

The Dynamics of the New and Open Regionalism and Economic Integration in Asia and the Pacific Regions

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The purpose of the study reviewed the dynamics of new and open regionalism in Asia and the Pacific regions. It was highlighted that both in the Asia Pacific and Latin America, there is considerable confusion and ambiguity surrounding the notion of what "New Open Regionalism" is all about, which questions the relevance for practical purposes. The research approach primarily reviews various relevant literature in the field of study. Studies indicated that with few institutional or government-led initiatives, Asia's rapid economic expansion offered a strong basis for intra-regional trading and investment flows as well as inter-firm linkages. In terms of originality, No study has looked at the dynamics and the many uses and conceptions of the idea and investigated the contexts in which the concepts of "openness" and "regionalism" clash. For the implications, the article clarifies the possible relationship with both open regionalism and regional integration before asking under what circumstances regionalism might serve for the advancement of multilateralism. The study concluded that in a dynamic situation, it is difficult to determine whether regionalism and multilateralism complement each other. Much is determined by the design and content of the negotiated regional trade agreements (RTAs), as well as the characteristics of the member nations.

Keywords: *new open regionalism, integration, multilateralism, intra-regional, economies*

JEL Classification: *P10*

1. Introduction

The paper is a review that examined the dynamics of new and open regionalism and economic integration in Asia and the Pacific regions. Regionalism is the development of political, economic, or social systems based on adherence to a certain geographic region with a mostly ideologically and culturally homogenous population (Robert, 2021; Enaifoghe, 2019a). As a result of regionalism, agreements between

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groupings of nations are regularly reached publicly to express a shared sense of identity, achieve common goals, and improve quality of life (Enaifoghe and Adetiba, 2018; Ahcar, Galofre and Gonzalez, 2013).

In theory, regional integration is a broad junction of economic, political, and social principles. It may be defined as a process in which governments attempt to align their interests through written agreements (CFI Team, 2022). But, philosophically, how accurate is that in terms of a country's development? Is this large junction an opportunity for progress or a hindrance? The study noted that both in the Asia Pacific and Latin America, there is considerable confusion and ambiguity surrounding the notion of what Open Regionalism is all about, which questions the relevance for practical purposes. Furthermore, the study attempt to explore the many uses and conceptions of the idea and investigates the contexts in which the concepts of "openness" and "regionalism" clash.

The article attempts to clarify the possible relationship between both open regionalism and regional integration before asking under what circumstances regionalism might serve as a "stepping stone" for the advancement of multilateralism. The study briefly examines how the recent financial crisis during COVID-19 has affected each region's production, trade, and investment patterns and describes integration tools that may be suitable to and aligned with policies that would strengthen the synergistic effects of both de facto and policy-driven integration. In contrast to "shallow" integration, which focuses only on reducing measures used at the border, "deep" integration deals with issues that are "beyond the border" and go deeper.

2. Literature Consideration: Defining the Concept and Origins of Open Regionalism

This review considered the relevant literature within the field and illustrates the importance of the private sector in regionalism within the Pacific Alliance, as well as the role each has had in the success of the other. To that end, the study conducted a thorough literature review on the topic under study on the Pacific Alliance, its various stages of conception and implementation of open regionalism, and its true significance for the private sectors within and among members. The early discussions of regional trade expansion in the Asia-Pacific area gave rise to open regionalism, which is defined as "the removal of obstacles to and promotion of regional cooperation without prejudice against outsiders" (Costa and Tskhay, 2019, p.3).

The traditional FTA has posed a threat to it as the organizing principle for Asia-Pacific economic cooperation at the dawn of the twenty-first century. Although "APEC practice in the middle of the 1990s was in line with the strict form of the idea, there was always some unease in North America" (Asian Development Bank, 2021: 5). As a result of the unease, open regionalism was never safe in the Asia-Pacific economic alliance (Burgos, 2018). When events in the East Asian and global economies in the late 1990s put the existing framework of Asia-Pacific trade liberalization under stress, it turned out to be of crucial importance. According to Enaifoghe and Maduku (2019: 11), almost any sort of collaboration among "APEC members, including the enduringly discriminatory free trade agreements (FTAs), is now occasionally referred to be open regionalism.

