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## **Levelling-Up: Explaining the Depth of South-South Trade Agreements**

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# Levelling-Up: Explaining the Depth of South-South Trade Agreements

Conventional wisdom holds that not all preferential trade agreements (PTAs) are alike. Trade agreements between developed and developing countries (North-South PTAs) tend to be characterized by great depth, such that they include chapters for many trade-related regulatory issues, including intellectual property, foreign investment, and investor-state dispute settlement, among other things. In this way, North-South PTAs are thought to be different from South-South PTAs (between developing countries), which are shallower and focus on removing traditional tariff barriers to trade, as opposed to tackling trade-related regulatory issues. However, some developing countries appear to prefer deeper trade agreements, which begs the questions: How deep are South-South PTAs and what explains the variation in their depth? We address these questions using statistical analysis and interviews with current and former trade officials from developing countries. Our findings show that developing countries form deep trade agreements with one another when both are parties to North-South PTAs, as each are familiar and comfortable with the sorts of provisions in deep agreements. Our findings suggest that the formation of deep trade agreements between developing countries reflects socialization into the liberal international order through policy learning.

Keywords: preferential trade agreements, South-South trade, emerging economies, deep trade agenda, liberal international order, policy learning

## Introduction

The conventional wisdom in international political economy holds that South-South Preferential Trade Agreements (PTAs) are shallow relative to North-South agreements: While agreements in which the US, Canada, and the EU are members typically include provisions for trade in services and non-trade issues such as foreign investment rules and intellectual property protection, agreements between developing countries focus on trade in (some) goods, and exclude these regulatory issues, rendering them largely symbolic.<sup>1</sup> However, while South-South agreements are shallower on average than agreements involving Northern countries (Miroudot, 2011; Ruta, 2017; Sieber-Gasser, 2016), the conventional view that South-South PTAs are universally shallow obscures considerable nuance: Certain developing countries, e.g. Chile, have incorporated regulatory provisions, including government procurement, environment, investment and services in their trade agreements for

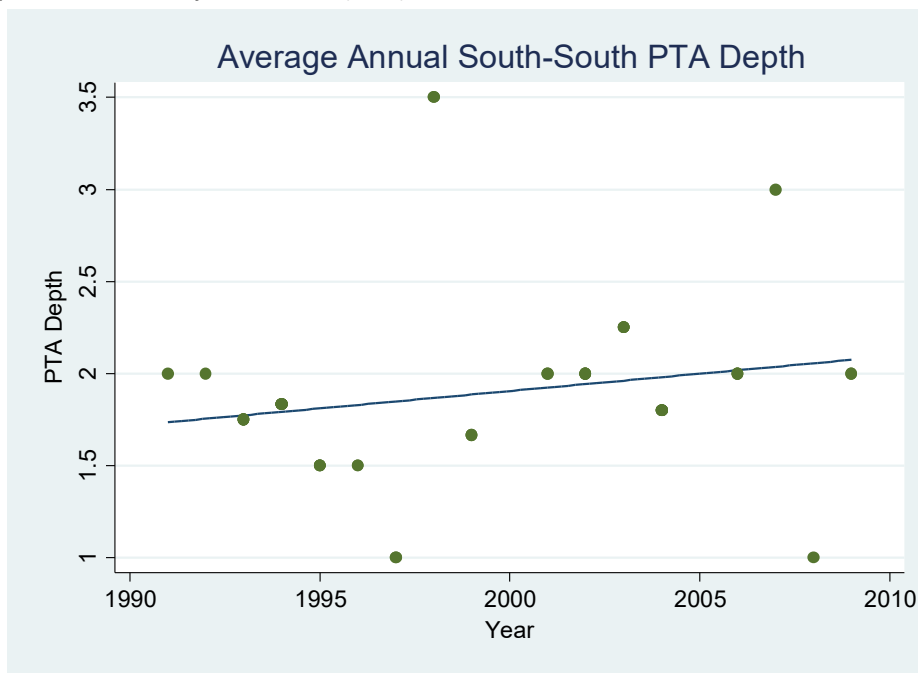
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<sup>1</sup> South-South agreements are those signed only by developing countries, while North-South are those signed by developed and developing countries.

many years (Bartels, 2016), while others, e.g. China, that had traditionally preferred shallow PTAs (Jiang, 2008) have recently pursued deeper agreements (Eckhardt & Wang, 2019).

More generally, South-South PTAs appear to have deepened over the years. Figure 1 uses data from Dür et al. (2014) to show this trend. The figure shows the depth of the average South-South PTA formed in each year (1991-2009<sup>2</sup>) as a green dot, as well as the positive trend across years (the blue line).

Figure 1: The dots show average PTA depth for South-South PTAs in each given year (1991-2009); the blue line shows the positive trend. Data from Dür et al. (2014).



Notably, developing countries collectively opposed many regulatory provisions (the so-called Singapore issues) in the WTO in the 1990s. Thus, their inclusion in bilateral and regional PTAs is puzzling and necessitates an investigation into the drivers of these agreements' depth, given the absence of pressures from Northern countries. In this paper, we investigate South-South PTAs in order to explain variation in their depth.

While trade agreement depth has received a considerable amount of attention in recent years (Dür et al., 2014; Kohl & Trojanowska, 2015; Kohl et al., 2016; Milewicz et al., 2018; Osnago et al., 2017; Vicard, 2012), this research has not concentrated on South-South

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<sup>2</sup> This corresponds to the time series for the quantitative portion of this study.

agreements. Many policy studies point at the growth of South-South trade but fall short of analysing the design of PTAs that might, in fact, be a driver of this trend (e.g. UNCTAD, 2015).<sup>3</sup> Literature on the design of PTAs tends to be dominated by the studies of EU, US, or other developed country agreements (e.g. Dür & Elsig, 2015; Horn et al., 2010). At the same time, the rich literature on different types of regionalism, whether East Asian (Ravenhill, 2009, 2010), Latin American (Malamud, 2013; Nolte, 2014), or African (Levin & Nagar, 2016), analyses PTAs within a certain region, eschewing to place them within the Global South context and missing the larger picture. Studies of comparative regionalism tend to compare the EU with other blocs (e.g. Brennan & Murray, 2015; Duina, 2007).

The study that follows seeks to fill this void in the literature by exploring South-South PTAs and identifying the determinants of their depth. The focus on South-South PTAs is non-trivial: South-South trade has grown considerably in recent years, contributing to economic development and allowing emerging countries to assume a greater role within the global trading system.<sup>4</sup> Signing PTAs with similar partners represents a crucial form of growing South-South trade cooperation, a trend that is likely to continue given the fragmentation of the international system in the absence of stronger traditional leadership. Focusing on the patterns of this cooperation should enable further understanding of the emerging multiplex order and whether developing economies are likely to adhere to liberal norms or be the spoilers of the liberal international order (Acharya, 2017; Ikenberry, 2012).

