

NBER WORKING PAPER SERIES

WHO BENEFITS FROM REGIONAL TRADE AGREEMENTS? THE VIEW FROM  
THE STOCK MARKET

Christoph Moser  
Andrew K. Rose

Working Paper 17415  
<http://www.nber.org/papers/w17415>

NATIONAL BUREAU OF ECONOMIC RESEARCH  
1050 Massachusetts Avenue  
Cambridge, MA 02138  
September 2011

The authors are respectively: post-doctoral researcher at ETH Zurich, KOF Swiss Institute of Economic Research; and B.T. Rocca Jr. Professor of International Trade, NBER research associate and CEPR research fellow. For comments, we thank: Christian Conrad, Peter Egger, Martin Gassebner, Mario Larch, Michael Lamla, and participants of the 3rd Volkswirtschaftlicher Workshop at the University of Tübingen and the KOF Brown Bag Seminar. The views expressed herein are those of the authors and do not necessarily reflect the views of the National Bureau of Economic Research.

© 2011 by Christoph Moser and Andrew K. Rose. All rights reserved. Short sections of text, not to exceed two paragraphs, may be quoted without explicit permission provided that full credit, including © notice, is given to the source.

Who Benefits from Regional Trade Agreements? The View from the Stock Market  
Christoph Moser and Andrew K. Rose  
NBER Working Paper No. 17415  
September 2011  
JEL No. F10,F13,G14

**ABSTRACT**

The effects of Regional Trade Agreements (RTAs) are disputed. In this paper, we assess these effects using capital market data and an event-study approach, using a daily data set covering a thousand announcements spanning over eighty economies and a hundred RTAs over twenty recent years. We measure the effects of news concerning RTAs on the returns of national stock markets, adjusted for international stock market movements. We then link these excess returns to features of the RTA members and the agreements themselves. We find evidence of the natural trading partner hypothesis; stock markets rise more when RTAs are signed between countries that already engage in high volumes of trade. Stock markets also rise more when poorer countries sign RTAs.

Christoph Moser  
ETH Zurich  
KOF Swiss Economic Institute  
8092 Zurich, Switzerland  
moser@kof.ethz.ch

Andrew K. Rose  
Haas School of Business Administration  
University of California, Berkeley  
Berkeley, CA 94720-1900  
and NBER  
arose@haas.berkeley.edu

## 1: Introduction and Motivation

There has been an unprecedented rise in the number of Regional Trade Agreements (hereafter RTAs) over the last fifteen years. However, the consequences of RTAs are controversial. In this short paper, we attempt to assess RTAs using the lens of the stock market.<sup>1</sup>

A large literature on RTAs has emerged; Freund and Ornelas (2009), Baldwin (2008) and Panagariya (2000) provide surveys. Some stylized facts emerge from the recent literature. RTAs tend to boost trade between their members, with rather small trade-diverting effects for non-members. RTA formation is not random, but depends systematically on economic and political factors. Further, there is evidence of considerable heterogeneity in the overall trade effect of RTAs.<sup>2</sup>

A few studies go beyond pure trade effects of RTAs. The welfare effects of the Canada-U.S. FTA and NAFTA on member and non-member countries have been assessed to be small and positive or close to zero according to Trefler (2004) and Romalis (2007). Based on a structural model, Egger and Larch (2011) find that positive welfare effects of the Europe Agreements are more pronounced for Central and Eastern European countries (CEEC) than for the older (15) members of the EU.

The “natural trading partner hypothesis” suggests that positive welfare effects should stem from RTAs between countries with high trade volumes prior to the agreement. The strength of the theory is a matter of controversy. Baier and Bergstrand (2004) and Egger and Larch (2008) find support for natural trading partners. In contrast, Krishna (2003) uses a general equilibrium model to argue that the welfare effects from potential RTAs with 24 trading partners of the United States are not associated with either trade volume between or distance to RTA-partners.

We examine the reaction of stock markets to news about RTAs for a number of reasons. Most obviously, our analysis can be viewed as a complement to existing work. More importantly, it is easier than tracking effects on trade, which requires a well-specified empirical model of trade flows. To determine the impact of RTAs on output,

let alone welfare would require an even more elaborate specification. Further, the response of the capital markets to news about RTAs automatically incorporates discounted expected future effects of RTAs. Finally, since we have a relatively large number of observations, we are able to differentiate across RTAs, and see how their impact varies with their characteristics.<sup>3</sup> For instance, there is little systematic empirical evidence that poorer countries profit from RTAs. This is a matter of considerable controversy to eminent economists like Joseph Stiglitz, who is concerned that poorer countries face a “take-it-or-leave-it” attitude in negotiations with partners like the United States.<sup>4</sup>

## 2: Empirical Methodology

We adopt an event-study methodology to analyze why the stock-market effects of RTA announcements differ across announcements. Our objective is to use the most comprehensive data set possible.

### Creating Excess National Returns

We are typically interested in a high-frequency return on the stock market, but only the idiosyncratic national component after any common global stock market drift has been taken into account. We adjust national returns for international drift in a plain-vanilla method suggested by MacKinlay (1997). In particular, we regress daily national returns on daily global returns of the MSCI so as to be able to estimate a national beta (and an associated intercept). We do this separately for each event, using a window of time that starts thirteen months before the news event and ends a month before the announcement. That is, we first estimate over the relevant estimation window:

$$R_{i,t} = \alpha_i + \beta_i R_{\text{MSCI},t} + \varepsilon_{i,t} \quad \text{over } t=T-395 \dots T-29 \quad (1)$$

where:  $R_{i,t}$  is the one-day return on the national stock market index of country  $i$  at day  $t$ ,  $R_{\text{MSCI},t}$  is the analogue for the MSCI,  $E(\varepsilon_{i,t})=0$ ,  $\text{Var}(\varepsilon_{i,t})=\sigma^2$ ,  $T$  is the day of the relevant RTA news announcement. We then form one-day excess returns ( $ER_{i,t}$ ) for the event

window as  $ER_{it} = R_{it} - \hat{\alpha}_i - \hat{\beta}_i \cdot R_{MSCI,t}$ , where the values for the coefficients  $\{\hat{\alpha}_i, \hat{\beta}_i\}$  are estimated with least squares as described in (1).

Our default measure of excess returns is the national return (measured in local currency) adjusted for global stock market drift as proxied by the MSCI dollar return. However, to check for sensitivity, we also provide a number of different variants of this measure. For instance, we use the EAFE index to measure global stock market drift, instead of the MSCI. A different perturbation skips any adjustment at all for international stock market drift; we also consider restricting the responsiveness of the national stock market to international returns to lie in  $(-1, 1)$ . Alternatively, we convert national returns from local currency into American dollars, and then regress these dollar returns on the MSCI dollar return. We also report national returns measured in dollars as well as the effect of RTA news on the exchange rate (rather than the stock market).

We accumulate excess returns over different windows of time around the dates of RTA announcements. Our default measure is to accumulate  $ER_{i,t}$  starting a day before the news and continuing for 10 business days (two weeks) afterward so that we form  $\sum_{T-1}^{T+10} ER_{i,t} \equiv ER_{i,T}$ . However, we test for robustness with respect to the exact window size.

### **Linking National Returns to Fundamentals**

We are interested in linking features of excess national stock returns to more fundamental economic determinants; this enables us to understand why excess returns vary across countries and RTA announcements. There are two sets of relevant fundamentals: those of the country and those of the RTA. Countries may respond more to RTAs because of national features (the stock markets of open countries may respond more to RTAs since trade is more important to them), or because of the nature of the RTA (e.g., RTAs with irrelevant trading partners may have little effect on the stock market): we seek to investigate both types of effects.

We estimate the following equation:

$$ER_{i,T} = \gamma \cdot X_{i,T} + \delta \cdot RTA_{i,T} + u_{i,T} \quad (2)$$

where:  $X_{i,T}$  denotes a set of characteristics of country  $i$  at time  $T$ ,  $RTA$  is a set of characteristics describing the nature of the RTA signed by the country at the time, and  $\{\gamma, \delta\}$  are the (vectors of) coefficients of interest to us. We estimate (2) with least squares on the assumption that the disturbance represents a host of well-behaved terms that drive the national stock market independently of the included regressors. We use standard errors clustered at the country-level, and include an intercept and a dummy that differentiates RTAs that cover trade in goods and services (rather than simply goods).

### 3: The Data Set

We consider all RTAs that have been signed, reported and enacted into force. The universe of RTAs is drawn from the “Regional Trade Agreement Information System” (RTA-IS) database of the World Trade Organization (WTO), available at <http://rtais.wto.org>.<sup>5</sup>

#### News Announcements

A central component of our data set and identification strategy consists of a unique set of dates. These are days of important news releases concerning individual RTAs. We consider two important dates: a) the day when it was announced that negotiations on a RTA will commence at some future date (which we dub “Start”), and b) the day that agreement on the RTA was actually reached (“Deal”).<sup>6,7</sup> We identify the exact announcement dates through a full-text analysis on LexisNexis, where we mainly focus on international newswires, press releases and well-established newspapers published in English.<sup>8</sup> Announcements of RTAs are usually made by prominent policy makers like the President, Prime Minister, or the minister of Finance, Economics, or Trade Minister

of the country, and often precede official signature dates (as reported by the WTO) by several weeks or months.<sup>9</sup> Announcements that are made over the weekend are advanced to register on the next business day.

In the interests of parsimony, we combine together RTA start and deal dates into a single data set, rather than modelling them separately. The hypothesis that the stock market responds equally to both types of news cannot be rejected at any reasonable significance level.

### **Stock Markets and Exchange Rates**

Over 130 countries in the world have signed RTAs. Since we try to include as many of them as possible, one of the constraints on our data set is the number of stock markets in the world. To the best of our knowledge, we include all countries for which daily stock market data is available since 1970. Since we are primarily interested in the effects of RTAs on domestic agents, our default measure is the daily closing rate of a broad national stock market index, denominated in local currency. For example, we use: the S&P500 for the American stock market, the FTSE for the UK, the DAX for Germany, the Nikkei for Japan, and the S&P/TSX for Canada. We search for series from a number of different data providers, and use them in a sequential order determined mostly by the span of the data and the perceived accuracy of the data set: Global Financial Database (which we use wherever possible); MSCI/Barra (which we use when reliable GFD data does not exist); Freelunch.com (to fill in remaining gaps); Freelunch.com and the Standard & Poors IFC.

