

Trade Agreements: a Historical Perspective and Modern Trends

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Abstract

This paper takes a long-run perspective and analyzes the evolution of trade agreements from the ‘first wave of globalization’—the beginning of the 19th century—to modern times. I collect a novel dataset containing information about trade agreements dating back to 1815. I present the information from the texts of the treaties in two different ways. First, by reading the treaty texts, I identify and codify the key design features that were agreed upon by the signatories. Second, I analyze the evolution of the design of the commercial treaties, the emergence and the prevalence of the key features in different time periods, and the geographical distribution of the treaties. The results show that many of the features of the contemporary trading system were developed long before the General Agreement on Tariffs and Trade (GATT)—the foundation of the modern trading system—was signed. Moreover, it emerges from the analysis that many of the commercial provisions in the treaties appeared, adjusted and developed along with the political and economic developments of the different historical periods.

“Everything new is well-forgotten old”
—Russian proverb

1 Introduction

Being the contemporaries of the 21st century, we are used to thinking about the system of the global commercial relationships as a collection of rules established by the General Agreement on Tariffs and Trade (GATT)—the rule system countries are largely following today. This system, however, was not created from scratch. Centuries of evolution of the commercial relationships led to the formation of the rule system that the countries use today.

What are the important features of trade agreements, and how did they evolve over time? In this chapter I take a long-run perspective and analyze the evolution of trade agreements from the ‘first wave of globalization’—the beginning of the 19th century—to modern times. I collect a novel dataset containing information about trade agreements dating back to 1815. I show that many of the features of the contemporary trading system were developed long before the GATT was signed; and that the usage of separate provisions was adjusted and polished along with the political and economic developments of the different historical periods.

Economic history books identify fundamental features of historical events, and summarize the broad trends in commercial relationships over centuries. For example, the major work by [Findlay and O'Rourke \(2007\)](#) traces the history of the international economy from its earliest beginnings to the 21st century. [Brown \(2009\)](#) focuses on the development of the multilateral trading system and outlines the main negotiation issues in a given historical period. Published papers, on the other hand, focus more on isolated historical periods and theoretically or quantitatively study the consequences of commercial policies or historical events on various outcomes. A case in point are the studies focusing on quantifying the effects of the treaty network that formed in late 19th century in Europe (see, for example, [Accominotti and Flandreau \(2008\)](#) or [Lampe \(2009\)](#)).

To complement the existing literature this paper presents and measures a particular aspect of commercial relationships, namely, their contractual side, over a long period of time. Analyzing the ‘hard’ and measurable elements of the commercial treaties in the historical context can help understand better to what extent trade policy was forming the economic and commercial relationships, and to what extent trade policy was merely responding to the political and economic challenges of a given time period. The analysis of trade agreements’ textual data can also trace the design features’ formation, geographical

spread, and the evolution of treaty content, leading up to the contemporary rule system.

This chapter summarizes and presents the information from texts of the treaties in two different ways. First, by reading the treaty texts, I identify and code the key design features that were agreed upon by the signatories. These features are broadly defined and described in [Section 3.1](#) and [Appendix B](#), and also constitute the underlying principles of the modern system: reciprocity, the most-favoured-nation (MFN) principle, the national treatment, the different aspects of the market access rules, and other commercial issues. Additional features (see [Section 3.2](#)), such as membership and textual characteristics (length, scope and enforceability) help create a more complete picture of other dimensions across which agreements differ from each other. Second, I analyze the evolution of these principles over time in terms of the changes in the design of the features, prevalence of the features in different time periods, and the geographical distribution of treaties.

The evolution of the treaty texts in the periods identified for the purpose of the analysis largely reflects the political and economic situation of the time. In the early 19th century, following the disruptions of the Napoleonic wars, the treaty formation reflected the relatively low desire of countries to engage into any new endeavours of trade liberalization in the period of relative peace and stability. In terms of the treaty content in the early 19th century, the most-favoured nation provisions and the national treatment were widely present in commercial texts, while there was little innovation on other aspects. The agreements included a large number of issues, and bundled together the provisions on the movement of natural persons and commercial policy. The unprecedented development of technology and the search for new markets in the second half of the 19th century led to the expansion of the market access provisions, often in the form of a separate tariff schedule included in the agreements. These market access provisions became the major innovation of the network of treaties formed in Europe in the 1960s-1970s, known as the Cobden-Chevalier network.

