

REGIONAL TRADE AGREEMENTS AND THEIR IMPACT ON EXPORT FIRMS

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ABSTRACT: The purpose of this study is to examine important dimensions related to regional trade cooperation that range from facilitation measures to trade barriers and the implications of these in Regional Trade Agreements (RTAs). In particular, the study explores some of the implications of RTAs on the business community in Fiji, with a special focus on exporters. This paper has adopted a triangulation method that incorporates the use of survey research, interviews and descriptive statistics. The findings of the research highlight that the vast majority of firms also do not utilise the free trade provisions laid out in RTAs and very few felt the relevance of these RTAs in terms their exports. The results reveal that the utilisation of RTAs depends on the support of state institutions related to exporting. Nevertheless, the firms have revealed that they have seen increased competition (post RTA) in the market place.

KEY WORDS: Export firms; Fiji; market place competition; regional trade agreements; South Pacific.

1. INTRODUCTION

In emerging economies, the accelerating demands of trade and the ever-changing landscape of commercial trade has forced many countries across the globe to pursue regional trading arrangements to stimulate economic development. While this provides a flexible trading platform, it also serves

as a growth engine for the country's economy. Regional Trade Agreements (RTAs) have some implications in terms of doing business.

RTAs are reciprocal trade agreements between two or more partners such as free trade agreements and customs unions. Although such agreements have become a promising tool for participating businesses, in individual countries and for the region as a whole, their impact needs to be analysed with reference to comprehensive cost benefit analyses so that the expectations and outcomes of such agreements become a win-win situation for business and countries. Furthermore, the true potential and capabilities of such agreements also portray a planned approach towards a futuristic economic development.

Trade and investment are regarded as two key strategies for achieving greater regional economic integration. Empirical findings on the relationship between trade liberalisation and trade performance have been conflicting (Adewuyi and Akpokodje, 2010). Nonetheless, trade liberalisation led policy has intensified competition in global markets (Hitt *et al.*, 1998; Novicevic and Harvey, 2004) and has led to an increase in imports and exports (Krueger, 1998; El-Wassal, 2012; Kassim, 2015; Shakur, 2011).

As globalisation continues to transform the way individuals and businesses produce, consume and exchange goods and services, rising involvement of Fiji in international trade, not only presents new opportunities, but new challenges as well. Export firms in the past have faced many problems due to transportation costs and protection measures in export markets. These can impact the acceptance of RTAs in the South Pacific Region. However, in spite of economic and political challenges, Fiji has begun to achieve a higher degree of economic integration with the rest of the world. Although trade agreements are signed by governments, it is businesses that conduct trade, sometimes in the context of multiple trade agreements. Therefore, this paper examines RTAs and their impact on businesses in Fiji. More specifically, this study empirically investigates the impact of RTAs on export firms. To the authors' knowledge, there is a lack of research in Fiji regarding the level of awareness and utilisation of RTAs and its impacts on exporting firms. This paper therefore contributes to this gap.

2. LITERATURE REVIEW

The importance of RTAs in the theory of international trade has largely been the result of its policy implications. While RTAs may be a step towards freeing trade, they are regarded as a second-best policy to

unilateral liberalisation (Bhagwati, 2008). Therefore, RTAs represent a 'stepping stone' towards building a global free trade. For example, as of 25 January 2018, 284 RTAs were in force. These correspond to 455 notifications from World Trade Organisation (WTO) members, counting goods, services and accessions separately (WTO, 2018). The General Agreement on Tariffs and Trade (GATT) has favoured many developing countries by allowing them special exemptions from tariff reductions on account of development and balance of payment needs (Ravenhill, 2007).

Although some countries including China were hesitant to join GATT, eventually China joined the WTO in 2001 and has now become more proactive, participating in coalitions and propositions (Diego Trindade d'Ávila Magalhães, 2018). According to Pant (2010), there was an explosion of RTAs after the 1990s and developing countries have been at the forefront of contracting RTAs, especially among themselves. These RTAs have had a positive impact on businesses in their respective countries. Whether these impacts have been minimal or extreme and whether it has been positive or negative is an area that calls for further research.