Even some of the FTAs' most powerful early supporters have expressed concern because of the subsequent proliferation's strong momentum. The Pacific Alliance, a regional integration framework, is characterized by open regionalism (Kang, 2016; Calderón, 2013.; European Commission, 2010; Breslin and Richard, 2000). Its members strive to enhance economic links and achieve beneficial outcomes in the Asia Pacific area. Nevertheless, there is growing acceptance in the debate on Open Regionalism that perhaps the current path approaches severe fractures in the Asia Pacific and global trading systems (Söderbaum, 2016). One of the proposed "solutions is to merge the two emerging Asia Pacific FTAs into one major FTA, the Asia Pacific Free Trade Agreement" (FTAAP) (Menon, 2019: 9). This offer contains all of the risks and implementation issues that drove the Western Pacific toward Open Regionalism in the first place.

One cannot go back in time to change the past. It is hard to reinstate the previous pledges to developing the Asia Pacific or even Western Pacific integration with no discrimination in the area against foreigners due to the evolution of economic connections over the last six to seven years (de Villa, 2016).

2.1. Understanding the Concept of Open Regionalism

Beginning in 1968, discussions about economic cooperation in the Asia Pacific region gave rise to the concept of open regionalism (Acemoglu and Robinson, 2012). It was initially used to characterize the reality of the rise of Asia-Pacific commerce as it arose in the decades after World War II. Market forces propelled the

tremendous rise in trade, investment, and regional integration among Asia Pacific countries once national governments had liberalized foreign trade and payments to a certain extent (Vargas-Alzate and Amaya, 2021). Regional intergovernmental agreements and organizations, as well as formal trade discrimination, made little or no difference.

Since the late 1970s, discussions for Asia-Pacific economic cooperation have recognized this reality (Etel, 2014). It intended to strengthen and extend the reality, first by improving private sector knowledge of regional prospects, and then by making “economic policy inside individual economies more sensitive to its implications on Asia Pacific neighbours” (Ahn, Amity and Weinstein, 2011: 6). This line of thought concerning Open Regionalism—collaboration across national borders in a region to lower transaction costs—became a distinguishing characteristic of discussions about the Asia Pacific economic cooperation. To lower the costs of international exchange, governments should supplement commercial processes by offering some public products.

The function of the government in promoting open trade expansion in the Asia Pacific is known as “trade facilitation” (del Pacifico, 2018). The facilitation of trade employs mechanisms that have no irrational prejudice against non-participants in regional agreements. According to Loke and Winters (2012), they differ from traditional FTAs in this regard. Non-participants in successful trade facilitation may, however, experience some diversion of attention and focus, and hence of economic activity. Along with economic cooperation, non-discriminatory trade liberalization was “the second dimension of Open Regionalism in the Asia Pacific. Three distinct elements might be identified” (Martínez, 2016, p.4).

To achieve non-discriminatory trade liberalization both domestically and internationally, the first step was regional cooperation in multilateral and other extra-regional trade debates. The second was collaboration across regional economies with similar goals to support each other's unilateral liberalization initiatives and increase political and financial benefits in each of them (Martinez, 2016). In the months leading up to and during the 1995 APEC leaders' conference in Osaka, this characteristic came to be recognized as deliberate unilateral liberalization. The third was a deal to liberalize particular industries crucial to local economies under the principle of most favourable-nation trading (Martinez, 2016). The Early Voluntary Sectoral Liberalization (EVSL) concept was based on this and introduced at the APEC Summit in Vancouver in 1997. (Morales and Sarracino, 2013).

Why was non-discrimination stressed throughout the Asia Pacific trade liberalization talks is a valid topic. There were three distinct categories of causes. In the Asia Pacific in the 1980s and 1990s, the first was incredibly useful and enticing. Since the major regional nations were committed to upholding the GATT's principles (and eventually the WTO's), “a discriminatory FTA had to fulfil numerous stringent requirements for legitimate reasons” (Mellizo, 2019, p.3). All trade restrictions had to be removed for a certain amount of time, which was eventually determined to be 10 years. A timetable and program for attaining free trade during this time were essential (Muzee and Enaifoghe, 2019).

Before or after APEC's establishment in 1989, none of these conditions were thought to be practically feasible for free trade within the region—certainly not in the main economies of the United States, Japan, China, and ASEAN (Bergsten, Noland and Schott, 2011). It was acknowledged that regional rather than international agreements couldn't resolve the most expensive agricultural protection in the Asia Pacific area. If conventional free trade zones were to be used to accomplish localized trade liberalization, the development would have to be put off indefinitely while contentious talks looked into the feasibility (or, more likely, impossibility) of meeting the GATT-WTO conditions (Vargas-Alzate, 2019).

