

The new bilateralism in the Asia Pacific

JOHN RAVENHILL

ABSTRACT *For most of the past half-century, Western Pacific countries largely eschewed preferential trade agreements. Their preferred form of trade liberalisation was unilateral action on a non-discriminatory basis. In the past four years, however, more than 20 preferential schemes involving two or more Western Pacific countries have been put forward. The new interest in bilateralism is explained by: an increasing awareness of the weakness of existing regional institutions and initiatives; perceptions of positive demonstration effects from regional agreements elsewhere; and changing configurations of domestic economic interests. Contrary to arguments that emphasise a new sense of collective identity in East Asia post-crises, as many agreements have been proposed with prospective partners outside East Asia as with other East Asian countries. The agreements will have little impact on overall trade or economic growth because they typically involve countries that are relatively insignificant economic partners for one another. By exploiting ambiguities in WTO rules, however, they enable governments to exclude sensitive domestic sectors. This 'liberalisation without political pain' has potentially negative consequences for the domestic political economy equation.*

Regionalism in Asia (by itself or with the Pacific nations) would certainly be an important event but has yet to happen. Nor is it likely to happen soon ... discriminatory integration has not caught on there and is unlikely to do so. (Baldwin, 1997: 867, 884)

For most of the past half-century, Western Pacific countries largely eschewed preferential trade agreements (PTAs).¹ The principal victims of discriminatory regional arrangements elsewhere, most notably in Europe, and economies with unusually diversified export markets, their preferred form of trade liberalisation was unilateral action on a non-discriminatory basis, an approach adopted by the region's most comprehensive grouping, APEC, as its original *modus operandi*.² At the end of 2001 only China, Hong Kong, Japan, Korea, Mongolia and Taiwan among the World Trade Organization's (WTO) 144 member economies were not parties to a discriminatory trade agreement. By this date, however, all these countries were included in one or more proposals for bilateral or plurilateral PTAs. In the previous three years more than 20 such schemes involving Western Pacific countries had been put forward.³ Contrary to Richard Baldwin's prediction at the

John Ravenhill is in the Department of Politics, University of Edinburgh, Edinburgh EH8 9LL, UK. E-mail: j.ravenhill@ed.ac.uk.

head of this article, Western Pacific countries appeared poised to jump on the bandwagon of discriminatory trading. Why have Western Pacific countries apparently changed their approach to trade liberalisation? What are the likely effects of the proposed agreements? These are the principal questions that this article seeks to address.

The move to bilateralism

The pursuit of discriminatory trading agreements is arguably the most dramatic development in intergovernmental relations in the Western Pacific since the financial crises of 1997–98. Three sets of reasons explain the new interest in bilateralism: an increasing awareness of the weakness of existing regional institutions and initiatives; perceptions of positive demonstration effects from regional agreements in other parts of the world; and changing domestic economic interests.

The weakness of existing regional arrangements and slow progress in the WTO

The financial crises exposed the weaknesses of the major existing regional arrangements, APEC and ASEAN (Ravenhill, 2002; Webber, 2001). But why did governments not attempt to strengthen these existing institutions rather than adopt an approach to trade liberalisation that had previously been disparaged?

APEC's weaknesses stemmed from ongoing fundamental disagreements among members over both its principal objective (trade liberalisation versus trade facilitation/economic co-operation) and its *modus operandi* (unilateral non-discriminatory liberalisation versus negotiated preferential liberalisation). For some governments, especially its Western industrialised economies (and to some extent Singapore and Hong Kong), APEC had achieved too little and was moving too slowly towards realising its goal of free trade. For others, APEC was attempting too much, too quickly. In particular, its effort both to expedite the process of liberalisation by negotiating sectoral agreements and, thereby, to move beyond the agreements reached as part of the GATT's Uruguay Round had alienated some of its previously strongest supporters in East Asia, notably Japan and Korea, by posing a threat to sensitive domestic sectors. While APEC could hardly be blamed for the financial crises, its failure to go beyond endorsing the Manila Framework and IMF programmes for the region was seen by even its most enthusiastic supporters as a lost opportunity (Garnaut, 2000). None of its key members was satisfied with APEC's performance; moreover, they saw little prospect for significant improvement in the short to medium term. Consequently, they were unwilling to invest political or bureaucratic resources in attempting to revitalise the institution. That the most significant contribution that APEC has made in recent years to trade liberalisation has been to serve as a venue for members to announce bilateral preferential deals contains more than a little irony.⁴

In contrast to APEC's stagnation, member states did respond to the perceived ineffectiveness of ASEAN by attempting to strengthen the institution. They brought forward the deadline for the implementation of the ASEAN Free Trade Area

(AFTA), issued new comprehensive blueprints for the institution's future (the 1997 'ASEAN Vision 2020' and, more significantly, the 1998 Hanoi 'Plan of Action'), and attempted to increase its attractiveness to potential foreign investors.⁵ The crisis, however, coincided with the extension of ASEAN's membership, which eventually realised its founders' dream of an organisation that encompassed all the states of Southeast Asia. Such widening, especially given the low levels of development of the three new members, Cambodia, Laos and Burma, inevitably came at the expense of deepening the institution in the sense of promoting closer economic integration. ASEAN chose once again to give priority to the political over the economic. Meanwhile, the recalcitrance of some member states over implementation of their tariff-cutting obligations under AFTA further stimulated the interest of pro-liberalisation governments (most notably Singapore but also Thailand) in reaching trade agreements with partners outside ASEAN, an interest already kindled by the relatively low share of their trade conducted within the organisation.

Some observers have suggested that the new bilateralism was also encouraged by the failure of the Seattle ministerial meeting of the WTO and consequent pessimism about the prospects for a new round of global trade liberalisation. The timing, however, lends little support to such arguments. The Seattle ministerial was held at the beginning of December 1999. By then numerous proposals for bilateral agreements, including those between Japan and Korea, Japan and Mexico, Japan and Singapore, Korea and Chile, and Singapore and New Zealand, had already been made and, in some instances, negotiations begun. Several states continued their bilateral talks at the Auckland meeting of APEC in September 1999. The trend towards bilateralism was well under way before the 'fiasco in Seattle'.

The strongest case that can be made for the argument that breakdown in multi-lateral trade negotiations (MTN) prompted the new bilateralism in the Western Pacific is that some governments were anticipating that the next round of WTO negotiations would not soon produce positive results. APEC was clearly divided over some of the key issues on the WTO agenda, including liberalisation of agricultural trade, and the linking of environmental and labour standards and human rights issues to international rules on trade. The more complex nature of contemporary trade negotiations was seen as dealing less developed countries a stronger negotiating hand than they had enjoyed in the past; meanwhile, the tariffs of industrialised countries were now so low that they had little to offer by way of reciprocity for concessions on new areas of trade they demanded of the less developed.⁶ Such concerns may have contributed to perceptions that mini-lateral agreements would be easier to negotiate than a new global trade deal.

