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Future of Trade Pacts in the Far Right Regime

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Inclination towards or against the trade pacts and regional trade blocs reflect the government policies. They are signed to eliminate tariff & non-tariff barriers of trade among its member states. In this age of globalization, the states are more inclined towards the trade pacts/agreements so that various trade concessions can be enjoyed under minimum regulations of goods and services across the world. It has helped the developing nations to enhance their respective economic activities by

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granting them special trade concessions. Developing countries have joined the regional trade blocs for economic integration and expansion of their markets.

Characteristics of Trade Agreements

Contemporary trade regulations among states are based on bilateral/multilateral trade agreements or through the economic integration via regional/ international trade blocs. Some characteristics of trade agreements are as follows:

- For the states, there is no geopolitical compulsion to enter into a trade agreement. It is not necessary for the countries to be neighbouring states if they are willing to join any trade pact.
- There are two types of trade agreements based on size which are categorized as smaller and larger pacts. Smaller trade pacts include regional/ bilateral trade agreements while larger agreements are inclusive of international/ multilateral trade agreements.
- Trade agreements are multi-scalar and also help in improving the diplomatic relations.
- Healthy economic relationships reduce the likelihood of war among states.

Few international/ regional trade agreements that are significant to mention are as follows:

- EFTA (European Free Trade Association)
- ASEAN (Association of Southeast Asian Nations)
- AFTA (ASEAN Free Trade Areas)
- GCC (Gulf Cooperation Council)

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- CAN (Andean Community)
- LAIA (Latin American Integration Association)
- CARICOM (Caribbean Community and Common Market)
- MERCOSUR (Southern Common Market)
- CACM (Central American Common Market)
- MSG (Melanesian Spearhead Group)
- CEFTA (Central European Free Trade Agreement)
- NAFTA (North American Free Trade Agreement)
- CEMAC (Economic and Monetary Community of Central Africa)
- OCT (Overseas Countries and Territories)
- CIS (Commonwealth of Independent States)
- PTN (Protocol relating to Trade Negotiations among Developing Countries)
- COMESA (Common Market for Eastern and Southern Africa)
- SADC (Southern African Development Community)
- EAC (East African Community)
- SAPTA (South Asian Preferential Trading Arrangement)
- EAEC (Eurasian Economic Community)
- SPARTECA (South Pacific Regional Trade and Economic Co-operation Agreement)
- ECO (Economic Cooperation Organization)
- UEMOA – WAEMU (West African Economic and Monetary Union)

The reason why states pursue the trade agreements varies from country to country. For instance, developing nations are more inclined to join the regional trade blocs

to improve their economy and for easy access to regional markets (e.g. Canada-US Free Trade Agreement). Whereas, developed states are often keen to join the trade blocs to maintain or enhance their economic and political influence over states in the region.

Far Right Ideology and Uncertainty of Regional Trade Pacts

Nevertheless, the trade blocs are not only affected by the economic interests of its member states, but political ideology has also impacted these trade agreements. The right wing has consistently opposed the free trade agreements. For example, the US President-elect blatantly opposes the North American Free Trade Agreement (NAFTA) and planned Trans-Pacific Partnership (TPP). According to the right-wing political party, the free trade pacts failed to regulate the wages, and the issue of inequality in markets remained intact. These free trade agreements are also not favorable for lower skilled workers in the long run. The growing trend of free trade agreements has encouraged the problems of stagnant wages and growing inequality in the markets.

Moreover, the far right regime viewed the free trade agreements as unfavorable and held them responsible for the economic disorder. Apart from the Trump's opposition to NAFTA and TTP, recent referendum in Britain has also created trouble

for the economic integration. Britain has turned a blind eye to the potential benefits of EU membership, and eventually called for Brexit, i.e. Britain's exit from the EU. Similarly, France has been opposing the regional trade pacts, as the President of France has underlined that the government will not support the Transatlantic Trade and Investment Partnership (TTIP).

The far right regime has been justifying their opposition to free trade pacts based on the claim that trade pacts could not fix the problem of the trade deficit. These are driven by the corporates' interest and prevents the radical reforms. China's accession to the World Trade Organisation (WTO) and enactment of North American Free Trade Agreement (NAFTA) has accelerated unemployment in the US. Moreover, the trade agreements are often led by the strategic national interests of its member states.

The prospects of free trade agreements are challenged by far right ideology. For example, the future of the Trans-Pacific Partnership TTP is not inevitable, because the opposition is of the view that NAFTA and TTP would be challenging for the US business environment and would increase unemployment. The trade pacts are also not very effective for lower skilled labor. Due to the increased debt crisis, it is likely that Greece might withdraw from the Eurozone.

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However, after Brexit, the US opposition to NAFTA and chances of Greece exit from the Eurozone ascertained that the trade pacts have lost its significance in the eyes of European and other Western powers.

Pros and Cons of Free Trade Pacts

Although the trade pacts between states are valuable, at the same time, they also have political implications. Advantages of trade pacts are as follows:

- The participants of free trade agreements take the benefits from the competitive markets.
- It accelerates the demand and supply of goods and services at a regional and global level.
- It broadens the span of customer choices.
- Member states enjoy the benefit of lower trade tariffs, and they are urged to increase their market efficiency
- It stimulates the inflow of Foreign Direct Investment (FDI)
- It brings the element of reciprocity among its member states.
- Since the member states of trade blocs are exposed to larger markets, it promotes market competition.
- Market/trade competition stimulates the market productivity.
- Due to trade negotiations, the member states of the trading bloc can cooperate on political grounds to promote peace and stability and secure the business environment.