The second was that Asia Pacific economies' critical trading interests stretched beyond the APEC region. All had significant economic and political stakes in the successful internationalization of several transitional and developing economies. A traditional FTA will exacerbate undesirable tensions in trade ties with these and other economies, as well as undermine “internationally oriented reform and growth in developing and transitional economies” (Enaifoghe and Mkhwanazi, 2020: 41). The third resulted from a simple economic analysis. Trade protectionism introduces preferential trade costs, which were undesired in economies that were dedicated to unrestricted productivity advances through deep integration in the international economy at the time (Rojas, 2013).

According to Villareal (2016), the absence of any official definition of Open Regionalism by the APEC itself promoted consensus on the Bogor Declaration and its underlying principles. The principle was accepted by policymakers and analysts with widely disparate interpretations of its meaning (Enaifoghe, Dlamini and

Agwuna, 2020). On the one hand, there was universal agreement that Open Regionalism constituted a commitment to non-discriminatory liberalization on an "unconditional" basis, which meant that it did not rely on reciprocation from others (Rodríguez, 2020). Those who were unhappy with this concept, most notably several APEC members from the Eastern Pacific, may silently assume a requirement of reciprocity (Menon, 2019). This lack of clarity, while beneficial to early perceptions of progress, proved to be a fatal fault in APEC's trade liberalization objectives.

Regionalism in the Asia Pacific

In broad terms of economics, open regionalism represents a basic strategy to maximize the benefits of regional liberalization while preserving the multilateral system's viability. External liberalization through trade blocs is defined as open regionalism by Frankel and Wei (2007). Bergsten (2005) proposes at least five different definitions of open regionalism:

1. Open membership;
2. Unconditional MFN;
3. Conditional MFN;
4. Global liberalization, and
5. Trade facilitation.

The first four definitions are concerned with tariffs and other conventional border barriers. One of the main tenets of APEC's open regionalism is the latter, which focuses on expanding trade through non-tariff and non-border adjustments (Destler, 2005). These trade facilitation initiatives and programs can be somewhat specific, like the harmonization of customs and the mutual acceptance of product standards, or rather wide, like the "cooperation in enforcing national competition laws and the deregulation of important domestic markets" (deep integration) (Kelegama, 2000: 4). Open membership and even the granting of incentives and advantages to non-members under MFN circumstances would be required by a strict interpretation of open regionalism. For instance, the open regionalism of APEC is described as "concerted unilateral MFN liberalization of trade by numerous governments" by Bergsten, Bates Nicholas, and Derek (2006, p.3).

Despite its flaws, some commentators (Hufbauer, 2007, p.2) view "the APEC forum as the only regional organization that complies with the WTO's rules in both letter and spirit". Despite its shaky organizational framework, it serves as a consultative, non-negotiating body whose decisions are not legally enforceable (Kelegama, 2000). It has been suggested that one of APEC's founding ideals has been to have a significant, favourable impact on how the world trading system develops in the future. Instead of doing so at the expense of others, this is accomplished through promoting liberalization within APEC that is based on the General Agreement on Tariffs and Trade (GATT) and the World Trade Organization (WTO) (Kleinberg and Fordham, 2010).

Furthermore, APEC must advocate for multilateralism in all future discussions on all proposals that were discussed at the GATT (such as during the Uruguay Round), but could not yet be put into practice there, but was made at the regional level. In light of this, the APEC community should seek to hasten the liberalization of international commerce. Furthermore, it appears that APEC employs a "systemic" strategy. One of the three pillars of APEC collaboration, along with trade liberalization and facilitation, is economic and technical cooperation (Kébabdjian, 2006). In 13 different domains, APEC has developed its system for trade and investment liberalization and facilitation (TILF) (Seong-Ryoul, 2005).

3. Research Methodology

The study primarily collected data through desktop, using advanced search, and thematic content data analysis was adopted. This approach permits the researchers to study various literature that was collected through desktop-based research, with written documents that are available either in the public or private domain (Sileyew, 2019). The researchers determine the relevance of the documents that they consult based on their significance to the study. This method permits "researchers to access various literature and determine the relevance of the documents that they consult based on their significance to the study" (Enaifoghe, 2020, p.119).