While returns in local currency are those of greatest interest to local investors, they are not the only returns of interest. Foreign investors may be more interested in local returns after taking into account any coincident exchange rate changes. Accordingly, we add to our data set daily closing spot exchange rates vis-à-vis the U.S. dollar; these allow us to convert stock market returns from local currency returns into U.S. dollar returns. Once again, we gather data from a number of different sources and use them in sequential order. We draw on exchange rate data from the U.S. Federal

Reserve, and (via Datastream): Thomson Reuters, WM/Reuters, Global Treasury Information Systems (before 2000, these series come from Bankers Trust), and MSCI.

To the national series, we add a few global stock market aggregates such as the *MSCI World* and *EAFE* indices (both measured in dollars). We use these series so as to be able to adjust national stock market returns for global stock market returns.

The series have been corrected after extensive checking for mistakes, transcription errors, jumps, the introduction of the Euro, and the like.<sup>10</sup> Also, we restrict ourselves to trading Monday through Friday.

Overall our data set covers 1001 country-RTA-events for 82 countries and 122 regional trade agreements. An appendix table provides detailed information on the announcement dates, the type of news and the countries included for each RTA in the data set.

### **Country and RTA Characteristics**

Along with the excess returns from our financial data set, we need features of both the country and the RTA fundamentals to estimate equation (2). We gather data from the World Bank's *World Development Indicators* for four country-specific regressors. We are interested in whether the response of a country's stock market to RTA news differs with its income, size, openness, and stock-market size. Accordingly, as regressors in equation (2), we include the natural logarithms of: a) real GDP per capita b) population, c) the nominal trade: GDP ratio, and d) the stocks traded: GDP ratio.<sup>11</sup>

We are also interested in whether features of the RTA drive the stock market reaction. To measure the importance of the RTA in terms of actual (and potential) exports, we combine *WDI* data with bilateral data taken from the IMF's *Direction of Trade Statistics* and create bilateral exports from country *i* to all the trading partners in the RTA, and normalize this by *i*'s GDP. A different measure of RTA importance is the simple summation of real GDP of the RTA trading partners; we also include the log of this on the right-hand side of equation (2).<sup>12</sup>



## **4: Results**

### **Benchmark Results**

We tabulate our default estimates of equation (2) in Table 1. The middle column presents results for our default window, which begins one day before the news announcement and extends until ten days afterwards. To check for sensitivity we consider both longer and shorter windows; these are presented on either side of our default.

A country's size, openness, and stock market depth play little important role in explaining why stock market returns across different RTA announcements. Still, there is a strong negative effect of national income; the stock markets of poor countries rise more with RTA news than do those of rich countries. This effect is statistically at conventional significance levels. It is also economically large. For our default window of  $(t-1, t+10)$ : an increase in income of one standard deviation from the average level of real GDP per capita lowers excess returns by an annualized amount of 10% (the effect would be larger if we used a shorter window of time). Finally, it is sensible; poorer countries are more protectionist than richer ones, and thus have more to gain from trade liberalization.

We also find a strong effect for current exports to RTA members, consistent with the "natural trade" hypothesis. This effect is consistently statistically significant, and economically large; an increase in the RTA export/GDP ratio of one standard deviation from the mean delivers annualized returns of around 9%. This strong result contrasts with the irrelevance of the economic size of the RTA; collective RTA output has no strong or consistent relationship with stock market returns. These results are robust to the exact choice of window size for excess returns.

### **Sensitivity Analysis**

We have found that the stock markets of poorer countries respond more positively to RTA news; RTAs between countries with proportionately more exports also have a more pronounced effect. On the other hand, the economic size of the RTA

seems irrelevant to the markets, as does the size, openness and financial depth of the country signing the RTA. Are these default results sensitive to minor perturbations in the basic econometric methodology? In a word “no,” as we document in this section.

Table 2 uses a number of different techniques to adjust national for global returns. We compare results from our default regressand with those when: a) we restrict  $\beta_i$  in equation (1) to lie in the range of  $(-1,1)$ ; b) we set  $\alpha_i=\beta_i=0$  and thus do not adjust for global returns at all; c) we substitute EAFE returns for those of the MSCI; and d) we combine a) and c). None of our results is substantively changed. Appendix Table A1 shows that our results are also insensitive to the exact sample of data.<sup>13</sup>

Our default measure of national returns is measured as a percentage change in local currency. In Table 3 we show that currency fluctuations do not account for our results. We do this in two ways: first, we convert LC to US\$ returns; alternatively, we add the LC/\$ exchange change to the MSCI return in equation (1). Our results seem insensitive. Appendix Tables A2 and A3 repeat the analysis of Table 1 for returns measure in US\$ and the LC/US\$ exchange rate respectively.

In Table 4 we check if adding extra controls destroys our results. First, we replace exports to RTA partners by exports to and imports from RTA partners (still scaled by domestic GDP). We then add time-specific fixed effects. Another column reports adding controls for the type of RTA; we differentiate customs unions, free trade agreements, and preferential trade agreements. Finally we add a fixed effect for each RTA. Only the last perturbation has any substantive effect, leaving the sign and essential magnitude of the income effect unchanged, but reducing precision to the point where the coefficient is insignificantly different from zero.

## **5: Summary**

In this short paper, we have assessed the effects of Regional Trade Agreements (RTAs) from a new vantage point, that of the stock market. We use an event-study approach to analyze a new comprehensive daily data set that includes 1001 new

announcements spanning 82 economies and 122 RTAs between 1988 and 2009. We measure the effects of news concerning RTAs on the returns of national stock markets, after adjusted for international stock market movements in a variety of ways. Our strategy is to link these excess returns to features of both the RTA participants and those of the agreement itself. We find strong robust evidence of the natural trading partner hypothesis; stock markets rise more for RTAs between countries that engage in high volumes of trade. Another strong result is that stock markets respond more to RTAs signed by poorer countries.

## References

Baier, Scott and Jeffrey Bergstrand (2004), "Economic Determinants of Free Trade Agreements," *Journal of International Economics*, Vol. 64, pp. 29-63.

Baier, Scott and Jeffrey Bergstrand (2007), "Do Free Trade Agreements actually Increase Members' International Trade?" *Journal of International Economics*, Vol. 71, pp. 72-95,

Baier, Scott and Jeffrey Bergstrand (2009), "Estimating the Effects of Free Trade Agreements on International Trade Flows Using Matching Econometrics," *Journal of International Economics*, Vol. 77, pp. 63-76.

Baldwin, Richard (2008), "Big-Think Regionalism: A Critical Survey," NBER Working Paper, No. 14056.

Baldwin, Richard and Dany Jaimovich (2010), "Are Free Trade Agreements Contagious?" NBER Working Paper, No. 16084.

Carrère, Celine (2006), "Revisiting the Effects of Regional Trade Agreements on Trade Flows with Proper Specification of the Gravity Model," *European Economic Review*, Vol. 50, pp. 223-247.

Eicher, Theo, Christian Henn and Chris Papageorgiou (2011), "Trade Creation and Diversion Revisited: Accounting for Model Uncertainty and Natural Trading Partner Effects," *Journal of Applied Econometrics*, *forthcoming*.

Egger, Peter and Mario Larch (2008), "Interdependent Preferential Trade Agreement Memberships: an Empirical Analysis," *Journal of International Economics*, Vol. 76, pp. 384-399.

Egger, Peter and Mario Larch (2011), "An Assessment of the Europe Agreements' Effects on Bilateral Trade, GDP, and Welfare," *European Economic Review*, Vol. 55, pp. 263-279.

Egger, Peter, Mario Larch, Kevin Staub and Rainer Winkelmann (2011), "The Trade Effects of Endogenous Preferential Trade Agreements," *The American Economic Journal: Economic Policy*, *forthcoming*.

Freund, Caroline and Emanuel Ornelas (2009), "Regional Trade Agreements," CEP Discussion Paper No. 961, Centre for Economic Performance.

Krishna, Pravin (2003), "Are Regional Trade Partners "Natural"?" *Journal of Political Economy*, Vol. 111, pp. 202-226.

Magee, Christopher (2003), "Endogenous Preferential Trade Agreements: An Empirical Analysis," Berkeley", *Contributions to Economic Analysis and Policy*, Vol. 2, Article 15, Berkeley Electronic Press.

Magee, Christopher (2008), "New Measures of Trade Creation and Trade Diversion," *Journal of International Economics*, Vol. 75, pp. 349-362.

MacKinlay, Craig (1997), "Event Studies in Economics and Finance," *Journal of Economic Literature*, Vol. 35, pp. 13-39.

Panagariya, Arvind (2000), "Preferential Trade Liberalization: The Traditional Theory and New Developments," *Journal of Economic Literature*, Vol. 38, pp. 287-331.

Rodriguez, Peter (2003), "Investor Expectations and the North American Free Trade Agreement," *Review of International Economics*, Vol. 11, pp. 206-218.

Romalis, John (2007), "NAFTA's and CUSFTA's Impact on International Trade," *Review of Economics and Statistics*, Vol. 89, pp. 416-435.

Thompson, Aileen (1994), "Trade Liberalization, Comparative Advantage, and Scale Economies: Stock Market Evidence from Canada," *Journal of International Economics*, Vol. 37, pp. 1-27.

Trefler, Daniel (2004), "The Long and Short of the Canada-U.S. Free Trade Agreement," *American Economic Review*, Vol. 94, pp. 870-895.

**Table 1: Default - Stock Market Returns in Local Currency**

Event window	(t-1, t+1)	(t-1, t+5)	(t-1, t+10)	(t-1, t+15)	(t-1, t+20)
<i>Log Real GDP p/c</i>	-0.231* (0.09)	-0.357** (0.11)	-0.419** (0.15)	-0.573** (0.21)	-0.676** (0.24)
<i>Log Population</i>	-0.023 (0.04)	-0.026 (0.08)	0.011 (0.11)	-0.128 (0.13)	-0.097 (0.16)
<i>Log Trade/GDP</i>	-0.221 (0.13)	-0.244 (0.22)	-0.152 (0.31)	-0.601° (0.36)	-0.837 (0.52)
<i>Log National Stocks/GDP</i>	0.079 (0.05)	0.082 (0.09)	0.062 (0.12)	0.097 (0.14)	0.022 (0.19)
<i>Exports to RTA partners/GDP</i>	1.670** (0.52)	2.961** (0.79)	3.806** (1.24)	4.833** (1.57)	6.698** (1.73)
<i>RTA-partner's log real GDP</i>	-0.092** (0.03)	-0.100° (0.06)	-0.085 (0.07)	0.071 (0.10)	0.025 (0.11)

Note: Each column is estimated via OLS. Estimates based on 1001 observations, covering 82 developing and developed countries and 122 RTAs from 1988 to 2009. Event date defined as announcement of the start of negotiations of RTA or announcement of a successful conclusion of such an agreement. Coefficients with standard errors clustered at country-level in parentheses. Coefficients significantly different from zero at [0.10] 0.05 (0.01) marked with [one circle] one (two) asterisk(s). Regressand: National Stock Market return in local currency, adjusted for MSCI movement. Intercepts and Goods/Goods&Services dummy included but not reported.

