TRADE RELATIONSHIPS AS A CONTRIBUTOR TO SOCIO – POLITICAL AND CULTURAL COOPERATION AMONG NATIONS

A PAPER PRESENTED

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TO THE

ASSOCIATION OF SENATES, SHOORA

AND

EQUIVALENT COUNCILS IN AFRICA

AND

THE ARAB WORLD

During the 2nd Meeting of Chambers of Commerce

And Industries in Africa and the Arab World

In

Manama, Kingdom of Bahrain

For

27-28 October 2010

27-29

INTRODUCTION

International trade is an age long activity that involves the movement and exchange of goods, services and factors of production. In the recent times international trade has become imperative for the continued sustenance of the growth of developed countries and affords opportunities for developing countries to improve the well being of their citizens. Hence policy advice given to developing countries in recent times has emphasized greater market openness and better integration into the global economy. This advice is based on two major assumptions: first, that outward oriented economies are more efficient, and less prone to resource wastage and hence grow faster. Second, that faster income growth is beneficial for rich and poor alike, thereby contributing to poverty reduction in the developing countries.

To reduce tariff and non-tariff barriers which constrain free trade, two approaches have evolved over time: economic integration among nations and the international regulation of trade by the World Trade Organization (WTO). Both approaches involve cooperation among nations at political, social and cultural spheres.
Negotiations and subsequent agreements and dispute settlement mechanisms at the regional trade blocs and WTO levels entail joint decisions which are acceptable by the political institutions (that is, the legislative, executive and judicial arms) of the nation states that constitute the membership of the arrangements.

To prevent the ugly experiences of World War II era the United Nations Organization, which was formed in 1945, and which draws membership from all independent nations of the world, formulates principles, laws, declarations, rules and regulations governing human relations. The Universal Declaration of Human Rights and the Copenhagen Declaration at the World Summit for Social Development in 1995 are among these agreements. Member nations abide by these Declarations, and violation attracts sanctions. These are compendia of socio-political and cultural cooperation among nations. Under these Declarations nations are expected to abide by the agreements. The socio-political and cultural cooperation among nations are implicitly discussed under the sections on economic integration and World Trade Organization.

This paper is divided into three sections, section 1 briefly reviews socio-political and cultural factors and some selected sections of the Copenhagen Declaration. Section 2 would discuss some trade blocs across the globe, to have an insight into the gains, challenges and problems of economic integration. In section 3 we will discuss the World Trade Organization. This will enable us have a view of how it accomplishes socio-political and cultural cooperation among nations as they interact at the international trade arena.

SOCIO-POLITICAL AND CULTURAL FACTORS.

Socio-Political and Cultural Factors are incorporated in trade agreements both at regional and the plurilateral levels.
SOCIAL FACTORS: Social factors include the distribution of income and wealth, the structures of employment and unemployment, living and working conditions, health, education, population characteristics including size and breakdown by age, gender, and ethnic groups, the degree of urbanization, and the provision of welfare for the

population in the form of education, healthcare, unemployment benefits, pensions and so on.

All countries are characterized by social divisions. In some societies the major dividing lines are based on social class whilst in others it might be caste, ethnic groups, age, or gender, such divisions are often associated with inequalities between the various social groups in income, wealth such as land, property, shares and so on, levels of health and education, and life style. Such social inequalities are important to business in so far as they can affect the patterns of demand for goods and services.
Examining one of the areas of inequality, income, Branddini and Smeeding (2007) found in their study of industrialized nations that, in terms of disposable income, the US, among rich countries, had the highest level of inequality with the highest earning around six times more than the lowest.
CULTURAL FACTORS: The cultural factors cover areas like language, religion, diet, values and norms, attitude, beliefs and practice, social relationships and how people interact. Culture can be seen as a system of shared beliefs, values, customs and behaviours prevalent in a society and that are transmitted from generation to generation (Bates and Plog 1990).

The values in culture are enforced by a set of norms which lay down rules of behaviour. These rules are usually supplemented by a set of sanctions to ensure that the norms are respected. Culture comprises a whole variety of different aspects, including religion, language, non verbal communication, diet, dress and institutions to ensure that the values and beliefs are transmitted from one generation to another. Culture is dynamic, in other words it changes over time not least due to the process of globalization with the increasing cross- border movement of goods, services, capital and the migration of people (Dahl).
Different cultures can have significantly different attitudes and benefits on a whole range of issues. For example, there is a significant divide between the USA and continental Europe on attitudes to social issues such as poverty. In the USA poverty tends to be seen as the fault of the poor, whereas in Europe the poor tend more to be seen as victims of the system. Cultural attitudes can also vary towards issues such as corruption, women at work, sexuality, violence, suicide, and time. Sharawy (1999) in his study "Arab Culture and African Culture; Ambiguous relations" observes the evidence and the richness of the intercourse between the Arab and the African culture, from which both have gained mutually during a long period of time. From the old Caravan routes determining trade relations, economic dependence in the 1960s, came to characterize Afro-Arab relations.

THE POLITICAL FACTORS: Knowledge of where decision-making power lies in the State is very important for business. The political environment has major implications for both the macro and micro environment of business. State institutions establish and enforce the legal and regulatory framework within which business operates. They can have a significant influence. It is easy to see how the Economic integration process enhances socio-political and cultural cooperation among nations. Khor (2000) argues that "the globalization process is mainly driven and enabled by policy choices at the global and national levels that in recent years, have led to the rapid liberalization of finance, trade and investment." He however argued that, although developing countries have been very much a part of this process of rapid integration, the decision-making processes in the making of these policies have in the main been dominated by governments of the developed countries and by international institutions that are mainly under their control or influences.

The declaration and programme of action of the World Summit held in March 1995 at Copenhagen summarize the socio-political and cultural factors. At that Summit, governments reached a new consensus on the need to put people at the centre of development. The social summit was the largest gathering ever of world leaders at that time. It pledged to make the conquest of poverty, the goal of full employment and the fostering of social integration overriding objectives of development. A selected number of the agreements with their alphabetical numbering is presented hereunder. The Heads of State and Government Agreed to:

(a.) Fulfill their responsibility for present and future generations by ensuring equity among generations and protecting the integrity and sustainable use of their environment;

(d) Integrate economic, cultural and social policies so that they become mutually supportive, and acknowledge the interdependence of public and private spheres of activity;

(f) Promote democracy, human dignity, social justice and solidarity at the national, regional and international levels; ensure total tolerance, non-violence, pluralism and non-discrimination, with full respect for diversity within and among societies;

(h) Recognize the family as the basic unit of society, and acknowledge that it plays a key role in social development and as such should be strengthened, with attention to the rights, capabilities and responsibilities of its members. In different cultural, political and social systems, various forms of family exist. It is entitled to receive comprehensive protection and support.

(j) Promote universal respect for, and observance and protection of all human right and fundamental freedoms for all, including the right to development, promote the effective exercise of rights and the discharge of responsibilities at all levels of society; promote equality and equity between women and men, protect the rights of children and youths; and promote the strengthening of social integration and civil society.

(n) Underline the importance of transparent and accountable governance and administration in all public and private, national and international institutions.

They "pledged to make the conquest of poverty, the goal of full employment and the fostering of stable, safe and just societies" their overriding objectives. Article (c) States that "... while social development is a national responsibility, it cannot be successfully achieved without the collective commitment and efforts of the international community". Here lies the cooperation among nations. The website of the World Summit for Social Development held in Copenhagen is http://www.un.org/esa/socde/wssd/ agreements /index.html.

REASONS FOR INTERNATIONAL TRADE:

Trade among countries has long been a central factor linking various parts of the world together. All the countries, large and small, rich and poor are deeply involved in international trade. One reason for this is in the unequal distribution of productive resources among countries. Trade offsets disparities with regard to the availability of productive resources. However, whether a country can export successfully depends not only on its resources but also on the conditions of the economic environment; the opportunity, ability, and effort of producers to trade; and the capacity of local producers to compete abroad. The economists use the theories of comparative and competitive advantage to explain the raison d'étre for international trade. When or countries specialize in the production and export of some goods or services, we say they enjoy comparative advantage. Here the nations produce the commodities using the least labour compared with other nations The overall determinants of competitive advantage include the following (Porter,1990):

1. Skilled labour, good educational systems, and adequate technical training.
2. Agglomeration economies, including pools of expertise, webs of formal and informal interactions, trust, linkages, strategic alliances, trade associations, integrated networks of supplies and ancillary services.
3. A culture that rewards innovation; adaptation, experimentation, risk tolerance, and entrepreneurship; this includes heavy levels of corporate and public research and development and the continual upgrading of capital and skills. Corporations must engage in ongoing and organizational learning, anticipating changes in markets and demand; rigid corporate bureaucracies, like public ones, lead to complacency and short planning horizons.
4. Competitive markets at home; uncompetitive markets (i.e. private or public monopolies) exhibit little innovation. In the world economy today, increasing sophisticated buyers spur a constant upgrading in the quality of output.
5. Adequate financing and venture capital.
6. Public policies that encourage productivity growth, including subsidized research, export promotion, educational systems, and an up-to-date infrastructure. (Stutz and Warf, 2007)

In the light of the gains from international trade one would expect free trade to be the prevailing rule and artificial barriers to trade the exception. Yet even casual observation may convince the reader that we live in a protection-ridden world, where government interference with the free flow of goods, services, and factors of production is anything but an exception. Protection is done through tariff and non-tariff barriers. A tariff is a tax on importing a good or service into a country, usually collected by customs officials at the place of entry. Tariffs come in two main types. A specific tariff is stipulated as a money amount per unit of import such as dollar per ton of steel bars. An ad valorem (on the value) tariff is a percentage of the estimated market value of the goods when they reach the importing country. The striking consensus in favour of free trade is based primarily on a body of economic analysis demonstrating that there are usually net gains from free trade, both for nations and for the world. Free trade brings greater aggregate well-being than no trade. The traditional argument for barriers (tariff) on imports includes:

* increased domestic production of the product;
* increased employment of labour and other resources in its domestic production;
* decreased domestic consumption of the product;
* increased government revenue;
* change in the distribution of income or well-being in the country;

It therefore appears that tariff barriers could be good for the world as well. However arguments against tariff include:

* a tariff almost always lowers world well-being;

* a tariff usually lowers the well-being of each nation, including the nation imposing it;
* as a general rule, whatever a tariff can do for the nation, something else can do better;

There are exceptions to the case for free trade:

(a) The first exception is the nationally optimal tariff. When a nation can affect the prices at which it trades with foreigners, it can gain from its own tariff. (The world as a whole loses, however).