Over the decades, the Pacific Islands Forum Secretariat (PIFS) is one of the regional organisations that has played an important role in promoting regional integration amongst the Pacific Island Countries (PIC). Economic integration had been on the agenda for years but did not attract enough attention to form a strong drive or determination from the member countries. It was not until the 1990s that increasing globalisation forced the PIC's leaders to consider economic integration as a means of achieving prosperity and growth in the region. Since then, the Forum Island Countries (FIC) have taken a number of initiatives to open up trade and cooperation in the region.

As a means of liberalizing trade, the FIC has pursued regional trade agreements as an appropriate strategy for economic growth and prosperity. In 1981, the South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA) became the first truly regional treaty for the PIC; followed by the Melanesian Spearhead Group (MSG) Trade Agreement and more recently the Pacific Island Countries Trade Agreement (PICTA) and the Pacific Agreement on Closer Economic Relations (PACER). Since the acceptance of RTAs within trade policy, RTAs have attempted to eliminate trade barriers and foster free trade in the region (Gounder and Prasad, 2011).

In 1996, Fiji joined the WTO and since then, the country has embraced an outward looking and export-oriented trade policy. Fiji also became signatory to several bilateral, regional and multilateral agreements. For example; the MSG Trade Agreement which began in 1993 between Papua New Guinea,

Vanuatu and the Solomon Islands is a sub-regional agreement with trade conducted on a most favoured nation basis. In 1998, Fiji became the fourth member of MSG. In the year 2000, the European Union (EU) and African Caribbean and Pacific states signed a new Cotonou agreement to replace the Lome Agreement. The Cotonou Agreement, was reconfigured to constitute a reciprocal trade agreement and the phasing out of preferences initially granted under the Lome Agreement. Under the new agreement, the EU set up new trading requirements to be called the Economic Partnership Agreement (EPA) where WTO compatible reciprocal market access agreements are being negotiated.

The currently existing agreements have provided some benefits, but not as expected. It's evident that Fiji did benefit in terms of the Lome Agreement and its successor the Cotonou Agreement, as its sugar was paid at higher than market prices by the EU for more than three decades. As both agreements were nonreciprocal in nature, Fiji didn't see the need to reduce tariffs for goods and services originating from the EU and thus avoided any fiscal impacts.

SPARTECA, which provided freer trade by granting duty free access to Australia and New Zealand markets, enabled Fiji to increase its exports of coconut oil, leather products, timber, clothing and molasses to Australia. In addition, there is the Interim Economic Partnership Agreement (IEPA) which includes Fiji, Papua New Guinea and the European Community. This agreement was signed by Fiji in December 2009 and provides duty free and quota free market access on all products from Fiji, except for sugar and rice, which are subjected to longer transitional periods.

The entry into a number of RTAs is viewed as a stepping stone towards fuller participation in the increasingly liberalised global economy. As an island country with a small market, regional integration plays a vital role in creating a larger trade and investments market for Fiji. In this light, this study investigates the impact that these RTAs have had on the business community in Fiji.

3. MODEL RESEARCH QUESTIONS

The primary objective of this research is to examine the impact of RTAs on businesses in Fiji. This requires the development of an appropriate conceptual model that incorporates various issues that help reflect what this study intends to discover. Limited literature exists regarding micro level analyses of the implication of RTAs on businesses. Therefore, this research has encompassed various factors to develop the model illustrated by Figure 1. The model attempts to provide the framework of this study as

well as assist in the understanding of RTAs and their implications for businesses in general.