**Table 2: Different Measures of Stock Market Returns (in LC)**

Model	Default	Beta in (-1,1) (MSCI)	No beta adj. (MSCI)	Beta adj. (EAFE)	Beta in (-1,1) (EAFE)
<i>Log Real GDP p/c</i>	-0.419** (0.15)	-0.374* (0.15)	-0.369* (0.15)	-0.353* (0.15)	-0.394* (0.15)
<i>Log Population</i>	0.011 (0.11)	0.025 (0.11)	0.096 (0.11)	0.034 (0.11)	0.049 (0.11)
<i>Log Trade/GDP</i>	-0.152 (0.31)	-0.237 (0.33)	-0.033 (0.31)	-0.079 (0.31)	-0.130 (0.33)
<i>Log National Stocks/GDP</i>	0.062 (0.12)	0.060 (0.12)	0.085 (0.12)	0.036 (0.12)	0.077 (0.12)
<i>Exports to RTA partners/GDP</i>	3.806** (1.24)	4.583** (1.31)	4.056** (1.43)	3.558** (1.26)	4.039** (1.32)
<i>RTA-partner's log real GDP</i>	-0.085 (0.07)	-0.115 (0.08)	-0.055 (0.08)	-0.072 (0.07)	-0.099 (0.07)
Number of Observations	1001	887	1023	1001	917

Note: Each column is estimated via OLS; (t-1, t+10) event window. Estimates in Column (1) show the baseline results from Table 1 for comparability, covering 82 developing and developed countries and 122 RTAs from 1988 to 2009. In Column (2), sample is restricted to observations with betas between -1 and +1 (MSCI). Column (3) reports results for local returns without beta-adjustment. Column (4) displays results for national stock market returns adjusted for EAFE movement. Column (5) reports results for sample restricted to observations with betas between -1 and +1 (EAFE). Event date defined as announcement of the start of negotiations of RTA or announcement of a successful conclusion of such an agreement. Coefficients with standard errors clustered at the country-level in parentheses. Coefficients significantly different from zero at [0.10] 0.05 (0.01) marked with [one circle] one (two) asterisk(s). Regressand: National Stock Market return in local currency, adjusted for MSCI movement (unless indicated otherwise). Intercepts and Goods/Goods&Services dummy included but not reported.

**Table 3: Different Adjustments of Stock Market Returns for Exchange Rates**

Model	Default	Stock returns in LC	Stock returns in US \$	Changes in FX to US \$	Adjusted for MSCI and FX
<i>Log Real GDP p/c</i>	-0.419** (0.15)	-0.388* (0.15)	-0.385* (0.16)	0.029 (0.07)	-0.319° (0.17)
<i>Log Population</i>	0.011 (0.11)	0.045 (0.12)	-0.022 (0.11)	0.063 (0.05)	0.138 (0.12)
<i>Log Trade/GDP</i>	-0.152 (0.31)	-0.315 (0.32)	-0.382 (0.28)	-0.006 (0.16)	-0.079 (0.29)
<i>Log National Stocks/GDP</i>	0.062 (0.12)	0.077 (0.12)	0.160 (0.10)	-0.102* (0.05)	0.088 (0.12)
<i>Exports to RTA partners/GDP</i>	3.806** (1.24)	3.680** (1.30)	5.960** (1.40)	-2.159** (0.50)	5.459** (1.30)
<i>RTA-partner's log real GDP</i>	-0.085 (0.07)	-0.112 (0.08)	-0.127 (0.08)	-0.007 (0.03)	-0.076 (0.09)
Number of Observations	1001	927	927	927	927

Note: Each column is estimated via OLS; (t-1, t+10) event window. Estimates in Column (1) show the baseline results from Table 1 for comparability, covering 82 developing and developed countries and 122 RTAs from 1988 to 2009. In Column (2), sample is restricted to observations, where national stock market returns are available in local currency and U.S. dollar. Column (3) reports results for U.S. dollar returns with adjustment. Column (4) reports results for national exchange rate changes relative to the U.S. dollar. Column (5) displays results for national stock market returns adjusted for MSCI and exchange rate movement. Event date defined as announcement of the start of negotiations of RTA or announcement of a successful conclusion of such an agreement. Coefficients with standard errors clustered at the country-level in parentheses. Coefficients significantly different from zero at [0.10] 0.05 (0.01) marked with [one circle] one (two) asterisk(s). Regressand: National Stock Market return in local currency, adjusted for MSCI movement (unless indicated otherwise). Intercepts and Goods/Services dummy included but not reported.

**Table 4: Extra Effects and Controls**

Model	Default	Total trade to RTA-partner	Time-fixed effects	RTA-type dummies	RTA-fixed effects
<i>Log Real GDP p/c</i>	-0.419** (0.15)	-0.430** (0.15)	-0.454* (0.20)	-0.447* (0.18)	-0.350 (0.25)
<i>Log Population</i>	0.011 (0.11)	0.006 (0.11)	0.039 (0.12)	-0.019 (0.12)	0.126 (0.14)
<i>Log Trade/GDP</i>	-0.152 (0.31)	-0.179 (0.32)	0.056 (0.26)	-0.184 (0.31)	0.181 (0.32)
<i>Log National Stocks/GDP</i>	0.062 (0.12)	0.078 (0.12)	0.081 (0.13)	0.083 (0.13)	0.149 (0.13)
<i>Exports to RTA partners/GDP</i>	3.806** (1.24)		3.648** (1.25)	3.371** (1.20)	3.615** (0.99)
<i>RTA-partner's real GDP</i>	-0.085 (0.07)	-0.114 (0.08)	-0.161* (0.08)	-0.074 (0.07)	-0.033 (0.15)
<i>Exports to and Imports from RTA partners/GDP</i>		2.381* (0.91)			
Number of Observations	1001	990	1001	960	1001

Note: Each column is estimated via OLS; (t-1, t+10) event window. Estimates in Column (1) show the baseline results from Table 1 for comparability, covering 82 developing and developed countries and 122 RTAs from 1988 to 2009. Column (3) adds time-fixed effects to baseline. In Column (4), the dummy variables Currency Union and Free Trade Agreement are included, but not reported (with Preferential Trade Agreement being the leave-out category). Column (5) employs RTA-fixed effects. Event date defined as announcement of the start of negotiations of RTA or announcement of a successful conclusion of such an agreement. Coefficients with standard errors clustered at the country-level in parentheses. Coefficients significantly different from zero at [0.10] 0.05 (0.01) marked with [one circle] one (two) asterisk(s). Regressand: National Stock Market return in local currency, adjusted for MSCI movement. Intercepts and Goods/Services dummy variable included but not reported.

**Appendix Table A1: Financial Crises and Extreme Stock Market Returns (in LC)**

Model	Default	No financial crises	Trimmed sample (2%)	Trimmed sample (5%)	Robust regression
<i>Log Real GDP p/c</i>	-0.419** (0.15)	-0.397** (0.15)	-0.513** (0.15)	-0.402** (0.13)	-0.360** (0.13)
<i>Log Population</i>	0.011 (0.11)	0.074 (0.10)	-0.026 (0.11)	-0.081 (0.09)	-0.039 (0.08)
<i>Log Trade/GDP</i>	-0.152 (0.31)	-0.131 (0.33)	0.065 (0.24)	0.010 (0.18)	0.136 (0.17)
<i>Log National Stocks/GDP</i>	0.062 (0.12)	0.061 (0.12)	0.126 (0.09)	0.115 (0.07)	0.124° (0.07)
<i>Exports to RTA partners/GDP</i>	3.806** (1.24)	3.527** (1.15)	3.539** (1.15)	2.673** (1.00)	2.485* (1.10)
<i>RTA-partner's log real GDP</i>	-0.085 (0.07)	-0.084 (0.08)	-0.134* (0.07)	-0.120° (0.07)	-0.105° (0.06)
Number of Observations	1001	952	983	953	1001

Note: Each column except for Column (5) is estimated via OLS; (t-1, t+10) event window. Estimates in Column (1) show the baseline results from Table 1 for comparability, covering 82 developing and developed countries and 122 RTAs from 1988 to 2009. In Column (2), sample is restricted to observations with no major financial crisis (see endnote details). Column (3) reports results for local returns, where top and bottom 1% is dropped. Column (4) displays results for national stock market returns, where top and bottom 2.5% are dropped. Column (5) reports results from a robust regression. Event date defined as announcement of the start of negotiations of RTA or announcement of a successful conclusion of such an agreement. Coefficients with standard errors clustered at the country-level in parentheses. Coefficients significantly different from zero at [0.10] 0.05 (0.01) marked with [one circle] one (two) asterisk(s). Regressand: National Stock Market return in local currency, adjusted for MSCI movement (if not indicated otherwise). Intercepts and Goods/Goods&Services dummy included but not reported.

**Appendix Table A2: Stock Market Returns in U.S. Dollar**

Event window	(t-1, t+1)	(t-1, t+5)	(t-1, t+10)	(t-1, t+15)	(t-1, t+20)
<i>Log Real GDP p/c</i>	-0.244* (0.10)	-0.281* (0.12)	-0.385* (0.16)	-0.443* (0.19)	-0.583* (0.24)
<i>Log Population</i>	-0.084 (0.05)	-0.047 (0.08)	-0.022 (0.11)	-0.016 (0.13)	0.029 (0.18)
<i>Log Trade/GDP</i>	-0.415** (0.16)	-0.692** (0.25)	-0.382 (0.28)	0.032 (0.32)	-0.156 (0.43)
<i>Log National Stocks/GDP</i>	0.142* (0.06)	0.124 (0.08)	0.160 (0.10)	0.068 (0.13)	0.063 (0.17)
<i>Exports to RTA partners/GDP</i>	2.161** (0.57)	4.068** (0.87)	5.960** (1.40)	7.446** (1.61)	10.202** (1.72)
<i>RTA-partner's log real GDP</i>	-0.079* (0.04)	-0.095° (0.05)	-0.127 (0.08)	-0.109 (0.10)	-0.049 (0.11)

Note: Each column is estimated via OLS. Estimates based on 927 observations, covering 80 developing and developed countries and 122 RTAs from 1988 to 2009. Event date defined as announcement of the start of negotiations of RTA or announcement of a successful conclusion of such an agreement. Coefficients with standard errors clustered at country-level in parentheses. Coefficients significantly different from zero at [0.10] 0.05 (0.01) marked with [one circle] one (two) asterisk(s). Regressand: National Stock Market return in U.S. dollar, adjusted for MSCI movement. Intercepts and Goods/Goods&Services dummy included but not reported.



