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Impact of Trade Agreements on Exports: A Cross Country Analysis of Selected SAARC Countries

ABSTRACT

The present study explored the trade implications of SAPTA and SAFTA agreements for selected SAARC countries including Pakistan. The study highlights the importance of trade agreements for economic growth and welfare gains. Main objectives of the study are to find the potential role of SAPTA and SAFTA for member countries and implications for Pakistani exports. Using the gravity model and data from 1980 to 2010, results of the study show that SAFTA has potential to affect the trade of SAARC countries and its potential role is high for relatively big countries like India. Results also show that the impacts of bilateral trade agreements are negative for Pakistani exports but SAPTA and SAFTA contributes positively towards Pakistani exports.

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Key Words: SAARC, SAPTA, SAFTA, Bilateral Trade Agreements, Gravity Model

Jell Classification: F31, F36, F55, G31,