(b) The second best argument for tariff. In cases where other incurable distortions exist in the economy, imposing a tariff may be better than doing nothing.

(c) In a narrow range of cases with distortions that are specific to international trade itself, a tariff can be better than any other policy, and not just better than doing nothing.

(d) A tariff absolutely helps those groups tied closely to the production of import substitutes, even when the tariff is bad for the nation as a whole.

In sum, while tariff protection is very common in the present day world, rational justifications for its use are few and far between. The world as a whole, as well as most individual countries, would be better off if it were dispensed with as an instrument of national policy.

APPROACHES TO FREE TRADE

Although it is in the interest of all countries to abolish tariffs, even unilaterally, it is a fact of political and economic life that they are extremely reluctant to do so. There have been instances of unilateral tariff reduction (as in Germany in the mid-1950s), but not many. Either because of prestige attached to diversified industrial production or because of the political pressure of social interest groups, tariff cuts appear to be "as painful to the nation as tooth extraction is to the individual" (Kreinin 1975 : 306). Any country reducing its level of protection feels that it is giving away something valuable and must obtain something in return from its trading partners. Tariff has come to be reduced as a concession to others and is offered only reciprocally. It has also become a subject of tough and prolonged international bargaining, in which each party tries to "extract" as much as possible from its partners and in return to "surrender" as little as possible. Two main approaches to trade liberalization have evolved over the years. The first is regional economic integration in which small groups of countries agree to liberalize completely all trade within itself and to attain some measure of economic interaction within the region. The second is a succession of small tariff reductions undertaken reciprocally by most trading nations as a result of multilateral negotiations.

ECONOMIC INTEGRATION AS A CONTRIBUTION TO SOCIO-POLITICAL AND CULTURAL COOPERATION AMONG NATIONS

Regional economic integration, in which a group of countries eliminates barriers to international trade and competition on a regional rather than a global scale, has become increasingly popular since the Second World War. For the integration of production, we can distinguish between the following types of economic integration agreements. Preferential Trade Agreement (PTA): In such an agreement, tariffs or other trade restrictions are reduced among the members of the agreement for some goods or services, sometimes unilaterally. There is no general reduction of internal tariffs, nor common external tariffs. An example is provided by the preferential treatment given by the countries of the European Community to their former colonies in Africa, the Caribbean, and the Pacific (known as the ACP countries) under the Lome Convention. Free Trade Area (FTA): The members of a free trade area eliminate intenal tariffs and other measures that restrict trade among its members, without any common trade policy relative to other countries. The lack of an external trade policy requires the use of certificates of origin for goods crossing the borders and other measures to prevent deflection of trade; that is taking advantage of arbitrage opportunities by importing goods from outside the free trade area via the countries with the lowest barriers to imports. Examples are the European Free Trade Area (EFTA) and the North American Free Trade Area (NAFTA).

Customs Union: Like a free trade area, a customs union abolishes internal tariffs and other trade restrictions among the members of the Union. In addition, the customs union develops a common trade policy, such as common external tariffs, relative to other countries. An example is provided by the European Economic Community (EEC).
Common Market: In this case, the member countries allow not only for the free movement of goods and services, but also for the free movement of factors of production, such as capital and labour. A common market gradually moves to an integrated (or internal) market if the member countries also eliminate other, more concealed barriers to trade policy, for example regarding product standards or taxation. An example is provided by the European Union (EU). Economic Union: An extension of the common/internal market is an economic union, in which case there is also harmonization of the institutional framework, regarding competition policy, procurement, etc., and a fair degree of policy co-ordination. The economic union therefore provides the counterpart in the real sphere of a monetary union, in which case there is sufficient policy coordination to allow for one currency. A combined example is provided by the EU's Economic and Monetary Union (EMU). Free Trade Area is the most common form of integration by groups of nations. Under this arrangement bilateral trade agreements and regional trade agreements are identifiable.

By their very nature, Regional Trade Agreements (RTAs) are considered discriminatory, offering greater preferential treatment to a subset of countries derogating to the Most Favoured Nations (MFN) Principle, and many argue that they undermine the more efficient multilateral trading system. Their net impact would depend on the extent of trade creation and trade diversion. Usually, the deeper the integration, the greater the expected trade creation among members of the regional trade area (RTA); however, the potential trade diversion is also greater, unless the agreement involves major trading partners and is implemented in parallel with multilateral initiatives. Customs Unions and free trade areas have been established with varying degrees of success in different parts of the world, in Central America (the Central American Customs Union), South America (MERCOSUR), the European Union, the Association of South East Asian Nations, the Arab Free Trade Area, the India-Brazil-South Africa Free Trade Area, etc. A brief discussion of some of these regional trade blocs follows.

THE EUROPEAN UNION (EU): Europe has been the locus of the longest and deepest regional integration. In particular, the formation of the EU's customs union was the first major modern trade bloc. Numerous studies have examined its economic effects. Studies in the 1960s and 1970s tended to conclude that the net gains from forming the EU (then the EEC) were small but positive. For example, net gains on trade in manufactured goods calculated by Balassa (1975:115) were a little over one tenth of 1 percent of members' total GDP. That tiny positive estimate overlooks some losses from the EU, but also overlooks some likely gains. By concentrating on trade in manufactured goods, the literature generally overlooked the significant social losses from the EU's common agricultural policy. This policy protects and subsidizes agriculture so heavily as to bring serious social losses. Trade diversion on agricultural products is one reason why empirical studies find that joining the EC in 1973 may have cost Britain dearly. The common agricultural policy meant that British consumers had to lose cheap access to their traditional commonwealth food suppliers (Australia, Canada, and New Zealand). They had to buy the more expensive EU food products and had to pay taxes on their remaining imports from the commonwealth, taxes that were turned over to French, Danish, and Irish farmers as subsidies. This cost Britain an estimated 1.8 per cent of GDP in the 1970s, versus a static-analysis gain of less than 0.2 per cent of GDP on manufactured goods. The Thatcher government later bargained for a fairer sharing of the burdens of farm subsidies.

On the other hand, the studies of the 1960s and 1970s generally confined their measurements to static welfare effects omitting possible gains from increased competition, scale economies, and improved productivity incentives. Here, unfortunately, is a research frontier still unsettled. We know that scale economies and better productivity performance are key possible outcomes of economic union, but we still lack good estimates of them. For now, the empirical judgment is threefold: (1) On manufactured goods, the EU has brought enough trade creation to suggest small positive net gains. (2) The static gains on manufactures have probably been smaller than the losses on the common agricultural policy. (3) But the net judgment still depends on what we believe about the unmeasured gains from competition, scale economies, and productivity stimuli.

In the 1980s the EU moved beyond being a customs union and toward being a single common market. The Single European Act, which took full effect at the end of 1992, forced many changes. First, it neutralized separate national product standards that had often been thinly disguised devices for protecting higher-cost domestic producers against competition from firms in other member countries. Second, capital controls on the flows of financial investments were removed. Third, restrictions on people working in other member countries were generally removed, although there are still some limits on licensed professionals such as lawyers.

The basic requirements to join the EU are that the country should have a functioning democracy, a commitment to respecting human rights, a market economy, and the capacity and willingness to adopt and to implement EU rules and standards. Twelve countries who joined EU between 2004 and 2007 had to work intensely to meet the latter requirements since majority of them were communist countries. The EU standards cover 31 major areas, and the documents listing them are 80,000 pages long (Pugel, 2009:266-9). Integration of the new members has been generally- smooth. Still, some features of EU policies are being phased in slowly for them. First, to control the costs to the EU budget, the subsidies that their farmers receive have started at only one fourth of the standard levels of the common market for labour. Citizens of the new members are not generally free to work in most other EU countries, and it may be a number of years before they gain this freedom.

NORTH AMERICAN FREE TRADE AREA (NAFTA): The North American Free Trade Area went from impossibility to reality in a few years during the late 1980s and early 1990s. The first step was the Canada-U.S. Free Trade Area (CUSFTA), an idea that had been debated since the 19th century (Pugel, 2009). As late as 1986, when the two countries had a minor trade war over lumber and corn plus another tiff over Arctic navigational rights, there seemed to be little chance of forming a trade bloc. Yet the mood swung quickly, and negotiations that began in 1986 led to a free trade area that came into force on January 1, 1989. The second step was bringing Mexico into the picture. Starting in 1985, the Mexican government became increasingly determined to break down its own barriers to a free, more privatized, more efficient Mexican economy. A series of reforms deregulated business and reduced barriers to imports of goods. Mexico's tariffs had been high and were raised even higher after the 1982 debt crisis forced Mexico to tighten its belt. By 1992 Mexico had slashed its tariffs to an average of only 10 per cent. In 1990 the U.S. government and the Mexican government began negotiations on a trade agreement, and Canada joined the talks in 1991. The agreement was completed in 1992, and NAFTA, which replaced CUSFTA, came into existence on January 1, 1994.