This paper primarily collected the data used in this study through secondary sources and analyzed them based on content. The processes followed in conducting this study included a literature review of key

documents. In collating data, the authors made use of documentary analysis. In the documentary analysis, the authors focus on specific extracts that reflect the issues for which the study was seeking evidence (Sileyew, 2020). Thus, the researchers consulted over 103 pieces of literature from a variety of sources such as books, reports, policy briefs, journals, articles, internet sources, news bulletins, and gazettes that were found relevant to impact the study.

4. The Potential Significance of Economic Integration's Impact on Trade Facilitation

Economic Integration has a potential impact on trade facilitation through regionalism. The potential importance of these operations may be demonstrated in the fact that trade facilitation has a greater impact than trade liberalization: the former increases APEC GDP by around 0.26%, whilst the latter increases it by only 0.14% (Destler, 2005). According to certain Asia-Pacific trade experts, the Association of Southeast Asian Nations (ASEAN) has permitted regional tariff reductions among its member nations under the ASEAN Free Trade Agreement (Prado and Velásquez, 2016). (AFTA). They believe that ASEAN is hence close to establishing open regionalism. Naturally, ASEAN's integration into the world economy as a full member has been greatly impacted by its membership in APEC and the WTO (Rojas and Terán, 2016).

Furthermore, ASEAN's outward-looking attitude is visible in its new endeavours to connect with other regional groups. ASEAN nations have decided to quicken the liberalization process (Portfolio, 2018). Furthermore, according to the ASEAN experience, multilateral liberalization can also be linked to major growth in extra-regional trade, but trade discrimination inside a customs union or free trade zone is not necessary for intra-regional trade to significantly expand. Quiliconi and Salgado (2017) claim that collaboration in industries including industrial complementation and joint ventures, agriculture and forestry, and customs has helped the ASEAN's attempts to liberalize goods trade. In addition, there are other procedures for resolving disputes, finance and banking, intellectual property rights, investments, services, standards and compliance, travel, transportation, and communications.

The Uruguay Round's inclusion of services in its scope and the subsequent GATS negotiations served as the global counterpart to these regional agreements (Villahermosa, 2015). The Framework Agreement places more emphasis on member-state collaboration for the expansion of service sectors than the GATS and CER, for instance, which is a significant distinction in the case of services (Article II). Members are encouraged to work together on projects related to building or improving infrastructure, collaborative production, marketing, purchasing agreements, R&D, and information sharing (Youn-Suk and Dong-Kuen, 2005).

4.1. The Concept of New Open Regionalism

In the discourse of open regionalism, numerous attempts have been made by "trade economists, government officials, and regional institutions to define the new open regionalism, there is significant misunderstanding and ambiguity, leading to questions about its applicability" (Lagria and Quismorio, 2022: 42). The concept is embedded in and evolved from Asia-Pacific economic cooperation activities (Lagria and Quismorio, 2022; Elek, 1991). More recently, trade officials in Latin America have begun to employ the term, though with even less accuracy in its application and interpretation. A simple definition distinguishes "open" regionalism from "closed" regionalism.

The usual requirement for such differentiation is a clear shift from an inward-looking, import-substituting focus prominent in earlier decades of regional integration movement to a stronger emphasis on outward-oriented and internationally competitive strategies (Williams, 2018). Increasingly, open regionalism is frequently confused with "new" regionalism, as they are interchangeably used, characterized by the liberalization of not just products but also services, capital and labour migrations, administrative regime harmonization, and the establishment of North-South regional accords. The term "new" also emphasizes the inclusivity of membership, as opposed to exclusivity-based regionalism (Sridhar, 2017).

An essential requirement is an open participation in the regional arrangement, which allows any nation with a sincere intention to abide by its norms to participate. Another definition of new regionalism is a comprehensive regional integration process that includes aspects of the economy, politics, society, and culture (Hettone and Inotai, 1994). The first attempt to apply any idea of open regionalism, particularly to Latin America, was made by Sheeba et al. (2012). When applying this idea of integration to Enaifoghe (2019b),

Enaifoghe and Asuelime (2018b), and REN21 (2014), the goal is to develop a set of dynamic markets that are fully integrated into the global economy by gradually removing obstacles to trade and taking proactive steps to improve social access to the contemporary market.