**Appendix Table A3: Changes in National Exchange Rate relative to U.S. Dollar**

<b>Event window</b>	<b>(t-1, t+1)</b>	<b>(t-1, t+5)</b>	<b>(t-1, t+10)</b>	<b>(t-1, t+15)</b>	<b>(t-1, t+20)</b>
<i>Log Real GDP p/c</i>	0.052 (0.04)	0.038 (0.05)	0.029 (0.07)	-0.002 (0.11)	0.052 (0.13)
<i>Log Population</i>	0.061* (0.02)	0.076* (0.04)	0.063 (0.05)	-0.012 (0.08)	0.005 (0.10)
<i>Log Trade/GDP</i>	0.045 (0.07)	0.355** (0.11)	-0.006 (0.16)	-0.837** (0.29)	-0.872* (0.38)
<i>Log National Stocks/GDP</i>	-0.062* (0.03)	-0.106* (0.04)	-0.102* (0.05)	0.016 (0.08)	-0.059 (0.11)
<i>Exports to RTA partners/GDP</i>	-0.088 (0.29)	-0.682* (0.31)	-2.159** (0.50)	-2.959** (0.74)	-4.010** (0.94)
<i>RTA-partner's log real GDP</i>	0.000 (0.02)	-0.020 (0.03)	-0.007 (0.03)	0.174** (0.04)	0.107 (0.06)

Note: Each column is estimated via OLS. For comparability, sample restricted to sample of Appendix 2. Estimates based on 927 observations, covering 80 developing and developed countries and 122 RTAs from 1988 to 2009. Event date defined as announcement of the start of negotiations of RTA or announcement of a successful conclusion of such an agreement. Coefficients with standard errors clustered at country-level in parentheses. Coefficients significantly different from zero at [0.10] 0.05 (0.01) marked with [one circle] one (two) asterisk(s). Regressand: Change in National Exchange Rate relative to U.S. dollar. Positive (negative) sign equivalent to depreciation (appreciation) of exchange rate relative to U.S. dollar. Intercepts and Goods/Services dummy included but not reported.

**Appendix Table A4: Announcements on Regional Trade Agreements (RTAs), RTA-members, date, name, and other characteristics (1988 - 2009).**

<b>Name of RTA</b>	<b>Event date (LexisNexis)</b>	<b>Event Type</b>	<b>RTA-members in dataset</b>	<b>Description of Announcement</b>	<b>Signature date (WTO)</b>
Global System of Trade Preferences among Developing Countries (GSTP)	13 Apr. 1988	Deal	Argentina, Chile, Peru, Sri Lanka, India, Indonesia, Malaysia, Philippines, Singapore, Thailand	Ministers of nearly 50 developing nations have agreed in the "Belgrade Declaration" to grant one another tariff concessions and trade preferences.	13 Apr. 1988
ANZCERTA (Services)	18 Aug. 1988	Deal	Australia, New Zealand	New Zealand's Prime Minister recognizes that the world economy is increasingly characterized by strong growth in trade in services [...] two countries agreed to include services in its free trade agreement.	18 Aug. 1988
European Economic Area (EEA)	19 Dec. 1989	Start	Austria, Denmark, France, Finland, Germany, Greece, Italy Netherlands, Norway, Portugal, Spain, Sweden, United Kingdom	The 19 European Community and seven European Free Trade Association nations agreed Tuesday to begin talks early next year on closer economic cooperation aimed at forging a so called European Economic Space.	---
North American Free Trade Agreement (NAFTA)	11 June 1990	Start	Mexico, United States	United States and Mexico agreed to begin work on a free-trade accord [...] in a joint statement issued Monday by the White House.	---
Economic Cooperation Organization (ECO)	19 June 1990	Deal	Pakistan, Turkey	Pakistan, Iran and Turkey have agreed to enhance their cooperation in economic, technical and other fields in an extraordinary ministerial meeting of ECO in Islamabad.	N/A
Southern Common Market (MERCOSUR)	6 July 1990 / 1 Aug. 1990	Start	Argentina, Brazil	Presidents of Argentina and Brazil signed a statement "to establish a common market [...] which must be formed by January 1, 1995."	---
Chile – Mexico	20 Sept. 1990	Deal	Chile, Mexico	Mexico and Chile will sign a FTA next month [...] Mr. Serra, Mexico's Secretary of Trade and Industry, and Chilean Finance Minister Mr. Foxley announced the deal.	17 Apr. 1998
North American Free Trade Agreement (NAFTA)	24 Sept. 1990	Start	Canada, Mexico, United States	Canadian government announced Monday it would plunge into trade talks underway between the United States and Mexico.	---
Southern Common Market (MERCOSUR)	20 March 1991	Deal	Argentina, Brazil	Presidents of Brazil, Argentina, Uruguay and Paraguay will meet Tuesday to sign a common market treaty, Brazil's Foreign Ministry announced Wednesday.	29 Nov. 1991

EC (15) Enlargement	31 July 1991	Start	Austria, Belgium, Denmark, France, Germany, Greece, Italy, Netherlands, Portugal, Spain, United Kingdom	European Commission recommended today that Austria should become a member of the European Community. This is the gist of the so-called "avis".	---
ASEAN Free Trade Area (AFTA)	8 Oct. 1991	Start	Indonesia, Malaysia, Philippines, Singapore, Thailand	Economic Ministers of the Association of Southeast Asian Nations (ASEAN) on Tuesday announced plans to establish a free trade area.	---
EFTA – Turkey	17 Oct. 1991	Deal	Austria, Finland, Norway, Sweden, Switzerland, Turkey	Free trade negotiations between the EFTA countries and Turkey were concluded on October 17 in Geneva, when a FTA was initialled by representatives of the two parties.	10 Dec. 1991
European Economic Area (EEA)	22 Oct. 1991	Deal	Austria, Belgium, Denmark, France, Finland, Germany, Greece, Italy Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom	European Community (EC) and the EFTA nations of northern Europe agreed here early Tuesday to form the world's largest common market.	2 May 1992
South Asian Preferential Trade Arrangement (SAPTA)	23 Dec. 1991	Start	Bangladesh, India, Pakistan, Sri Lanka	The sixth SAARC summit concluded [...] also agreed to examine host Sri Lanka's proposal to set up a "SAARC Preferential Trade Arrangement" by 1997.	---
ASEAN Free Trade Area (AFTA)	28 Jan. 1992	Deal	Indonesia, Malaysia, Philippines, Singapore, Thailand	ASEAN economic ministers signed an agreement on the common effective preferential tariff for the Asean Free Trade Area (AFTA).	N/A
EFTA – Israel	16 July 1992	Deal	Austria, Finland, Israel, Norway, Sweden, Switzerland	Israel and the seven members of EFTA yesterday reached a free trade agreement after 13 months of negotiations.	17 Sept. 1992
EC (15) Enlargement	31 July 1992	Start	Austria, Belgium, Denmark, France, Germany, Greece, Italy, Netherlands, Portugal, Spain, Sweden, United Kingdom	European Commission gave the go-ahead today to open formal negotiations to bring Sweden into the European Community.	---
North American Free Trade Agreement (NAFTA)	12. Aug. 1992	Deal	Canada, Mexico, United States	U.S. President Bush announced that the US, Canada and Mexico have reached a free-trade agreement to create the world's largest trading bloc.	17 Dec. 1992
EC – Israel	2 Oct. 1992	Start	Belgium, Denmark, France, Germany, Greece, Israel, Italy, Netherlands, Portugal, Spain, United Kingdom	European Commission President Delors told Foreign Minister Peres on Friday that the EC would renew its economic accord.	---
EC (15) Enlargement	4 Nov. 1992	Start	Austria, Belgium, Denmark, Finland, France, Germany,	European Commission recommended on Wednesday that the 12 EC states open membership	---

			Greece, Italy, Netherlands, Portugal, Spain, Sweden, United Kingdom	talks with Finland.	
South Asian Preferential Trade Arrangement (SAPTA)	12 April 1993	Deal	Bangladesh, India, Pakistan, Sri Lanka	South Asian leaders signed an agreement to pave the way for preferential trading schemes (SAPTA) yesterday.	11 April 1993
EC (15) Enlargement	2 March 1994	Deal	Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Portugal, Spain, Sweden, United Kingdom	Sweden, Finland and Austria agreed terms to join the European Union after five days and three nights of arduous talks.	24 June 1994
EC – South Africa	10 Oct. 1994	Start	Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Netherlands, Portugal, Spain, United Kingdom	EU and South Africa signed a co-operation agreement [...] laying the groundwork for the negotiation of a formal trade agreement.	---
EC – Egypt	3 Nov. 1994	Start	Belgium, Denmark, Egypt, France, Germany, Greece, Ireland, Italy, Netherlands, Portugal, Spain, United Kingdom	European Commission stepped forward with a recommendation for a Council Decision authorising the EU's executive agency to negotiate a Euro-Mediterranean Association Agreement with Egypt.	---
Canada – Israel	23 Nov. 1994	Start	Canada, Israel	Canada and Israel are to negotiate a FTA, leaders of the two countries announced Wednesday.	---
EC – Turkey	6 March 1995	Deal	Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Portugal, Spain, Sweden, Turkey, United Kingdom	EU concludes long-awaited customs union with Turkey [...] a move the EU hopes will strengthen Turkey's ties to the West.	6 March 1995
EC – Jordan	12 June 1995	Start	Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Jordan, Netherlands, Portugal, Spain, Sweden, United Kingdom	EU Foreign Ministers approved a negotiating mandate authorising the EC to begin talks on an Association Agreement with Jordan.	---
EC – Israel	18 July 1995	Deal	Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Israel, Italy, Netherlands, Portugal, Spain, Sweden, United Kingdom	EU and Israel have reached a new trade agreement eliminating most remaining tariffs [...] the Foreign Ministry announced Tuesday.	20 Nov. 1995
EC – Morocco	15 Nov. 1995	Deal	Austria, Belgium, Denmark, Finland, France, Germany,	The EU and Morocco initialled an Association Agreement on November 15 [...] replaces the	26 Feb. 1996