NAFTA has eliminated nearly all tariffs and some nontariff barriers to trade within the area (some liberalization occurred slowly and were not completed until 2008). It has removed barriers to cross-border business investments within the area, and Mexico has phased out performance requirements, including local content requirements and export requirements, that the Mexican government had previously imposed on foreign businesses operating in Mexico. NAFTA specifies open trade and investment in many service industries, including banking and financial services. NAFTA has its own set of dispute settlement procedures. Supplemental agreements call for better enforcement of labour and environmental standards. NAFTA does not, however, call for free human migration between these countries, nor does it denationalize Pemex, Mexico's huge government oil monopoly.
What have been the effects of NAFTA? There is broad agreement that NAFTA led to a substantial increase in total trade among the three countries, especially in the years up to the early 2000s. The standard view is that trade creation was larger than trade diversion. In this standard view, all three NAFTA countries have gained from NAFTA's trade expansion, with a gain in well-being to Mexico estimated at close to 2 per cent of its GDP, a gain to Canada of close to 1 per cent of its GDP, and a gain to the United States of about 0.1 per cent of its (very large) GDP (Pugel, 2009:270).

There is a challenge to this standard view. Romalis (2007) presents a careful and detailed study of the effects of NAFTA in its first seven years (and of CUSFTA before it). He confirms the substantial effects on total trade, with the combination of CUSFTA and NAFTA increasing U. S – Canada trade by about 4 percent, and NAFTA increasing U.S. – Mexican trade by about 23 per cent and Canadian – Mexican trade by about 28 per cent. However, he finds that the large increases in total trade reflect both substantial trade creation and substantial trade diversion. Trade diversion is especially large against imports from outside countries, because North American firms are often not low-cost producers of these products. For instance, imports of textiles and clothing were diverted away from low-cost suppliers in Asia. Romalis concludes that the gains from trade creation were about equal to the losses from trade diversion, so the net effect of expanding NAFTA trade on the well-being of each member country was very small.

NAFTA may also bring gains from increased competition in the larger area wide market and from the increased ability for firms to achieve scale economies in this large market. Studies of the effects on Canadian manufacturing industries during the first ten years of free trade with the United States do show some large positive effects. Increased competition has led to the demise of high-cost Canadian factories and the opening of low-cost ones. Average factory sizes have not become much bigger, which seems to question the role of increased scale economies. But there is evidence that fewer different products are being produced in these plants, so the scale economies are probably occurring through longer production runs of the smaller number of products. As a result of all this, productivity in Canada manufacturing has increased 5-7 per cent more than it would have without the free-trade area. NAFTA has created benefits for Mexico because it has made Mexico a more attractive place for business investments by foreign firms. With NAFTA firms look more favourably on locating production in Mexico to serve the entire NAFTA market (especially, to serve the large U.S. market). The total amount invested by foreign businesses in their Mexican operations grew from $41 billion in 1993 to $ 229 billion in 2006 (Pugel, 2009:271). It is estimated that the investments would have been 40 per cent lower without NAFTA. As trade within NAFTA has grown, there has not been the massive shift of jobs toward Mexico that opponents in the United States predicted would result from NAFTA. While U.S. imports from Mexico grew faster than U.S. exports to Mexico during 1993-2006, U.S. exports to Mexico still grew faster than U.S. exports to other countries.

The large increase in NAFTA trade do have effects on workers in the United States, but they are more the subtle effects caused by shifting demands for different types of workers. Free trade (in this case, NAFTA's discriminatory freeing of trade) absolutely hurts import-competing groups. NAFTA allows Mexico to better exploit its comparative advantage based on less-skilled labour, in such products as apparel, field crops (e.g tomatoes), and furniture, and in such activities as product assembly. On the other hand, Mexico buys more U.S. financial services, chemicals, plastics, and high-tech equipment. The expansion of U.S. trade with Mexico spurred by NAFTA is pushing in the same direction as U.S. trade with other developing countries putting some downward pressure on the wages of less-skilled workers in the United States, and increasing the incomes of more-skilled U.S. workers. In Mexico, too, there have been income losses, for instance, to small farmers growing corn (Maize) who cannot readily shift to more lucrative crops. And there are income gains to others. For instance, in agriculture, NAFTA has facilitated large increases in Mexican exports of fruits and vegetables to the United States.

FREE TRADE AREA OF THE AMERICAS (FTAA): In the 1960s there were several modest and humble attempts at regional integration in South America, Central America, and the Caribbean. The approach of these regional initiatives was lower tariffs internally while maintaining high trade barriers against non-members. Regional initiatives include the 1960 Latin American Free Trade Association (LAFTA), the 1960 Central American Common Market (CACM), the 1965 Caribbean Free Trade Association (CARIFTA), and the 1969 Andean Pact. Many North American countries experienced a debt crisis in the 1980s, such as Mexico in 1982. These debt crises contributed to a "lost decade" in terms of economic growth, the adoption of numerous stabilization and structural adjustment programmes with the IMF, and a widespread re-evaluation of interventionist, protectionist and inward-looking strategies. In 1984 the U.S. unilaterally lowered its tariffs against many States in the Caribbean Basin Initiative. Many Latin American countries took non-discriminatory steps towards trade liberalization in the late 1980s (lowering tariff against all countries, not just selected ones). This was done partly to follow through on GATT (now the WTO) commitments, but also unilaterally as a domestic policy choice or at the urging of the International Monetary Fund (IMF), the World Bank, the IBRD, and USAID. Average tariff levels fell to about 20 per cent in the region by the end of the 1980s.

Another wave of regional trade agreements took place in the late 1980s and early 1990s. In 1989 the AP agreed to move towards freer trade within the region as did CACM and the Caribbean Community (CARICOM) in 1990. The Southern cone Common Market (MERCOSUR) notably including Brazil was established in 1991 with similar plans for free regional trade. Canada and U.S. entered into the Canada – U.S. Free Trade Agreement (FTA) in 1989, and the beginning of negotiations towards free trade between Mexico and the U.S. were announced the next year in 1990. These negotiations were soon expanded to include Mexico in the North America Free Trade Agreement (NAFTA). Several Latin American countries approached the U.S. after the announcement, seeking to negotiate their own bilateral free trade agreements with the U.S, but the U.S. refused to negotiate more bilateral Preferential Trade Agreements (PTA) in the region until NAFTA was implemented. Instead, in June 1990 U.S. President George H.W Bush announced the Enterprise for the Americas Initiative with the goal of achieving hemispheric free trade by 2000. In 1994 NAFTA came into force and the 1988-1994 Uruguay Round of GATT negotiations were completed. The goal of hemispheric free trade, which had been renamed the FTAA, was postponed until 2005 primarily at the request of Canada and the U.S.

The Free Trade Area of the Americas (FTAA) was a proposed agreement to eliminate or reduce the trade barriers among all countries in the Americas but Cuba. In the last round of negotiations, trade ministers from 34 countries met in Miami, Florida, United States, in November 2003 to discuss the proposal (Trinidad and Tobago Express Newspaper 2008). The proposed agreement was an extension of the North America Free Trade Agreement (NAFTA) between Canada, Mexico and the United States. Opposing the proposal were Cuba, Venezuela, Bolivia, Ecuador, Dominica, Nicaragua and Honduras, which entered the Bolivarian Alternative for the Americas in response, and Argentina, Chile and Brazil. Discussions have faltered over similar points as the Doha Development Round of World Trade Organization (WTO) talks; developed nations seek expanded trade in services and increased intellectual property rights, while less developed nations seek an end to agricultural subsidies and free trade in agricultural goods. Similar to the WTO talks, Brazil has taken a leadership role among the less developed nations, while the United States has taken a similar role for the developed nations.

Talks towards the establishment of the Free Trade Area of the Americas began with the summit of the Americas in Miami on December 11, 1994, but the FTAA came to public attention during the Quebec City Summit of the Americas, held in Canada in 2001, a meeting targeted by massive anticorporatization and antiglobalization protests. The Miami negotiations in 2003 met similar protests, though perhaps not as large. The last Summit was held at Mar del Plata, Argentina, in November 2005, but no agreement on FTAA was reached. 26 of the 34 countries present at the negotiations pledged to meet again in 2006 to resume negotiations, but no such meeting took place. In previous negotiations, the United States has pushed for a single comprehensive agreement to reduce trade barriers for goods, while increasing intellectual property protection. Specific intellectual property protections could include Digital Millennium Copyright Act-style copyright protections, similar to the U.S. – Australia Free Trade Agreement. Another protection would likely restrict the reimportation or cross-importation of pharmaceuticals, similar to the proposed agreement between the U.S. and Canada.

Brazil has proposed a measured, three-track approach that call for a series of bilateral agreements to reduce specific tariff on goods, and a hemispheric pact on rules of origin and dispute resolution processes. Brazil seeks to omit the more controversial issues from the agreement, leaving them to the WTO. Huge movements have opposed the FTAA at every stage of its development. A coalition of senior citizens, labour groups, environmentalists, human rights advocates and peace advocates as well as concerned citizens have protested both meetings of the FTAA.

A vocal critic of the FTAA is Venezuelan president Hugo Chávez, who has described it as an "annexation plan" and a "tool of imperialism" for the exploitation of Latin America (Trinidad and Tobago Express newspaper 2008). As a counterproposal to this initiative, Chávez has promoted the Bolivarian Alternative for the Americas, vaguely based on the model of European Union, which makes emphasis on energy and infrastructure agreements that are gradually extended to other areas finally to include the total economic, political and military integration of the member states. Also, Evo Morales of Bolivia has referred to the U.S backed Free Trade Area of the Americas, as "an agreement to legalize the colonization of the Americas." On the other hand, the presidents of Brazil, Luiz Inácio Lula da Silva, and Argentina, Cristina Fernandez de Kirchner, have stated that they do not oppose the FTAA but they do demand that the agreement provide for the elimination of U.S. agriculture subsidies, the provision of effective access to foreign markets and further considerations towards the needs and sensibilities of its members.