One other failed regional initiative was important in changing the attitude towards bilateralism of one of the GATT purists: the rejection at a ministerial meeting in October 2000 by the Indonesian and Malaysian governments of a proposed link between AFTA and the Australian–New Zealand Closer Economic Relations (CER) agreement. This linkage had been the Australian government's preferred means of pursuing closer economic integration with Southeast Asia. The failure of the talks convinced Australian officials that a multilateral agreement with ASEAN would not be possible in the foreseeable future and opened the

way for bilateral negotiations to begin with Singapore and Thailand (the two ASEAN governments most dismayed by the failure of the proposed linkage).⁷

Demonstration effects

Governments' interest in negotiating bilateral agreements was also stimulated by the perceived success of arrangements elsewhere (and by perceptions that the worst fears of GATT purists regarding the potentially deleterious effects of discriminatory arrangements on the global trading system had not been realised).

Japan's Ministry of Economy, Trade and Industry has provided the most comprehensive official assessment of the benefits of regionalism in other parts of the global economy. Drawing on econometric studies, the Ministry concluded that regionalism had brought a number of positive effects to participating countries, while any welfare loss caused to the rest of the world was minor. Preferential trade agreements had led to increased trade among their members, to a positive competition impact on domestic economies, and to faster economic growth; these effects had often been accompanied by a spurt in direct investment flows. Preferential trade arrangements had also sometimes led to widening participation and to deeper integration, the most obvious example being the EU, but such positive effects, the study noted, also applied to the South American Mercosur and to NAFTA. Moreover, the regional groupings had enhanced the role that their members were able to play in global trade negotiations. And the increasing share of intra-regional trade and investment in the total flows of East Asian economies reduced any likely negative welfare effects from trade diversion should preferential agreements be negotiated in the region (METI, 1999).

For governments previously reluctant to jump on the PTA bandwagon, the experience of regionalism in other parts of the world in the 1990s had provided some reassurance. Contrary to the alarmist scenarios popular at the beginning of the decade, the global economy had not fractured into warring trading blocs. Fortress Europe had not materialised. Overall, the trend towards liberalisation of trade throughout the global economy had been maintained.⁸ The 'defection' of the USA from multilateralism through its free trade agreements with Israel, Canada, and then through NAFTA made it unlikely that Washington could mount any credible opposition to East Asian countries who sought to negotiate similar preferential arrangements. Pro-liberalisation forces saw bilateral agreements as a means of sustaining the momentum towards freer trade and as foundations on which global agreements might subsequently build. They could act as a stepping-stone by gradually exposing protected sectors to international competition. And once the PTA bandwagon gathered pace, as it did in the 1990s, it created a dynamic of its own: governments jumped on board out of concern that they might miss out on something that could be advantaging their competitors. WTO purists had the consolation that they were merely following the lead of others rather than themselves initiating a trend of defection from multilateralism (Access Economics, 2001). Moreover, once the bandwagon was rolling, potential partners whose advances had been rejected might interpret abstention on 'theological' grounds by WTO purists as an unfriendly act.⁹

Critics of the new bilateralism suggested other, more cynical, reasons why

governments might rush to jump on the preferential trade bandwagon. Bhagwati *et al* (1998) proposed a 'CNN theory' of preferential agreements, their argument being that, whereas all the attention in global trade talks is focused on the major players, bilateral agreements afford leaders of smaller states their 15 minutes of fame. And they reiterated the argument others had previously developed, which pointed to the interests that bureaucrats might have in enhancing their careers through participating in meetings of regional trade forums (Hughes, 1991).

Changing configurations of domestic interests

So far, this discussion has followed the convention of much of the literature on international relations in general and on regionalism in particular by referring to states as if they are unitary actors. Until recently, such an approach appeared reasonable in studying Asia Pacific regionalism. As in other parts of the world, the origins of regional co-operation often lay primarily in the security concerns of states rather than in the economic interests of private sector actors. Moreover, states frequently appeared to be little constrained by domestic interests in their pursuit of regional agreements. Indeed, governments have often found it difficult to generate private sector involvement in the regional arrangements they negotiated.¹⁰ The supply of regionalism often exceeded the demand for it.

Yet much of the best work on the political economy of Southeast Asia in the past decade has highlighted the increased importance of business interests in policy making, and focused on divisions within domestic business communities on key foreign economic policy issues such as levels of protection (Robison, 1986; Hewison, 1989; Doner, 1991; MacIntyre, 1991; Doner & Ramsay, 1993).¹¹ Not only were business communities divided on many issues pertinent to regionalism but so too were bureaucracies. The focus of some of the literature on the financial crises and the resentment of Asian governments at Western responses in general and IMF conditionality in particular frequently obscured the welcome that some government agencies in crisis economies gave to this external intervention, which was seen as a significant boost for their pro-liberalisation agendas. In many countries in East Asia the struggle between pro- and anti-liberalisation forces within the state continues.

The increased interest of business groups in preferential trade agreements was stimulated by the growth of such arrangements elsewhere and by the start of schedules for their implementation.¹² Domestic business interests found themselves disadvantaged in markets where their competitors enjoyed preferential access. The clearest example of new expressions of business interest in the negotiation of PTAs again comes from Japan, where *Keidanren*, the Federation of Economic Organisations, became increasingly outspoken in support of such agreements in the late 1990s (Keidanren, 1999). It particularly voiced concern over access to the Mexican market, where US business enjoyed preferential treatment through NAFTA, as did EU business through the EU–Mexico Free Trade Agreement, whereas Japanese exporters faced average tariffs in excess of 16%. Moreover, tariff concessions available to some Japanese companies had been diminished by modifications to the *maquiladora* system that were demanded by the USA when NAFTA was negotiated. Japanese companies in Mexico were also

disadvantaged by high duties on components imported from Southeast Asia. These concerns were not confined to the Japanese private sector. In a similar vein, Korean car and tyre exporters complained that they were having difficulties competing in the Chilean market because of its free trade agreements with Mexico and Canada.

The overall value of trade affected in all cases may have been relatively small but was concentrated in particular sectors—and of sufficient consequence to those affected to prompt political action in support of government negotiation of a preferential trade agreement.¹³ And elements of panic appear to have affected some business communities, leading to expressions of concern disproportionate to any likely negative repercussions of exclusion from preferential arrangements.

Uneven participation: identity and interests

The large number of PTAs proposed by Western Pacific countries in the past four years is spread unevenly across the region. The distribution across states provides clues as to which factors have been important in determining governments' interest in these arrangements. The partners chosen for these arrangements cast doubt on arguments that emphasise the importance of a new sense of collective identity in explaining the development of post-crisis regionalism in East Asia. For as many agreements have been proposed with states outside East Asia as with East Asian (excluding Oceania) partners. The one instance in which identity issues arguably have been important is Malaysia's abstention from the new bilateralism, Prime Minister Mahathir's views that such ventures will inevitably weaken ASEAN being well known.