Shortly after, in 1994, ECLAC put out open regionalism as a method for fostering greater economic interconnectedness at the regional level, supported by preferential integration agreements as well as other policies in a liberalization and deregulation environment (Rao and Dey, 2011: 6). The integration program intended to make the region's nations more competitive and, to the greatest extent feasible, lay the groundwork for a more open and transparent global economy (Purver et. al., 2006: 9). In Latin America, Ngai and Lee (2016), define open regionalism as a sequence of coordinated regional initiatives aimed at acquiring and improving international competitiveness.

Beyond the obvious benefits of trade liberalization, regional trade agreements (RTAs) can serve a valuable economic purpose by lowering uncertainty and boosting credibility, making it easier for the private sector to plan and invest regionally and worldwide. According to Li (2016), open regionalism is a regional integration system that incorporates issues of sustainability, equity, and solidarity. Li (2018) describes a new regionalism in Latin America using the term "open regionalism," which entails a significant process of convergence between various initiatives at the subregional, regional, global, and even hemispheric levels, as well as a new perspective on the rest of the world based on much less rigid and non-exclusive alliances and groupings (Enaifoghe, 2019a, p.32).

4.2. Discussion: The Influence of increased political cooperation in open regionalism

Open regionalism is accompanied by increased political cooperation across a wide variety of problems (human rights, disarmament, etc.). ECLAC's and other sources' understandings of open regionalism are "systemic" in character, going much beyond ordinary trade liberalization (Chawla, 2017). With few exclusions, an "open regionalism" fit for the aforementioned purposes should allow for broad liberalization of intraregional markets in terms of not just countries but also industries. Furthermore, this approach to integration necessitates the adoption of agreements that will contribute to each country's macroeconomic stability, and a suitable technological infrastructure (Enaifoghe and Asuelime, 2018a).

the modernization of fundamental production-support services including communication, trade, ports, and trade, as well as the creation of appropriate payment and trade-promotional techniques. To the harmonisation or non-discriminatory implementation of trade laws, domestic norms, and standards; to the development of suitable infrastructure, payment, and trade promotion tactics (Asiri, 2018). Sectoral agreements or legislation to take advantage of the synergistic advantages of integration might also support the reduction in transaction costs and discrimination within the region. The establishment of such criteria is necessary so that reciprocal integration agreements may act as categorical assurances against any potential risk or ambiguity about entry into the expanded market.

In summary, this study believes that the systemic conception of open regionalism accommodates well the more recent efforts of trade economists to describe open regionalism as a strategy of international economic liberalization. Scholars emphasize "regional cooperation with an emphasis on the reduction of intra-regional transaction costs, broadly" defined (Enaifoghe& Adetiba, 2018: 41). The goal of open regionalism is to promote international economic interactions inside an area without diverting trade or investment away from the rest of the world. According to this perspective, while regional integration may redirect commerce to less efficient regional suppliers in the short run, it reduces transaction costs and expands the market in the medium and long term.

The ancient old idea of open regionalism still has a role in modern Asia-Pacific economic cooperation, but it is constrained by earlier successes and mistakes. In terms of trade and business simplicity, APEC has a comparative advantage, although there is a need for additional effort in this area, including the planned Trans-Pacific Business Agenda, according to Garnaut (2004). The APEC may help gain support for the multilateral economic system and help multilateral discussions come to a successful conclusion (Amaya, 2013). These measures will ultimately determine the fate of the APEC Bogor statement on a free and open trade in the Asia Pacific region.

In a new era of economic liberalization, in which protectionist and reciprocity ideologies have further entrenched their roots, it would be challenging to replicate the early success of independent economic

liberalization in the Western Pacific (Enaifoghe and Maduku, 2021). The Asia Pacific region's objectives for free and open trade and investment are still regularly brought up. The references are often kind and come with sentiments that many people in the area would be sad if the aims were to fail (Forbes, 2018). This might be the first step in a planned effort to generate interest in the deregulation of global commerce. It is now important to meet the Bogor objectives and qualify for the endpoints since development has stalled since the late 1990s.

To accomplish the Bogor goals, APEC participants should cooperate to offer a complete package of suggestions for debate during the Doha Round, as it "may still be the case, as the European trade commissioner indicated in 1996, that Europe will not fail to react" (Garnaut, 2004). No matter how far international liberalization gets, the risks and expenses brought on by the existing overabundance of special trade arrangements won't go away anytime soon. This study, therefore, proposes a new Open Trading Arrangement APEC region that will also alleviate such challenges for member economies. By so doing, it would lower the costs of tariff barriers and, more broadly, origin rules. If enough of the correct trading partners joined, it would eliminate most of the costs.