One of the most contentious issues of the treaty proposed by the United States is with concerns to patents and copyright. Critics claim that if the measures proposed by the U.S. were implemented and applied this would prevent scientific research in Latin America, causing as a consequence more inequalities and technological dependence from the developed countries. Bussolo, Lay, Medvedev and Mensbrugghe (2008:61-90) studiesd the poverty reduction and income redistribution effects of trade liberalization at both regional and multilateral levels in Latin America. The initial poverty conditions in Brazil, Chile, Colombia, and Mexico are fairly typical for developing countries. Poverty especially affects rural areas, and the rural poor are more likely to be farther away from the poverty lines than the urban poor. The study shows that the poverty impact of trade reform can vary greatly depending on the type of liberalization and the initial conditions of a country. The results point to large declines in the poverty headcount in Brazil and Chile following both the FTAA and a full global trade reform. In both countries, rural poverty declined the most, and some of the largest income gains were observed among the poorest of the poor. In Colombia, the reform is much more modest, partially because of conflicting poverty trends in rural and urban areas. Although both urban poverty and rural poverty are likely to decline marginally following the implementation of the FTAA, rural poverty falls but urban poverty rises as a result of full trade reform. Finally, in the case of Mexico, rural poverty could rise under both reform scenarios, although the increased rural poverty would be offset by the decline in urban poverty under the FTAA.

The most interesting dynamics were observed when comparing the impact of multilateral trade liberalization across countries. For Brazil and Chile, multilateral trade liberalization is unequivocally superior to regional scenarios, and the order of magnitude of poverty reductions is proportional to the scale of tariff reductions. In Colombia, the difference between scenarios can be explained by the virtually unchanging rural-urban gap under FTAA and a major closing of this gap under the full trade liberalization scenarios as this is consistent with the factor price change and the endowments of poor households. For Mexico, only the regional scenarios are poverty reducing, but multilateral liberalization actually increases poverty. The reason for this is the preference erosion with regional liberalization .Mexico only losses its preference margin relative to other Latin American and Caribbean countries. With multilateral liberalization, however, it is now forced to compete on equal grounds with all U.S. and Canadian trading partners. Their calculations of growth and trade elasticities show that the distributional consequences of reform can reinforce changes in average incomes brought about by trade liberalization.

THE ARAB FREE TRADE AREA: In February, 1997, the Arab Economic Union (a body established in 1957 in the framework of the Arab League) decided to create an "Arab Free Trade Area" (AFTA) by the year 2008. For this purpose 18 of the 22 members of the Arab League (with exception of Algeria, Djibouti, the Comoros Islands and Mauritania) signed a treaty aiming at the elimination of all trade barriers between them by gradually lowering by 10 per cent each year the customs duties on their trade. At the Arab Summit held in Amman in March 2001, the Heads of State stressed the need to move forward towards the long objective of creating a strong Arab economic bloc. In September 2001, the Arab League's Economic and Social Council which monitors the progress made, met in Riyadh and noted some advancement and decided to move the deadline for the end of the transition period forward to early 2005. The AFTA should boost the economies of the member countries in several ways:

(i) Form a bigger and more homogeneous market and thus attract more foreign direct investments (Regional, European, and International).
(ii) Increase trade between the member countries; despite the fact that some of these countries produce the same goods and are in competition for the export markets, they are complementary in many sectors (e.g. Tunisia, Morocco, and Egypt could export textiles and agricultural goods to the Gulf countries, Algeria and Libya).
(iii) Reduce the flow of smuggled goods which are not taxed and often hurt local productions as well as the balance of payments.
(iv) Strengthen the member countries negotiating power when dealing with powerful economic blocs such as the European Union or in international arenas such as WTO meetings.
(v) Increase economic interdependence between Arab countries and thus hopefully, increasing the region's stability and security.

It should be noted that these efforts to strengthen regional Arab integration are much more pragmatic than other initiatives in the past; based on economics, they rely on the principles of progressive inclusions of countries in the area and thus represents a departure from the unanimity principle that has so far hampered the drive for economic cooperation. Another feature of the programme in contrast to previous ones, is the recognition of the role of the private sector. The union of Arab Chambers of Commerce monitors the implementation of the AFTA. This body has been asked to make a half-yearly report on the difficulties encountered by traders with the customs administration and regulatory agencies of individual member countries. The limitations of AFTA are the fact that agricultural products are outside the tariff reduction scheme during the harvest season and its reduced scope as far as standard and technical regulations are concerned.

ASSOCIATION OF SOUTHEAST ASIAN NATIONS, (ASEAN): ASEAN was established on 8 August 1967 in Bangkok, Thailand and the member countries include Indonesia, Malaysia, Philippines, Singapore, Thailand, Brunei,Darussalam, Vietnam, Laos and Myanmar. The ASEAN nations came together with three main objectives in mind: to promote the economic, social and cultural development of the region through cooperative programmes; to safeguard the political and economic stability of the region against big power rivalry; and to serve as a forum for the resolution of intra-regional differences. The most significant step in ASEAN was the decision of the fourth Summit in 1992 to establish the ASEAN Free Trade Area (AFTA) by the year 2008. The primary objective of AFTA is to enhance ASEAN's position as a competitive production base geared towards servicing the global market. This was to be achieved through the expansion of intra- ASEAN trade, making possible both greater specialization and economies of scale. It was also to be achieved through the inflow of more foreign direct investment which would be attracted by the emergence of a single ASEAN market.

The Common Effective Preferential Tariff (CEPT) Scheme, which is the main mechanism for realizing AFTA, was launched on 1 January 1993. The CEPT Scheme covers both manufactured and agricultural products. The CEPT Scheme requires the reduction of tariffs for all products in the Inclusion List, the elimination of quantitative restrictions as well as other non-tariff barriers. It was agreed that by the year 2003, all tariffs for products in the inclusion list should be no higher than 5%. The tariff reductions began in the year 1994, to ensure that AFTA is realized expeditiously; other trade facilitation measures are also being undertaken. These included harmonization of customs matters (tariff nomenclature, customs valuation systems, customs procedures and the establishment of a Green Lane System to help expedite clearance for CEPT products). Considerable work is also being done to harmonize product standards to facilitate intra-ASEAN trade. A list of 20 priority product groups, including some major consumer durables, has already been identified.

Between 1993-95, intra-ASEAN exports grew from $42.77 billion to $68.83 billion (ASEAN home page: http://www.asean.org.id).This represents an average growth rate of 30. 46% per annum, significantly higher than the average of 20% growth of total ASEAN exports. The share of intra-ASEAN exports to total exports inched up to 22% in 1995. In 1995, nearly 59% of intra-ASEAN exports was made up of exports of machinery and electrical appliances reflecting the extent of intra-industry trade. Other

major sectors traded within the region are mineral products (petroleum), base metals, chemicals and plastics.
In keeping with the principle of open regionalism, ASEAN has been pursuing regional linkages with other regional trading arrangements. The AFTA – CERT linkage was the first of these linkages and the activities include creation of customs compendium, information exchange on standards and conformance and linkage of trade and investment database. Similar initiatives are being pursued with other regional groupings such as the NAFTA, the Mercado Comun del Sur (MERCOSUR), the European Free Trade Association (EFTA), and the South African Development Community (SADC).

INDIA, BRAZIL, SOUTH AFRICA (IBSA) DIALOGUE FORUM: The IBSA Dialogue forum is an international tripartite grouping for promoting international cooperation among the countries. It represents three important poles for galvanizing South-South cooperation and greater understanding between three important continents of the developing world, namely, Africa, Asia and South America. The forum provides the three countries with a platform to engage in discussions for cooperation in the field of agriculture, trade, culture, and defence among others. IBAS Dialogue forum was formed following the failed Cancún Conference of the WTO, during which time developing countries felt the need to strengthen their cooperation in trade, investment and economic diplomacy.

On 6 June, 2003 the Brasilia Declaration establishing IBSA forum was signed by the foreign Ministers of India, Brazil and South Africa. They agreed on the urgent need for reforms in the United Nations, especially the Security Council. It also touched upon the subject of international terrorism, transnational crime and illegal arms dealing, stating that such threats to international peace must be effectively tackled with respect for the sovereignty of States and for International Law. The Ministers highlighted their priorities on promotion of social equity and inclusive growth by reiterating the need for tackling hunger and poverty and by means of effective implementation of government schemes.
The declaration also highlights the need for promoting family-run farms, food security, health, education, human rights and environmental protection. They recalled that social empowerment makes better use of human potential, contributing to economic development in a significant manner. The ministers also stressed the importance of elimination of racial discrimination and gender bias while framing policies. The IBSA economic ministers met in New Delhi in March 2005, and agreed on a mechanism to identify and eliminate non-tariff barriers which impede mutual trade. Some of the mechanisms considered include customs cooperation, sharing of expertise in the field of energy, agriculture, food processing, tourism and financial and banking services. It has also been decided to promote cooperation in the SME sector. For this purpose, common terms of reference were developed which can aid in development of this sector. As all these three countries have a large number of small-scale enterprises, it is expected that cooperation in this sector can have profound development implications.

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA (COMESA): The Common Market for Eastern and Southern Africa, is a preferential trading area with nineteen member States stretching from Libya to Zimbabwe (wikipedia). COMESA was Formed in December 1994, replacing a preferential trade Area which had existed since 1981. Nine of the member states formed a free trade area in 2000 (Djibouti, Egypt, Kenya, Madagasca, Malawi, Mauritius, Sudan, Zambia, and Zimbabwe), with Rwanda and Burundi joining FTA in 2004 and the Comoros and Libya in 2006. COMESA is one of the pillars of the African Economic Community. In 2008, COMESA agreed to an expanded free trade zone including members of two other African trade blocs, the East African Community (EAC) and the Southern Africa Development Community (SADC); Current members include Burundi, Comoros, Democratic Republic of the Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe.