We argue that the number of deep PTAs that developing countries have signed with countries of the Global North determines the depth of their subsequent agreements with other developing countries. We consider two underlying mechanisms. First, having adhered to conditions in their PTAs with Northern countries that raise production costs, developing

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<sup>3</sup> Scholars debate whether PTAs are responsible for the growing volumes of trade (e.g. Spilker et al. 2018).

<sup>4</sup> UNCTAD (2015) estimates that the South-South trade share of global trade has grown from 7.4% in 1990 to 15.4% in 2010. Between 2000 and 2012, South-South exports and imports as a share of total global exports and imports increased from 44% to 57% and from 44% to 59%, respectively.

countries impose the same sorts of conditions in South-South PTAs in order to keep partners from holding cost advantages stemming from lax regulations. Second, developing countries that have engaged in intensive North-South negotiations have learned to adopt the PTA templates of their Northern partners through socialization. These countries then use such templates as a starting point for their subsequent negotiations with other countries in the South. In contrast, developing countries that have few agreements with Northern countries, or none at all, are unlikely to see material benefits in negotiating deeper agreements and nor have they been socialized to use deep PTA templates.

Consistent with the second mechanism, we expect that when one developing country has signed a relatively large number of North-South trade agreements and the other has signed few, or none at all, the trade agreement between them will be shallow. This is because the country that has not joined North-South PTAs will resist the imposition of strict standards that open up otherwise protected markets or force unwanted rules. This country will not have experienced deep trade agreements with countries of the North and will instead prefer shallow agreements that have traditionally been the norm in South-South cooperation. However, when two countries in a South-South PTA are both parties to North-South PTAs, the trade agreement between them will be deeper, as each are familiar and comfortable with the sorts of provisions in such agreements.

If our argument is supported by the data analysis, it will point towards the socialization through policy learning mechanism and away from the mechanism emphasizing competitive pressures. Conversely, the latter mechanism would be more likely to lead countries with a relatively high number of North-South agreements to seek deeper agreements with countries that have relatively few, as doing so would level the playing field between them.

We test these arguments statistically using data from the Design of Trade Agreements (DESTA) dataset (Dür et al., 2014). We complement quantitative analysis with interview data from structured and semi-structured interviews with current and former trade officials and experts in the emerging economies of Chile, Malaysia, Singapore, and Vietnam. Consistent with our expectation, statistical analysis suggests that developing countries form shallow trade agreements when one has signed onto North-South PTAs and the other has not, but form deep PTAs when they are both party to North-South PTAs. Data from interviews bolster our findings, while helping us to further tease out the causal mechanism.

The remainder of this paper proceeds as follows. First, we review relevant literature and provide background on South-South trade, PTA formation and depth. Second, we offer our theory and introduce two mechanisms. Third, we present an overview of our research design. In the subsequent two sections, we explain our quantitative methodology and provide the results of statistical analysis. Sixth, we discuss findings from interviews with trade negotiators from the Global South. Finally, we conclude with policy implications, limitations of this study, and suggestions for future research.

## **Background and Literature Review**

PTAs have been proliferating for decades, with a dramatic rise beginning in the 1990s (Brown, 2017). This trend has been attributed to "competitive liberalization," whereby non-member countries seek PTAs to level the playing field with members in order to avoid trade diversion (Baccini & Dür, 2011; Baldwin, 1995; Baldwin & Jaimovich, 2012; Manger, 2009), as well as to the stalling of multilateral negotiations through the GATT/WTO (Hoekman & Mavroidis, 2015; Osakwe, 2015). A significant literature explores PTAs with attention to their effects (e.g. Fernández & Portes, 1998; Mansfield & Pevehouse, 2000) as

well as the factors that contribute to their formation (e.g. Mansfield, 1998; Mansfield & Milner, 2012).<sup>5</sup>

In recent years, attention has turned to the heterogeneity of trade agreements (Ahcar & Siročn, 2017). In particular, deep PTAs, which contain provisions for investment, property rights, labor and environmental standards, and other non-trade issues, can be differentiated from shallow agreements, which liberalize trade in goods (Dür, et al., 2014). Researchers have explored the effects of PTA depth on trade (e.g. Kohl & Trojanowska, 2015; Kohl et al., 2016), as well as on foreign investment (e.g. Gamso & Grosse, 2020; Lechner, 2018; Osnago et al., 2017) and environmental protection (e.g. Martínez-Zarzoso & Oueslati, 2018).

A related body of literature explores the factors that influence trade agreement design and depth. Vicard (2012) finds that countries form deeper agreements when the probability of interstate conflict between them is high, reflecting a security-based motive for PTA design. Lechner (2016) argues that wage and import pressure, as well as stark differences between signatories in terms of civil and political rights, provoke domestic responses that lead to more stringent clauses for human rights, labor standards, and environmental protection. Raess et al. (2018) find that the strength of labor unions and the government's political ideology influence the strength of labor rights provisions in trade agreements. Milewicz et al. (2018) point at the importance of interdependence, network pressures, and institutional costs in explaining the diffusion of various non-trade issues in PTAs. Morin et al. (2019) argue that initial conditions determine the diffusion of certain environmental templates across PTAs. Postnikov (2020) emphasizes the importance of domestic institutional mechanisms insulating policy-makers from constituents to explain the varying levels of coverage and enforcement of labor and environmental standards in PTAs with the EU and the US. Bastiaens and Postnikov (2020) also argue that electoral systems determine the depth of coverage of labor and

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<sup>5</sup> See Baccini (2019) for a comprehensive overview of this literature.

environmental standards, with majoritarian systems providing more opportunities for labor and environmental groups demanding stronger protections. Other scholars attribute the inclusion of non-trade issues in PTAs to protectionism (Krugman, 1997), the influence of social clauses in the WTO (Aaronson & Zimmerman, 2008), and power dynamics between signatories (Hafner-Burton, 2009).