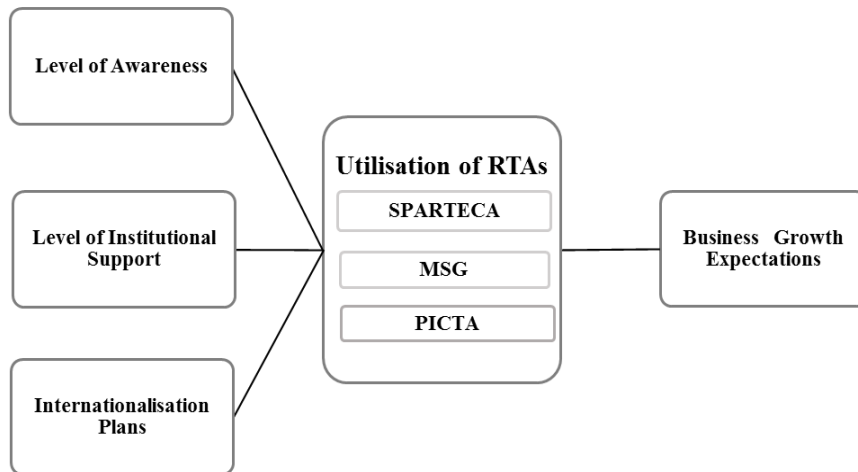


Figure 1. Research Conceptualisation. Source: the Authors.

The level of awareness that firms have of RTAs, and the nature of support that they get from institutions dealing with RTAs, determines whether firms utilise free trade preferences in RTAs or not. To enjoy such benefits of reduced tariff rates and removal of other trade related barriers, stakeholders need to understand RTAs and various schemes associated with them. Kawai and Wignaraja (2010) and Zhang (2010), in their respective studies, revealed that the most significant reason for the non-usage of RTAs has been the lack of knowledge that firms have related to these agreements.

According to Kalouniviti (2012), when it comes to setting up imports and exports, it is of highest importance to keep in mind all the current trade agreements that Fiji is part of. Lessons from the past suggests that despite the many benefits of RTAs, wide-ranging information needs to be provided to create the necessary awareness amongst stakeholders for them to fully exploit the potential of these agreements (EU 2011). In General awareness and understanding plays an important role in determining the effectiveness of RTAs.

Zhang (2010) argues that in order to encourage the use of RTAs; the establishment of key institutions and special programs in the form of support services becomes a necessity. Furthermore, as discussed earlier,

utilisation of RTAs comes with its own benefits and negative implications. It is ideal that if a firm utilises free trade preferences, it should be able to reap their benefits in terms of growth in their business.

Numerous business and economic studies have shown that utilisation of RTAs is correlated to growth at both the macro and micro level. At country level, several authors suggest that an economy that promotes openness and trade liberalisation tends to experience higher levels of economic growth (Andersen and Babula, 2008; Yanikkaya, 2002; Clark, 1997; Sachs and Warner, 1995; Dollar, 1992). The individual growth of firms tends to contribute to the growth of the country at large. With reduced tariff rates and enlarged markets, exporters that exploit the opportunities of RTAs tend to experience an increase in their growth levels.

A firm that has plans on expansion in terms of export strategies is more likely to be interested in gaining awareness of and utilising RTAs. The general business export strategy (plans on internationalisation) tends to determine the future directions of the business. RTAs represent opportunities for international expansion of business. Firms that have the necessary resources and vision are the ones that are more likely to engage in RTAs. A study carried out by Chetty (1999) revealed that RTAs along with deregulation tends to expedite the internationalisation of firms. He further argued that RTAs tend to influence the choice of the initial export market.

Cavusgil and Naor (1987) and Singh *et al.* (2010), state that a strategic approach to exporting is closely related to the firm's ability to gather export market intelligence and its capability in terms of controlling resources. Kawai and Wignaraja (2010) suggest that firms tend to change their business plans or export strategies as a result of RTAs.

Based on the above discussion, we therefore, examine the following research questions:

- i) What is the level of awareness and utilisation of RTAs by exporters in Fiji?
- ii) What is the relationship between level of awareness and the utilisation of RTAs by exporters in Fiji?
- iii) What is the relationship between institutional support and the utilisation of RTAs by exporters in Fiji?
- iv) Do RTAs contribute towards business growth in Fiji? and
- v) Do plans to internationalise contribute to the utilisation of RTAs in Fiji?

4. METHODOLOGY

In order to assess the impact of RTAs on businesses in Fiji, this paper utilises a mixed methodology that is a blend of both quantitative and qualitative research methods, using structured questionnaires and face to face interviews.

This study has adopted a triangulation method that incorporates the use of survey research, interviews and descriptive statistics. Such methods provide a deeper understanding and enable researchers to be more confident of their results.