The following organs have decision-making power according to the treaties:

- The COMESA Authority, comprises of Heads of States and Government;
- The COMESA Council of Ministers;
- The COMESA Court of Justice;
- The Committee of Governors of Central Banks;

The following lower policy organs make recommendation to the above;

- The inter-governmental committee;
- The twelve technical committees;
- The consultative committees of the Business community and other Interest groups;
- The COMESA Secretariat;

The other institutions created to promote development are:

- The PTA Bank (Eastern and Southern African trade and Development Bank) in Nairobi, Kenya;
- The COMESA Clearing House in Harare, Zimbabwe;
- The COMESA Association of Commercial Banks in Harare, Zimbabwe;
- The COMESA Leather Institute in Ethiopia;
- The COMESA Re-insurance Company (ZEP-RE) in Nairobi, Kenya; and
- The Regional Investment Agency in Egypt;

COMMUNITY OF SAHEL –SAHARAN STATES (CEN - SAD): CEN-SAD or the Community of Sahel Saharan States is a free trade area. CEN-SAD was established in February 1998 by six countries, but since then its membership had grown to 28. One of its main goals is to achieve economic unity through the implementation of the free movement of people and goods in order to make the area occupied by member States a free trade area. At the international level, CEN-SAD gained observer status at the UN General Assembly in 2001 and concluded association and cooperation accords with the United Nations Economic Commission for African (ECA) as well as with UN specialized agencies and institutions such as UNDP, WHO, ECCAS and COMESA and other trade blocs more advanced in their integration. The Founding members are: Burkina Faso, Chad, Libya, Niger, Mali, ad Sudan. Other members are; Central African Republic, Eritrea, Djibouti, Gambia, Senegal, Egypt, Morocco, Nigeria, Somalia, Tunisia, Benin, Togo, Côte D' Ivoire, Guinea- Bissau, Libera, Ghana, Sierra Leone, Comoros, Guinea, Kenya, Mauritania, and São Tomé and Principe.

ECONOMIC COMMUNITY OF WEST AFRICAN STATES ECOWAS: The Economic Community of West African States is a regional group of fifteen West African Countries, founded on May 28, 1976, with the signing of the treaty of Lagos.

Its mission is to promote economic integration. In 1976 Cape Verde joined ECOWAS, and in December 2000 Mauritania withdrew (ECOWAS Executive Secreatarist, 2002), having announced its intention to do so in December 1999 (ECOWAS Executive Secretariat, 2000). It was founded to achieve "collective self-sufficiency" for the member States by means of economic and monetary union creating a single large trading bloc. The very slow progress towards this aim meant that the treaty was revised in Colonou on July 24, 1993, towards a looser collaboration (wikipedia). The ECOWAS Secretariat and the Fund Cooperation, Compensation and Development are its two main institutions to implement policies. The ECOWAS Fund was transformed into the ECOWAS Bank for Investment and Development in 2001. ECOWAS is one of the pillars of the African Economic Community. The current members car: Benin, Burkina Faso, Cape Verde, Côte D'Ivoire, Gambia, Ghana, Guinea Bissau, Liberia, Mali, Nigeria, Senegal, Sierra Leone, and Togo. Guinea and Niger were suspended. The ECOWAS nations signed a non-aggression protocol in 1990 and two earlier agreements in 1978 and 1981. They also signed a Protocol on Mutual Defense Assistance on May 1981 that provided for the establishment of an Allied Armed Force of the Community. The ECOWAS Community Court of Justice was created by a protocol signed in 1991. The Court legally come into being when the 1991 protocol entered into force on 5 November 1996. Like its companion courts the European Court of Human Rights and the East African Court of Justice, it has jurisdiction over fundamental human rights breaches. ECOWAS nations organize a broad array of cultural and sport meetings under the auspices of the body, ranging from the CEDEAO cup in football, to the Miss CEDEAO Beauty Pageant.

WEST AFRICAN ECONOMIC AND MONETARY UNION: The West African Economic and Monetary Union (or UEMOA from its name in French, Union économique et monetaire ouest-africaine) is an organization of eight states of West Africa established to promote economic integration among countries that share a common currency, the CFA franc. UEMOA was created by a treaty signed at Darkar, Senegal, on January 10, 1994 by the Heads of State and Government of Benin, Burkina Faso, Côte d' Ivorie, Mali, Niger, Senegal, and Togo. On May 2, Guinea Bissau, a former Portuguese colony, became its eight (and only non-Frencophone) member state. UEMOA is a customs union and monetary union between some of the members of ECOWAS. Its objectives are (Regional Integration and cooperation in West Africa):

- Greater economic competitiveness, through open and competitive markets, along with the nationalization and harmonization of the legal environment;
- The convergence of macroeconomic policies and indicators;
- The creation of a common Market; and
- The harmonization of fiscal policies.

In terms of its achievements, UEMOA members have implemented macroeconomic convergence criteria and effective surveillance mechanism; have adopted a customs union and common external tariff (early 2000); have harmonized indirect taxation regulations; and have initiated regional structural and sectoral policies. A September 2002 IMF Survey cited the UEMOA as "the furthest along the path toward integration" of all the regional groupings in Africa (ECOWAS fact sheet from the U.S. Department of State's Bureau of African Affairs). ECOWAS and UEMOA have developed a common programme of action on trade liberalization and macroeconomic policy convergence. They have also agreed on common rules of origin to enhance trade and ECOWAS has agreed to adopt UEMOA's customs declaration forms and compensation mechanism (Annual Report, 2002).

WEST AFRICAN MONETARY ZONES (WAMZ): The West African Monetary Zone is a group of five countries in ECOWAS that plans to introduce a common currency, the "Eco" by the year 2015. The five member States are the Gambia, Ghana, Guinea, Nigeria and Sierra Leone. Liberia (also a member of ECOWAS) has expressed an interest in joining. The WAMZ is dominated by Nigeria, Africa's largest oil producer and most populous country, with an estimated 145 million people (Wikipedia). All the members of the group are English-speaking countries, apart from Guinea, which is Francophone. Along with Mauritania, Guinea opted out of the CFA franc currency shared by all other former French colonies in West Africa and Central Africa. The WAMZ was formed in 2000 to try and establish a strong stable currency to rival the CFA france, whose exchange rate is tied to that of the euro and is guaranteed by the French Treasury. The eventual goal is for the CFA franc and "Eco" to merge, giving all of the West and Central Africa a single stable currency. The launch of the new currency is being prepared by the West African Monetary Institute based in Accra, Ghana (wikipedia, 2010). This is intended to be the forerunner of a common central bank. However, several of the WAMZ's countries suffer from weak currencies and chronic budget deficits which are currently plugged by their central banks printing more and more notes of decreasing real value. The United Nations Economic and Social Commission for Asia and the Pacific (2005) identified the challenges and problems of regional trade agreement. We shall discuss these factors in the flowing paragraph.

CHALLENGES OF ECONOMIC INTEGRATION

1. The effectiveness of Regional Trade Agreements (RTAs) is often undermined as a result of complex rules of origin and high administrative cost. In particular there is evidence that many small and medium-sized enterprises (SMEs) simply do not believe that it is worth their time to go through the bureaucratic requirements to qualify for preferential access. Often they believe that, even though tariffs are smaller, it is difficult to conform to the rules of origin when there are other trade restrictions that offset tariff preference, such as standards, quotas and cumbersome customs procedures which may have actually risen. Further, export restrictions in one country may offset privileged import- access in another.
2. In "hub-and-spoke" type RTAs, which typically consist of a series of similar BTAs between one large or developed country and a number of smaller /developing countries, the larger country usually sets the terms and conditions, and stands to benefit the most while trade creation is likely to be limited between the "hub" and the spokes, risking to turn the "spokes" into "spikes."
3. Generally bilateral trade agreement between a developed or large developing country and a relatively smaller developing country tend to favour the developed or large country owing to the larger bargaining power of the latter. Coverage of agriculture, a sector of great importance to developing countries, is often left out of the agreement. However, even in this case, the benefits to the smaller developing country are potentially larger than in other kinds of arrangements, provided that there is significant trade or the potential to expand trade between the two countries is relatively comprehensive. In addition, in such cases there are often special and differentia treatment (SDT) provisions

for the less developed country whereby trade concessions would not necessarily be extended on a reciprocal basis.

4. Bilateral Trade Agreement (BTAs) between two small developing countries with few trade complementarities tend to yield relatively few benefits but may be prompted by political considerations and may yield other forms of economic synergies and non-economic benefits. Where economies are larger and complementary, the benefits are potentially greater. Regional trade agreement may have a limited impact on development due to the often limited trade and supply-side capacities of developing countries. Research has indicated that, on the basis of existing trade patterns, the benefit is relatively small for Least Developed Countries (LDCs) joining RTAs. However, if dynamic considerations are taken into account, including positive effects on supply –side capabilities, the long-term direct and indirect benefits of RTAs can be substantial and are not confined to trade, as they may also stimulate foreign direct investment and tourism. This is especially the case if LDCs are part of RTAs in which other members are relatively more developed.(see Peter Warr, 2003) . Difficulties arise when countries with limited capacities and resources commit to conflicting commitments under various RTAs or have difficultly in administering the different rules of origin of various RTAs to which they are a party. In such cases, the costs may well exceed the benefits.
5. Again from the level and intensity of integration, the size of the RTA is also indicative of the potential trade gains, as the potential for trade diversion decreases with expanded membership.
6. The extent and nature of the benefits that countries can expect to obtain from RTAs to which they are a party depend on how well those countries are able to adapt to the changing patterns of competitiveness and improve the supply-side capacities. This, in turn, depends on how well-informed affected businesses are of the implications of the RTA which their governments sign and whether they are given sufficient time to adjust. Every RTA has its winners and losers, but it is still considered justifiable from an economic point of view as long as society as a whole benefits from the larger welfare gains and the RTA does not unduly undermine the more efficient multilateral trade system. However, even potential winners may face considerable adjustment costs, which tend to be higher in the less developed member countries owing to their limited capacities. In general, if time and assistance for proper adjustments are not available, the adjustment costs may not justify the expected benefits and may lead to social repercussions and undermine the political will to sustain liberalization efforts.