While these studies offer important insights into the determinants of PTA depth, none focus on variation in trade agreements between developing countries. This is a notable void, as evidence suggests that South-South PTAs are systematically different than North-South and North-North agreements (Dahi & Demir, 2013). In fact, while some literature has emerged around South-South trade (e.g. Bernhardt, 2016; Coulibaly & Fontagné, 2006; Fugazza & Vanzetti, 2008; Gamso, 2019; Horner, 2016), there has been surprisingly little attention to South-South PTAs,<sup>6</sup> given the large body of research on trade agreements more generally and the fact that South-South agreements comprise the bulk of PTA universe.<sup>7</sup>

## **Theory and Hypothesis**

While negotiating PTAs, governments face a trade-off between comprehensive agreements that foster deeper integration and shallow agreements that preserve a higher degree of sovereignty. Generally speaking, developing countries' governments have gravitated towards shallow trade agreements (Laget et al., 2019). This may reflect the relatively small regulatory gap between developing countries, which creates less of a need to harmonize regulations through PTA provisions. Alternatively, it may be because shallower agreements are less arduous to negotiate, as they do not require harmonizing domestic rules and do not lead to

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<sup>6</sup> Mayda & Steinberg (2009) and Donno & Rudra (2014, 2019) are among the few exceptions. The latter pieces attribute the growth in South-South PTAs to export displacement accompanying China's rise.

<sup>7</sup> South-South agreements account for roughly 70% of all PTAs today, according to the WTO. South-South PTAs have always been more numerous than their North-South counterparts, but they began to rapidly outpace North-South agreements in the mid-1990s. South-South PTAs outnumbered North-South PTAs by approximately two-to-one by 2010 (Donno & Rudra 2014).

regulatory change that might upset domestic economic and political coalitions, or it may reflect a normative preference for selective liberalization. In any case, it is not surprising that prominent PTAs initiated by the Global South, including the China-led Regional Comprehensive Economic Partnership (RCEP), focus primarily on gaining market access through the removal of traditional barriers to trade and shun the deep trade agenda that could require changing domestic rules (Petri & Plummer, 2016).

However, in recent years some developing countries have sought deeper agreements with their partners in the Global South (Eckhardt & Wang, 2019), leading to heterogeneity among South-South agreements (Suominen, 2009). This creates a puzzle as to why developing countries would be willing to import potentially costly rules in the absence of pressures from Northern countries. To resolve this puzzle, we argue that developing countries are more open to forming deep South-South PTAs when they have experience negotiating and signing agreements with countries of the Global North, following work from Allee and Elsig (2019) demonstrating that countries adopt templates from previous PTAs. This may reflect two causal mechanisms, one based on competition pressures and the other on policy learning.

The first possible mechanism focuses on competition pressures and the need to level the playing field in South-South trade: Having themselves adhered to conditions in their PTAs with Northern countries that raise production costs, developing countries impose the same sorts of conditions in South-South PTAs in order to keep partners from holding cost advantages stemming from lax regulations. Competition has been identified as one of the key mechanisms of policy diffusion, including liberal economic reforms (Simmons et al., 2008), and its logic can manifest in the proliferation of PTAs that are formed defensively, often cascading within the same region (Solis & Katada, 2014).

Developing countries are increasingly embedded in global value chains (GVCs) and compete for access to lucrative Northern markets (Chan & Ross, 2003). PTAs facilitate GVC integration by enabling intra-industry trade in intermediate goods (see Kim, 2015). South-South trade, which is mainly composed of trade in manufactured goods and, to a lesser degree, primary commodities, has risen as a result of GVCs and Southern production networks servicing primarily Northern, but also Southern-end, markets (Horner & Nadvi, 2017; UNCTAD, 2015). As developing countries exercise their competitive potential, usually stemming from low costs of production, they should be wary of losing their position in GVCs to another developing country when signing onto deep PTAs with the Global North, which could undercut their comparative advantage. Deep North-South PTAs can lead to better GVC integration and upgrading which benefits Southern producers trying to access Northern markets. However, deeper agreements may also raise the cost of production through harmonization of regulations with a Northern partner. This effect can undercut competitiveness vis-à-vis firms in a Southern partner who might not have experienced similar effects.

Thus, maintaining competitive advantage within Southern production networks, often formed on a regional basis with other countries enjoying similar factor endowments (Estevadeordal et al., 2013), would be important for developing country firms. Applying different standards to Northern and Southern production networks could be extremely costly, especially given scarcer resources, so demanding firms in trading partners to raise standards would be the dominant firm strategy, in line with the trading up mechanism (Vogel, 1997). Consequently, both developing country governments and their organized businesses would be in favor of levelling the field with their Southern counterparts as they join PTAs with them.

Besides these economic pressures, political competition might also be at play in South-South trade negotiations. Developing country governments joining North-South PTAs

often engage in economic and social reforms, using such agreements as credible commitment devices in the face of domestic opposition (Baccini & Urpelainen, 2014). Southern states could use deep PTAs to lock-in domestic reforms, such as domestic marketization (Eckhardt & Wang, 2019). Having made such commitments through various North-South agreements, governments would be motivated to continue adhering to their rules and not deviating from them when joining an increasing number of South-South PTAs, as such deviation could potentially empower anti-reform domestic interests and dilute their previous commitments. This logic would likely drive these governments to seek similar reforms from their Southern partners.

Alternatively, it may be socialization, as opposed to competitive pressures, that leads to a positive relationship between South-South PTA depth and North-South PTA membership. In this scenario, a developing country that has formed deep agreements with developed countries, such as the US or the EU, will adopt the template from those agreements in their subsequent South-South PTA negotiations, because they have come to believe that this template is a proper one for trade agreements. We attribute this to socialization through policy learning by developing country trade officials.

Socialization has been demonstrated to be behind the diffusion of many policies (Simmons et al., 2008) and international institutions are among the main sites of socialization among policy-makers, providing platforms for country officials to share their views and to change shared understandings, leading to interest convergence (Bearce & Bondanella, 2007). PTAs are the type of international institution most prevalent in the global trade system today, providing multiple communication channels for the trade policy officials negotiating and implementing them. Trade policy in the Global South has been also influenced by the emergence of a transnational epistemic community of “Southern trade intellectuals” (Scott, 2015) responsible for shaping a certain framework of understanding for how international

trade ought to be conducted. Trade agreements have primarily been a North-South phenomenon, with developed countries acting as *policy-makers*, demanding greater depth, and developing countries being initially reluctant to accept it, acting as *policy-takers* (for example, they opposed the inclusion of regulatory issues in the WTO for many years). However, over time trade policy officials from the South communicating with their Northern counterparts through the networks of different agreements can learn to accept deep PTAs as the appropriate way to design a trade agreement, mimicking various provisions in the absence of the bargaining power differential characterizing North-South trade relations. This mechanism echoes the findings on the diffusion of ideas regarding regional integration, whereby regional arrangements among developing states mimic those of developed countries even in the absence of functional pressures (Jetschke & Lenz, 2013; Jetschke & Murray, 2011). Additionally, many North-South PTAs also include various joint bodies and implementation arrangements, providing ample opportunities for policy dialogue and learning among trade officials from relevant ministries. These mechanisms have led to the diffusion of some PTA norms from the North to the South (Postnikov, 2020).

