw degree from the University of Bern. Her research interests include trade law and sustainability, intellectual property law, law of the sea, investment law and environmental law, European law, Switzerland–EU relations and financial service regulation.

LAURA ZORATTO is an economist at the World Bank (WB) Group currently focusing on the analysis of behaviourally informed public policy interventions to improve service delivery. Prior to joining the WB, she worked as a consultant at the WB Research Group and as a research assistant at the University of Geneva while concluding her PhD in international economics. In Brazil, she has worked for several years on trade, competitiveness and energy-related projects with DAI Inc., USAID, Inter-American Development Bank, the Brazilian Development Bank and others.

Cambridge University Press

978-1-107-08387-5 - Trade Cooperation: The Purpose, Design and Effects of
Preferential Trade Agreements World Trade Forum

Edited by Andreas Dür and Manfred Elsig

Frontmatter

[More information](#)

PREFACE

Preferential trade agreements (PTAs) are currently the major venue for regulating international trade. Over the past 30 years, PTAs have mushroomed, with nearly all countries now having signed at least one. Many of these agreements not only reduce tariffs but also regulate issues as diverse as foreign direct investments, intellectual property rights and public procurement. Many PTAs even include provisions regarding nontrade issues such as democracy, environmental protection and human rights.

Much research has been devoted to the study of PTAs. So far, however, this research has mainly followed disciplinary borders, with political scientists, lawyers and economists working in relative isolation from each other. Moreover, existing research has failed to fully capture variation in the design of PTAs. With some PTAs as short as one or two pages and other PTAs as long as a thousand pages, the variation in design is likely to be key to understanding both the causes and consequences of PTAs.

With the aim of advancing the state of the art, we invited leading scholars on PTAs from political science, law and economics to the World Trade Forum – an annual event taking place at the World Trade Institute (WTI) in Bern – in October 2013. Participants in the conference took stock of what we know about the purpose, design and effects of PTAs, but they also looked beyond their specific research agendas to combine insights from different disciplines. Knowledge creation is a collective endeavour and is characterised by contestation and thinking outside the box. This is what we attempted to do. We have benefited greatly from this exchange, and we wish to thank all participants for their inputs that form the basis of this volume.

This volume does not pretend to be the definitive account of trade cooperation through bilateral and plurilateral venues. Rather, we hope that it will inspire new research that will further improve our understanding of PTAs. Ongoing trade cooperation initiatives such as the Transatlantic Trade and Investment Partnership and the Trans-Pacific Partnership make such research particularly important. The tools for understanding the

Cambridge University Press

978-1-107-08387-5 - Trade Cooperation: The Purpose, Design and Effects of
Preferential Trade Agreements World Trade Forum

Edited by Andreas Dür and Manfred Elsig

Frontmatter

[More information](#)

PREFACE

xxiii

purposes and effects of PTAs that this volume offers should be helpful in guiding this research agenda.

In the course of editing this volume, we have incurred numerous debts. We are grateful to the WTI for financial support and for hosting the World Trade Forum conference that allowed us to put together this volume. Susan Kaplan from the WTI provided editorial support. At Cambridge University Press, we would like to thank Kim Hughes for her excellent guidance throughout the entire process and her continued support for the World Trade Forum series.

Cambridge University Press

978-1-107-08387-5 - Trade Cooperation: The Purpose, Design and Effects of
Preferential Trade Agreements World Trade Forum

Edited by Andreas Dür and Manfred Elsig

Frontmatter

[More information](#)

ABBREVIATIONS

AANZFTA	ASEAN–Australia–New Zealand FTA
ACTA	Anti-Counterfeiting Trade Agreement
ADB	Asian Development Bank
ADR	alternative dispute resolution
AFT	Aid for Trade
AFTA	ASEAN Free Trade Area
ANES	American National Election Study
APEC	Asia-Pacific Economic Cooperation
APTA	Asia-Pacific Trade Agreement
ARIC	Asian Regional Integration Center
ASEAN	Association of Southeast Asian Nations
ATE	average treatment effect
ATOP	Alliance Treaty Obligations and Provisions
BEC	UN Registry of Broad Economic Categories
BIT	bilateral investment treaty
BRIC countries	Brazil, Russia, India and China
CACM	Central American Common Market
CAFTA-DR	Dominican Republic–Central America FTA
CBD	Convention on Biological Diversity
CBM	confidence-building measure
CEMAC	Economic and Monetary Community of Central Africa
CES	constant elasticity of substitution
CIS	Commonwealth of Independent States
CM	common market
CMA	critical mass agreement
COMESA	Common Market for Eastern and Southern Africa
CPC	Central Product Classification
CRTA	Committee on Regional Trade Agreements
CU	customs union
CUSFTA	Canada–US Free Trade Agreement
CVD	countervailing duty
DFQF	duty-free, quota-free
DSB	Dispute Settlement Body

