

## **ECONOMIC EFFECTS OF REGIONAL INTEGRATION**

Prof. Inmaculada Martínez-Zarzoso, Ph.D.

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**Preliminary Session:** 18<sup>th</sup> of April at 1:00 p.m. OEC 1.164.

**Seminar:** Start: 25.05.2012 End: 26.05.2012

### **Organization:**

The preliminary session of the Seminar will take place the 18<sup>th</sup> of April 2012 at 1.00 p.m. (OEC 1.164). The block-seminar will take place the 25<sup>th</sup> and 26<sup>th</sup> of May 2012 from 8:00 a. m. to 6:00 p.m. (HDW 2.124). We encourage you to discuss your paper and presentation in our office hours at this stage and not just a few days before you finalize your paper. The essay should give a very clear overview of the main literature you use and should develop critically some arguments concerning the state of the art and the gaps in the current literature and the existence of possible conflicting theories and empirical results. You are also encouraged to use secondary data in your analysis and to present your own results. In this latter cases, you have to take into account the time constrain and be realistic when you plan your research.

The final paper is due no later than one week before the first day of the seminar (18<sup>th</sup> of May at 12:00 p.m.). Please hand in two hard copies and also send a pdf version of your paper. You have to write 10 pages excluding references, tables and figures, 12pt, 1.5 spaced. There is no claim that the reading list is complete, it is intended to give you a good start, but most probably you will need additional literature that is not listed. The file of your presentation is due two days before the seminar. Please also send pdf versions (and ppt/pdf in case of the presentation) to Florian Johannsen. In order to get a topic, you have to register in Stud.ip after the 1<sup>st</sup> of March and choose a topic in the forum by answering to the corresponding thread. It is first-come, first-served and every topic is available for two students.

### **Schedule:**

1 <sup>st</sup> of March, 10 a.m.	Registration in Stud.ip begins
18 <sup>th</sup> of April, 1 p.m.	Preliminary Session (OEC 1.164)
1 <sup>st</sup> of May, 12 p.m.	Registration deadline in FlexNow
18 <sup>th</sup> of May, 12 p.m.	Deadline for the paper (two copies and pdf per email)
23 <sup>rd</sup> of May, 12 p.m.	Deadline for the presentation (pdf or ppt per email)
25 <sup>th</sup> of May 8 a.m.	1 <sup>st</sup> day of the seminar (HDW 2.124)
26 <sup>th</sup> of May 8 a.m.	2 <sup>nd</sup> day of the seminar (HDW 2.124)

### **Office Hours:**

Florian Johannsen: by appointment, OEC 1.156, Tel: 39-7242, [fjohann@gwdg.de](mailto:fjohann@gwdg.de)

Inmaculada Martínez-Zarzoso: Thursday 13:00-15:00, OEC II-56, Tel: 39-9770, [martinei@eco.uji.es](mailto:martinei@eco.uji.es)

## ***Topics:***

### Topic 1: Regionalism versus Multilateralism in the World Economy

- Baldwin, R. 2008. "Big-Think Regionalism: A Critical Survey" National Bureau of Economic Research Working Paper 14056. <http://www.nber.org/papers/w14056>.
- De Melo, Jaime and Arvind Panagariya, eds. 1993, *New Dimensions in Regional Integration*, Cambridge University Press.
- Di Mauro, Filippo, Stéphane Dees and Warwick J. McKibbin 2010, "Globalisation, regionalism and economic interdependence", *International Review of Economics & Finance*, vol. 19, no. 4, 791-792.
- Frankel, J. A. 1997. '*Regional Trading Blocs in The World Economic System*', Institute for International Economics, Washington, DC.
- Freund, C & E Orneleas 2010. "Regional Trade Agreements", *World Bank Policy Research Working Paper*.
- Greenaway, D. & Milner, C. 2002, "Regionalism and gravity", *Scottish Journal of Political Economy*, vol. 49, no. 5, pp. 574-585.
- Schiff, Maurice and Alan Winters 2003, *Regional Integration and Development*, World Bank and Oxford University Press:

### Topic 2: European Integration and East Enlargement

- Egger, Peter and Mario Larch 2011. An assessment of the Europe agreements' effects on bilateral trade, GDP, and welfare *European Economic Review*, Volume 55, Issue 2, February 2011, Pages 263-279.
- Herderschee, J. and Qiao, Z. 2007, "Impact of Intra-European Trade Agreements, 1990-2005: Policy Implications for the Western Balkans and Ukraine" IMF Working Paper WP/07/126.
- Spies, J. and Marques, H. 2006, "Trade Effects of the Europe Agreements: A Theory Based Gravity Approach" Working Paper 274, University of Hohenheim.
- Paas, T. 2003, "Regional Integration and International Trade in the Context of EU Eastward Enlargement" HWWA Discussion Paper 218. Hamburg Institute of International Economics, Hamburg.
- Egger, P. & Kratena, K. 2003, "A Tale of Competition between Eastern and Southern Europe", *Review of World Economics*, vol. 139, no. 1, pp. 114-130.
- Breuss, F. & Egger, P. 1999, "How reliable are estimations of East-West trade potentials based on cross-section gravity analyses?", *Empirica*, vol. 26, no. 2, pp. 81-94.

### Topic 3: NAFTA

- Baylis, Kathy Rafael Garduño-Rivera and Gianfranco Piras 2012. "The distributional effects of NAFTA in Mexico: Evidence from a panel of municipalities", *Regional Science and Urban Economics*, Volume 42, Issues 1-2, January 2012, Pages 286-302.
- Fernández, Raquel and Jonathan Portes 1998, "Returns to Regionalism: An Analysis of Nontraditional Gains from Regional Trade Agreements" *World Bank Economic Review* 12(2): 197-220.

- Krueger, A.O. 2000, "NAFTA's effects: A preliminary assessment", *World Economy*, vol. 23, no. 6, pp. 761-775.
- Martínez Zarzoso, I., F. Nowak-Lehmann D. and N. Horsewood (2009) "Are Regional Trading Agreements Beneficial? Static and Dynamic Panel Gravity Models", *North American Journal of Economics and Finance*.
- Tang, D. 2005, "Effects of the regional arrangements on trade: Evidence from the NAFTA, ANZCER and ASEAN countries, 1989-2000", *Journal of International Trade and Economic Development*, vol. 14, no. 2, pp. 241-265.

#### Topic 4: Latin American Integration

- Antoine Bouët, Valdete Berisha-Krasniqi, Carmen Estrades, David Laborde, 2012. "Trade and investment in Latin America and Asia: Perspectives from further integration" *Journal of Policy Modeling*, Volume 34, Issue 2, March–April 2012, Pages 193-210.
- Estevadeordal, A., Freund, C. and Ornelas, E. 2006, "Do Regional Trade Agreements Promote External Trade Liberalization? Evidence from Latin America, Inter American Development Bank.
- Fukase, E. & Winters, L.A. 2003, "Possible dynamic effects of AFTA for the new member countries", *World Economy*, vol. 26, no. 6, pp. 853-871.
- Rutherford, T.F. & Martinez, J. 2000, "Welfare effects of regional trade integration of Central American and Caribbean Nations with NAFTA and MERCOSUR", *World Economy*, vol. 23, no. 6, pp. 799-825.
- Van Dijck, P. 2008, "Economic Integration in the Latin-American Region" Paper presented at the IIR Symposium Latin American and Caribbean Relations within an Evolving Global Context 27-28 November 2008, Anton de Kom University, Paramarib.

#### Topic 5. MERCOSUR

- Alexander J. Yeats, 1998, "Does Mercosur's Trade Performance Raise Concerns about the Effects of Regional Trade Arrangements?" *World Bank Economic Review* 12(2): 197-220.
- Azevedo, A. and Zago, F. 2004, The Effects of Mercosur on Trade: An Analysis Based on a Gravity Model. *Pesquisa e Planejamento Economico*, Vol. 34, No. 2, August 2004. Available at SSRN: <http://ssrn.com/abstract=799270>.
- Moncarz, Pedro E. and Marcel Vaillant 2010. "Who Wins In South-South Trade Agreements? New Evidence For Mercosur" *Journal of Applied Economics*, Volume 13, Issue 2, November 2010, Pages 305-334.
- Olarreaga, M. Soloaga, I. and Winters, L. A. 1999, "What's behind Mercosur's Common External Tariff?" *World Bank Policy Research Working Paper* 2231.
- Soloaga, I. and Winters, L. A. 2001 "Regionalism in the Nineties: What Effect on Trade?" *North American Journal of Economics and Finance* 12: 1–29.