			Greece, Ireland, Italy, Morocco, Netherlands, Portugal, Spain, Sweden, United Kingdom	Cooperation Agreement of 1976.	
EC – Lebanon	28 Nov. 1995	Start	Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Lebanon, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom	The European Union and its neighbors from the Mideast and North Africa pledged Tuesday to lift trade barriers and foster private investment across the Mediterranean in pursuit of a free-trade area by 2010.	---
EFTA – Egypt / EFTA – Morocco / EFTA – Tunisia	8 Dec. 1995	Start	Iceland, Norway, Switzerland; Egypt, Morocco, Tunisia.	EFTA Ministers during their meeting in Zermatt on December 8 [...] Ministers from Egypt, Morocco and Tunisia signed Declarations on cooperation with the EFTA states, which may eventually lead to full Agreements.	---
Canada – Chile	29 Dec. 1995	Start	Canada, Chile	Work will begin by mid-January on what is being called an interim bilateral trade agreement with Chile, Canadian Trade Minister Roy said.	---
Turkey – Israel	12 March 1996	Deal	Israel, Turkey	Turkish President Demirel is in Israel to sign bilateral trade agreement with Israel.	14 March 1996
EC – Mexico	13 May 1996	Start	Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Mexico, Netherlands, Portugal, Spain, Sweden, United Kingdom	European Union foreign ministers on Monday cleared up a dispute that has long delayed the start of free-trade negotiations with Mexico.	---
Canada – Israel	22 July 1996	Deal	Canada, Israel	Israel and Canada are to sign a free-trade agreement in Canada on July 31, a spokesman for Israel's Ministry of Industry and Trade said yesterday in Jerusalem.	31 July 1996
Canada – Chile	14 Nov. 1996	Deal	Canada, Chile	Canada and Chile have reached a FTA, Canada's Minister for international trade, Mr. Eggleton, announced today.	5 Dec. 1996
Israel – Mexico	18 Feb. 1997	Start	Israel, Mexico	Israel and Mexico have agreed to negotiate a FTA [...] spokesman of Israeli Trade Minister said yesterday.	---
Pan-Arab Free Trade Area (PAFTA)	19 Feb. 1997	Start	Egypt, Jordan, Lebanon, Morocco, Oman, Saudi Arabia, Tunisia	Economy and finance ministers from the 22 member Arab League began talks in Cairo which will focus on long-awaited plans to create an Arab common market and a joint free-trade zone.	---

EC – Jordan	16 April 1997	Deal	Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Jordan, Netherlands, Portugal, Spain, Sweden, United Kingdom	EU and Jordanian officials got together in the Maltese capital of Valetta on April 16, to put their initials to an Association Agreement aimed at creating free trade in non-agricultural products.	24 Nov. 1997
EFTA – Morocco	11 June 1997	Deal	Iceland, Morocco, Norway, Switzerland	A Moroccan [Ministry of] Foreign Affairs statement says the agreement with EFTA will be officially signed in Geneva on June 19 <sup>th</sup> .	19 June 1997
EC (25) Enlargement	16 July 1997	Start	Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Netherlands, Poland, Portugal, Slovenia, Spain, Sweden, United Kingdom	EU Commission confirmed on Wednesday that it would recommend [...] the Czech Republic, Estonia, Hungary, Poland and Slovenia plus Cyprus [...] to begin accession negotiations.	---
EFTA – Canada	4 Dec. 1997	Start	Canada, Iceland, Norway, Switzerland	An initial meeting between EFTA and Canada, to pave the way for a full FTA, will take place next year [...] Swiss Economy minister Mr. Delamurax said Thursday.	---
Pan-Arab Free Trade Area (PAFTA)	31 Dec. 1997	Deal	Egypt, Jordan, Lebanon, Morocco, Oman, Saudi Arabia	Arab League launched a regional free trade program on Wednesday, a step that could lead to the creation of an Arab common market.	19 Feb. 1997
EC – Chile	22 July 1998	Start	Austria, Belgium, Chile, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom	European Commission yesterday took the first step toward negotiating a free-trade arrangement with Chile.	---
South Korea – Chile	16 Nov. 1998	Start	Chile, South Korea	Korean President Dae-jung and Chilean President Frei agreed here Tuesday to start negotiations on a FTA between their two countries.	---
Egypt – Turkey	7 Dec. 1998	Start	Egypt, Turkey	On Sunday, Egyptian President Mubarak urged closer economic cooperation in the region [...] Turkey and Egypt are aiming for a FTA.	---
India – Sri Lanka	28 Dec. 1998	Deal	India, Sri Lanka	India and Sri Lanka signed a free-trade agreement Monday that will eliminate customs tariffs between the countries over several years.	28 Dec. 1998

EC – South Africa	24 March 1999	Deal	Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, South Africa, Spain, Sweden, United Kingdom	EU wrapped up four years of arduous negotiations by agreeing the terms of a wide-ranging free-trade deal with South Africa, German Foreign Minister Fischer said Wednesday.	11 Oct. 1999
EFTA – Mexico	7 June 1999	Start	Iceland, Mexico, Norway, Switzerland	EFTA held its Spring Ministerial meeting in Lillehammer, Norway [...] agreed to propose to Mexico to start exploring the basis for a FTA.	---
New Zealand – Singapore	13 Sept. 1999	Start	New Zealand, Singapore	Singapore and New Zealand took the lead in opening up their economies when their two leaders agreed to start negotiations on a FTA.	---
EC (25) Enlargement / EC (27) Enlargement	13 Oct. 1999	Start	Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovenia, Slovak Republic, Spain, Sweden, United Kingdom	European Commission President Prodi recommended today that negotiations begin with Bulgaria, Latvia, Lithuania, Malta, Romania and Slovakia [...] should be added to the list of next year's enlargement.	---
EC – Mexico	24 Nov. 1999	Deal	Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Mexico, Netherlands, Portugal, Spain, Sweden, United Kingdom	European Union and Mexico wrapped up 16 months of negotiations with an accord Wednesday on establishing a free-trade pact, the EU's trade commissioner said.	8 Dec. 1997
Canada – Costa Rica	31 Jan. 2000	Start	Canada, Costa Rica	Canada and Costa Rica have agreed to start negotiations for a bilateral free trade agreement, the leaders of the two countries announced Monday.	---
Israel – Mexico	15 Feb. 2000	Deal	Israel, Mexico	Mexico and Israel have completed negotiations for a free trade agreement, the Commerce Ministry said on Monday.	10 April 2000
Asian Pacific Trade Agreement (APTA) – Accession of China	7 April 2000	Deal	Bangladesh, China, India, South Korea, Sri Lanka	China has joined the United Nations' "Bangkok Agreement" on trade, bringing the total membership of the Asian preferential trading framework to six, the UN said Friday.	21 April 2001
EC – Croatia	24 May 2000	Start	Austria, Belgium, Croatia, Denmark, Finland, France, Germany, Greece, Ireland,	European Commission recommended closer ties with Croatia as recognition for reforms underway there [...] proposal authorising the start of negotiations for a	---

			Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom	Stabilisation and Association Agreement between the EU and Croatia.	
US – Jordan	6 June 2000	Start	Jordan, United States	U.S. and Jordan decided to open bilateral negotiations on a FTA, White House spokesman Mr. Crowley announced Tuesday.	---
EFTA – Croatia	20 June 2000	Start	Croatia, Iceland, Norway, Switzerland	EFTA and Croatia signed a declaration on cooperation in Zurich on Monday [19th June], the Croatian Economy Ministry said in a statement on Tuesday.	---
Pakistan – Sri Lanka	31 July 2000	Start	Pakistan, Sri Lanka	Sri Lanka and Pakistan have initiated a dialogue to work-out a FTA between the two countries, said Pakistan's High Commissioner.	---
New Zealand – Singapore	18 Aug. 2000	Deal	New Zealand, Singapore	Singapore and New Zealand have concluded negotiations for a bilateral FTA expected to be signed next month, the Singapore government said Friday.	24 Nov. 2000
US – Jordan	19 Oct. 2000	Deal	Jordan, United States	Jordanian Prime Minister announced Thursday that Jordan and the U.S. will sign on October, 24, 2000.	24 Oct. 2000
Japan – Singapore	23 Oct. 2000	Start	Japan, Singapore	Japanese and Singapore Prime Ministers announced that their countries would launch negotiations on a bilateral free trade agreement.	---
EFTA – Mexico	6 Nov. 2000	Deal	Iceland, Mexico, Norway, Switzerland	Mexico and EFTA have concluded their talks on a FTA that will come into force next July, the Swiss government said Monday.	27 Nov. 2000
Singapore – Australia	15 Nov. 2000	Start	Australia, Singapore	Singapore's and Australia's Prime Minister announced Wednesday to start negotiations for a bilateral FTA with the aim of concluding the pact within a year.	---
US – Singapore	16 Nov. 2000	Start	Singapore, US	Singapore's Prime Minister and the U.S. President have agreed to start negotiations on a FTA said a statement published here Thursday by the Singapore government.	---
EFTA – Chile	20 Nov. 2000	Start	Chile, Iceland, Norway, Switzerland	Chilean Foreign Minister Alvear told reporters that Chile and EFTA had discussed the country's interest in reaching an agreement.	---
ASEAN – China	23 Nov. 2000	Start	China, Indonesia, Malaysia, Philippines, Singapore, Thailand	Ministers from the 10-member ASEAN backed in principle a Chinese proposal to set up a common free trade zone but acknowledged the idea was still at an early stage.	---



US – Chile	30 Nov. 2000	Start	Chile, United States	United States and Chile have agreed to start negotiations on a comprehensive bilateral FTA [...] released today by the White House.	---
EC – Egypt	26 Jan. 2001	Deal	Austria, Belgium, Denmark, Egypt, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom	Egypt and the European Commission initialled Friday an association agreement that has been under negotiation for more than five years.	25 June 2001
EFTA – Singapore	9 Feb. 2001	Start	Iceland, Norway, Singapore, Switzerland	Switzerland's Economics Minister and Singapore's top trade official were on Friday to announce the start of talks toward a possible FTA.	---
EFTA – Croatia	23 Feb. 2001	Deal	Croatia, Iceland, Norway, Switzerland	Croatia and EFTA have wrapped up negotiations which began in Zagreb last October and initialled a FTA the Croatian Economy Ministry said in a statement on Friday.	21 June 2001
Thailand – Australia	6 April 2001	Start	Australia, Thailand	Australia is pursuing a two-way FTA with Thailand and will push for similar pacts with countries across eastern Asia, Trade Minister Vaile said Friday.	---
Canada – Costa Rica	23 April 2001	Deal	Canada, Costa Rica	Canada and Costa Rica signed a free-trade treaty on Monday that could prove a model for a planned Americas-wide pact.	23 April 2001
EC – Croatia	14 May 2001	Deal	Austria, Belgium, Croatia, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom	EU External Relations Commissioner Patten and Croatian Foreign Minister Picula signed the pact at the end of a six- month negotiation process.	29 Oct. 2001
EFTA – Jordan	24 May 2001	Deal	Iceland, Jordan, Norway, Switzerland	A FTA will reportedly be signed between the EFTA and Jordan next month [...] Officials from Jordan and the four EFTA countries.	21 June 2001
Japan – Mexico	5 June 2001	Start	Japan, Mexico	Mexican President Fox and Japanese Prime Minister Koizumi agreed Tuesday to consider a bilateral free trade agreement.	---
European Free Trade Association (EFTA - Services)	21 June 2001	Deal	Iceland, Norway, Switzerland	The four EFTA countries have signed an updated version of its founding convention, which EFTA officials said would bring them into line with the 1994 accord with the EU that established the European Economic Area (EEA).	21 June 2001

