

ABSTRACT

**ARE FTAs A 'STUMBLING BLOCK' OR A 'BUILDING BLOCK' IN THE
MULTILATERAL TRADING SYSTEM?**

***TANVI SHARMA**

In 2005, the World Bank noted two major trends within the international trading system. One trend gave rise to the creation of the WTO, which has sought to consolidate an evolving system of rules based on non-discrimination among trading partners within a multilateral system. A second trend, rapidly gaining momentum, has resulted from a sudden increase in the number of nations negotiating bilateral and regional trade agreements. This second trend reduces barriers to trade on a reciprocal and preferential basis for nations that are party to such agreements. Some observers argue that this emerging system is complementary to the multilateral system. Others articulate deep concerns about the spread of bilateral and regional trade agreements. This paper tries to articulately analyze both sides of argument. An attempt is made to highlight various aspects related to multilateralism and FTAs to stimulate an informed view by the readers.