As Table 1 illustrates, it is the advanced industrialised economies of the region, plus the newly industrialising countries, that have led the way in promoting these arrangements. Thailand, discussed below, is the only participating country that does not fall into either of these categories. None of the 10 member states of ASEAN other than Singapore and Thailand has yet to enter into official negotiation of a preferential trade agreement outside of the ambitious proposal for a free trade agreement between ASEAN as a whole and China.

Why this particular distribution? That these arrangements are concentrated among the region's more developed economies is no accident. Countries must have something to offer their potential partners to be attractive partners in preferential trade arrangements. Generally the requirement is for a sizeable domestic market for goods and/or services. But such agreements also demand political capacity, required if potential partners are to be convinced of a state's capability to make credible commitments. Moreover, the technical complexity of trade negotiations for preferential arrangements, which involve, for instance, detailed rules of origin, necessitates a minimum level of bureaucratic capacity. Such considerations rule out many of ASEAN's less developed economies as viable candidates for these arrangements.

Some of the most active participants have been countries where a commitment to trade liberalisation has been relatively long established and is now largely uncontested within the state bureaucracy. The principal examples are Australia, New Zealand and Singapore. The latter has been the most energetic proponent of

TABLE 1
Participation of Western Pacific countries in negotiations on preferential trade agreements

	<i>Partners</i>	<i>Status of agreement mid-2002</i>
Australia	Korea	Proposed
	Singapore	Under negotiation
	Thailand	Under negotiation
	USA	Under negotiation
China	ASEAN	Under study
	Hong Kong	Proposed
	Macau	Proposed
Hong Kong	China	Proposed
	Macau	Proposed
	New Zealand	Under negotiation
Japan	Canada	Proposed
	Chile	Under study
	Korea	Under study
	Mexico	Study group reported
	Singapore	Agreement signed
	Thailand	Proposed
Korea	Australia	Under study
	Chile	Under negotiation
	Japan	Under study
	Mexico	Under negotiation
	New Zealand	Under study
	Thailand	Under study
	USA	Under study
New Zealand	Chile	Under study
	Hong Kong	Under negotiation
	Korea	Proposed
	Singapore	Agreement signed
	Thailand	Under study
	USA	Proposed
Singapore	Australia	Under negotiation
	Canada	Under negotiation
	EFTA	Agreement signed
	EU	Proposed (rejected by EU)
	India	Under negotiation
	Japan	Agreement signed
	Mexico	Under negotiation
	New Zealand	Agreement signed
	Taiwan	Under negotiation
	USA	Under negotiation
	Taiwan	Singapore
	USA	Proposed
Thailand	Australia	Under negotiation
	Japan	Proposed
	Korea	Under study
	New Zealand	Under study

Note: 'Proposed' refers to agreements that have been officially proposed with varying degrees of formality by one government to another (numerous other proposals have been made, primarily by business groups). Most proposals are then referred for study to either national think-tanks or to consultants and/or to joint working parties from the partners. Negotiations usually do not begin until governments have received these studies.

Source: Government websites and various newspapers.

all Western Pacific economies of preferential agreements. The reasons are not hard to decipher. Singapore has negligible tariff or non-tariff barriers on most merchandise imports. Providing duty free access to its market imposes few costs on domestic interests, whereas preferential access to others' markets holds out the potential for substantial gain for Singapore's manufacturing and services alike. With one of the most trade-dependent economies in the world, Singaporean governments have always been pre-occupied with security of access to export markets.¹⁴ Yet the very fact that its trade barriers are so low and its economy relatively small makes Singapore not an obvious partner for preferential trade arrangements. Two factors have offset this. First, the Singaporean government has been willing to enter into agreements that involve some degree of 'deeper' integration, ie that are WTO Plus. In particular, it has been willing to negotiate improved access to its services sector, some parts of which still enjoy significant protection. Second, because Singapore produces few 'sensitive' products (either agricultural or labour-intensive), a PTA with the island state is relatively unthreatening to domestic interests in potential partners. Moreover, the Singaporean government has shown a willingness to accept 'unequal' agreements, as in the case of the treaty with Japan, the Japan Singapore Economic Partnership Agreement (JSEPA), in which the few products it exports that caused domestic political sensitivities for its partner are excluded.

Under programmes of unilateral trade liberalisation Australia and New Zealand significantly reduced their tariff levels from the mid-1980s onwards. Both countries are somewhat reluctant converts to PTAs, having abandoned their WTO purist stance when it became clear that APEC was not going to advance trade liberalisation as rapidly as they had hoped. Both face domestic pressures, particularly from agricultural interests, to attempt to use preferential agreements to enhance access for exports that typically have not fared well under WTO negotiations.

Thailand, like Singapore, has aspirations to establish itself as a regional hub (in this instance for car manufacturing—cf Singapore's emphasis on services). Its interest in preferential trade agreements can be attributed in large part to its desire to send a signal to potential investors of its commitment to ongoing liberalisation. With Indonesia's continuing economic difficulties, Thailand has become ASEAN's single largest economy, with obvious attractions to potential partners. Hong Kong's situation is similar to that of Singapore as a low tariff economy, albeit one whose residual manufacturing sector and close integration with the mainland economy poses greater problems for potential partners. Taiwan, meanwhile, is pleased to find any country that is willing to contemplate an international trade agreement with it in the light of Beijing's expressions of hostility to such arrangements.

From a political economy perspective, the proposals involving Japan and Korea are arguably the most interesting because in both countries protectionist forces remain entrenched in domestically orientated ministries. Opposition to liberalisation in the forestry and fisheries sectors had wrecked APEC's Early Voluntary Sectoral Liberalisation programme, for which the Japanese government received the blame, although the Korean government was happy to shelter behind Japan's veto of the proposals. Both governments had indicated that they

were unwilling in regional agreements to go beyond the liberalisation commitments for sensitive sectors they had made in the Uruguay Round of GATT negotiations. Governments faced conflicting pressures from pro-liberalisation, outward-orientated ministries and their protectionist domestically orientated counterparts. Preferential trade agreements offered an opportunity to reconcile the apparently irreconcilable.

Liberalization without political pain: A new political economy of PTAs

For pro-liberalisation forces, negotiation of bilateral free trade agreements offered the potential of establishing a wedge, a foot in the door, against domestic protectionist interests. Japan's Ministry of International Trade and Industry, which in the 1980s had become a significant advocate of trade liberalisation, first made the case in its 1999 White Paper on International Trade for the potentially positive impact that regional trade agreements could have on domestic competitiveness. It elaborated this argument in the following year in its call for the Japanese government to adopt a new, 'multi-layered' approach to trade policy: 'regional integration and economic structural reform', it argued, 'must be pursued as mutually complementary elements'.¹⁵ Preferential trade agreements could not only help to sustain the momentum of trade liberalisation at a time when the WTO was floundering but could also contribute to a revitalisation of the stagnant Japanese economy.