PROBLEMS AND OBSTACLES.

The problems and obstacles related to negotiation and implementation of RTAs in developing countries include:

1. Shared difficulties arise from the simultaneous management of trade negotiations at the bilateral, regional, plurilateral levels (including accession to WTO negotiations). In principle, commitments taken at different levels should be mutually supportive, coherent and non contradictory. Many Community of Independent States (CIS) countries have simultaneously signed bilateral and plurilateral agreements with the same pattern. This results in a complex web of tariff concessions that can be difficult (if not, sometimes, impossible) for the customs authorities to administer. In addition to problems related to setting

common external tariffs for customs unions type RTAs which involve WTO members and non-members, another important issue is that of rules of origin requirements, which may not be compatible at the bilateral, regional and plurilateral levels.

2. A second challenge is informing the business community of the engagements undertaken at the different negotiating tables. Indeed, commercial and financial operators must be aware of and make use of these agreements if they are to become effective trade promotion instruments. This requires a more dynamic interaction between the private and the public sectors.
3. A third and perhaps more fundamental problem is the scarce human and financial resources of the countries' administration. The simultaneous negotiation of different agreements often means that scarce human resources in the public service are spread even more thinly sometimes preventing participating countries from defending major interests. There is clearly a need for capacity building to ensure that both negotiators and the business community are conversant with the issues under negotiation so that they can defend and promote their own interests.
4. A fourth problem relates to the absence of deeper market reforms in some of the member countries of various regional cooperation arrangements making the questions for free trade and investment more problematic. Various countries have problems with each other at the political level and are engaged in rivalries rather than cooperation. Such problems are often related to security and insurgencies and access to scarce essential resources such as water. Smuggling is another problem for bilateral relations. As a result, economic integration has taken a back seat, while barriers to transit trade remain a serious issue.
5. The fifth problem consists of the fact that countries in RTAs may lack economic complementarities. Some of the countries rely on single commodities which are often exported to non-member countries.

THE INTERNATIONAL APPROACH

This approach is associated with the World Trade Organization (WTO) which is devoted to the promotion of international trade. The basis of the present international economic order was laid during and immediately after the Second World War. The primary concern in the consultations was not to repeat the disastrous experience of the international economic relations of the interwar period. During the Great Depression in the 1930s, the "beggar – thy –neighbour" policies, in which each country tried to transfer its economic problems to other countries by depreciating its own currency and imposing high tariffs led to an almost complete collapse of the international trade system, further exacerbating and prolonging the economic crisis. In a period of only four years world trade flows dropped to one-third of their previous level (from January 1929 to January 1933, world imports fell from 2,998 to 992 million U.S gold dollar per month; Marrewijk, 2007:24).

WORLD TRADE ORGANIZATION

The World Trade Organization (WTO) is an international body whose aim is to promote and regulate trade among nations. The organization officially commenced on January 1, 1995 under the Marrakech Agreement, replacing the General Agreement on Tariffs and Trade (GATT), which commenced in 1948. It deals with regulation of trade among participating countries; it provides a framework for negotiating and formalizing trade agreements, and a dispute resolution process aimed at enforcing participants' adherence to WTO agreements which are signed by representatives of member governments and ratified by their parliaments. Most of the issues that the WTO focuses on derive from previous trade negotiations especially from the Uruguay Round (1986-1994). The organization is currently endeavouring to persist with a trade negotiation called the Doha Development Agenda (or Doha Round), which was launched in 2001 to enhance equitable participation of poorer countries which represent a majority of the World's population.

However, the negotiation has been dogged by "disagreement between exporters of agricultural bulk commodities and countries with large numbers of subsistence farmers on the precise terms of a 'special safeguard measure' to protect farmers from surges in imports". The Doha Round discussed many issues, such as tariffs, non-tariff barriers, labour, transparency, and patents, with many participating countries. Not surprisingly, therefore, progress was slow and the Doha Round was not finished at the initially planned I January 2006 deadline.The WTO has 153 members, representing more than 97 per cent of total world trade and 30 observers, most seeking membership. The WTO is governed by a Ministerial Conferences, meeting every two years; a General Council, which implements the Conference policy decisions and is responsible for day-to-day administration; and a director general, who is appointed by the Ministerial Conference. The WTO's headquarters is at the Centre William Rappard, Switzerland.

GATT ROUNDS OF NEGOTIATIONS: The GATT was the only multilateral instrument governing international trade from 1948 until the WTO was established in 1995. Despite attempts in the mid 1950s and 1960s to create some forms of institutional mechanism for international trade, the GATT continued to operate for almost half a century as a semi-institutionalized multilateral treaty regime on a provisional basis. Seven rounds of negotiations occurred under the GATT. The first real GATT trade rounds concentrated on further reducing tariffs. Then, the Kennedy Round in the mid-sixties brought about a GATT anti-dumping Agreement and a section on development. The Tokyo round during the seventies was the first major attempt to tackle trade barriers that do not take the form of tariffs, and to improve the system, adopting a series of agreements on non-tariff barriers, which in some cases interpreted existing GATT rules, and in others broke entirely new ground. Because theses plurilateral agreements were not accepted by the full GATT membership, they were often informally called 'codes'. Several of these codes were amended in the Uruguay round, and turned into multilateral commitments accepted by all WTO members. Only four remained plurilateral (those on government procurement, bovine meat, civil aircraft and dairy products), but in 1997 WTO members agreed to terminate the bovine meat and dairy agreements leaving only two.

URUGUAY ROUND: Well before GATT's 40^{th} anniversary its members concluded that the GATT system was straining to adapt to a new globalizing world economy. In response to the problems identified in the 1982 Ministerial Declaration (structural deficiencies, spill-over impacts of certain countries' policies on world trade GATT could not manage etc.), the eighth GATT round-known as the Uruguay Round- was launched in September 1986, in Punta Del Este, Uruguay. It was the biggest negotiating mandate on trade ever agreed: the talks were going to extend the trading system into several new areas, notably trade in services and intellectual property, and to reform trade in the sensitive sectors of agriculture and textiles; all the original GATT articles were up for review. The Final Act concluding the Uruguay Round and officially establishing the WTO regime was signed during the April 1994 ministerial meeting at Marrakesh, Morocco, and hence is known as the Marrakesh Agreement.

The GATT still exists as the WTO's umbrella treaty for trade in goods, updated as a result of the Uruguay Round negotiations. GATT 1994 is not however the only legally binding agreement included via the Final Act at Marrakesh; a long list of about 60 agreements, annexes, decisions and understandings was adopted. The agreements fall into a structure with six main parts;

- The Agreement Establishing the WTO.
- Goods and investment-the Multilateral Agreements on trade in Goods including the GATT 1994 and the Trade Related Investment Measures.
- Services- The General Agreement on Trade in Services.
- Intellectual property-the Agreement, on Trade Related Aspects of Intellectual Property Rights (TRIPs).
- Dispute settlement (DSU).
- Reviews of governments' Trade policies (TPRM).

DOHA ROUND: The WTO launched the current round of negotiations, the Doha Development Agenda (DDA) or Doha round, at the Fourth Ministerial Conference in Doha, Qatar in November 2001. The Doha Round was to be an ambitious effort to make globalization more inclusive and help the world's poor, particularly by slashing barriers and subsidies in Farming. (The Economist, 2006). The initial agenda comprised both further trade liberalization and new rule-making, underpinned by commitments to strengthen substantial assistance to developing countries. The negotiations have been highly contentious and agreement has not been reached, despite the intense negotiations at several Ministerial Conferences and at other sessions. Disagreements still continue over several key areas including agriculture subsides (Fergusson, 2008-01-18).

FUNCTIONS OF THE WTO: Among the various functions of the WTO, these are regarded by analysts as the most important:

* It oversees the implementation, administration and operation of the covered agreements
*. It provides a forum for negotiations and for settling disputes.

Additionally, it is the WTO's duty to review and propagate the national trade policies, and to ensure the coherence and transparency of trade policies through surveillance in global economic policy-making (C.Deere). Another priority of the WTO is the assistance of developing, least-developed and low-income countries in transition to adjust to WTO rules and disciplines through technical cooperation and training. The WTO is also a centre of economic research and analysis; regular assessments of the global trade picture in its annual publications and research reports on specific topics are produced by the organization; finally, the WTO cooperates closely with the two other components of the Bretton Woods system, the IMF and the World Bank.