The firms used as a sample include exporting firms which are clearly related to the topic under study. A list of 160 exporters operating in Fiji was obtained from numerous sources such as the Fiji Islands Revenue and Customs Authority (FIRCA), the Fiji Trade and Investment Bureau (FTIB) and the Fiji Directory. This list was reduced to a total of 133 firms based on the following factors:

- i) Specific location and address or phone numbers of certain firms could not be found.
- ii) A number of firms were located in areas that appeared to be outside the key administrative divisions of Fiji. Costs of travelling to these areas were high. These areas included Taveuni, Levuka, Sigatoka, Navua, Vatukoula, Dreketi, Savusavu amongst others. With the exception of 2 firms from Sigatoka the other locations contained only 1 firm, making the administration of the survey meaningless.
- iii) Certain firms that were located in remote areas did not have email hence could not be contacted easily.

Keeping these factors in mind, a convenience sampling technique appeared to be the most viable option, hence information was obtained from members of the population that were conveniently available to provide it. Structured questionnaires were distributed to each of the 133 firms of which a total of 100 responded (Table 1). The majority of the respondents were from the Central Division as it is the major business hub in Fiji followed by the Western Division. In order to reduce the degree of bias, the size of the sample has been kept to no more than 60 per cent of the population. The response rate for the survey was 75 per cent. Exporters operating in key business hubs such as Suva, Lautoka, Nadi, Ba and Labasa also participated in the survey. Given the time and financial constraints, exporters from other parts of Fiji were excluded from the survey.

The majority of the responding firms were manufacturers of textile, clothing and footwear (TCF), processed foods, timber and furniture, beverages, nails, mesh, aggregates and related products while others were from the agricultural sector, wholesalers, retailers and consultancy service providers.

Key informants of this survey were Export Managers, Directors, Accountants, Marketing Officers, General Managers and others who had knowledge about export matters within their organisations.

For qualitative information semi-structured face to face interviews were conducted on a small scale with ten exporting firms. These were the only firms willing to meet face to face and share additional information and insights. The questions asked were in an open-ended manner to allow ample time for the interviewee to respond freely so that a rich source of data could be generated.

Table 1. Demographic Profile of Respondents.

Respondent Position	Respondent Firm No.
Finance	19
Export	24
Sales and Marketing	10
Operations	02
Others	11
Senior Management	34
Total	100
Respondent experience with the firm	
1-5 years	44
6-10 years	30
11-15 years	13
Above 16 years	13
Total	100
Gender	
Male	78
Female	22
Total	100

Source: the Authors.

5. FINDINGS

Awareness and Utilisation of Regional Trade Agreements

Fiji has a number of overlapping RTAs that have been in existence for a number of years. However, the level of awareness that exporters have on agreements that Fiji is signatory to, and whether RTA preferences are being used by exporting firms, remains in question. This information is critical to the debate on the effectiveness of RTAs. The current study has revealed that respondents have an average level of knowledge on the provisions and key issues documented in RTAs. Results further reveal that only three per cent of the total respondents had full knowledge of RTAs.

Also, interviews with the exporting firms highlighted that certain companies had some knowledge of RTAs that they used but no knowledge of other agreements associated with this. An overarching indicator of the effectiveness of RTAs is the use of preferences by businesses (Kawai and Wignaraja, 2010). In terms of the utilisation of RTAs, the mean interpretation reveals that a majority of the firms do not utilise the free trade provisions laid out in RTAs. This segment represents 51 per cent of the total respondents while the remaining 49 per cent use the free trade provisions.

Table 2 presents differences in mean values for various firm characteristics such as a firm's legal status, length of operations, number of employees, etc. According to the results, the nature of the firm and number of export partners are similar when it comes to users and non-users of RTAs. A significant difference, however, exists when it comes to length of business operations, workforce size, export experience and export percentages. The study reveals that firms that are in operation for a significant number of years and have substantial export experience are in a better position to make use of RTAs than those firms that are new to the export market.

For non-users of RTAs, the majority of the respondents sold 90 to 100 per cent of their production off shore. This is also the same in the case of users of RTAs. The majority of RTA users had a large number of employees compared to non-users which have a small to medium workforce size.