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- Within the stated agreements, the participants get the chance to maximize their trade potentials through exposure to larger markets across the region.

Some shortfalls of trade agreements are as follows:

- Developing states with limited bargaining power are unable to take benefit out of the trade pacts.
- The introduction of trade pacts has undermined the role of financial institutions, i.e. World Trade Organisation (WTO).
- The sovereignty of member states is vulnerable.
- Economic policies are complex in multilateral trade pacts.
- The growth of domestic markets is influenced by the increasing Multi-National Corporations (MNC's) across the region.
- Trade pacts create dependency among its member states, promote economic inequality and stimulate the unemployment.

Growing Momentum in Asia / Proliferation of Trade pacts in Asia Pacific

Despite the fact that the major powers have been opposing the trade pacts, states from Asia and the Pacific region are increasingly engaging in free trade agreements at a regional and international level. Numerous countries from Asia Pacific which have joined the trade blocs for regional economic integration are listed below:

- Afghanistan (2 FTAs)
- Armenia (10 FTAs)
- Australia (19 FTAs)
- Azerbaijan (10 FTAs)

- Bangladesh (6 FTAs)
- Bhutan (3 FTAs)
- Brunei Darussalam (11 FTAs)
- Cambodia (8 FTAs)
- China, People's Republic of (23 FTAs)
- Cook Islands (4 FTAs)
- Fiji (5 FTAs)
- Georgia (13 FTAs)
- Hong Kong, China (6 FTAs)
- India (28 FTAs)
- Indonesia (17 FTAs)
- Japan (24 FTAs)
- Kazakhstan (14 FTAs)
- Kiribati (4 FTAs)
- Korea, Republic of (25 FTAs)
- Kyrgyz Republic (10 FTAs)
- Lao PDR (10 FTAs)
- Malaysia (22 FTAs)
- Maldives (2 FTAs)
- Marshall Islands (5 FTAs)
- Micronesia, Federated States of (5 FTAs)
- Mongolia (1 FTA)
- Myanmar (10 FTAs)

- Nauru (4 FTAs)
- Nepal (3 FTAs)
- New Zealand (18 FTAs)
- Pakistan (18 FTAs)
- Palau (4 FTAs)
- Papua New Guinea (6 FTAs)
- Philippines (11 FTAs)
- Samoa (4 FTAs)
- Singapore (33 FTAs)
- Solomon Islands (5 FTAs)
- Sri Lanka (8 FTAs)
- Taipei, China (9 FTAs)
- Tajikistan (8 FTAs)
- Thailand (22 FTAs)
- Timor-Leste (0 FTAs)
- Tonga (4 FTAs)
- Turkmenistan (6 FTAs)
- Tuvalu (4 FTAs)
- Uzbekistan (10 FTAs)
- Vanuatu (5 FTAs)
- Vietnam (16 FTAs)

Far Right Regime and the Fate of Trade Pacts

The present concept of economic integration dates back to the globalization after World War 2 (WWII). The era of globalization has been marked by increased integration in trade, capital flows and rapid movement of labor. For example, an agreement between the United States (US) and Canada in the year 1965 strengthened intra-North American trade. Moreover, the process of economic integration continued to expand at the regional and global level. For the past few years, structure & size of international capital flows varied greatly. It has resulted in a more efficient allocation of economic resources with the prospects of higher growth rate.

Nonetheless, considering the repercussion of WWII, economies of the European and other major powers suffered huge trade deficits and generated only limited savings in rebuilding their capital stock. Hence, the Free Trade Agreements (FTA) and

regional/ international trade blocs provided the necessary liquidity for the expansion of international trade.

Despite the fact that the trade pacts and membership of regional and international trade blocs have enhanced the economic integration, however, the future of trade pacts is vulnerable to the expanding influence of far right regime. In the US Presidential election, Trump's surprising victory has kindled cries of celebration from conservative supporters across the globe, especially in Europe. Since the French far-right political leader has predicted his victory in upcoming elections, it is more likely that in 2017, the far-right regime will overtake in Europe.

In contrary to that, future of trade pacts is far bright in Asia-Pacific. For instance, the greatest example of flourishing trade pacts in Asia is the willingness of numerous states across the region to join China-Pakistan Economic Corridor (CPEC). Unfortunately, the regional effectiveness of trade pacts cannot decide its fate. Essentially the problem lies in the emerging influence of far right regime at the global level. Although the future of trade pacts will remain unharmed at regional level e.g. Asia, the ascending far right regime around the world would cause a halt to the advancement of trade pacts at the global level.

Asian states have signed sixty free trade agreements altogether while one hundred and seventy-seven are under negotiation. The Asia-Pacific states are considered to be emerging economic powers in the region. Therefore they have preferred regional

trade integration through trade blocs e.g. Association of Southeast Asian Nations (ASEAN).

Conclusion

Since Brexit and Trump's rejection for NAFTA, major powers seem to be reluctant to join the trade blocs. Although, the Asian economies are more inclined towards regional pacts to enhance their bargaining power and to create strategic linkages among states across the region.

China, the second-largest economy, is an emerging regional power. Therefore, it is important that the US and other European states should participate in the trade initiatives of the Pacific states. Almost half of world trade is regulated by the participants of Asia Pacific Economic Cooperation APEC. Hence, it is pertinent to say that proliferation of free trade agreements in Asia and the Pacific region has positive outcomes, and it would welcome the participation of major powers across the globe.

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