Japan – Singapore	12 Oct. 2001	Deal	Japan, Singapore	Singapore and Japan have reached basic agreement to launch a bilateral FTA which they expect to sign by the end of the year, a joint statement said Friday.	13 Jan. 2002
Southern African Customs Union (SACU)	26 Oct. 2001	Deal	Namibia, South Africa	The agreement between South Africa, Botswana, Lesotho, Namibia and Swaziland was finalised on Friday.	21 Oct. 2002
EC – Lebanon	19 Nov. 2001	Deal	Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Lebanon, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom	European Commission President Prodi said here Monday that Lebanon and the European Union (EU) will sign a partnership agreement within two weeks in Brussels.	17 June 2002
EFTA – Singapore	27 Nov. 2001	Deal	Iceland, Norway, Singapore, Switzerland	Singapore has completed a FTA with EFTA, an official said Tuesday [...] likely be signed next year after some legalities are finalized.	26 June 2002
Turkey – Croatia	30 Nov. 2001	Deal	Croatia, Turkey	Croatia and Turkey initialled a FTA in Ankara, the Croatian Economy Ministry said in a statement.	13 March 2002
China – Hong Kong	19 Dec. 2001	Start	China, Hong Kong	China has pledged support for a proposed FTA with Hong Kong, the territory's leader said on Wednesday.	---
Gulf Cooperation Council (GCC)	31 Dec. 2001	Deal	Bahrain, Kuwait, Oman, Saudi Arabia	Leaders of the six-nation Gulf Cooperation Council signed an agreement paving the way for economic union with goals of joint customs tariffs in 2003.	31 Dec. 2001
US – Morocco	23 April 2002	Start	Morocco, United States	President Bush yesterday proposed that the U.S. and Morocco enter into a FTA [...] following a meeting in Washington with Morocco's King Mohammed.	---
EC – Chile	26 April 2002	Deal	Austria, Belgium, Chile, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom	EU and Chile reached a landmark free trade agreement on Friday after more than two years of talks.	28 Nov. 2002
Panama – Taiwan	9 Aug. 2002	Start	Panama, Taiwan	Taiwan's Premier Yu [...] an official visit to Panama Friday, set to sign a statement of intent to forge a deal for free trade with this Central American country by late 2003.	---

Central European Free Trade Agreement (CEFTA) – Accession of Croatia	16 Sept. 2002	Deal	Bulgaria, Czech Republic, Croatia, Hungary, Poland, Romania, Slovak Republic, Slovenia	Prime Ministers of CEFTA countries at a summit in Bratislava expressed the wish that Croatia be admitted to this organization by the end of the year.	5 Dec. 2002
EC (25) Enlargement	10 Oct. 2002	Deal	Austria, Belgium, Czech Republic, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, United Kingdom	The European Commission gave its green light Wednesday for 10 countries to join the EU in 2004, in a historic enlargement [...] recommended that Malta, Cyprus, Estonia, Hungary, Poland, the Czech Republic, Slovenia, Latvia, Lithuania and Slovakia be invited to join in 2004.	16 April 2003
South Korea – Chile	24 Oct. 2002	Deal	Chile, South Korea	South Korea and Chile concluded a FTA Thursday to boost trade in South Korean industrial goods and Chilean farm products, officials said.	1 Feb. 2003
Trans-Pacific Strategic Economic Partnership	28 Oct. 2002	Start	Chile, New Zealand, Singapore	Singapore, Chile and New Zealand have agreed to begin negotiations on a trilateral trade agreement on Saturday.	---
Singapore – Australia	4 Nov. 2002	Deal	Australia, Singapore	Australia and Singapore have sealed a free trade pact that will remove all tariffs on goods and services by early 2003 [...] Australian Trade Minister Vaile announced Sunday.	17 Feb. 2003
US – Australia	14 Nov. 2002	Start	Australia, United States	U.S. and Australia will begin negotiations toward a free-trade agreement [...] U.S. Trade Representative Zoellick said Thursday.	---
US – Singapore	20 Nov. 2002	Deal	Singapore, United States	Historic free-trade pact [...] - in the wee hours of yesterday - will lead to the signing of a free-trade agreement (FTA) between the United States and Singapore next year.	6 May 2003
US – Chile	11 Dec. 2002	Deal	Chile, United States	U.S. Trade Representative announced today the completion of a trade agreement between the United States and Chile.	6 June 2003
EFTA – Lebanon	12 Dec. 2002	Start	Iceland, Lebanon, Norway, Switzerland	EFTA signed a Joint Declaration of Co-operation with Lebanon, which could lead to negotiations on a FTA.	---
Dominican Republic - Central America – United States Free Trade Agreement (CAFTA-DR)	8 Jan. 2003	Start	Costa Rica, United States	U.S. Trade Representative Zoellick and ministers from Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua announced the launch of negotiations to conclude a U.S.-Central American Free Trade	---

				Agreement (CAFTA).	
EFTA – GCC	12 Jan. 2003	Start	Bahrain, Iceland, Kuwait, Norway, Oman, Saudi Arabia, Switzerland	Gulf Cooperation Council (GCC) hosts a joint committee meeting here on Tuesday with EFTA [...] with the aim of striking a free trade agreement, the statement said.	---
India – Singapore	4 Feb. 2003	Start	India, Singapore	Singapore and India have agreed to launch negotiations for a bilateral FTA by April 2003, the press secretary for Singapore Prime Minister announced Tuesday.	---
Common Economic Zone (CEZ)	24 Feb. 2003	Start	Ukraine, Russian Federation	Presidents of Russia, Ukraine, Belarus and Kazakhstan have agreed to form a free-trade zone [...] in a statement signed Sunday.	---
EFTA – Chile	25 March 2003	Deal	Chile, Iceland, Norway, Switzerland	The government has reached an agreement with EFTA states to establish a free-trade zone, Chilean President Lagos said.	26 June 2003
Turkey – Tunisia	19 May 2003	Start	Tunisia, Turkey	President Sezer said that this was his first official visit to Tunisia and that he had proposed establishing a FTA.	---
US – Bahrain	21 May 2003	Start	Bahrain, United States	The White House said Wednesday it will begin pursuing a FTA with Persian Gulf ally Bahrain, the first such effort announced since President Bush this month proposed a free trade zone in the Middle East.	---
EFTA – SACU	22 May 2003	Start	Botswana, Iceland, Namibia, Norway, South Africa, Swaziland, Switzerland	It was announced yesterday that SACU and EFTA were planning to conclude an extensive FTA.	---
China – Hong Kong	13 June 2003	Deal	China, Hong Kong	Hong Kong and China will complete bilateral FTA by the end of this month, Secretary for Commerce, Industry and Trade, Tangam official in the territory confirmed Friday.	29 June 2003
Jordan – Singapore	25 June 2003	Start	Jordan, Singapore	Jordan and Singapore agreed to begin negotiations in the "near future" [...] A joint statement released this week on the sidelines of the World Economic Forum (WEF).	---
Panama – Taiwan	8 Aug. 2003	Deal	Panama, Taiwan	Taiwan and Panama are due to sign a formal FTA later this month after concluding the final round of talks, Taiwan's economics minister Lin Yi-fu said Friday	21 Aug. 2003
Common Economic Zone (CEZ)	19 Sept. 2003	Deal	Ukraine, Russian Federation	Ukraine, Russia, Belarus, and Kazakhstan reached a consensus on practically all problems, Ukrainian President Kuchma noted.	19 Sept. 2003

Turkey – Morocco	8 Oct. 2003	Deal	Morocco, Turkey	Morocco and Turkey have initialled a FTA [...] According to a Foreign Trade Ministry press release.	7 April 2004
ASEAN – Japan	8 Oct. 2003	Start	Indonesia, Japan, Malaysia, Philippines, Singapore, Thailand, Vietnam	Leaders of Japan and the ASEAN decided Wednesday to kick off formal negotiations in early 2004 to establish a regional free trade area.	---
Thailand – Australia	20 Oct. 2003	Deal	Australia, Thailand	Australia reached a free trade and investment deal with Thailand on Sunday [...] said Prime Minister Howard.	5 July 2004
Thailand – New Zealand	20 Oct. 2003	Start	New Zealand, Thailand	Thai Prime Minister Shinawatra and his New Zealand counterpart Ms. Clark agreed to initiate a FTA on Monday.	---
South Korea – Singapore	23 Oct. 2003	Start	South Korea, Singapore	Singapore and South Korea agreed to launch formal negotiations for a bilateral FTA early next year, the leaders of the two countries announced on Thursday.	---
US – Colombia / US – Panama / US – Peru	18 Nov. 2003	Start	Colombia, United States; Panama; Peru	U.S. Trade Representative Zoellick said Tuesday it was opening free-trade negotiations Colombia, Peru, Ecuador, Bolivia and Panama.	---
Japan – Malaysia / Japan – Philippines / Japan – Thailand	11 Dec. 2003	Start	Japan, Malaysia; Philippines; Thailand	Japan stepped up its efforts for regional trade liberalisation, saying it would start bilateral trade talks with Malaysia, Thailand and the Philippines.	---
South Asian Free Trade Agreement (SAFTA)	5 Jan. 2004	Deal	Bangladesh, India, Nepal, Pakistan, Sri Lanka	A South Asian free trade agreement reached ahead of a major regional summit will let countries protect highly sensitive industries, Pakistan's foreign minister said.	6 Jan. 2004
Dominican Republic - Central America – United States Free Trade Agreement (CAFTA-DR)	26 Jan. 2004	Deal	Costa Rica, United States	Costa Rica reached a FTA Sunday in Washington with the United States [...] Foreign Trade Minister Trejos told reporters.	5 Aug. 2004
US – Australia	9 Feb. 2004	Deal	Australia, United States	United States and Australia reached a free-trade agreement [...] was struck after a telephone call between President Bush and Australia's Prime Minister Howard.	18 May 2004
Panama – Singapore	17 Feb. 2004	Start	Panama, Singapore	Singapore and Panama announced they had decided to start negotiations on a bilateral FTA with the aim of completing talks within a year [...] joint statement released Tuesday.	---
US – Morocco	2 March 2004	Deal	Morocco, United States	United States concluded a FTA with Morocco, officials said Tuesday, following delays to settle issues over key sectors including agriculture and textiles.	15 June 2004