Each mechanism suggests that membership in North-South PTAs affects the depth of developing countries' PTAs, although the empirical implications are slightly different. To determine which of these mechanisms is more accurate, we explore the possibility of an interaction effect, whereby the depth of a trade agreement between two developing countries (Country  $i$  and Country  $j$ ) depends on the number of North-South PTAs that each of these countries are members of.

Consistent with the socialization mechanism, we hypothesize that: *When Country  $i$  is a member of a relatively large number of North-South PTAs and Country  $j$  is a member of relatively few, the PTA between Countries  $i$  and  $j$  will be shallow. However, when both Country  $i$  and Country  $j$  are members of North-South PTAs, the PTA between them will be*

*deep*. In this latter scenario, both Country *i* and Country *j* will have adopted the North-South trade agreement template as a starting point for negotiations, making a deep trade agreement between them the likely result of negotiations.

Testing this hypothesis will help us to tease out the causal mechanism to determine whether competition pressures or policy learning explain the relationship between North-South PTA membership and South-South PTA depth. If the hypothesis finds support, it will suggest that developing countries adopt the North-South PTA template through policy learning via their prior negotiations with developed countries, as opposed to in reaction to competition pressures. If competitive pressures are driving developing countries that have been forced to adopt strict standards in North-South agreements to, in turn, impose those same standards on partners in subsequent South-South agreements, then we would expect to see deep South-South trade agreements emerge when only one of the two partners is party to North-South PTAs. However, if policy learning is key, then South-South agreements should be deeper when both partners have been socialized to embrace the North-South PTA template.

## **Research Design**

We use a mixed methods approach to assess our hypothesis. First, statistical analysis is used to determine whether the hypothesized relationship between South-South PTA depth and the North-South PTA counts of their members are evident. Specifically, we rely on dyadic PTA data from the DESTA dataset (Dür et al., 2014). We limit the sample to PTA dyads in which both signatories are low- or middle-income countries, as classified by the World Bank<sup>8</sup> and we also eliminate all South-South dyads that are part of plurilateral agreements that include

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<sup>8</sup> The World Bank classifies countries into low, lower-middle, upper-middle, and high-income categories using its Atlas method, which is described here: <https://datahelpdesk.worldbank.org/knowledgebase/articles/378832-the-world-bank-atlas-method-detailed-methodology>. Our sample only includes PTA dyads in which both members were low, lower-middle, or upper-middle in the year that the agreement was signed.

both North and South countries. Our data analysis focuses on South-South PTA formation, meaning that we analyse the depth of new PTAs formed between developing countries. This portion of the analysis covers 679 dyads over the period of 1991-2009.

We complement our statistical analysis with qualitative data from ten structured and semi-structured interviews, which we carried out in late-2019 and early-2020 with current and former trade officials and experts in Chile, Malaysia, Singapore, and Vietnam. These states have been selected using the wide definition of a developing country and because they vary in terms of their region, political regime, and level of development.

## **Statistical Analysis**

### ***Dependent Variable***

The PTA Depth Index developed by Dür et al. (2014) serves as our dependent variable. It is measured on an eight-point scale, scored from zero to seven. Trade agreements begin with a score of zero and then one point is added for each of the following provisions: (1) more than a partial scope agreement, (2) substantive provision on services, (3) substantive provision on investments, (4) substantive provision on standards, (5) substantive provision on public procurement, (6) substantive provision on competition, and, (7) substantive provision on intellectual property rights. Among the deeper South-South agreements are the West African Economic and Monetary Union, which has a depth score of four, the Common Market for Eastern and Southern Africa (COMESA), which has a depth score of three, and the China–Pakistan Free Trade Agreement, which also has a depth score of three. Among the shallowest South-South PTAs are the South Asian Free Trade Area (SAFTA) and the India-Sri Lanka Free Trade Agreement, each of which have PTA Depth scores of 1.

### ***Independent Variables***

Our independent variables capture the cumulative number of North-South PTAs for each member of a South-South PTA dyad in each year of the time series: *North-South PTA Count<sub>i</sub>* and *North-South PTA Count<sub>j</sub>*. These variables are interacted with one another to test the hypothesis. Data for these variables was also drawn from the DESTA dataset. Specifically, countries' North-South PTAs were summed for each sample year, then merged back into the dyadic dataset.

In our primary set of statistical models, we classify North-South PTAs as those in which either the US or the EU are partnered with one or more lower- or middle-income countries. We also remove all trade agreements in which the US or EU is a member from the analysis, in order not to capture South-South dyads within a plurilateral North-South agreement. In a second set of models, we expand the definition of a Northern country to include several other high-income countries that also seek deep PTAs that cover similar regulatory issues to US and EU agreements: Australia, Canada, Japan, and the European Free Trade Association (EFTA) bloc. Comparing these models allows us to account for variation in the influence of different types of Northern countries, as we suspect that the US and EU are particularly influential given their pioneering of the deep trade agenda (Horn et al. 2010) and their relative inflexibility in PTA design. This suspicion reflects empirical evidence that these countries can impact policies in the developing countries that they form PTAs with (Postnikov & Bastiaens, 2014; Bastiaens & Postnikov, 2017). In these secondary models, we exclude all trade agreements in which the US, EU, Australia, Canada, Japan, or the EFTA bloc is a member from the analysis, which again eliminates South-South dyads within a plurilateral North-South agreement.

### *Control Variables*

We include several control variables, to help isolate the relationship between our independent and dependent variables. First, we include a control for whether both countries of the trade agreement dyad are members of the GATT/WTO. Earlier work suggests that GATT/WTO membership affects the formation of trade agreements (Mansfield & Reinhardt, 2003), as well as the features of those agreements (Baccini et al., 2015). Additionally, our interview data from Singapore suggests that developing countries seek deeper trade agreements as a second-best choice to multilateralism, meaning that PTAs allow these countries and their partners to achieve a deeper level of integration than is possible within the context of the WTO alone. This suggests that country pairs that are committed to liberalization, as demonstrated by their membership in the GATT/WTO, will be more likely to form deeper trade agreements. This variable, which is also drawn from Dür et al. (2014), is coded 0 when both countries are not GATT/WTO members and 1 when both countries are members.

Next, we control for the economic size of each country in the dyad, using the natural logs of per capita gross domestic product (GDP). While the literature suggests that income-levels can increase the depth of economic agreements (Márquez-Ramos et al., 2011), we suspect that larger developing countries see less benefit to opening their markets to trade and foreign investment, insomuch as the domestic market can support the economy (Mansfield & Reinhardt, 2003).<sup>9</sup> Larger countries in a dyad might also have greater bargaining power to influence agreement design. We account for GDP levels in partner countries with data from the World Bank's World Development Indicators (WDI).