### Topic 6: Asian Regionalism

- Athukorala, P. 2012, "Asian Trade Flows: Trends, Patterns and Prospects" Japan and the World Economy, forthcoming. <http://dx.doi.org/10.1016/j.japwor.2012.01.003>.
- Kawai, M. and G. Wignaraja 2011, "Asian FTAs: Trends, prospects and challenges", *Journal of Asian Economics*, vol. 22, no. 1, 1-22.
- Lee, H. & Park, I. 2007. "In Search of Optimised Regional Trade Agreements and Applications to East Asia," *The World Economy*, Blackwell Publishing, vol. 30(5), pages 783-806.
- Park, I. 2006. "East Asian Regional Trade Agreements: Do They Promote Global Free Trade?," *Pacific Economic Review*, Blackwell Publishing, vol. 11(4), pages 547-568, December.
- Lee, J- W. & Park, I. 2005. "Free Trade Areas in East Asia: Discriminatory or Non-discriminatory?," *The World Economy*, Blackwell Publishing, vol. 28(1), pages 21-48.
- Clarete, R., Edmonds, C. & Wallack, J.S. 2003, "Asian regionalism and its effects on trade in the 1980s and 1990s", *Journal of Asian Economics* 14: 91–129.
- Polak, J.J. 1996, "Is APEC a natural regional trading bloc? A critique of the 'gravity model' of international trade", *World Economy*, vol. 19, no. 5, pp. 533-542.

### Topic 7: African Integration Processes

- Adom, A. D. et al. (2010), "Economic integration in Africa", *The Quarterly Review of Economics and Finance*, vol. 50, no. 3, 245-253.
- Behar, Alberto & Edwards, Lawrence, 2011. "How integrated is SADC? trends in intra-regional and extra-regional trade flows and policy," Policy Research Working Paper Series 5625, The World Bank.
- Hinkle, L. E. and Schiff, M. 2004 "Economic Partnership Agreements between Sub-Saharan Africa and the EU: A Development Perspective". *The World Economy*, Vol. 27, No. 9, pp. 1321-1333.
- Longo, R. & Sekkat, K. 2004, "Economic Obstacles to Expanding Intra-African Trade", *World Development*, vol. 32, no. 8, pp. 1309-1321.
- Bensassi, S., Márquez-Ramos, L. and Martínez-Zarzoso, I. 2012, "Economic Integration and the Two Margins of Trade: An Application to the Euro-Mediterranean Agreements" (2012), with *Journal of African Economies*, forthcoming.

### Topic 8: The determinants of Regional Integration Agreements

- Magee, C., 2003, "Endogenous Preferential Trade Agreements: An Empirical Analysis," *Contributions to Economic Analysis & Policy* 2 (1), article 15, <http://www.bepress.com/bejeap/contributions/vol2/iss1/art15>.
- Baier, S. L. and Bergstrand, J. H. (2004) 'Economic Determinants of Free Trade Agreements' *Journal of International Economics* 64, 29-63.
- Marquez-Ramos, L., Martinez Zarzoso, I. and Suarez Burguet, C. (2011) "Determinants of Deep Integration: Examining Socio-Political Factors" *Open Economies Review* 22(3), 479-500. <http://ideas.repec.org/a/kap/openec/v22y2011i3p479-500.html>.

### Topic 9: The political economy of Regional integration agreements

- Behar, Alberto & Criville, Laia, 2011. "Does it matter who you sign with ? comparing the impacts of north-south and south-south trade agreements on bilateral trade," Policy Research Working Paper Series 5626, The World Bank.
- Endoh, Masahiro 2006 "Quality of Governance and the Formation of Preferential Trade Agreements" *Review of International Economics*, 14(5): 758–772.
- Magee, C., 2008, "New Measures of Trade Creation and Trade Diversion," *Journal of International Economics* 75, 340 – 362.
- Vincent, V. 2012, "Trade, conflict, and political integration: Explaining the heterogeneity of regional trade agreements", *European Economic Review*, vol. 56, no. 1, 54-71.

### Topic 10: Regional integration, globalization and fragmentation

- Athukorala, Prema-chandra, 2011. "Production Networks and Trade Patterns in East Asia: Regionalization or Globalization?," *Asian Economic Papers*, MIT Press, vol. 10(1), pages 65-95. <http://ideas.repec.org/a/tpr/asiaec/v10y2011i1p65-95.html>.
- Baldwin, R & A Venables, 2010. "Relocating the value chain: off-shoring and agglomeration in the global economy", mimeo.
- Behar, Alberto and Caroline Freund. 2011. "Factory Europe? Brainier but not brawnier" Available at: [http://works.bepress.com/alberto\\_behar/26](http://works.bepress.com/alberto_behar/26).
- Martinez-Zarzoso, I, A Voicu & M Vidovic 2011. "CEECs Integration Into Regional And Global Production