4.3. The Static and Dynamic Effects of New Open Regionalism

To understand the Static and dynamic effects of Open Regionalism, those who urge complete dependence on the multilateral approach say that RTAs distort commerce by providing preferential treatment to members over non-members. They argue that trade diversion is still significant, as evidenced as seen in the European Union with NAFTA (North American Free Trade Agreement [NAFTA], n.d; Frankel and Wei, 2007). Despite over 50 years of tariff reduction initiatives, severe discrimination and trade diversion persist (Ángeles, Arce, Zamora and Martinez, 2014; Bhagwati, 1998).

Regionalists contend that trade diversion is negligible or not wholly harmful, whereas creation is not always a good thing. Trade creation may suffer if the transition happens quickly, but diversion may be advantageous since it may reduce costs through economies of scale and allows for learning by doing (Bhagwati, Greenaway and Panagariya, 1998). The majority of the time, overall trade growth will balance out trade imbalance, and the regional process moves more quickly to make significant strides toward greater trade liberalization (Söderbaum, 2016; Meadwell, 1991). In this regard, ECLAC (1994) has underlined that rather than a precise calculation of its static consequences, the potential advantages of integration should be assessed using the dynamic benefits of reciprocal trade.

RTAs are expected to give major benefits to member countries under an open regionalism framework with moderate external restrictions (The New York Times, 2016). Firstly, regional integration can be used to encourage export diversification, moving output closer to the overall competitiveness of the economies involved. When economies of scale are present, what otherwise would be an expensive trade diversion can be turned into a cost-cutting and welfare-enhancing trade diversion. Second, it serves to lock in increasing access to regional markets (Etel, 2014).

Thirdly, because the usual export basket to regional markets consists of these commodities and services rather than those of developed countries, it might encourage atypical exports, differentiated products, greater value-added products, and knowledge-intensive items (Gordon, 1961). They produce a substantially bigger proportion of primary goods. Indeed, the steep learning curve required to master localized markets may act as a springboard for entering new global markets (The New York Times, 2016). So, the strategic decisions underlying regional integration are based on shoddy and confusing evidence.

Incomplete markets, both domestic and international, impede the diffusion of efficiency gains in particular industry sectors, as well as the development of new productive patterns with increasing value, added (Costa Buranelli and Tskhay, 2019). However, it emphasized that all of these elements are potential benefits rather than guarantees and that the latter is dependent on the nature of policy implementation.

4.4. Regionalists' Argument for liberalization

Regionalists also claim that RTAs can help with liberalization in sectors that are too complex to negotiate successfully in the WTO or too difficult to enforce in that context (Bussell, 2018). For example, for operations that are now highly protected (e.g., government contracts), Procurement, anti-dumping measures, and some services), regional liberalization may be more beneficial than multilateral liberalization. The similar

remark might be made about very technical areas, such as industry standards, which necessitate lengthy negotiations. Once regional agreements are developed and implemented in these areas may also serve as models for future agreements for upcoming multilateral liberalization. There are also opposing arguments.

Hayrapetyan (2020) and Enaifoghe and Adetiba (2018) contend that the simplicity of regionalism in the 1990s prevented regional liberalization from taking place. The GATT negotiating procedures or the intricacy of contemporary trade barriers did not lead to the return of regionalism in this decade. Instead, rising regionalism was the product of discrete events that multiplied through a domino effect; even the United States made the turn from enthusiastic multilateralists to ardent regionalists (Closa, 2015). The creation of a free trade area between the United States and Mexico, according to Benavides (2018), sparked powerful impulses for inclusion that resulted in NAFTA and several NAFTA membership demands.

The forces in the Americas erupted in a succession of overlapping bilateral and plurilateral conflicts when demands were not met. The elimination of contingent protection, economies of scale, competitive advantages under unfavourable market and competition circumstances, and the possibility of participation in a preferred arrangement outweighing unilateral liberalization should be emphasized (Chauffour and Malouche, 2011). In some or all RTA member countries, it is anticipated that FDI would rise. By "locking in" or "anchoring" policy improvements through the RTA, there will be less policy uncertainty, which may encourage investment across the board and have an impact on other behaviours.