Next, we control for trade and foreign direct investment (FDI), each as a share of GDP, in each dyad country, on the basis that governments that are open to trade and

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<sup>9</sup> Our interview data from Chile and Singapore also suggests that this is the case. For example, a Singaporean official explained that a smaller country like Singapore depends on access to foreign markets, while a larger country can rely on its domestic marketplace.

investment will seek deeper economic integration. This is consistent with earlier studies indicating that trade and investment are correlated to deeper PTAs (Dür et al., 2014; Medvedev, 2012). Trade and FDI data are drawn from the WDI.

We also control for trade between dyads, with variables capturing exports from Country *i* to Country *j* as well as exports from Country *j* to Country *i*. This allows us to account for the degree of economic integration between partners, which may have implications for the types of PTAs that they form. Additionally, this allows us to control for trade-based leverage between dyads, as a country that serves as a major import market for its partner is likely to have leverage to shape the PTA that they negotiate.

Next, we control for the relative difference in GDP between countries in the dyad. This is intended to account for leverage between PTA partners, as it may be that more powerful countries or countries with larger markets are able to dictate the terms of trade agreements that they form with smaller partners. Crucially, we also conduct another set of analyses in which we remove all trade agreements in which China is a member. This too allows us to account for the power asymmetry that can exist between Southern partners, as China is likely able to set terms for trade agreements that it negotiates. Indeed, data from interviews with current and former trade policymakers in Chile suggests that Chile was willing to accept a shallow trade agreement from China in order to gain access to its marketplace.

Next, we control for regime type for each country in the dyad. Research suggests that democratic countries form trade agreements more frequently than authoritarian ones (Mansfield et al., 2002) and that democratic states seek deeper integration than authoritarian states (Márquez-Ramos et al., 2011). Data for regime type comes from Marshall et al. (2016).

Finally, we control for a neighbourhood effect for both countries in the dyad. This variable measures the cumulative number of North-South PTAs that other countries in each

dyad country's region had signed at the point when the dyads in question signed their South-South PTA. This accounts for geographic diffusion, which may be a factor that contributes to trade agreement formation and design.<sup>10</sup>

### ***Statistical Model Specifications***

Our data is cross-sectional and the dependent variable is a count variable. Therefore, we analyse Poisson regression models. Robust standard errors are clustered by PTA, which accounts for heteroscedasticity as well as for plurilateral agreements with multiple South-South dyads. We lag x-variables one year to allow them time to affect variation in the dependent variable and to account for endogeneity.

### **Results from Statistical Analysis**

#### ***Findings from main models***

In this section, we present the results of the quantitative data analysis that we carried out to identify sources of variation in South-South PTA depth. As discussed, our expectation is that South-South PTAs will be deeper when the countries that are members of those agreements have signed North-South PTAs in the past. To test our hypothesis, we regress the depth of South-South PTA dyads against the interaction term that captures the North-South PTA counts of countries in the dyads. Before doing so, however, we present regression results to show the main effects of the variables that we interact in the hypothesis test. The first set of main effect results are presented in Table 1, which includes all South-South PTAs.

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<sup>10</sup> Descriptive statistics for all variables are provided in Table A1, in the Appendix.

Table 1: Poisson regression models assessing the relationship between North-South PTA Count variables and South-South PTA Depth. \* $p < 0.1$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ . Robust standard errors clustered by PTA in parentheses; x-variables lagged by one year.

Dependent Variable: PTA Depth Index <sub>ij</sub>	Model 1	Model 2	Model 3	Model 4
North-South PTA Count <sub>i</sub>	-0.0570 (0.193)	-0.0374 (0.186)	-0.00203 (0.189)	0.110 (0.115)
North-South PTA Count <sub>j</sub>	-0.200 (0.227)	-0.194 (0.219)	-0.135 (0.199)	-0.101 (0.210)
GATT/WTO <sub>ij</sub>	0.0506 (0.0469)	0.0521 (0.0458)	0.0589 (0.0461)	0.0948 (0.0776)
GDP <sub>pc</sub> <sub>i</sub>	0.0222 (0.0560)	0.0199 (0.0523)	0.0225 (0.0515)	0.0488 (0.0874)
GDP <sub>pc</sub> <sub>j</sub>	0.00252 (0.00525)	0.00340 (0.0111)	0.0103 (0.0100)	0.0212 (0.0234)
Trade (% GDP) <sub>i</sub>	0.000228 (0.000736)	0.000224 (0.000849)	0.000151 (0.000757)	0.000481 (0.00136)
Trade (% GDP) <sub>j</sub>	0.000341 (0.000321)	0.000387 (0.000419)	0.000362 (0.000361)	0.000265 (0.000449)
FDI (% GDP) <sub>i</sub>	0.0106 (0.0124)	0.0101 (0.0115)	0.0119 (0.0109)	0.0126 (0.00917)
FDI (% GDP) <sub>j</sub>	-0.00183 (0.00857)	-0.00270 (0.0123)	-0.00182 (0.0118)	-0.00749 (0.0106)
Regime Type <sub>i</sub>		0.00473 (0.00558)	0.00547 (0.00536)	0.00146 (0.00585)
Regime Type <sub>j</sub>		-0.000349 (0.00279)	-0.00125 (0.00297)	-0.00159 (0.00312)
Neighborhood Effect <sub>i</sub>			-0.0917** (0.0383)	-0.123** (0.0507)
Neighborhood Effect <sub>j</sub>			0.0521 (0.0514)	0.0498 (0.0790)
Exports <sub>ij</sub>				0.00833 (0.0155)
Exports <sub>ji</sub>				0.00849 (0.0137)
Relative GDP Difference <sub>ij</sub>				-0.273 (0.346)
Observations	679	627	623	326

Neither of the two North-South PTA count variables are significant in these models.

Table 2 provides main effects results when all South-South PTAs of which China is a member are excluded from the model. Here too, the variables are not significant.

Table 2: Poisson regression models assessing the relationship between North-South PTA Count variables and South-South PTA Depth. \* $p < 0.1$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ . Robust standard errors clustered by PTA in parentheses; x-variables lagged by one year. Agreements in which China is a member have been excluded from the dataset for these models.