In terms of industries that made use of the RTAs, the majority belonged to the Textile, Clothing and Footwear (TCF) industry. All the firms operating in the furniture and beverage industry represented RTA users followed 87 per cent of firms that belonged to TCF. This clearly reflects that RTAs have seen high use in specific industries. For instance, the

SPARTECA agreement has proven to be an effective mechanism for exporting garments to the Australian and New Zealand markets explaining the high utilisation of RTAs by TCF.

Table 2. Firm Characteristics: Users and Non-Users.

Firm Characteristics	Users	Non-Users	t- value (Mean Difference)	Interpretation
Legal Status	Shareholding with non-trading shares	Shareholding with non-trading shares	-0.333	Both groups have majority of the respondents as shareholding firms with non-trading shares
Length of Business Operations	26 years and over	6-10 years	0.974	Users of RTAs have been in a business for a longer period of time compared to non-users
Firm Workforce size	Over 100 employees	6-20 employees	1.340	Users of RTAs are generally large firms with over 100 employees
Export Experience	26 years and over	6-10 years	0.838	Users of RTAs have significant experience compared to non-users
Export Partners	1-5 countries	1-5 countries	0.438	Majority of the respondents in both groups have 1-5 export partners
Export Percentage	20%- 30% 90%-100%	90%-100%	-0.315	Non-users of RTAs have majority of their production exported

Note: t value= mean (users) - mean (non- users). Source; the Authors.

Statistics reveal that a lack of information on RTAs is the major impediment to RTA use, whereby, 77 per cent of the respondents that did not utilise RTAs highlighted the need to have detailed knowledge on RTAs before businesses could exploit opportunities on offer.

In order to test the relationship between the level of awareness and utilisation of RTAs, correlation was carried out between two variables; (1)

awareness and (2) utilisation. In this study, we used a bivariate relationship of variables. The Bivariate Correlations test computes Pearson's correlation coefficient. Pearson's correlation coefficient is a measure of linear association.

According to the output shown in Table 3, awareness on the free trade provisions laid out in RTAs is significantly correlated to the utilisation of free trade preferences in RTAs. A correlation of 0.784 exists between the two variables which is significant at the 0.01 level hence there is positive relationship between the level of awareness and utilisation of RTAs by exporters in Fiji.

Table 3. Correlation between Awareness and Utilization of RTAs.

Correlations			
		Awareness of the free trade provisions laid out in RTAs	Utilisation of free trade preferences in RTAs
Awareness of free trade provisions laid out in RTAs	Pearson Correlation	1	.784**
	Sig (2-tailed)		.000
	N	100	100
Utilisation of free trade preferences in RTAs	Pearson Correlation	.784**	1
	Sig (2-tailed)	.000	
	N	100	100

** Correlation is significant at the 0.01 level (2-tailed). Source: the Authors.

The study reveals that the non-users of RTAs are those groups of respondents who had average, limited to no knowledge on RTAs while the users are those respondents whose awareness level was average to full knowledge category. It is also noted that the correlation in this case is positive hence it indicates that the more aware of RTAs business houses are, the greater the likelihood that they will make use of RTAs.

Relationship between Institutional Support and Utilisation of RTAs

In order to fully exploit RTA potentials, one needs to be familiar with the RTA provisions, procedures and processes. Utilisation, to a large extent, will depend on whether businesses have the necessary information and support from agencies in relation to RTAs. In this section, we attempt to

see whether utilisation of RTAs depends on the support of institutions related to export businesses.

This was tested by calculating the mean score regarding support from agencies for individual firms. This score was then used in a chi square test carried out between two variables: support and utilisation. Outputs of the test revealed following results:

Pearson's chi-square value was 8.050, likelihood ratio 8.310 and Asmp. Sig (2 sided= 0.234). According to the output of the test, the utilisation of RTAs depends on the support from trade related institutions. With the chi square value of 8.050 and p value at 0.234 ($p > 0.05$), the results of this test confirm that utilisation of RTAs depend on the support of institutions related to export businesses.

Contribution of RTA use towards Business Growth

This section examines the contribution of RTA toward the growth of the firm. In order to test this, a chi square test was carried out between two variables; utilisation of RTAs and growth of firms. This test was used to establish the contribution of RTA usage towards growth of firms. Table 4 presents the results of the test.