Bilateral trade agreements, on the other hand, offered protectionist interests an opportunity to maximise their political leverage in their efforts to avoid painful domestic adjustment. In bilateral agreements the external pressures to which the domestic government is subjected come only from one other party and thus are substantially weaker than those to which it would be exposed in multilateral trade negotiations.¹⁶ And Japan would be by far the larger of the two economies in any bilateral agreement, affording an opportunity for it to impose an unequal agreement on its partners (a consideration that held some relevance for Korea, also, as the world's 13th largest market for imports).

Governments have exploited the lack of a definitive WTO interpretation of the requirements that preferential trade agreements must meet if they are to be recognised as compatible with members' obligations. GATT Article XXIV.8 defines the meaning of 'customs union' and 'free-trade area'. One requirement is that the parties 'eliminate duties and other restrictive regulations of commerce with respect to substantially all the trade between the constituent territories in products originating in such territories'. Neither GATT nor its successor, the WTO, has been able to agree on what is meant by 'substantially all trade'. Some parties have interpreted it as a requirement that a specific percentage of total trade be covered. The Japanese government, for instance, suggests that it implies both a quantitative and a qualitative element—the elimination of tariffs in respect of more than 90% of trade volume and that no specific sector is excluded from the agreement (METI, 2002a). Others have pointed out, however, that the 90% interpretation should also take account of the dynamic effects of any agreement, and of potential as well as actual trade, and note that existing restrictions may have had a negative impact on the development of trade in some sectors.¹⁷ The issue

remains unresolved and is on the agenda of the current round of WTO negotiations. In large part because of members' inability to reach agreement on interpretation of Article XXIV.8, the WTO's Committee on Regional Trade Agreements has been unable to reach a conclusion on whether any of the multitude of agreements sent to it for evaluation conforms with the treaty requirements.¹⁸

The European Union set a precedent for excluding sensitive sectors from bilateral agreements by excluding most agricultural products from its PTAs with Mexico and South Africa. These precedents were seized upon by *Keidanren* in its lobbying for Japanese negotiation of PTAs. Whereas, the Federation argued, it was desirable 'to liberalize as much trade as possible', the WTO requirement that such agreements should cover 'substantially all trade' among the participants provided an opening to omit 'sensitive' items from the liberalisation schedule, thereby minimising the domestic political costs of the new regionalism (Keidanren, 2000). And this is precisely what the Japanese government did in its negotiation of the JSEPA: the few products in the ultra-sensitive agricultural sector that Singapore exported to Japan, principally cut flowers and goldfish, were excluded from the liberalisation provisions. Korea has subsequently signalled that it will not expose its agricultural sector to additional competition from Mexico and Chile by lowering barriers as part of preferential agreements. And the Taiwanese government is reported to have sought to exclude 800 products, mainly textiles and clothing, from its proposed free trade agreement with Singapore to protect its domestic textiles industry.¹⁹

Article XXIV.8 provides a means by which the circle can be squared: a pro-liberalisation agreement that avoids imposing adjustment costs on the least efficient domestic sectors; a liberalisation without political pain. Such an approach essentially returns to the logic underlying APEC's original *modus operandi*: that governments voluntarily and unilaterally should choose which sectors they wished to expose to international competition and not be forced by their partners to undertake liberalisation that imposes domestic political costs.

Another element of domestic protection afforded by the new bilateralism comes from the need for free trade agreements to include rules of origin to ensure that a partner's exports are locally generated products. The protective effect of rules of origin is well known to students of the EU's partnership agreements; they have been used for many years to afford European industry an advantage over third parties (Ravenhill, 1985). Special provisions in rules of origin for outward processing of inputs can increase the advantages they confer on domestic industries. In recent years, economists have demonstrated the very substantial distortionary impact of rules of origin in free trade agreements, and their role in increasing trade diversion effects (Krishna & Krueger, 1995; Krueger 1997). As an illustration of the protective potential afforded by rules of origin consider the Japan–Singapore Economic Partnership Agreement. The text of the JSEPA has a total of 360 pages: the first 80 are the clauses of the agreement; the second 80 identify products for which Japan either will or will not eliminate tariffs, and the remaining 200 pages constitute product-specific rules of origin, whose inclusion was insisted upon by the Japanese government.

The effects of the new bilateralism

This section reviews five dimensions of the possible effects of the new preferential trade agreements: on the economies of the participants; on the economies of non-participants; on the political economies of the participants; on regional institutions and on the global trading system.

Economic effects on participant economies

A striking characteristic of the new preferential arrangements is that they involve countries that are relatively insignificant trading partners for one another (with the exception of Japan and the proposed arrangements with the USA, none of which has yet come to fruition). Table 2 lists the share of proposed partners in the total exports of various Western Pacific countries.

Many of the arrangements involve countries that account for less than 5% of one another's exports: close to one-third of the proposals involve parties that constitute markets for less than 1% of total exports.

The likely welfare effects on the participants, consequently, are in most instances very small, and inevitably smaller than those that would result from global or APEC-wide liberalisation.²⁰ The estimation of such effects is an inexact science and often relies on 'guesstimates' of the elasticity of demand for various products, is subject to difficulties in adjusting models to allow for imperfect competition and trade in differentiated products, and relies on faith that the implementation of the agreements will be 'clean', that is, that tariffs will not be replaced by other forms of administered protection. All econometric studies of the proposed arrangements have pointed, however, to very small gains at best for participants. Scollay and Gilbert estimate that the welfare effects of a Japan-Korea free trade agreement will actually be mildly negative for Korea (Scollay & Gilbert, 2001). Other studies found that an agreement would provide only a minor stimulus for Korean exports: Korea's trade balance would deteriorate and output from its heavy and chemical industries would decline. Japan would gain more from a bilateral agreement because of the current barriers its exports face in Korea, but the growth of overall Japanese exports would be small.²¹ In the case of another significant economic partnership, that between Korea and the USA, a study by the US International Trade Commission concluded that the effect of a free trade agreement would be to raise US GDP by only 0.2%, and that of Korea by 0.7%, still a relatively small figure in the context of annual average growth rates of the Korean economy (US International Trade Commission, 2001).

The estimated effects of other agreements are even smaller. A study of the likely effects of a free trade agreement between Australia and Singapore predicted that it would increase Australian exports by a mere A\$70 million (US\$37 million).²² The agreement between Singapore and the European Free Trade Association (EFTA) is projected to reduce the tariff revenue from Singaporean exports by a mere \$1 million per year.²³ Even allowing for the likelihood that econometric models may not fully capture the dynamic effects of liberalisation, the results of the new PTAs are likely to be paltry.