Japan – Mexico	15 March 2004	Deal	Japan, Mexico	Japan and Mexico reached a final agreement [...] said Japanese Trade Minister late Friday [...] after concessions over sensitive agricultural items.	17 Sept. 2004
Jordan – Singapore	10 May 2004	Deal	Jordan, Singapore	Singapore and Jordan have successfully concluded negotiations on a FTA and a separate bilateral investment treaty [...] Singapore's Ministry of Trade and Industry (MTI) said in a statement late Friday.	16 May 2004
US – Bahrain	27 May 2004	Deal	Bahrain, United States	United States has successfully concluded negotiations for a FTA with Bahrain, wrapping up the negotiations in just four months, both countries announced Thursday.	14 Sept. 2005
EFTA – Lebanon	24 June 2004	Deal	Iceland, Lebanon, Norway, Switzerland	The four-nation European Free Trade Association and Lebanon signed a FTA on Thursday, EFTA said.	17 June 2002
Dominican Republic - Central America – United States Free Trade Agreement (CAFTA-DR)	23 July 2004	Deal	Costa Rica, United States	The Dominican Republic will join a proposed free-trade pact with the United States and five countries of Central America known as CAFTA, US officials said Friday.	5 Aug. 2004
Turkey – Tunisia	28 Sept. 2004	Deal	Tunisia, Turkey	Tunisia and Turkey have concluded a free-trade agreement [...] under which Tunisia will be able to export to Europe products made with Turkish textiles.	25 Nov. 2004
EC (27) Enlargement	6 Oct. 2004	Deal	Austria, Belgium, Bulgaria, Czech Republic, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden, United Kingdom	The European Union's (EU) executive recommended Wednesday that the bloc sign accession treaties with Romania and Bulgaria as early as 2005.	25 April 2005
ASEAN – China	26 Oct. 2004	Deal	China, Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam	China and ASEAN will sign a FTA in November to cut tariffs on commodities from 2005 and eliminate them by 2010, the Ministry of Commerce said Tuesday.	29 Nov. 2004
ASEAN – China (Services)	4 Nov. 2004	Start	China, Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam	China and ASEAN will start free trade talks on services and investment after signing a trade agreement later this month, ASEAN official said.	---
US – Oman	15 Nov. 2004	Start	Oman, United States	U.S. Trade Representative Zoellick announced plans Monday to negotiate free trade agreements with Oman.	---

Chile – China	18 Nov. 2004	Start	Chile, China	Chinese President Jintao and Chilean President Lagos said Thursday they have agreed to commence negotiations for a bilateral FTA.	---
Japan – Philippines	19 Nov. 2004	Deal	Japan, Philippines	Japan and the Philippines on Thursday reached a basic agreement to conclude a bilateral free trade pact, Japan's Economy, Trade and Industry Minister Nakagawa said.	9 Sept. 2006
China – New Zealand	19 Nov. 2004	Start	China, New Zealand	China and New Zealand will move toward signing a FTA [...] a senior Chinese official said.	---
Singapore – Peru	19 Nov. 2004	Start	Peru, Singapore	Peruvian President Toledo and Singaporean Prime Minister Loong agreed Friday to start negotiations for a bilateral FTA [...] announced on the sidelines of the Apec summit.	---
Pakistan – Sri Lanka	22 Nov. 2004	Deal	Pakistan, Sri Lanka	Sri Lanka and Pakistan will launch a FTA by January when President Kumaratunga visits Islamabad, Pakistan Prime Minister Aziz said Monday.	1 Aug. 2002
South Korea – Singapore	29 Nov. 2004	Deal	Singapore, South Korea	Asian economies South Korea and Singapore concluded a FTA during a regional summit in Laos, the South Korean government announced Monday.	4 Aug. 2005
Thailand – New Zealand	1 Dec. 2004	Deal	New Zealand, Thailand	Prime Ministers of New Zealand and Thailand announced in Vientiane, Laos, Wednesday that negotiations on FTA had been substantively concluded.	19 April 2005
EFTA – South Korea	10 Dec. 2004	Start	Iceland, Norway, South Korea, Switzerland	South Korea will start talks on a free trade agreement with the EFTA in late January, the Ministry of Foreign Affairs and Trade said Friday.	---
EFTA – Tunisia	16 Dec. 2004	Deal	Iceland, Norway, Switzerland, Tunisia	Tunisia and the European Free Trade Association (EFTA), sign a FTA [...] it was announced Thursday.	17 Dec. 2004
Chile – India	20 Jan. 2005	Start	Chile, India	The Indian government has approved bilateral economic framework agreement with Chile [...] paving the way for full free-trade talks.	---
Pakistan – Malaysia	16 Feb. 2005	Start	Malaysia, Pakistan	Pakistan and Malaysia have agreed to start discussions on a PTA leading to a FTA, Pakistani Prime Minister Aziz said.	---
Egypt – Turkey	31 March 2005	Deal	Egypt, Turkey	Turkish State Minister Tuzmen said on Thursday said that he and Egyptian Foreign Trade and Industry Minister Rashid would sign a free trade agreement in June.	27 Dec. 2005
Pakistan – China	6 April 2005	Start	China, Pakistan	Minister for Commerce Khan Wednesday said that Pakistan and China have started negotiations for a	---

				FTA.	
Panama – Singapore	8 April 2005	Deal	Panama, Singapore	Singapore and Panama have concluded a free trade agreement, the two sides announced Friday.	1 March 2006
Japan – Malaysia	23 May 2005	Deal	Japan, Malaysia	"We have now finalized everything," International Trade and Industry Minister Aziz told reporters after talks with visiting Japanese Trade Minister Nakagawa.	13 Dec. 2005
Japan – Indonesia	1 June 2005	Start	Indonesia, Japan	Japan and Indonesia agreed on Wednesday to begin negotiations over a FTA as early as next month [...] said the official at the Ministry of Economy, Trade and Industry.	---
Trans-Pacific Strategic Economic Partnership	3 June 2005	Deal	Chile, New Zealand, Singapore	Brunei, Chile, New Zealand and Singapore have agreed to create the first trans-Pacific free-trade agreement, officials said Friday.	18 July 2005
India – Singapore	20 June 2005	Deal	India, Singapore	The cabinet today gave its approval to a comprehensive trade agreement between India and Singapore, told Information and Broadcasting Minister Reddy reporters.	29 June 2005
EFTA – South Korea	12 July 2005	Deal	Iceland, Norway, South Korea, Switzerland	Korea and EFTA agreed to a FTA [...] the Ministry of Foreign Affairs and Trade said [...] reached during a small WTO ministerial meeting.	15 Dec. 2005
Japan – Thailand	1 Aug. 2005	Deal	Japan, Thailand	Japanese Minister of Economy, Trade and Industry Nakagawa reached the basic accord with Thai Deputy Prime Minister Chatusiphithak.	3 April 2007
US – Oman	3 Oct. 2005	Deal	Oman, United States	United States and Oman announced on Monday they have successfully completed negotiations on a FTA.	19 Jan. 2006
Chile – China	28 Oct. 2005	Deal	Chile, China	Chilean President Lagos confirmed his Foreign Minister's announcement that negotiations on the Chile-China FTA had come to a successful end today.	18 Nov. 2005
Chile – Japan	18 Nov. 2005	Start	Chile, Japan	Japan and Chile agreed Friday to officially launch negotiations aimed at producing a bilateral free trade agreement, a Japanese official said.	---
Chile – India	24 Nov. 2005	Deal	India, Chile	The agreement will benefit 91 percent of Indian exports and 98 percent of imports from Chile, the Embassy of Chile said in a statement here on Thursday.	8 March 2006
US – Peru	7 Dec. 2005	Deal	Peru, United States	United States and Peru have wrapped up negotiations on a FTA, officials from both countries said Wednesday.	12 April 2006



Japan – Viet Nam	12 Dec. 2005	Start	Japan, Viet Nam	Japanese Prime Minister Koizumi and his Vietnamese counterpart agreed Monday to launch formal negotiations.	---
South Korea – US	2 Feb. 2006	Start	South Korea, United States	South Korea and the United States are to start formal talks on establishing a FTA and hope to complete negotiations within a year, officials said Thursday.	---
Panama – Chile	6 Feb. 2006	Deal	Chile, Panama	Panama and Chile signed a free trade deal here on Saturday, ending their 15th round of FTA talks [...] the two sides excluded some sensitive issues [...] said Panama's Minister of Commerce and Industry Ferrer.	27 June 2006
US – Colombia	27 Feb. 2006	Deal	Colombia, United States	United States and Colombia have concluded a trade agreement [...] announced Monday by USTR Portman and Colombia's minister for trade, industry and tourism.	22 Nov. 2006
EFTA – SACU	26 June 2006	Deal	Botswana, Iceland, Namibia, Norway, South Africa, Switzerland	Conclusion of FTA with SACU (South Africa, Botswana, Lesotho, Namibia and Swaziland ) will open new doors, said Swiss Economics Minister Deiss.	26 June 2006
Chile – Colombia	27 July 2006	Start	Chile, Colombia	Chile and Colombia announced they have agreed to start negotiations toward a FTA on Thursday [...] after a meeting between Foreign Minister Foxley and visiting Colombian Trade Minister Botero.	---
China – Singapore	25 Aug. 2006	Start	China, Singapore	China and Singapore have agreed to launch negotiations for a bilateral free trade agreement, Singapore's Trade and Industry Ministry said Friday.	---
Chile – Japan	22 Sept. 2006	Deal	Chile, Japan	Japan announced Friday a framework free trade deal with Chile [...] sealed after just seven months of negotiations [...] said Prime Minister Koizumi.	27 March 2007
EFTA – Colombia	5 Oct. 2006	Start	Colombia, Iceland, Norway, Switzerland	Colombia and EFTA began talks Thursday aimed at drafting a trade agreement [...] said Colombian Trade Minister Botero following the meeting in Bogota.	---
EFTA – Egypt	1 Nov. 2006	Deal	Egypt, Iceland, Norway, Switzerland	Egypt and EFTA have agreed to establish a free trade zone between the two sides, Egypt's news agency MENA reported on Wednesday.	27 Jan. 2007
Australia – Chile	10 Nov. 2006	Start	Australia, Chile	Chile and Australia agreed on Friday to start bilateral free trade talks, according to a statement issued by Chile's Foreign Ministry.	---
Pakistan – China	13 Nov. 2006	Deal	China, Pakistan	China and Pakistan have wrapped up negotiations [...] announcement ahead of a state visit by Chinese President Jintao to Pakistan.	24 Nov. 2006