It is expected that member countries' industrial locations will be altered in a way that increases economic potential. According to Bustelo (2002), small countries can have significant incentives to engage RTAs with larger nations since a reform-minded small country can more easily achieve reform after linking up with a large country. After all, the regional accords provide the little nation with a distinct advantage over other nations of similar size in luring FDI. Tariff reductions raise the value of FDI, which increases the likelihood that developing countries will sign RTAs even if they must make the majority of the concessions (Garten, 1997).

The rate of economic growth may eventually be affected by higher rates of technology transfer and increasing R&D spending. They could be the outcome of competitive pressure to adapt or demonstrative effects (Junguito, Arbeláez, Pea and Ramrez, 2015). They might be a sign of forward or backward connections (other businesses requesting and supporting local small suppliers to supply higher-quality supplies for all of their clients) (the multinational company requiring and assisting local small suppliers to create better inputs for all of their customers). They could also be the outcome of labour mobility, in which case the multinational company trains and manages people before they go on to work in other economic sectors.

On the other side, opponents of regionalism contend that the nature and mechanics of these dynamic consequences are vague and that it is difficult to correlate evidence tying dynamic advantages to particular integration cases (Kanishka, 2001). RTAs and growth have a shaky, if not negative, connection outside of Europe (Kanishka, 2003). They believe that few of the more current RTA defences have been sufficiently developed or put to the test. For impoverished countries, such claims as regionalism replicating investment (Horn, 2009), legitimizing reform measures (locking in), or inevitably resulting in international liberalization have not been sufficiently substantiated.

4.5. Considerations of Political Economy on New Open Regionalism

A policy "package" that contains unilateral liberalization and RTAs is seen to be more likely to be supported politically than one that merely includes unilateral liberalization, according to considerations surrounding the political economics of new open regionalism (Draper, 2007). Partial openness in a subregional agreement is likely to face less political resistance because intra-regional tariff and non-tariff barriers are seen as trade-offs in the context of reciprocal agreements, which helps countries that are members of an RTA overcome industrial opposition to trade liberalization. From a political standpoint, it is simpler and more acceptable for governments to lower these obstacles in one area first before extending the reduction to others (Fioramonti and Mattheis, 2015).

RTAs are commonly cited as a significant component of diplomacy. States could pool their resources. To achieve sufficient leverage to manage global challenges, sovereignty in an RTA is required. RTAs are considered to strengthen poor countries' ability to influence global outcomes; Mercosur may have altered the scene for FTAA negotiations. Additionally, RTAs may "lock in" access to export markets by charging costs

for "exiting" those agreements, whereas trading partners may return to protection. The conversations leading to RTAs and their implementation need public resources and political will, which guarantees that the government will adhere to its agenda of liberalization and sound economic policies. As a result, "entry costs" also increase credibility (Lee, 2012).

Smaller nations frequently approach big nations with which they already have substantial commercial ties in quest of insurance-based, access-preserving trade agreements. Typically, these agreements ask for the major nation to liberalize only a little while the smaller country liberalizes, with a payment made as a side payment (or insurance premium) that benefits both sides (Leraul, 2016). To sum it up conclusively, an RTA may raise the price of upcoming political and economical reversals. If sustaining a democratic system is a condition of continued participation, as it is with Central European nations joining the European Union or Paraguay joining Mercosur, RTAs are also likely to aid in the consolidation of democracy (Mander, 2014).

5. Concluding Remarks

In the Asia and Pacific areas, the study looked at the dynamics of new and open regionalism. fresh and open regionalism's dynamics Similar to how integration efforts were a necessary component of significant structural advances in Latin America and Asia, it is hard to separate the effects of the former from the overall effects of reforms. Second, while many RTA gains are anticipated to be achieved over a longer period, major charges are often focused upfront (such as trade diversion costs).

Evaluations of regional integration are typically made in comparison to what would have happened in its absence. The models created to assess dynamic consequences, however, are as unreliable. It is unlikely that this component will be included in particular modelling efforts anytime soon given the complexity of how dynamic factors interact and ultimately affect policy reform. Some people could think that it is more important to research the various aims of a certain integration scheme because it might be challenging to evaluate different effects.

Whether new open regionalism with open regionalism and multilateralism complement one another in a dynamic environment is impossible to say. The structure and substance of the negotiated RTAs, as well as the characteristics of the member countries, decide a lot. The experts of the World Bank consider this to be the bare minimum.

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Author 2: the second author contributed to the conceptualization of research, data analysis, and part of the discussion of findings while writing the original draft preparation was done by both authors, Writing- Reviewing and Editing were contributed by the first author.

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