TABLE 2
Percentage share of PTA partners in countries' total exports (2000)

<i>Country</i>	<i>Partner</i>	<i>Percentage of total</i>
Australia	Korea	7.9
	Singapore	5.6
	Thailand	1.9
	USA	10.3
Japan	Canada	1.7
	Chile	0.2
	Korea	6.9
	Mexico	1.2
	Singapore	4.7
	Thailand	1.2
Korea	Australia	1.6
	Chile	0.4
	Japan	12.5
	Mexico	1.5
	New Zealand	0.2
	Thailand	0.03
	USA	23.0
New Zealand	Chile	0.3
	Hong Kong	2.8
	Korea	4.5
	Singapore	1.8
	Thailand	1.2
	USA	15.1
Singapore	Australia	2.5
	Canada	0.4
	EFTA	0.5
	EU	14.1
	India	2.2
	Japan	8.0
	Mexico	0.6
	New Zealand	0.3
	Taiwan	na
	USA	18.4
Thailand	Australia	2.5
	Japan	15.6
	Korea	1.9
	New Zealand	0.3

Note: Figures in bold for agreements already signed.

Source: Calculated from IMF, *Direction of Trade* statistics.

Economic effects on non-participants

The comforting counterpart for non-participants from projections that the proposed PTAs will generate few significant gains for signatories is that they themselves will suffer at worst only small losses from these agreements. The various econometric studies suggest that the aggregate welfare losses the PTAs would impose on the rest of the world will be minimal.²⁴

Such complacent conclusions, however, may hide more significant losses for individual countries and/or industrial sectors. In multilateral trade negotiations, less developed economies have been able to some extent to free ride on the agreements between the big players, the 'principal suppliers' in GATT/WTO terminology. Their exports have benefited from these agreements courtesy of the most-favoured-nation provision. To be sure, LDCs have consistently complained that many exports of most interest to them have not featured in MTNs to the extent of those produced primarily by industrialised economies, simply because of the latter's lack of interest in promoting liberalisation of trade in these products. In the rush to bilateralism, however, the weaker economies may miss out altogether, for the reasons discussed above. While tariffs world-wide have come down in the past 15 years, islands of significant protection remain. A study undertaken by the economist William James for the US Agency for International Development notes, for instance, that, if Korea signs preferential trade agreements with partners such as Mexico, Japan or Thailand, textile exporters in Indonesia would be placed at a competitive disadvantage because they will face tariffs of 15% to 18% (USAID, 2001).

For weaker countries, the great advantage of rules-based multilateralism is that it reduces the significance of power in international economic relations. And the most-favoured-nation principle largely removes political considerations from the granting of tariff concessions among WTO members. Bilateralism, however, potentially brings power asymmetries back to centre stage. Weaker parties may perceive themselves obliged to accept an unequal agreement, as appears to have happened to Singapore in the JSEPA. Political factors can also enter the equation in the choice of partners. Some countries face the risk of exclusion because of such considerations. In the Western Pacific, Taiwan is the most obvious example. Not only has Taiwan been excluded from the ASEAN Plus Three dialogue but Beijing has warned other governments against negotiating bilateral trade agreements with Taipei (*People's Daily*, 2002).

Effects on domestic political economies

A principal advantage for trade liberalisation of multi-sector multilateral trade negotiations where reciprocity is required is that they tend to maximise the external pressure on governments to open up protected sectors. Moreover, given the potential access they may afford to new markets, they are the most effective means of energising exporters in a pro-liberalisation coalition to counter domestic protectionist interests. Rather than boosting pro-liberalisation forces in the domestic political economy, bilateral preferential trade agreements may have the opposite effect.

First, they reduce the weight of external pressures on governments to engage in reciprocal liberalisation. Second, selective liberalisation, taking advantage of the lack of specificity of GATT's Article XXIV.8 to achieve 'liberalisation without political pain' can give exporters their desired access to markets while enabling protection for sensitive domestic sectors to continue. The possible result will be that exporting industries will lose the incentive to push for further trade liberalisation.²⁵ Given the relatively small markets that are involved in many of the PTAS

currently under study or negotiation, such a scenario might seem unrealistic. But any significant extension of bilateral arrangements will make it substantially less so. Consider Mexico, for example, which provides the current extreme outlier. A pioneer in negotiating preferential trade agreements, Mexico is now party to 32 such agreements with partners that collectively account for more than 60% of global GDP. The incentive for Mexican exporters to expend resources in lobbying for global liberalisation has been substantially reduced.²⁶

Effects on Existing Regional Institutions and the Global Trading System

In principle, 'subregional' agreements can be made compatible with existing regional arrangements. Various suggestions have been put forward whereby, for instance, preferential trade arrangements might be reconciled with APEC's principles of open regionalism.²⁷ In reality, the record to date in the Western Pacific is that the new bilateralism (excluding the long-established Australia–New Zealand CER agreement) has not been compatible with APEC's non-discriminatory approach. This reflects not just the terms of the agreements themselves but also the diversion of leadership and bureaucratic resources that has occurred in their negotiation and implementation. With most foreign affairs bureaucracies severely stretched, allocation of resources is inevitably a zero-sum game. The correlation between the lack of supply of leadership to APEC since 1998 and the growth of bilateralism is surely no coincidence.

The incompatibility of different rules of origin across various bilateral and regional agreements can cause difficulties for countries not party to the bilateral preferential arrangements. But it is the political signal that negotiation of a bilateral agreement with extra-regional partners can send to other members of regional institutions that holds the most potential for friction. For instance, Singapore's pursuit of bilateral preferential arrangements outside ASEAN has caused considerable resentment among some of its regional partners, the most outspoken of which has been the Malaysian government (which demanded that any ASEAN state should seek approval from other members before pursuing bilateral agreements with extra-regional states).²⁸

The impact of preferential arrangements on the global system remains the most hotly contested topic in the economics literature on regionalism. As noted above, the failure of worst-case scenarios of global fragmentation to be realised in the 1990s, coupled with the small magnitude of the welfare losses that regional arrangements were calculated to have generated, produced upbeat evaluations of the issue. Optimists point to the fact that many of the new preferential agreements are 'WTP Plus', extending external discipline into new areas of economic policy and thereby providing a model for new global agreements. The new bilateralism, however, provides additional reasons for concern. With the proliferation of negotiations, the problem of diversion of leadership and bureaucratic resources has intensified. Potentially far more serious, however, is the 'liberalisation without political pain' that the new bilateralism offers. Not only does this development have an adverse impact on the domestic political economy equation but it also provides governments with a more politically attractive path to negotiate partial trade liberalisation.

Conclusion

How does the new bilateralism in the Western Pacific relate to prevalent explanations for the growth of regionalism, and what is the future of such arrangements?