Chile – Colombia	27 Nov. 2006	Deal	Chile, Colombia	Presidents of Chile and Colombia signed a FTA during a visit to Bogota.	27 Nov. 2006
Japan – Indonesia	28 Nov. 2006	Deal	Indonesia, Japan	Japan and Indonesia said Tuesday they have in principle reached a bilateral FTA [...] said in a joint statement.	20 Aug. 2007
US – Panama	19 Dec. 2006	Deal	Panama, United States	The office of U.S. Trade Representative Schwab said Tuesday it had virtually wrapped up a FTA with Panama [...] the pact complete save for further talks on labor issues.	28 June 2007
ASEAN – China (Services)	15 Jan. 2007	Deal	China, Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam	China and the ASEAN signed on Sunday an agreement on Trade in Services of the China-ASEAN Free Trade Area.	14 Jan. 2007
Japan – Switzerland	19 Jan. 2007	Start	Japan, Switzerland	Japan and Switzerland agreed Friday to begin negotiations for a bilateral FTA [...] after a telephone conversation between Japanese Prime Minister and Swiss President.	---
Canada – Peru	23 Jan. 2007	Start	Canada, Peru	Peru and Canada will start talks over a FTA in the next two or three weeks, said Peru's Foreign Trade Deputy Minister Garcia.	---
South Korea – US	2 April 2007	Deal	South Korea, United States	United States and South Korea concluded a landmark FTA Monday, officials said, culminating 10 months of negotiations in a final week of intense haggling that just beat a key U.S. legislative deadline.	30 July 2007
EFTA – Canada	7 June 2007	Deal	Canada, Iceland, Norway, Switzerland	Canada and EFTA have concluded talks on a FTA Canadian Trade Minister Emerson announced Thursday.	26 Jan. 2008
Canada – Colombia	7 June 2007	Start	Canada, Colombia	Canadian Trade Minister Emerson announced Thursday that Canada is launching free trade talks with Colombia.	---
Pakistan – Malaysia	11 June 2007	Deal	Malaysia, Pakistan	Pakistan, Malaysia to sign FTA [...] mutual consent was expressed during a telephonic conversation between the two prime ministers this afternoon.	8 Nov. 2007
Canada – Jordan	13 July 2007	Start	Canada, Jordan	Prime Minister Harper and visiting King Abdullah II bin Al-Hussein of Jordan [...] announced plans to begin talks next year on a possible Canada-Jordan FTA.	---
Peru – Singapore	4 Sept. 2007	Deal	Peru, Singapore	Singapore and Peru have concluded negotiations for a FTA and the bilateral accord will be signed in the next few months, the two nations said Tuesday.	29 May 2008

ASEAN – Japan	12 Nov. 2007	Deal	Indonesia, Japan, Malaysia, Philippines, Singapore, Thailand, Vietnam	Japan and ASEAN on Wednesday welcomed and effectively endorsed the conclusion of a comprehensive FTA aimed at stimulating further trade and investment between the two sides.	26 March 2008
EC – Cote d'Ivoire	7 Dec. 2007	Start	Austria, Belgium, Bulgaria, Czech Republic, Cote d'Ivoire, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden, United Kingdom	Cote d'Ivoire Friday initialled an interim trade deal with the European Commission ahead new agreements to replace preferential accords between the EU and African, Caribbean and Pacific (ACP) nations.	---
EC – CARIFORUM States EPA	17 Dec. 2007	Deal	Austria, Barbados, Belgium, Bulgaria, Czech Republic, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Jamaica, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden, Trinidad and Tobago, United Kingdom	Caricom and Dominican Republic - countries have reached agreement with the EU on a new Economic Partnership Agreement (EPA), just days before the current Cotonou Agreement expires at yearend [...] inked the deal in Bridgetown on Sunday.	15 Oct. 2008
China – New Zealand	24 Jan. 2008	Deal	China, New Zealand	China and New Zealand will sign the FTA in April, the Chinese Ministry of Commerce announced here Thursday.	7 April 2008
Canada – Peru	28 Jan. 2008	Deal	Canada, Peru	Peru has signed a FTA with Canada, Peruvian President Garcia announced at the World Economic Forum on Saturday.	29 May 2008
EFTA – GCC	29 April 2008	Deal	Bahrain, Iceland, Norway, Oman, Saudi Arabia, Switzerland, United Arab Emirates.	Negotiations for a FTA between the states of the Gulf Cooperation Council (GCC) and the European Free Trade Association (EFTA) have been finalized, said Secretary General of the GCC Mr. Al-Atiyya.	22 June 2009
Australia – Chile	27 May 2008	Deal	Australia, Chile	Australia and Chile have sealed negotiations for a FTA and the deal should be in place by 2009,	30 July 2008

Canada – Colombia	9 June 2008	Deal	Canada, Colombia	Australian Trade Minister Crean said Tuesday. Colombia has concluded negotiations for a free trade deal with Canada [...] Canada's Foreign Affairs and International Trade Ministry said Saturday.	N/A
EFTA – Colombia	1 July 2008	Deal	Colombia, Iceland, Norway, Switzerland	Colombia and EFTA have agreed on a FTA, according to a press release by the Colombian government on Tuesday.	25 Nov. 2008
Canada – Jordan	26 Aug. 2008	Deal	Canada, Jordan	Department of Foreign Affairs and International Trade said Tuesday that it has reached a free trade agreement with Jordan.	28 June 2009
China – Singapore	4 Sept. 2008	Deal	China, Singapore	Singapore's Deputy Prime Minister Seng and Chinese Vice-Premier Qishan yesterday announced the successful end to two years of FTA negotiations.	23 Oct. 2008
Japan – Switzerland / Japan – Viet Nam	29 Sept. 2008	Deal	Japan, Switzerland; Vietnam	Japan has struck separate basic deals with Vietnam and Switzerland to conclude [...] government officials said Monday.	19 Feb. 2009 / 25 Dec. 2008
EC – Cote d'Ivoire	26 Nov. 2008	Deal	Austria, Belgium, Bulgaria, Czech Republic, Cote d'Ivoire, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden, United Kingdom	Cote d'Ivoire became the first country in Africa to sign an economic partnership agreement (EPA) with the European Union [...] formally copper-fastened in Abidjan.	26 Nov. 2008

Note: All information except for the event date and event type drawn from the RTA-database of the World Trade Organization (see <http://rtais.wto.org>). The “List of all RTAs in force” and the “List of early announcements” were downloaded from this database on 21 October, 2009, and 27 February, 2010, respectively. RTAs reported in chronological order. Following three selection criteria have to be met in order to be included in our dataset: i) RTA reported to and part of WTO's RTA-database ii) daily stock market data available and iii) this daily financial market data available for both RTA-members in the case of a bilateral trade agreement or for at least one RTA-member country if the signatory constitutes a RTA itself. *Event date* based on full-text research via LexisNexis, where we mainly focus on international newswires, press releases and well-established newspapers published in English. Event date refers to official announcement of at least one of the involved governments that i) negotiations on a regional trade agreement will be started soon (*start*) or ii) that a general agreement on such an agreement has been reached (*deal*). The reported dates refer to the first trading day, when such an announcement can be priced in. Announcements of deals usually proceed the official *signature date* as reported by the WTO by several weeks or months. *Name of RTA* is name of Regional Trade Agreement as reported by WTO. *Description of Announcement* gives some details on news.

## Endnotes

<sup>1</sup> By “regional trade agreements” (RTAs), we include customs unions (CUs), free trade agreements (FTAs) and preferential trade agreements (PTAs). We do not distinguish between these forms; it is not easy to do so in practice, and all are allowed within the GATT/WTO framework.

<sup>2</sup> Among others, Magee (2003, 2008), Baier and Bergstrand (2004, 2007, 2009), Carrère (2006), Eicher et al. (2011) and Egger et al. (2011) document the endogenous nature of regional trade agreements and their heterogeneous effects. Egger and Larch (2008) and Baldwin and Jaimovich (2010) emphasize the “spatial dimension” of trade agreements; if geographically close countries or important trading partners strike a deal with another country, the incentives for non-members to pursue a regional trade agreement increase.

<sup>3</sup> We are not aware of any event study that investigates differences across RTAs, but Thompson (1994) and Rodriguez (2003) among others exploit differences across individual firms – for one specific RTA, here, Canada-U.S. and NAFTA – to test for trade theories.

<sup>4</sup> Joseph Stiglitz raises this concern for instance in the following news paper articles: “New Trade Pacts Betray the Poorest Partners,” Wall Street Journal, July 10, 2004; “Nobel Laureate Criticizes FTA, U.S. Unilateralism,” The Korea Herald, Nov. 16, 2007.

<sup>5</sup> These are listed in the RTA-IS under “List of all RTAs in force” as well as those that have been signed but are not yet in force (listed in the RTA-IS under “List of early announcements”).

<sup>6</sup> If the countries officially decide to conduct some sort of “pilot study” together, this announcement is defined as the official start of negotiations, so long as *de facto* negotiations are not conditional on the success of the pilot study.

<sup>7</sup> In the case of entry into the European Community/European Union, we define a “deal” as the European Commission’s announcement to officially recommend the accession of a new member. While the European Council technically decides to accept this recommendation, the Council has never yet rejected a positive recommendation.

<sup>8</sup> The full-text research via LexisNexis (LexisNexis Academic) was performed between October and December 2009, at the Haas Business School and between December 2009 and March 2010 at ETH Zurich. The full-text research typically starts with the key-words “free trade” or “trade agreement” and the two respective country names. We restrict ourselves to dates before the respective RTA went into force.

<sup>9</sup> One of the reasons for a gap between the official announcement and the signature ceremony is “legal scrubbing” since it usually takes some time to transform the political will of a general agreement into a contract. (We are not aware of any cases where an agreement has not been followed by the formal signing of a RTA.) A number of RTAs have been signed but not yet ratified; these RTAs are not yet in force (prominent examples would be the US–Korea and US–Colombia RTAs).

<sup>10</sup> Typically when we collect the same series from different sources (e.g., the EAFE index or the \$/C\$ exchange rate), the series coincide closely.

<sup>11</sup> Note that the variable “stocks traded relative to GDP” is only available from 1988.

<sup>12</sup> In the case of RTA-enlargements, the features of the RTA only refer to the new RTA partner(s).

<sup>13</sup> The following time periods are defined as financial crises: Tequila Crisis (12/1994 and 1/1995), Asian Crisis (7/1997 to 12/1997), Russian Crisis and LTCM crisis (8/1998 to 12/1998), Argentine sovereign default (12/2001 and 1/2002) and onset of Subprime Crisis (8/2008 and 9/2008).