Dependent Variable:				
PTA Depth Index <sub>ij</sub>	Model 5	Model 6	Model 7	Model 8
North-South PTA Count <sub>i</sub>	-0.195 (0.188)	-0.183 (0.185)	-0.140 (0.195)	0.0277 (0.131)
North-South PTA Count <sub>j</sub>	-0.129 (0.234)	-0.115 (0.227)	-0.0621 (0.205)	-0.0437 (0.213)
GATT/WTO <sub>ij</sub>	0.0465 (0.0476)	0.0469 (0.0453)	0.0541 (0.0457)	0.0932 (0.0782)
GDP <sub>pc</sub> <sub>i</sub>	0.0176 (0.0588)	0.0135 (0.0548)	0.0173 (0.0541)	0.0470 (0.0868)
GDP <sub>pc</sub> <sub>j</sub>	0.00119 (0.00547)	0.00114 (0.0120)	0.00835 (0.0107)	0.0198 (0.0263)
Trade (% GDP) <sub>i</sub>	0.000253 (0.000745)	0.000238 (0.000861)	0.000148 (0.000779)	0.000424 (0.00137)
Trade (% GDP) <sub>j</sub>	0.000313 (0.000315)	0.000362 (0.000427)	0.000333 (0.000367)	0.000214 (0.000509)
FDI (% GDP) <sub>i</sub>	0.0106 (0.0127)	0.00981 (0.0119)	0.0114 (0.0113)	0.0122 (0.00952)
FDI (% GDP) <sub>j</sub>	-0.00172 (0.00909)	-0.00259 (0.0133)	-0.00150 (0.0127)	-0.00693 (0.0119)
Regime Type <sub>i</sub>		0.00530 (0.00542)	0.00596 (0.00516)	0.00192 (0.00561)
Regime Type <sub>j</sub>		-2.34e-05 (0.00295)	-0.000977 (0.00313)	-0.00128 (0.00336)
Neighborhood Effect <sub>i</sub>			-0.0923** (0.0383)	-0.126** (0.0539)
Neighborhood Effect <sub>j</sub>			0.0557 (0.0530)	0.0574 (0.0843)
Exports <sub>ij</sub>				3.78e-05 (0.0164)
Exports <sub>ji</sub>				0.00501 (0.0142)
Relative GDP Difference <sub>ij</sub>				-0.290 (0.359)
Observations	672	620	616	319

We next move to our interaction models in order to test our hypothesis. As discussed above, interaction models offer insight as to which of our proposed causal mechanisms is at work. The first mechanism emphasizes competition. In this scenario, a developing country that is party to a relatively large number of North-South agreements will have adopted the conditions in those agreements. In subsequent South-South PTA negotiations, the country will seek to impose similar conditions on its Southern partner, in order to ensure that the partner does not have a competitive advantage. This is especially likely to occur if the partner country does not have many North-South agreements of its own, meaning that they have not

been compelled to adopt these conditions already by Northern partners. The empirical implications of such a mechanism will be a negative interaction term in the regression model, meaning that we see deeper South-South PTAs when one country in the dyad has few North-South PTAs and the other is party to a relatively large number of North-South agreements.

The second mechanism focuses on policy learning. In this scenario, developing countries that have formed North-South agreements have been socialized through those negotiations to adopt the Northern approach to trade agreements. These countries are likely to use this approach in their subsequent negotiations with other developing countries. If this mechanism is correct, then we should expect to see deep South-South agreements occur when both partners have been socialized to form trade agreements in the North-South mold. Empirically, this suggests a positive interaction term, such that deep South-South agreements occur when both countries in the dyad are party to North-South PTAs.

To assess these duelling mechanisms, we regress the depth of South-South PTAs against an interaction term that captures the North-South PTA counts of the countries in each dyad. As Table 3 shows, the coefficient for the interaction term is positive across models, although it is only statistically significant in Model 12, which includes all control variables and, as a result, a relatively small number of observations.<sup>11</sup>

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<sup>11</sup> As was the case in Tables 1 and 2, Table 3 integrates control variables gradually, beginning with variables related to membership in trade agreements, national income, and trade and FDI variables, then incorporating variables capturing political institutions, then adding neighborhood effects variables, and finally including trade between dyads and relative difference in the GDP of dyads.

Table 3: Poisson regression models assessing the relationship between North-South PTA Count variables and South-South PTA Depth. \* $p < 0.1$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ . Robust standard errors clustered by PTA in parentheses; x-variables lagged by one year.

Dependent Variable: PTA Depth Index <sub>ij</sub>	Model 9	Model 10	Model 11	Model 12
North-South PTA Count <sub>i</sub>	-0.117 (0.224)	-0.100 (0.222)	-0.0577 (0.215)	0.0608 (0.133)
North-South PTA Count <sub>j</sub>	-0.449 (0.276)	-0.450* (0.267)	-0.360* (0.217)	-0.557*** (0.0761)
North-South PTA Count <sub>i</sub> * North-South PTA Count <sub>j</sub>	0.519 (0.410)	0.541 (0.403)	0.468 (0.340)	0.648*** (0.231)
GATT/WTO <sub>ij</sub>	0.0518 (0.0473)	0.0532 (0.0462)	0.0599 (0.0465)	0.0932 (0.0764)
GDPpc <sub>i</sub>	0.0225 (0.0560)	0.0199 (0.0523)	0.0224 (0.0516)	0.0478 (0.0878)
GDPpc <sub>j</sub>	0.00199 (0.00520)	0.00305 (0.0111)	0.0101 (0.0101)	0.0204 (0.0234)
Trade (% GDP) <sub>i</sub>	0.000273 (0.000733)	0.000262 (0.000844)	0.000179 (0.000757)	0.000547 (0.00136)
Trade (% GDP) <sub>j</sub>	0.000352 (0.000327)	0.000387 (0.000427)	0.000358 (0.000365)	0.000307 (0.000456)
FDI (% GDP) <sub>i</sub>	0.00932 (0.0125)	0.00858 (0.0115)	0.0105 (0.0106)	0.0105 (0.00882)
FDI (% GDP) <sub>j</sub>	-0.00134 (0.00851)	-0.00185 (0.0123)	-0.00109 (0.0118)	-0.00710 (0.0106)
Regime Type <sub>i</sub>		0.00485 (0.00558)	0.00560 (0.00536)	0.00165 (0.00589)
Regime Type <sub>j</sub>		-0.000451 (0.00282)	-0.00134 (0.00300)	-0.00171 (0.00316)
Neighborhood Effect <sub>i</sub>			-0.0891** (0.0373)	-0.116** (0.0486)
Neighborhood Effect <sub>j</sub>			0.0507 (0.0512)	0.0465 (0.0775)
Exports <sub>ij</sub>				0.0104 (0.0154)
Exports <sub>ji</sub>				0.0109 (0.0138)
Relative GDP Difference <sub>ij</sub>				-0.264 (0.350)
Observations	679	627	623	326

Next, we exclude all trade agreements in which China is a member from the model, as we suspect that China is its own center of gravity, such that Southern countries use its template instead of one they learned from the US or EU. Indeed, models that exclude agreements involving China have consistently significant interaction terms, as well as larger positive coefficients. This suggests that unique dynamics are at play in China's trade agreements. Results are presented in Table 4.