In recent years, two explanations for the growth of preferential trade arrangements have become popular. Richard Baldwin (1997), focusing on the proliferation of arrangements between the EU and its neighbours, has proposed a 'domino' theory of regionalism, suggesting that the principal motivation for less developed countries in entering these agreements is to seek inclusion to ensure parity in terms of access to markets and to foreign investment. Existing regional arrangements cause trade and investment diversion, which outsiders seek to overcome by reaching their own agreements with the regional partnership. Because the existing regional agreements lower the profits of exporters in the excluded countries, they have an incentive to invest in political activity in favour of their own governments joining the arrangement. Enlargement of the regional agreement in turn increases the costs of non-membership and encourages other countries to apply. Within countries, membership in the agreement increases exports, enhancing the influence of pro-liberalisation elements, and reduces the economic and political significance of inefficient domestically orientated sectors. The new regionalism therefore has a benign effect on the trend towards liberalisation in the global trading system.

Ethier (1998, 2000) proposes an alternative explanation: that the new regionalism 'typically involves reform-minded small countries "purchasing," with moderate trade concessions, links with a large, neighbouring country that involve "deep" integration but confer minor trade advantages'. The principal motivation of the reforming countries is to increase their attractiveness in the competition for foreign investment. Regional agreements are important in enhancing the credibility of domestic reforms by 'locking them in' because regional partners are more likely to punish deviation from agreements than is the WTO. Again, the conclusion is that the overall effects of the new regionalism on the global trade system will be benign because PTAs help sustain pro-liberalisation reforms.

To what extent does the new bilateralism in the Western Pacific correspond to these explanations? Proposals for free trade agreements with the USA, so far unconsummated in large part because of the denial by Congress before mid-2002 of fast track trade authority to the president, fit one or both explanations. They embrace attempts by countries excluded from the North American market to gain access on equal terms to NAFTA members and, on the part of smaller, reform orientated economies like Thailand, they promote efforts to be perceived as attractive hosts to potential foreign investors.

Some other arrangements, notably those involving Japan and Korea, appear to have different motivations and have domestic and international repercussions that are far less benign. Rather than signalling that they are locking in reforms, agreements that cordon off inefficient domestically orientated sectors from liberalisation signal that these governments are determined that they will not go beyond the provisions negotiated for such sectors in the Uruguay Round. Gains may be achieved for export-orientated sectors and the agreements may be WTO Plus in

extending into new areas of services or intellectual property protection but the overall effect on the domestic political economy balance may be to strengthen anti-liberalisation forces. And by offering an alternative to the political pain caused by MTNs, their impact on the global trade system may be far from benign.

How much of a danger do such distortional agreements pose? The answer is that it is probably too early to tell. Several factors that will inhibit the spread of such agreements can be identified, however. They require a partner country to be willing to acquiesce in an arrangement that excludes items of interest to its exporters. While bilateral power asymmetries will inevitably come into play as in the Japan–Singapore and EU–Mexico cases, and significant potential exists for domestic political conflict in partner countries between sectors that will benefit from an agreement and those excluded, the evidence to date suggests that partial agreements will encounter significant resistance. Australia and New Zealand have both announced that the idea of a free trade agreement with Japan is premature, given the unwillingness of Tokyo to contemplate significant liberalisation of its agricultural sector. Mexico and Chile too have been insistent on the inclusion of some agricultural products in their agreements with Japan and Korea, a reason why these proposals, launched at the same time as that for a Japan–Singapore agreement, remain stalled at the study group level.²⁹

Moreover, elements within the Japanese government appear concerned at how far the lack of specificity of Article XXIV.8 can or should be exploited. Exclusion of agricultural products from its agreement with Singapore was relatively inconsequential where only a tiny fraction of overall trade was concerned. It may have breached the qualitative dimension of the ‘substantially all trade provision’, ie that no sector be excluded, but fell far short of contravening the quantitative, ie 90% of total trade, dimension. Exclusion of agricultural products from agreements with other Southeast Asian or Oceanic countries would be far more problematic, however. Agricultural goods constituted a quarter of Australia’s total exports to Japan in 1999, more than half of New Zealand’s, and a third of Thailand’s.³⁰ Although some of these products do not compete with domestic agriculture in Japan, enough do to cause severe problems with Article XXIV.8 compliance. A realisation of these difficulties coupled with an unwillingness to confront domestic protectionist interests caused Prime Minister Koizumi, on his tour of Southeast Asia in January 2002, to declare that, while his government was interested in an enhanced economic partnership with the region, free trade agreements would not be possible until these economies ‘matured’. That may be some comfort for those who fear the consequences for the global trade system of further exploitation of the ‘liberalisation without political pain’ path.

Notes

¹ The significant exceptions were the Australia–New Zealand Closer Economic Relations (CER) Trade Agreement, concluded in 1983, and ASEAN’s Preferential Trade Arrangements initiated in 1977 (superseded by the ASEAN Free Trade Area, AFTA).

² In Aggarwal’s (1995) terminology, these countries were ‘GATT purists’.

³ Dent (2003) provides a comprehensive mapping of the proposed arrangements.

⁴ For further discussion of APEC’s problems see Ravenhill (2001) and Aggarwal (2002).

