

Regional trade agreements between regional comprehensive economic partnership and one belt one road nations: A critical analysis

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Abstract. *This study estimates the influence of three significant concepts on the international trade flows between countries participating in the One Belt One Road (OBOR) initiative and Regional Comprehensive Economic Partnership (RCEP). These concepts, which have been previously examined individually in literature, include the effects of intranational trade, international borders and more importantly, regional trade agreements, on international trade flows. This study employs the structural gravity model with data for various variables such as international trade, intranational trade and regional trade agreements (RTAs) ranging between 1999 and 2019. The approach used in this study produces econometrically robust estimates of the impact of RTAs on trade among OBOR member countries, while various sensitivity analyses including phasing-in effect of the RTAs, endogeneity, reverse causality, and multilateral trade resistances. The findings of this study indicate that the impact of RTAs on trade between OBOR and RCEP countries becomes insignificant when the effects of globalization are isolated. Additionally, the declining influence of international borders on trade flows between OBOR and RCEP countries suggests that trade is facilitated to a greater extent between open economies.*

Keywords: regional trade agreements, one belt one road, regional comprehensive economic partnership, gravity model, international trade.

JEL Classification: F1, F6, F15.