PRINCIPLES OF THE TRADING SYSTEM:The WTO establishes a framework for trade policies; it does not define or specify outcomes. That is, it is concerned with setting the rules of the trade policy games. Five principles are of particular importance in understanding both the pre-1994 GATT and the WTO;

1. Non-Discrimination: It has two major components: The most favoured nation (MFN) rule and the national treatment policy. Both are embedded in the main WTO rules on goods, services, and intellectual property, but their precise scope and nature differ across these areas. The MFN rule requires that a WTO member must apply the same conditions on all trade with other WTO members, i.e., a WTO member has to grant the most favourable conditions under which it allows trade in a certain product type to all other WTO members (B.Hoekman), "Grants someone a special favour and you have to do the same for all other WTO members." National treatment means that imported goods should be treated no less favourably than domestically produced goods (at least after the foreign goods have entered the market) and was introduced to tackle non-tariff barriers to trade (e.g. technical standards, security standards etc., discriminating against imported goods).
2. Reciprocity. It reflects both a desire to limit the scope of free-riding that may arise because of the MFN rule, and a desire to obtain better access to foreign markets. A related point is that for a nation to negotiate, it is necessary that the gain from doing so be greater than the gain available from unilateral liberalization; reciprocal concessions intend to ensure that such gains will materialize.
3. Binding and enforceable commitments. The tariff commitments made by WTO member in multilateral trade negotiations and on accession are enumerated in a schedule (list) of concessions. These schedules establish "ceiling bindings" :a country can change its binding, but only after negotiating with its trading partners, which could mean compensating them for loss of trade. If satisfaction is not obtained, the complaining country may invoke the WTO dispute settlement procedures.
4. Transparency. The WTO members are required to publish their trade regulations, to maintain institutions allowing for the review of administrative decisions affecting trade, to respond to requests for information by other members, and to notify changes in trade policies to the WTO. These internal transparency requirements are supplemented and facilitated by periodic country-specific reports (trade policy reviews) through the policy Review Mechanism (TPRM). The WTO system tries also to improve predictability and stability, discouraging the use of quotas and other measures used to set limits on quantities of imports.
5. Safety Valves: In specific circumstances governments are able to restrict trade. There are three types of provisions in this direction: articles allowing for the use of trade measures to attain noneconomic objectives; articles aimed at ensuring "fair competition"; and provisions permitting intervention in trade for economic reasons. Exceptions to the MFN principle also allow for preferential treatment of developing countries, regional free trade areas and customs unions.

VOTING SYSTEM: The WTO operates on a one country, one vote system, but actual votes have never been taken. Decision-making is generally by consensus, and relative market size is the primary source of bargaining power. The advantage of consensus decision-making is that it encourages efforts to find the most widely acceptable decision. Main disadvantages include large time requirements and many rounds of negotiation to develop a consensus decision, and the tendency for final agreements to use ambiguous language on contentious points that make future interpretation of treaties difficult. In reality, WTO negotiations proceed not by consensus of all members, but by a process of informal negotiations among small groups of countries. Such negotiations are often called "Green Room" negotiations (after the colour of the WTO Director General's Office in Geneva), or "Mini-Ministerial", when they occur in other countries. These processes have been regularly criticized by many of the WTO's developing country members which are often totally excluded from the negotiations. Steinberg (2002) argues that although the WTO's consensus governance model provides law based initial bargaining, trading rounds close through power-based bargaining favouring Europe and the U.S and may not lead to pareto improvement.

DISPUTE SETTLEMENT: In 1994, the WTO members agreed on the understanding on Rules and Procedures Governing the Settlement of Disputes annexed to the "Final Act" signed in Marrakesh in 1994 (Stewart-Dawyer, 7). Dispute Settlement is regarded by the WTO as the central pillar of the multilateral trading system, and as a "unique contribution to the stability of the global economy" (Panitchpakdi, 8). WTO members have agreed that, if they belief fellow-members are violating trade rules, they will use the multilateral system of settling disputes instead of taking action unilaterally (Settling Disputes). The operation of the WTO dispute settlement process involves the DSB panels , the appellate Body, the WTO Secretariat, arbitrators, independent experts and several specialized institutions. (WTO bodies involved in the dispute settlement process). The WTO's Settlement Understanding (DSU) evolved out of the ineffective means used under the GATT for settling disagreements among members. Under the GATT, procedures for settling disputes were ineffective and time consuming since a single nation, including the nation whose actions were the subject of complaint, could effectively block or delay every stage of the dispute resolution process (Abels, 1996:503). It remains to be seen whether countries will comply with the new WTO dispute settlement mechanism, but thus far the process has met with relative success (The International Economic Study Centre, 2009).

The DSU was designed to deal with the complexity of reducing and eliminating non-tariff barriers to trade. A non-tariff trade barrier can be almost any government policy or regulation that has the effect of making it more difficult or costly for foreign competitors to do business in a country. In the early years of the GATT, most of the progress in reducing trade barriers focused on trade in goods and in reducing or eliminating the tariff levels on those goods. More recently, tariffs have been all but eliminated in a wide variety of sectors. This has meant that non-tariff trade barriers have become more important since, in the absence of tariffs, only such barriers significantly distort the overall pattern of trade liberalization. Frequently, such non-tariff trade barriers are the inadvertent consequence of well meaning attempts to regulate to ensure safety or protection for the environment, or other public policy goals. In other cases, countries have been suspected of deliberately creating such regulations under the guise of regulatory intent, but which have the effect of protecting domestic industries from open international competition, to the detriment of the international free-trade regime.

The WTO's strengthened dispute resolution mechanism was designed to have the authority to sort out this "fine line between national prerogatives and unacceptable trade restrictions" (Abels, 1996:491). Several of the supplemental agreements to the GATT created during the Uruguay Round, such as the SPS Agreement, sought to specify the conditions under which national regulations were permissible even if they had the effect of restraining trade. The United States, perhaps more than any other country, has found itself on both sides of this delicate balance. In 1988, it was the United States who pushed for strengthening the Dispute settlement provisions of the GATT during the Uruguay Round, in part because Congress was not convinced that, "the GATT, as it stood, could offer the United States an equitable balance of advantage. The concern was the formal concessions granted to U.S. exports going into other countries would be eroded by hidden barriers to trade. On the other hand, the United States harbors reservations in regards to its sovereignty, with much of the negative reaction to the WTO itself centered around the concern that U.S. laws and regulations may be reversed by the DSU panels or the Appellate Body. Critics argued that the WTO would "compel Congress and the States to abandon many health and environmental statement" if they were at odds with international trade rules. Particularly, these critics noted that the United States would not have a veto in the WTO and that each nation would have an equal say in the Dispute Settlement Body (DSB), which ultimately votes to adopt or reject panel reports. They further noted that the Appellate Body and the dispute settlement panels vote in secret, and that they could authorize nations to retaliate against violations of the trade agreements with unilateral sanctions. It was argued by some that the cumulative effect of WTO dispute panel decisions would be to erode the sovereignty of the United States.

ARBITRATION : Members may seek arbitration within the WTO as an alternative means of dispute settlement "to facilitate the solution of certain disputes that concern issues that are clearly defined by both parties." Those parties must reach mutual agreement to arbitration and the procedures to be followed. Agreed arbitration must be notified to all members prior to the beginning of the arbitration process. Third parties may become party to the arbitration "only upon the agreement of the parties that have agreed to have recourse to arbitration." The parties to the proceeding must agree to abide by the arbitration award. Arbitration awards shall be notified to the DSB and the Council or Committee of any relevant agreement where any member may raise any point relating there to (DS 60) and (Ds 26) among others.

U.S. Sovereignty and Dispute Settlement Mechanism: Two different concerns have been raised about how the WTO's DSU may erode U.S. sovereignty. The first is the concern that if the WTO panel finds that specific U.S. laws or regulations are inconsistent with what the United States has agreed to in international trade agreements, it can pressure the United States to change its practices. The second concern is that the DSU may constrain U.S. legal authority in imposing unilateral economic sanctions under section 301 of the U.S. Trade Act, designed to retaliate against foreign trade practices determined to be unfair (The International Economic Study Centre, 2009). As with the panel decisions under the GATT, the reports by panels or the Appellate Body under the WTO do not compel executive or legislative action under U.S. law. If a report by a panel or the Appellate Body requires the U.S. to amend federal law to be consistent with an Uruguay Round Agreement, the Congress is the only body with the authority to decide whether such amendments will be made. Reports do not grant federal agencies or state governments legal authority to modify their regulations or procedures or to cease to enforce any specific laws or regulations.

Two early dispute panel cases illustrate the ways in which the WTO panels have dealt with conflicts between U.S. laws and regulations and U.S. obligations under international trade agreement. They include a complaint by Costa Rica regarding restrictions on imports of cotton underwear and a complaint by Venezuela and Brazil regarding U.S. restrictions on gasoline imports.

The Cotton Underwear Case: In the cotton underwear case, the panel found the U.S. measure inconsistent with trade agreements. However, the U.S. measure was allowed to expire a little over a month after the panel report, as amended by the Appellate Body, was adopted, bringing the United States automatically into compliance with the decision. This suggests that the U.S. government was able to signal its willingness to abide by WTO panel ruling by choosing not to renew a regulation that was set to expire.

The Gasoline Case: A panel report dated January 29, 1996 found the U.S. Clean Air Acts (CAA) "Regulation of Fuels and Fuel Additives –Standards for Reformulated and Conventional Gasoline," to be inconsistent with Article111, section 4 of the GATT. The CAA creates two gasoline programs to keep pollution from gasoline combustion at or below 1990 levels and to reduce pollutants in metropolitan areas. The first program concerns reformulated gasoline for nine metropolitan areas and some additional areas requested, while the second programme covers conventional gasoline that can be sold in the rest of the United States. Venezuela and Brazil complained about the establishment of 1990 baseline level for conventional gasoline, which could be set by either the individual producer or the U.S. Environment Protection Agency (EPA). While domestic refiners had a choice of three possible methods of baseline establishment before the EPA set one, importers had only one possible method since importers had insufficient data to calculate a 1990 level using the first method, importers were forced to adopt a baseline level set by the EPA.