- ⁵ See the article by Helen Nesadurai in this issue.
- ⁶ See, for instance, the comments of Japan's Ministry of Economy, Trade and Industry (METI, 2000), which also pointed to the growing role of anti-globalisation NGOs as an obstacle to successful MTNs.
- ⁷ The New Zealand government, another trade liberalisation advocate, had already entered into negotiations for a bilateral agreement with Singapore.
- ⁸ As concluded by a major World Bank study (World Bank, 2000).
- ⁹ As a report commissioned by the Australian government on the possible effects of a free trade agreement with Singapore noted: 'Not proceeding with an FTA with Singapore could reinforce some views in the region that we are not interested in practical engagement ... foreign policy does not always hinge on reality. Perceptions matter' (Access Economics, 2001: 45).
- ¹⁰ For discussion of the lack of interest of private sector actors in APEC see Ravenhill (2001).
- ¹¹ Jayasuriya and Rosser (2001) and Stubbs (2000) are rare examples of authors who have examined the link between changing domestic economic interests and states' enthusiasm for regionalism.
- ¹² Democratisation in some countries (see Acharya in this issue) may have provided business with increased opportunities to influence foreign economic policies—not least where business became the primary source of funding for what were often very expensive election campaigns.
- ¹³ Wall (2001) estimates that the value of Japan's exports to Mexico was 19% lower than they would have been in the absence of NAFTA and Mexico's preferential agreement with the EU.
- ¹⁴ For further discussion see Dent (2001) and Rajan & Sen (2002).
- ¹⁵ As part of a ministerial restructuring in 2000, the Ministry of International Trade and Industry was re-named the Ministry of Economy, Trade, and Industry (METI, 1999; 2002a). Pages in the online English language version of this report are not numbered: the quote appears in Chapter Two.
- ¹⁶ Direct pressures, that is. In the case of the JSEPA, the US government and others had lobbied the government of Singapore not to accept Japan's demand that sensitive sectors be excluded from the agreement.
- ¹⁷ For instance, Commission of the European Union, 'Commission staff working paper concerning the establishment of an inter-regional association between the European Union and Mercosur', Commission of the European Union DG Trade, nd, http://europa.eu.int/comm/external_relations/mercotur/bacground_doc/work_paper0.htm, part 5, accessed 7 July 2002.
- ¹⁸ More than 100 regional trade agreements were notified to the WTO between 1995 and the end of 2001.
- ¹⁹ 'Some 800 items on Taiwan protected list in FTA with Singapore: report', Agence France Presse, 21 April 2002, at <http://asia.news.yahoo.com/020421/afp/020421050556singapore.html>.
- ²⁰ Such effects of course go beyond the stimulation of exports to include the benefits of efficiencies flowing from increased competition in domestic economies. But if overall trade volumes are small, such beneficial competitive effects will be limited—and may be further restricted by incomplete product coverage. Moreover, a substantial portion of exports may already enter partners' markets at zero or negligible tariffs.
- ²¹ These negative results for Korea were also projected by the 'official' joint study of Sohn & Yoon (2001), conducted by the Korea Institute of International Economic Policy and Japan's Institute of Developing Economies. Studies reported in Castellano (1999) suggest that the overall growth in trade resulting from a Japan-Korea Free Trade Area would be less than 2%. See also *Korea Herald* (2002). Results are heavily dependent on the assumptions underlying the models. For a review of various studies on the proposed Japan-Korea FTA and a more positive assessment of likely outcomes see Cheong (2002).
- ²² Access Economics (2001).
- ²³ 'Singapore signs trade pact with EFTA', *Business Times Online*, 27 June 2002, at <http://business-times.asia1.com.sg/news/story/0,2276,49533,00.html>
- ²⁴ Soloaga & Winters (1999) in a comprehensive study of existing regional arrangements reach similar conclusions about their effects on non-participants.
- ²⁵ The danger to pro-liberalisation coalitions is equivalent to that when sectoral liberalisation agreements are negotiated. See Aggarwal & Ravenhill (2001).
- ²⁶ The intuitive argument that preferential agreements may cause some actors to lose interest in multi-lateral agreements finds theoretical support in Grossman & Helpman (1995) and Levy (1997).
- ²⁷ The APEC Eminent Persons Group in its third report (APEC, 1995) suggested the following principles whereby subregional arrangements could be reconciled with APEC:
- the maximum possible extent of unilateral liberalisation;
 - a firm commitment to reduce barriers to APEC economies that are non-members of the SRTA as well as within the SRTA itself;
 - an offer by each SRTA to extend the benefits of its SRTA liberalisation to all other APEC members on a reciprocal basis; and
 - recognition that any individual SRTA member can unilaterally extend its SRTA liberalisation on an unconditional basis to all other APEC economies (and, under the rules of the WTO, to all other members of the WTO as well), or on a conditional basis to one or several other APEC economies.
- See also Elek (2000).

- ²⁸ For further discussion see Dent (2002).
- ²⁹ The report of the study group on the proposed Japan–Mexico agreement reports that ‘the Mexican side expressed its view that certain agricultural liberalization is indispensable in the final package of a possible FTA, explaining that Mexican agriculture is also sensitive, and that Mexican agricultural products will not constitute a threat to the Japanese agricultural sector’ (METI, 2002b).
- ³⁰ Calculated from UN Standard International Trade Classification data.

References

- Access Economics (2001) The costs and benefits of a free trade agreement with Singapore, at http://www.dfat.gov.au/trade/negotiations/aussing_fta_cost_benefit_study.pdf p. ii.
- Aggarwal, VK (1995) Comparing regional cooperation efforts in the Asia-Pacific and North America, in: A Mack & J Ravenhill (eds), *Pacific Cooperation: Building Economic and Security Regimes in the Asia-Pacific Region*, pp 40–65 (Boulder, CO: Westview Press).
- Aggarwal, VK (2002) APEC and trade liberalization after Seattle: transregionalism without a cause?, in: M Weber (ed), *Reforming Economic Systems in Asia: A Comparative Analysis of China, Japan, South Korea, Malaysia, and Thailand*, pp 149–178 (Cheltenham: Edward Elgar).
- Aggarwal, VK & Ravenhill, J (2001) Undermining the WTO: the case against ‘open sectoralism’, *Asia Pacific Issues*, 50.
- APEC (1995) *Implementing the APEC Vision, Third Report of the Eminent Persons Group* (Singapore, APEC Secretariat).
- Baldwin, RE (1997) The causes of regionalism, *World Economy*, 20 (7), pp 865–888.
- Bhagwati, J, Greenaway, D & Panagariya, A (1998) Trading preferentially: theory and practice, *Economic Journal*, 108 (449), pp 1128–1148.
- Castellano, M (1999) Japan, Northeast Asia and free trade: coming together at last?, *Japan Economic Institute Report*, 47.
- Cheong, I (2002) A Korea–Japan FTA: is Korea losing?, paper presented at the 5th Annual Conference on Global Economic Analysis, Taipei, June, accessed at <http://www.gtap.agecon.purdue.edu/resources/download/1142.pdf>.
- Dent, CM (2001) Singapore’s foreign economic policy: the pursuit of economic security, *Contemporary Southeast Asia*, 23 (1), pp 1–23.
- Dent, CM (2002) Reconciling multiple economic multilateralisms: the case of Singapore, *Contemporary Southeast Asia*, 24 (1), pp 146–165.
- Dent, CM (2003) Networking the region? The emergence and impact of Asia-Pacific bilateral free trade agreements, *Pacific Review*, 16 (1), forthcoming.
- Doner, RF (1991) *Driving a Bargain: Automobile Industrialization and Japanese Firms in Southeast Asia* (Berkeley, CA: University of California Press).
- Doner, RF & Ramsay, A (1993) Postimperialism and development in Thailand, *World Development*, 21 (5), pp 691–704.
- Elek, AL (2000) Subregional trading arrangements among APEC economies: managing diversity in the Asia Pacific, *Pacific Economic Papers* 309 (Canberra: Australia–Japan Research Centre).
- Ethier, WJ (1998) The new regionalism, *Economic Journal*, 108 (449), pp 1149–1161.
- Ethier, WJ (2000) The new regionalism in the Americas, *North American Journal of Economics and Finance*, 12, p 162.
- Garnaut, R (2000) Introduction. APEC ideas and reality: history and prospects, in: I Yamazawa (ed), *Asia Pacific Economic Cooperation (APEC)*, pp 1–18 (London, Routledge).
- Grossman, GM & Helpman, E (1995) The politics of free trade agreements, *American Economic Review*, 85 (4), pp 667–690.
- Hewison, K (1989) *Bankers and Bureaucrats: Capital and the Role of the State in Thailand* (New Haven, CT: Yale University Southeast Asia Studies).
- Hughes, H (1991) Does APEC make sense?, *ASEAN Economic Bulletin*, 8 (2), pp 125–136.
- Jayasuriya, K & Rosser, A (2001) Economic crisis and the political economy of economic liberalisation in South-East Asia, in: G Rodan *et al* (eds), *The Political Economy of South-East Asia: Conflicts, Crises and Change*, pp 233–258 (Melbourne: Oxford University Press).
- Keidanren (1999) Challenges for the upcoming WTO negotiations and agendas for future Japanese trade policy, at <http://www.keidanren.or.jp/english/policy/pol1102/proposal.html>, accessed 5 November 2001.
- Keidanren (2000) Urgent call for active promotion of free trade agreement—toward a new dimension in trade policy, at <http://www.keidanren.or.jp/english/policy/2000/033/proposal.html>, accessed 5 November 2001.
- Korea Herald* (2002) FTA with Japan seen battering key industries, 28 February, at http://www.korea Herald.co.kr/SITE/data/html_dir/2002/02/28/200202280038.asp.