Table 4: Poisson regression models assessing the relationship between North-South PTA Count variables and South-South PTA Depth. \* $p < 0.1$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ . Robust standard errors clustered by PTA in parentheses; x-variables lagged by one year. Agreements in which China is a member have been excluded from the dataset for these models.

Dependent Variable: PTA Depth Index <sub>ij</sub>	Model 13	Model 14	Model 15	Model 16
North-South PTA Count <sub>i</sub>	-0.372* (0.214)	-0.371* (0.213)	-0.312 (0.212)	-0.102 (0.155)
North-South PTA Count <sub>j</sub>	-0.448 (0.273)	-0.444* (0.262)	-0.359* (0.217)	-0.548*** (0.0771)
North-South PTA Count <sub>i</sub> * North-South PTA Count <sub>j</sub>	0.784* (0.446)	0.830* (0.427)	0.734** (0.355)	0.796*** (0.259)
GATT/WTO <sub>ij</sub>	0.0474 (0.0477)	0.0474 (0.0453)	0.0547 (0.0458)	0.0907 (0.0763)
GDPpc <sub>i</sub>	0.0170 (0.0588)	0.0122 (0.0547)	0.0160 (0.0541)	0.0454 (0.0872)
GDPpc <sub>j</sub>	-2.37e-05 (0.00555)	9.12e-05 (0.0121)	0.00756 (0.0106)	0.0182 (0.0264)
Trade (% GDP) <sub>i</sub>	0.000320 (0.000744)	0.000290 (0.000857)	0.000184 (0.000782)	0.000485 (0.00138)
Trade (% GDP) <sub>j</sub>	0.000322 (0.000320)	0.000352 (0.000435)	0.000319 (0.000371)	0.000247 (0.000516)
FDI (% GDP) <sub>i</sub>	0.00886 (0.0130)	0.00767 (0.0120)	0.00924 (0.0110)	0.00975 (0.00919)
FDI (% GDP) <sub>j</sub>	-0.000842 (0.00900)	-0.00104 (0.0133)	-0.000156 (0.0128)	-0.00574 (0.0120)
Regime Type <sub>i</sub>		0.00561 (0.00545)	0.00628 (0.00519)	0.00228 (0.00566)
Regime Type <sub>j</sub>		-0.000129 (0.00298)	-0.00107 (0.00315)	-0.00137 (0.00338)
Neighborhood Effect <sub>i</sub>			-0.0878** (0.0372)	-0.118** (0.0513)
Neighborhood Effect <sub>j</sub>			0.0541 (0.0529)	0.0539 (0.0825)
Exports <sub>ij</sub>				0.00182 (0.0162)
Exports <sub>ji</sub>				0.00783 (0.0142)
Relative GDP Difference <sub>ij</sub>				-0.285 (0.365)
Observations	672	620	616	319

The results presented in this section corroborate our hypothesis, showing support for the policy learning mechanism. The caveat is that agreements in which China is a member seem to skew the results, probably because China is able to dictate the terms of these agreements.

It is important to offer two qualifications about our statistical results. First, although our independent variables are *North-South PTA count<sub>i</sub>* and *North-South PTA count<sub>j</sub>*, there are no *i* or *j* countries in the analysis with a North-South PTA count of more than one. This

means that none of the sample countries in our models have signed multiple agreements with the US or the EU or have signed agreements with both the US and the EU. Second, there are few dyads in the statistical models in which each country is party to a PTA with the North. This reflects the relatively small number of developing countries that have agreements with the US or EU, despite the importance of these countries in the global trade arena. We do see higher values for North-South PTA count variables, as well as more dyads in which both countries are parties to PTAs with countries of the North, when we classify North-South PTAs as those that include not only the US or the EU, but also Australia, Canada, Japan, and the EFTA bloc (we analyse models using these variables below in a set of robustness tests).

### ***Robustness and supplementary tests***

In this section, we conduct supplementary analysis in which we consider a wider classification for what constitutes a North-South PTA, as well as several robustness tests to scrutinize the models presented above. First, we analyse models in which an additional array of PTAs are incorporated into the North-South PTA count variables – those being agreements with Australia, Canada, Japan, and the EFTA. We excluded these countries from the North in earlier models, because they, unlike the US and EU, tend to be relatively flexible when it comes to trade agreements and because the US and EU are pioneers of the deep trade agenda (Horn et al. 2010). These models do produce interaction terms with positive coefficients, but they are not statistically significant, regardless of whether agreements in which China is a member are included. This suggests that smaller and less economically powerful Northern partners do not produce the same sort of socialization that is generated by PTAs with the US or EU. See Tables A2 and A3 in the Appendix.

Next, we carry out a series of robustness tests. We begin by consider three different specifications for our model. The first specification adds *Year* as a control variable, on the

basis that South-South PTAs in our sample were signed in various years. Since this is not panel data, year fixed effects are not appropriate, but it is useful to account for year-specific factors that may have affected the agreements signed at different points. The second specification includes two-way clustering, both by PTA and by dyad. Dyad-level clustering is appropriate to consider because a small number of dyads are parties to multiple South-South PTAs. In the third test, we add more control variables to account for additional dimensions of the relationship between the dyads: geographic distance, common legal systems, and a common currency. Distance is sensible inasmuch as proximate countries are likely to have more intensive economic relationships that merit deeper integration provisions, while common legal systems and currencies may mean fewer challenges to integrating markets and harmonizing regulations. We find support for our hypothesis in these models, both when we do exclude Chinese agreements and when we do not (see Tables A4 and A5 in the Appendix).<sup>12</sup>

### **Insights from Interview Data**

We complement our statistical analysis with data from structured and semi-structured interviews that we carried out with current and former trade officials, as well as trade policy experts, in the emerging economies of Chile, Malaysia, Vietnam, and Singapore.<sup>13</sup> The data from these interviews offer further support for our hypothesis, insights into the causal mechanism explaining our results, and additional explanation for the variation in South-South PTA depth.<sup>14</sup>

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<sup>12</sup> Models with two-way clustering produce results identical to those in the main models clustered only by PTA, despite a small number of dyads that are parties to multiple South-South agreements.

<sup>13</sup> It should be noted that while being a developing economy according to many accounts (e.g. by UNCTAD's classification), Singapore is classified as a high-income country by the World Bank throughout the entirety of the time-series. Therefore, there are no dyads that include Singapore in our sample. Chile was not classified as a high-income country by the World Bank until 2014, so it was considered a Global South country throughout the time period covered in our statistical analysis.