The United States appealed the ruling on February 21, 1996, stating that the discriminatory treatment of importers was justified under Article xx of the GATT as necessary "to protect human, animal or plant life for health," as well as conserve an exhaustible natural resource, clean air." The Appellate Body issued its report on April 29, 1996, upholding the DSB's findings. The U.S. gasoline regulations were found to violate international rules and lack qualification for exception under WTO natural resource conservation measures. Pursuant to the decision, the United States agreed with Venezuela, on December 3, 1996, to a fifteen-month phase-out of U.S regulations. The first WTO decision was a poignant one since many opponents of the WTO were concerned that democratically created environmental, health, and consumer safety laws could be undermined by trade bureaucrats in Geneva. WTO supporters in the United States and elsewhere touted the stricter enforcement mechanism as a tool that free-trading countries, the United States in particular, could use to break down protectionist trade barriers in other countries. Perhaps an example was made of the United States to show that Technical Barrier to Trade will be contested in all WTO member states, and that all members must relinquish some sovereignty in order to benefit from the free trading regime established by the WTO. Ultimately, though, WTO panels cannot change U.S. laws or regulations. Although the United States chose to change its regulation in response to the Gasoline case, it had other options. The U.S. government and its agencies retain the authority and the responsibility to take measures to protect the environment, public health, and safety. If these measures conflict with U.S. trade obligations, the United States can always choose to compensate its trading partners in other ways.

Accession and Membership: The process of becoming a WTO member is unique to each applicant country, and the terms of accession are dependent upon the country's stage of economic development and current trade regime (Accessions Summary). The process takes about five years, on average, but it can last more if the country is less than fully committed to the process or if political issues interfere (The shortest accession negotiation was that of the Kyrgyz Republic, while the longest was that of China (Farah, Five Years of China's WTO membership, 263 -304). Russia, having first applied to join GATT in 1993, is still in negotiations for membership. Recently, it secured a bilateral trade agreement with the EU and US (Accession; Russia Federation, World Trade Organization; Factsheet on U.S-Russia WTO Bilateral Market Access Agreement, Office of the United States Trade Representative; Russia – WTO; EU –Russia Deal Brings Russia a step Closer to WTO Membership, European Commission). Moldova and Georgia are the remaining two nations that Russia must make agreements with to enter the WTO (A Aslund, Russia's WTO accession; V. Novostei, USA Oks Russia's entry into WTO, Pravda, Ru). As is typical of WTO procedures, an offer of accession is only given once consensus is reached among interested parties (Michalopoulos, 64).

Accession Process: A country wishing to accede to the WTO submits an application to the General Council, and has to describe all aspects of its trade and economic policies that have a bearing on WTO agreements. (Membership, Alliances and Bureaucracy). The application is submitted to the WTO in a memorandum which is examined by a working party open to all interested WTO Members. After all necessary background information has been acquired, the working party focuses on issues of discrepancy between the WTO rules and the applicant's international and domestic trade policies and laws. The working party determines the terms and conditions of entry into the WTO for the applicant nation, and may consider transitional periods to allow countries some leeway in complying with the WTO rules. The final phase of accession involves bilateral negotiations between the applicant nations and other working party members regarding the concessions and commitments on tariff levels and market access for goods and services. The new members' commitments are to apply equally to all WTO members under normal non-discrimination rules, even though they are negotiated bilaterally.
When the bilateral talks conclude, the working party sends to the General Council or ministerial conference an accession package, which includes a summary of all the working party meetings, the protocol of Accession (a draft membership treaty), and lists ('Schedules") of the member - to - be's commitments. Once the General Council or Ministerial Conference approves of the terms of accession, the applicant's parliament must ratify the protocol of Accession before it can become a member.

Members and Observers: The WTO has 153 members (almost all of the 123 nations who participated in the Uruguay Round signed on at its foundation, and the rest had to get membership). The 27 States of the European Union are represented also as the European communities. WTO members do not have to be full sovereign nation-members. Instead, they must be a customs territory with full autonomy in the conduct of their external commercial relations. Thus Hong Kong (as "Hong Kong, China" since 1997) became a GATT contracting party, and the Republic of China (ROC) (commonly known as Taiwan, whose sovereignty has been disputed by People 's Republic of China (or PRC) acceded to the WTO in 2002 under the name of "Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei) (Jackson, 109). A number of non-members (30) are observers at WTO proceedings and are currently negotiating their membership. As observers, Iran, Iraq, and Russia are not yet members. Russia is the biggest economy outside WTO and after the completion of Russia accession, Iran would be the biggest economy outside the WTO "(Letter of Demand" Iran trade Law, 2005-05-26). With the exception of the Holy See, observers must start accession negotiations within five years of becoming observers. Some international intergovernmental organizations are also granted observer status to WTO bodies. 14 States and 2 territories so far have no official interaction with the WTO. Accession of Least Developed Countries: About 40 percent of current applicants for WTO accession are least developed countries (LDCs). Countries with this designation are considered to be the world's poorest and most underdeveloped based on a number of criteria. As part of broader efforts to address the concerns of developing countries in the context of work on the Doha Round, in December 2002, the WTO General Council formalized guidelines for a streamlined and accelerated accession process for LDCs, the General Council Decision of Accession of LDCs. Key points of this decision include;

* Automatic recourse to ":Special and Differential" rules in the WTO agreements;
* Restraint by members in seeking goods and services market access commitments;
* Account taken of the commitments of existing WTO LDC Members.
* Recourse to transitional arrangements foreseen in WTO Arrangements from the date of accession accompanied by action plans for compliance supported by technical assistance and capacity building measures; and
* Participation in plurilateral agreements (defined to include tariff sectoral agreements) is optional.

Under these guidelines, the accession process becomes a tool for economic development, incorporating the applicant's own development program and laying out an action plan for progressive implementation of WTO rules. The market access schedules and protocols of accession developed under these guidelines reflect the need to address realistically these countries real trade capacity deficiencies and the difficulties they face in achieving WTO accession objectives. Using the guidelines, WTO members, pledged to exercise restraint in seeking market concessions, and to agree to transitional arrangement to implementation of WTO Agreements. The guidelines provide more automaticity to use these flexibilities in accession negotiations, but they do not mandate a "one size fits all" template for commitments, thereby preserving the ability of WTO members to use the process to promote reform and build trade capacity in the applicant economic regimes while simplifying and streamlining the accession process.

The United States and other developed WTO Members have sought to support the transitional goals established in the accession process with LDCs with technical assistance to meet the benchmarks included in the protocol commitments. In this way, the accession process becomes a development tool and an opportunity to mainstream the gains from international trade in their development programmes, to build trade capacity, and to provide a better economic environment for investment and growth (office of the United States Trade Representative). WTO members are committed to making WTO accession more accessible to these applicants, and constantly monitor the status of the negotiations. An overview of the status of LDC accessions was recently produced by the WTO subcommittee on Least Developed Countries. The Countries include; Afganistan, Bhutan, Comoros, Equatorial Guinea, Ethiopia, Laos, Liberia, Somao, Sao Tome and Principe, Sudan, Vanuatu and Yemen.

AGREEMENTS: The WTO oversees about 60 different agreements which have the status of international legal texts. Member countries must sign and ratify all WTO agreements on accession. A discussion of some of the most important agreements follows. The Agreement on Agriculture (AoA) came into effect with the establishment of the WTO at the beginning of 1995. The AoA has three central concepts or "pillar": domestic support, market access and export subsidies. The General Agreement on Trade in Services was created to extend the Multilateral trading system to service sector, in the same way the General Agreements on Tariff and Trade (GATT) provides such a system for merchandise trade. The Agreement entered into force in January 1995. The Agreement on Trade-Related Aspects of Intellectual Property Rights sets down minimum standards for many forms of intellectual property (IP) regulation. It was negotiated at the end of the Uruguay Round of the General Agreements on Tariffs and Trade (GATT) in 1994.

The Agreement on the Application of Sanitary and Phytosanitary Measures –also known as the SPS Agreement was negotiated during the Uruguay Round of the GATT, and entered into force with the establishment of the WTO at the beginning of 1995. Under the SPS agreement, the WTO sets constraints on members' policies relating to food safety (bacterial inspection and labeling) as well as animal and plant health (imported pests and diseases). The Agreement on Technical Barriers to Trade is an international treaty of the WTO. It was negotiated during the Uruguay Round of the GATT, and entered into force with the establishment of the WTO at the end of 1994. The object ensures that technical negotiations and standards, as well as testing and certification procedures, do not create unnecessary obstacles to trade. The Agreement on customs Valuation formally known as the Agreement on Implementation of Articles VII of GATT, prescribes methods of customs valuation that members are to follow. Chiefly, it adopts the 'transaction value" approach.

CONCLUSION AND RECOMMENDATIONS.

Free trade achieved through the formation of regional trade blocs and operations of the World Trade Organization, enhances improved welfare of global citizens. Social, political and cultural hindrances that frustrate improved welfare are collectively reduced at the international area. More importantly, trade now constitutes a viable development strategy for both developed, developing and least developed countries alike. We therefore recommend that countries should participate in trade agreements both at the regional trade blocs, which prepares them for global participation, and in the World Trade Organization processes, which constitute the current globalization. As they do this, countries should look inwards to improve their policies that encourage productivity such as:

1. Skilled labour, good educational systems, and adequate technical training;

2. Agglomeration economies, including pools of expertise, webs of formal and informal interactions, trust, linkages, strategic alliances, trade associations, integrated networks of supplies and ancillary services;
3. A culture that rewards innovation; adaptation, experimentation, risk tolerance and entrepreneurship, this includes heavy levels of corporate and continual upgrading of capital and skills. Corporations moust engage in ongoing and organizational learning, anticipating changes in markets and demand; rigid corporate bureaucracies, like public ones, lead to complacency and short planning horizons;
4. Competitive markets at home; uncompetitive markets (i.e, private or public monopolies) exhibit little innovation. In the world economy today, increasing sophisticated buyers spur a constant upgrading in the quality of output.;
5. Adequate financing and venture capital ;
6. Public policies that encourage productivity growth, including subsidized research, export promotion, educational systems, and an up-to-date infrastructure;

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