According to the output in Table 4, it can be said that the growth of exporters is dependent on the utilisation of RTAs. With the chi square value of 58.657 and p value at 0.245 ($p > 0.05$), the results confirm that use of RTAs contributes towards growth of the firms.

Table 4. Chi Square through Cross Tabs of Utilization and Growth.

	Value	df	Asymp. Sig(2-sided)
Pearson Chi-Square	58.657*	52	.245
Likelihood Ratio	78.471	52	.010
Linear -by- Linear Association	7.975	1	.005
N of valid cases	100		

Notes: *104 cells (98.1%) have expected count less than 5. The minimum expected count is .49.
Source: the Authors.

Internationalisation and Use of RTAs

One of the key motivations for trade agreement use has been the ability of firms to enter into non-traditional markets without facing major trade

related barriers. As firms plan to internationalise, the need to have effective RTAs becomes even more vital.

In order to test whether internationalisation plans and awareness of the provisions of RTAs contributes significantly towards the utilisation of RTAs, a regression analysis was carried out. The utilisation of free trade preferences in RTAs was the dependent variable with internationalisation plans and awareness of RTA provisions being the independent variables. A regression test assists in predicting the value of one variable based on the value of another variable or whether that variable will determine the outcome of another variable. The output of the test is presented in Table 5.

Table 5. Regression Results (Dependent Variable: Utilization of trade preferences in RTAs).

Variable	Coefficient
Awareness of the free trade provisions laid out in RTAs	0.278***(0.033)
Internationalisation	0.112***(0.032)
Constant	0.460***(0.083)

Notes: (***) indicates significance at the 1% level; t statistics are provided in parenthesis beside the coefficients. Source: the Authors.

From the output displayed in Table 5, it can be said that the regression formed between utilisation and the selected variables is best given by the equation:

$$\text{URTA}_s = A + \text{IP}_s$$

$$\text{Utilisation of RTAs} = 0.460 + 0.278(\text{Awareness}) + 0.112(\text{Internationalisation plans})$$

Plans to internationalise contribute to the firm's utilisation of RTAs with its coefficient being 0.278 (beta value is 0.262 and t value is 3.512), which is significant at the one per cent level. The awareness of RTAs contributes greatly to the utilisation of RTAs as its coefficient is 0.278 (beta value is 0.625 and t value is 8.367), which is significant at the one per cent level.

The T statistics of the regression model can also help determine the relative importance of each independent variable. The general rule to follow is that if the t value is well below -2 or above +2, then the independent variable in the equation can be kept. In this case, the t values are well above 2 hence the equation can be retained, and the hypothesis is accepted. An adjusted R² of 0.811 suggests that 81 per cent of the variance

in the utilisation value is accounted for by the model. This also indicates that the firms level of awareness on RTAs and its plans to internationalise do contribute significantly to the utilisation of RTAs hence the model is good.

With respect to the level of awareness of firms of existing RTAs, it was highlighted that a majority of the firms had an average level of knowledge on the provisions of free trade while only a marginal three per cent of the respondents had full knowledge of the trade agreements. There seems to be general awareness amongst exporters that agreements namely SPARTECA, PICTA and MSG exist, but very few of them actually know the contents and aim of these agreements.

In terms of the utilisation rate of existing RTAs in Fiji only 49 per cent of the respondents have made use of free trade preferences. This is also clearly reflected in the little volume of trade that takes place under agreements like PICTA and MSG.

There are various arguments for and against the use of RTAs. Rucker (2010), highlighted that a user of an FTA such as El Salvador has been able to grow their export sales as a result of participating in an America-Dominican Republic - United States Free Trade Agreement. This research also supports, Rucker (2010) as 88 per cent of the users of RTAs agreed that RTAs are closely associated with export growth. In terms of providing easier market access, 67 per cent of the users of RTAs agreed that market access has been made easier with the help of RTAs. These results are also consistent with the findings by Tabaiwalu (2010) and Hashemzadeh (1997).