Cambridge University Press

978-1-107-08387-5 - Trade Cooperation: The Purpose, Design and Effects of
Preferential Trade Agreements World Trade Forum

Edited by Andreas Dür and Manfred Elsig

Frontmatter

[More information](#)

LIST OF ABBREVIATIONS

XXV

DSM	dispute settlement mechanism
DSP	dispute settlement provision
DSU	Dispute Settlement Understanding
EAC	East African Community
ECJ	European Court of Justice
ECOWAS	Economic Community Of West African States
ECU	European Currency Unit
EEA	European Economic Area
EEC	European Economic Community
EFTA	European Free Trade Association
EIA	economic integration agreement
EPA	economic partnership agreement
EU	European Union
FAO	The Food and Agriculture Organization of the United Nations
fsQCA	fuzzy-set qualitative comparative analysis
FTA	free trade agreement
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GCC	Gulf Cooperation Council
GDP	gross domestic product
GPA	Agreement on Government Procurement
GPTAD	Global Preferential Trade Agreements Database (World Bank)
GSP	Generalized System of Preferences
HIIT	horizontal intra-industry trade
ICC	International Chamber of Commerce
ICJ	International Court of Justice
ICSID	International Centre for Settlement of Investment Disputes
IEC	International Electrotechnical Commission
IGO	international governmental organisation
ILC	International Law Commission
IMF	International Monetary Fund
IPPC	International Plant Protection Convention
IPS	Imperial Preference System
ISIC	International Standard Industrial Classification
ISO	International Organization for Standardization
ITA	Ministerial Declaration on Trade in Information Technology Products (Information Technology Agreement)
ITC	International Trade Commission
LAIA	Latin American Integration Association
MEAT	Most Economically Advantageous Tender
MFN	most favoured nation
NAFTA	North American Free Trade Agreement

Cambridge University Press

978-1-107-08387-5 - Trade Cooperation: The Purpose, Design and Effects of
Preferential Trade Agreements World Trade Forum

Edited by Andreas Dür and Manfred Elsig

Frontmatter

[More information](#)

xxvi

LIST OF ABBREVIATIONS

NT	national treatment
NTB	nontariff barrier
OECD	Organisation for Economic Co-operation and Development
OIE	World Organisation for Animal Health (formerly International Office of Epizootics)
PA	plurilateral agreement
PAFTA	Pan-Arab Free Trade Area
PBEC	Pacific Basin Economic Council
PECC	Pacific Economic Cooperation Council
PPMs	processes and production methods
PRIO	Peace Research Institute Oslo
PTA	preferential trade agreement
RCEP	Regional Comprehensive Economic Partnership
REO	regional economic organisation
RM	Reichsmark
RTAA	Reciprocal Trade Agreements Act
RTA-IS	(WTO) Regional Trade Agreements Information System
SADC	Southern African Development Community
SCM Agreement	Agreement on Subsidies and Countervailing Measures
SDT	special and differential treatment
SPARTECA	South Pacific Regional Trade and Economic Cooperation Agreement
SPS Agreement	Agreement on the Application of Sanitary and Phytosanitary Measures
TBT Agreement	Agreement on Technical Barriers to Trade
TiSA	Trade in Services Agreement
TPP	Trans-Pacific Partnership
TRIMs Agreement	Agreement on Trade-Related Investment Measures
TRIPS Agreement	Agreement on Trade-Related Aspects of Intellectual Property Rights
TRQ	tariff-rate quota
TTB	temporary trade barrier
TTIP	Transatlantic Trade and Investment Partnership
UEMOA	West African Economic and Monetary Union (Union économique et monétaire ouest-africaine)
UNCTAD	United Nations Conference on Trade and Development
UNEP	United Nations Environment Programme
UNIDO	United Nations Industrial Development Organization
VCLT	Vienna Convention on the Law of Treaties
VIIT	vertical intra-industry trade
WAEMU	West African Economic and Monetary Union
WCT	WIPO Copyright Treaty

Cambridge University Press

978-1-107-08387-5 - Trade Cooperation: The Purpose, Design and Effects of
Preferential Trade Agreements World Trade Forum

Edited by Andreas Dür and Manfred Elsig

Frontmatter

[More information](#)

LIST OF ABBREVIATIONS

xxvii

WDI	World Development Indicators
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WITS	World Integrated Trade Solution
WPPT	WIPO Performances and Phonograms Treaty
WTO	World Trade Organization