

University College London - School of Slavonic and East European Studies

Univerzita Karlova v Praze - Charles University in Prague - Faculty of Social Sciences

International Masters in Economy, State & Society – Economics and Business

Andrés Morales Interiano

UCL Student Number: 14082525

The Czech Republic's Participation in the Association Agreement between the European Union and Central America and its Policy Implications

Master's Thesis

Supervisors: Dr Filipa Figueira (UCL) and Dr Pavel Vacek (Charles University)

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Abstract:

Preferential Trade Agreements have become evermore popular in the worldwide market economy and have raised much interest in academics and policy-makers alike. This paper studies the participation that the Czech Republic had in the Association Agreement between the European Union and Central America during the pre-negotiation and negotiation rounds, and the effects that it brought to the Czech Republic's trade policies and trade flow with the mentioned region. It focuses on a qualitative approach of the Political Economy of Regionalism and liberal perspective to explain how the Czech Republic participated in this agreement previous to its signature in 2012 and views some of the consequences it has caused after its provisional application. It finds that the Czech Republic had to abide by the legislation and procedures of the European Union and its Common Commercial Policy. Additionally, although the Czech Republic did not give it great significance in this specific case, being a small and fairly new Member State in the European Union did not impede it to impose and meet its interests in the Agreement. The research also notices that even though there are limited results after signing the Association Agreement, there have already been changes in the trade aspect, including a decrease in trade barriers and an increase in trade flows between the Czech Republic and Central America. The thesis concludes giving further policy implications and recommendations for the Czech Republic to draw closer to the Central American countries.

Keywords: International Trade, Political Economy of Regionalism, Preferential Trade Agreements, Negotiation, and Trade Policies