<sup>14</sup> Additional details about our interviews are provided in Table A6 in the Appendix.

Our interviews with Chilean officials offer support for our hypothesis as well as for the policy learning mechanism. Interview subjects noted that Chile used a NAFTA-like template in their agreements with other developing countries, after negotiating trade agreements with the US, the EU, and Canada. This did not reflect a competitive strategy in the case of Chile, as the country was already quite open to trade and investment. Moreover, Chilean officials were willing to be flexible to accommodate their partners, sometimes resulting in shallow agreements. This suggests that Chilean negotiators saw the NAFTA-template as a useful starting point in South-South PTA negotiations, due to their earlier experiences with developed country partners whose trade policy approaches they tried to emulate, but that they did not see competitive value in imposing non-trade provisions on partners.

In the same vein, Malaysian trade officials noted that PTAs with developed countries provided them with a useful benchmark, both in terms of coverage and level of commitments, for further agreements. Similarly, a Vietnamese trade negotiator mentioned that negotiating trade agreements with the EU and the US required Vietnam to address domestic regulations on the business environment, sustainable development, and product standards. These reforms, in turn, made it easier to replicate such provisions in subsequent agreements with developing countries.

The Chilean experience also offers an explanation as to why shallow South-South PTAs occur when only one member has experience with North-South agreements. When Chile, a country with several North-South PTAs, sought a deep agreement with a Southern partner, the partner would sometimes be unwilling to accept deep provisions. This was common when the partner had not negotiated deep trade agreements in the past with developed countries, potentially viewing the greater agreement depth as a distraction from the main goals of trade liberalization and as a smokescreen for various protectionist interests, in

accordance with long-standing views of developing states. The Chileans would, in this context, accept a shallow agreement. Sometimes the parties would agree to consider adding additional provisions for services or investment in the future, when and if the partner country became ready. Singapore employed a similar strategy. Vietnamese negotiators also pointed at the general preference among their developing country counterparts for simple market access.

This dynamic explains why developing countries tend to establish shallow agreements when only one member has extensive experience negotiating with developed country partners. It also points at the expectation of socialization through policy learning placed on others based on one's country experience. Importantly, Malaysian and Vietnamese interviewees stated that they have a large degree of discretion over the agreement agenda and the influence of domestic interests (often weakly organized SMEs) is not the driver behind the inclusion of certain issues, which further confirms the importance of inter-governmental trade policy networks as a channel for policy learning among trade officials.

Interviews also suggest another explanation for variation in South-South PTA depth: the composition of goods produced by dyads is likely to affect the sort of PTA that emerges between them. Where two countries produce a very similar array of goods, domestic producers in the country lacking a comparative advantage are likely to lobby for protectionism during negotiations, resulting in a shallow trade agreement. Chilean officials highlighted this dynamic in explaining the relative shallowness of the MERCOSUR agreement, as well as the challenges that Chile has faced in negotiating deep agreements with countries like Argentina and Brazil. A Singaporean official also noted that increasingly trade agreements and their provisions are dictated by the desire to become a node within GVCs. This suggests that competitive pressures coming from domestic lobbies are still present alongside socialization among trade officials, even as socialization is likely to explain the emergence of regulatory issues on the South-South trade agenda.

## **Conclusions**

In this paper, we argue that South-South PTAs – the most common type of trade agreements today – vary in terms of their depth, debunking the conventional wisdom that they are shallow in nature. We attributed this variation to experiences that some developing countries have with North-South PTAs. On the one hand, commitments made through these agreements can generate economic and political pressures for governments in the Global South to level the playing field vis-à-vis their counterparts in the developing world when signing onto PTAs with them. On the other hand, previous North-South PTAs can lead to socialization and policy learning among developing country trade officials, changing their views on the design of PTAs and leading them to mimic the provisions demanded by the Global North in South-South trade relations. We find support for the policy learning mechanism using statistical analysis and interviews with developing country trade officials and experts.

Our analysis has important theoretical and policy implications for understanding the role played by developing nations in the global economy, which is currently facing a backlash from protectionist populism across the Global North. While the role of emerging economies in the WTO system has been analysed by scholars (Hopewell, 2016), PTAs are another important pillar of global trade governance today (Baldwin, 2016) and will be, arguably, more important given the problems at the multilateral level. Thus, analysing the behavior of key players in the developing world when it comes to their mutual agreements is critical for understanding their overall role in global trade at this critical juncture.

So far, international political economy literature has not paid sufficient attention to this question. While the debate about the role of emerging economies has been ongoing, South-South PTAs have been largely ignored despite their ubiquity and growing economic importance. Our findings show that the Global South has been generally willing to embrace the deep trade agenda manifested in the greater depth of South-South PTAs. They also

suggest that the developing world is socialized into the liberal system built on the principles of international economic openness, embracing trade norms pioneered by the Global North. And while the proliferation of deep South-South PTAs might lead to further fragmentation of the multilateral system, it could also provide the long-term resilience for the rules-based order in the absence of traditional leadership.

The major policy implication of this research is that developing countries can be viewed as responsible stakeholders and like-minded partners by policy-makers in the Global North interested in protecting the liberal international order from the mercantilist push. Furthermore, multilateralizing the deep trade agenda through the WTO might become possible, as developing countries seem not to be as opposed to it as they were in the 1990s during the Singapore ministerial. New coalitions might emerge in the WTO that could end the Doha round stalemate and our study offers some tentative support for the debate on PTAs as building blocks for multilateralism (Bhagwati & Panagariya, 1996).

While this study offers important insights, it also has limitations which should be acknowledged. First, while we have taken efforts to account for power asymmetry in our statistical models by controlling for dyadic variables and excluding China in some models, it remains the case that coercion could be a factor affecting PTA depth insofar as more powerful countries are able to exploit their leverage over less powerful ones to secure deeper agreements. Future research should explore this possibility. Second, our dependent variable, PTA depth, does not clarify which regulatory provisions are more likely to diffuse from the Global North to the Global South. Nor, does it capture the inclusion of labor and environmental standards in South-South PTAs, a significant part of the deep trade agenda, despite the anecdotal evidence suggesting this is happening through the socialization mechanism investigated in this paper (Postnikov, 2020). Future research could further tease out the degree of, and mechanisms behind, the inclusion of these various provisions in South-

South PTAs. Additionally, future studies could investigate the implementation of such provisions (Gray, 2014), testing whether South-South agreements are mere paper tigers or whether the diffusion of regulatory issues in PTAs through policy learning corresponds to meaningful domestic reforms. Finally, future research should explore the timing effect to determine whether South-South PTA depth is affected differently when members formed North-South agreements at different time periods.

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