- Krishna, K & Krueger, AO (1995) Implementing free trade areas: rules of origin and hidden protection, in: A Deardorff, J Levinsohn & R Stern (eds), *New Directions in Trade Theory*, pp 149–187 (Ann Arbor, MI: University of Michigan Press).
- Krueger, AO (1997) Free trade areas versus customs unions, *Journal of Development Economics*, 54 (1), pp 169–187.
- Levy, PI (1997) A political-economic analysis of free-trade agreements, *American Economic Review*, 87 (4), pp 506–519.
- MacIntyre, A (1991) *Business and Politics in Indonesia* (Sydney: Allen and Unwin).
- METI (1999) *White Paper on International Trade 1999* (Tokyo: Ministry of Economy, Trade and Industry), at <http://www.meti.go.jp/english/report/data/gWP1999e.html>, accessed 24 February 2000.
- METI (2000) *The Economic Foundations of Japanese Trade Policy—Promoting a Multi-Layered Trade Policy* (Tokyo: Ministry of Economy, Trade and Industry).
- METI (2002a) The Agreement between Japan and the Republic of Singapore for a New-Age Economic Partnership (the JSEPA), Ministry of Economy, Trade and Industry, at <http://www.meti.go.jp/english/information/data/cJ-SFTA4e.pdf>, p 6, accessed 24 February 2002.
- METI (2002b) Japan–Mexico Joint Study Group on the Strengthening of Bilateral Economic Relations Final Report, Ministry of Economy, Trade and Industry, at <http://www.meti.go.jp/english/information/downloadfiles/cJa-Mereporte.pdf>, p 10, accessed 11 August 2002.
- People's Daily* (2002) FTA with Taiwan means political trouble: official, 21 June, at http://english.people-daily.com.cn/200206/21/eng20020621_98285.shtml.
- Rajan, RS & Sen, R (2002) Singapore's new commercial trade strategy: the pros and cons of bilateralism, *Discussion Paper, 0202* (Adelaide: Centre for International Economic Studies, University of Adelaide).
- Ravenhill, J (1985) *Collective Clientelism: The Lomé Conventions and North–South Relations* (New York: Columbia University Press).
- Ravenhill, J (2001) *APEC and the Construction of Asia-Pacific Regionalism* (Cambridge: Cambridge University Press).
- Ravenhill, J (2002) A three bloc world? The new east Asian regionalism, *International Relations of the Asia-Pacific*, 2 (2), pp 167–195.
- Robison, R (1986) *Indonesia: The Rise of Capital* (Sydney: Allen and Unwin).
- Scollay, R & Gilbert, J (2001) *New Regional Trading Arrangements in the Asia Pacific?* (Washington, DC: Institute for International Economics).
- Sohn, CH & Yoon, J (2001) Korea's FTA (Free Trade Agreement) policy: current status and future prospects, Discussion Paper 01-01, Seoul, Korea Institute for International Economic Policy.
- Soloaga, I & Winters, LA (1999) Regionalism in the nineties: what effect on trade?, *North American Journal of Economics and Finance*, 12 (1), pp 1–29.
- Stubbs, R (2000) Signing on to liberalization: AFTA and the politics of regional economic cooperation, *Pacific Review*, 13 (2), pp 297–318.
- USAID (2001) *The New Regionalism in East Asia: Implications for Indonesia* (Jakarta: USAID-funded Partnership for Economic Growth Project, Ministry of Industry and Trade, Government of Indonesia, PEG 66).
- US International Trade Commission (2001) *US–Korea FTA: the Economic Impact of establishing a Free Trade Agreement (FTA) Between the United States and the Republic of Korea*, USITC Publication 3452 (Washington, DC: USITC).
- Wall, HJ (2001) *Has Japan Been Left Out in the Cold by Regional Integration?* (Tokyo: Bank of Japan).
- Webber, D (2001) Two funerals and a wedding? The ups and downs of regionalism in East Asia and Asia-Pacific after the Asian crisis, *Pacific Review*, 14 (3), pp 339–372.
- World Bank (2000) *Trade Blocs* (New York: Oxford University Press).

Journal of Contemporary China

EDITOR

Suisheng Zhao, *Center for China-US Cooperation, Graduate School of International Studies, University of Denver, USA*

Supported by an International Editorial Advisory Board

'The Journal of Contemporary China offers deep insight into the ongoing process of Chinese reform, based on field work and culturally- and institutionally-informed reading of documents. It presents analyses of Chinese foreign policy reflecting an understanding of how the rest of the world looks to China. It presents a close-up, richly detailed picture of China today, analyzed in the light of modern social science theory.'

Professor Andrew J. Nathan, Columbia University, USA

'By now the Journal of Contemporary China is absolutely a required reading'

Professor Clemens S. Ostergaard, Director, East Asian Area Studies Programme, University of Aarhus, Denmark

'The Journal of Contemporary China is one of the foremost multidisciplinary journals covering domestic developments in China and Chinese foreign policy.'

Professor Robert S. Ross, Boston College, USA

This journal is also available online.

Please connect to www.tandf.co.uk/online.html for further information.

To request a sample copy please visit: www.tandf.co.uk/journals

SUBSCRIPTION RATES

2003 – Volume 12 (4 issues)

Print ISSN 1067-0564 Online ISSN 1469-9400

Institutional rate: US\$414 / £251

(includes free online access)

Personal rate: US\$89 / £67 (print only)



Carfax Publishing
Taylor & Francis Group

ORDER FORM

cjcc

PLEASE COMPLETE IN BLOCK CAPITALS AND RETURN TO THE ADDRESS BELOW

Please invoice me at the institutional rate personal rate

Name _____

Address _____

Email _____

Please contact Customer Services at either:

Taylor & Francis Ltd, Rankine Road, Basingstoke, Hants RG24 8PR, UK

Tel: +44 (0)1256 813002 Fax: +44 (0)1256 330245 Email: enquiry@tandf.co.uk Website: www.tandf.co.uk

Taylor & Francis Inc, 325 Chestnut Street, 8th Floor, Philadelphia, PA 19106, USA

Tel: +1 215 6258900 Fax: +1 215 6258914 Email: info@taylorandfrancis.com Website: www.taylorandfrancis.com