6. DISCUSSION

Findings of this research highlight that imports under RTAs are likely to put competitive pressures on domestic firms. Mean comparison on level of competition post RTAs reveal that in general a majority of the respondents have seen increased competition that seems to put pressure on firms to survive in the market place. The results are in line with studies and arguments put forward by Julien *et al.* (1994); and Campbell (1996).

This research has revealed that a general lack of awareness of RTAs in the country has been one of the contributing factors to the non-utilisation of these agreements. With the relatively low volume of trade that takes place between PICs, the full benefits of RTAs are yet to be realised by individual countries. While the firms that use RTAs have realised some benefits, their margin of contribution towards growth is relatively low.

The awareness of RTAs amongst exporters and the business community in Fiji is generally low. While a majority of the exporters revealed that they know about the existence of RTAs, only a fraction of the respondents had detailed knowledge of these agreements and many could not relate on how these agreements can be beneficial for their business operations. Findings have also revealed that users of RTAs are generally larger firms which have export experience.

Lack of information on RTAs is the major impediment to their use followed by the non-existence of agreements with the exporter's main partner market and the rules of origin (ROO) requirements. As mentioned earlier, the limited knowledge of these trade agreements along with the qualification requirements hinder the use of RTA preferences by firms.

Fiji has several institutions that provide assistance to businesses in terms of export matters, general business assistance and RTAs. The Customs Department seems to be the most consulted institute with the FTIB ranked the easiest in terms of getting support. Results of this research highlighted that a significant demand exists amongst exporters for more support to carry out business through RTAs. Service demanded includes more awareness, training facilitation, and availability of information and enhanced consultation during RTA negotiations.

There is a general agreement amongst users and non-users on the benefits of RTAs for businesses. Users of RTAs agree that their businesses experienced export growth, easier market access, preferential tariffs, new business opportunities and expanded customer base. At the current level of RTAs, the level of competition in the market place has become fierce placing pressure on businesses. While competition resulting from RTAs has been healthy to some level, certain businesses find it difficult to keep up with the ever-competitive market place.

7. CONCLUSION

This study has made a valuable contribution towards the existing body of knowledge on RTAs and its impact on exporting businesses in Fiji. The study has explored the existence of RTAs and the views of exporters on the existing RTAs. This study is the first to carry out a micro firm level study on issues surrounding RTAs such as awareness levels, utilisation levels, costs and benefits, trade barriers, etc. It lays the foundation for future studies as well as policy formulation and implementation to further enhance the effectiveness of RTAs in the region.

The study has highlighted the areas that require relevant stakeholder attention and as mentioned earlier the importance of formulating effective

policies in the area of regional integration. The findings of this survey can assist parties to invest resources in required areas such as increasing awareness, evaluating their current communication modes, accessing the availability of required services as demanded by exporters (as presented in this study) as well as in establishing networks to further assist the exporters of Fiji.

This research contributes directly to the enhancement of business knowledge on existing RTAs and its implications on business activity. The findings of this study will also enable exporters and potential firms, that may be interested in venturing into the export business, to better understand and be prepared for the challenges in the exporting environment and exploit the potentials of RTAs to their advantage.

The findings of this research are limited to Fijian exporters and cannot be generalized to the other businesses in Fiji and PICs alike. This research does not include views and expert opinion of other stakeholders in the economy such as Government Ministries and other institutions. The research has only looked at the impact of RTAs on the business community in Fiji and does not discuss the other internal and external factors that evolve around RTAs and their implications.

Regional integration has attracted a diverse research interest in the past and this continues to be on the agenda for developed and developing countries alike. Over the years RTAs have emerged as an important area of research and based on the experiences of this study, comparative studies can be carried out in other PICs. Such studies will help in the identification of similarities and differences within the Pacific context that can further assist in policy formulation and implementation options for relevant economy stakeholders. Further research can be carried out in the context of internationalisation and RTAs to specific industries or business segments such as SMEs.

For the Pacific and Small Island States, reductions in tariff rates (duties) alone will not solve the issues of market access. In order to access Australia and New Zealand markets effectively, issues on conformity assessment, mutual recognition and equivalence are important areas that should be prioritized. Moreover, strengthening private sector capacity and addressing the supply side constraints and investment in trade related infrastructure in the Pacific Island economies is critical.

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