The following period, describing the interwar years, was full of disruptive historical events. The war itself, the global flu pandemic, and the Great Depression—all amidst tense political rivalries—found their reflection in the types of treaties formed during this period. In fact, the interwar period can be characterized by a series of important policy innovations. Exemptions and specifications of the exact circumstances in which the more general rules and principles can be applied have become an inherent feature of commercial treaties. Flexibilities, such as security regulations, health-related exceptions, or carve-outs for some more privileged trading partners, which appeared in the interwar commercial treaties, will later manifest themselves in the GATT, and become its prominent institutional feature.

The period after World War II in this chapter is referred to as ‘the era of multilateralism.’ While the foundations and the main rules of this system still constitute the core of the trading system nowadays, this period is characterised by the creation of the unifying commercial framework. From the point of view of policies that the GATT included, it can be seen as a collection of best practices developed in previous decades, crucially, including those flexibilities which were a common place in the interwar period. The revolutionary innovation was the GATT’s ability to establish a multilateral system of trade relations, unlike the networks of bilateral treaties existing earlier. Another important innovation was the GATT’s dispute settlement provision, which later evolved into a WTO court, maintaining one of the most important functions of the organization. The structure of the commercial relationships under the GATT also allowed regional integration initiatives and agreements to develop alongside the multilateral negotiations. Some of the most important and deep regional trade relations in Europe were forming during this period, and the ideas of regional integration spread to other parts of the world. The majority of the treaties at the time focused on deepening market access and cutting tariffs, while including a conservative number of issues, in sharp contrast to the next period.

This next period, starting roughly from the beginning of the 2000s, can be characterized by the emergence and a wide spread of the ‘new generation’ of commercial treaties. With the GATT / WTO success in reducing trade barriers, and the overall demise of the WTO’s negotiating function, a dense network of treaties emerged. These newer treaties spread in terms of their geographical coverage, while simultaneously expanding in their scope. Modern commercial treaties include a large number of issues, many outside of the current WTO mandate. At the same time, the extent to which these treaties can credibly enhance cooperation is unclear: many of the issues discussed in these treaties do not represent a legally enforceable provision.

In general, commercial treaties concluded in each distinct time period reflect the political and economic challenges of the time. The world trading system has developed and matured through a series of shocks, leading up to the familiar system of accumulated best practices countries use today in their commercial relationships. As Irwin and O'Rourke (2011) argue, understanding this evolution can help dealing with the challenges that the system is facing in the years ahead.

This chapter is organized as follows. Section 2 describes the data collection for the historical treaties, and the data sources for the contemporary treaty analysis. Section 3 defines the major features of the commercial treaties used to present the stylized facts. Section 4 describes the evolution of the treaty content, dividing the analysis into four time periods. Section 5 concludes and contemplates the possible future developments.

Definitions. Before proceeding further, it is worth spending some time defining the subject of this chapter more precisely.

First, following the conventional usage, I will use the term ‘trade policy’ in the meaning of ‘commercial policy’. From a more formal viewpoint, the latter is broader, and can encompass policies that do not directly relate to trade in goods or even trade in services [Brown \(2009\)](#). For example, in the 19th century the commercial treaties included provisions on treatment of natural persons or merchants, foreign property rights, or rules of conduct for merchant ships and war ships. More modern commercial policies regulate the treatment of issues related to, for instance, intellectual property rights or government procurement. For the purpose of the analysis in this chapter all these policies will be united under the umbrella term ‘trade policy’. The same identity will be relevant when referring to agreements (or treaties): the term ‘trade agreements’ will be used interchangeably with ‘commercial agreements,’ referring to the broader set of policies that were included in these documents.

The customary set of terms that the literature on modern trade agreements is using includes ‘preferential’ or ‘regional’ agreements, ‘bilateral’ and ‘plurilateral’ agreements, and ‘multilateral’ trading system (or agreement). The latter is usually used to refer to the GATT/WTO agreement. However, as the [WTO \(2011\)](#) states: “all trade agreements – bilateral, regional, multilateral – are preferential in the sense that their benefits and obligations apply to members only, and non-members are excluded.” Indeed, these distinctions can be somewhat blurred. In the 19th century, for example, all the agreements were signed bilaterally, but formed a network uniting many countries under a most-favoured nation regime. At the same time, the modern-days WTO system does not include a number of non-member countries.

Often the object of study is defined by a legalistic definition from the GATT/WTO framework. In particular, the trade agreements are understood as those which conform to the Article XXIV of the GATT (the formation of customs unions and free trade areas). The article states that countries can promote integration if (i) trade barriers are eliminated with respect to ‘substantially all trade,’ and (ii) trade barriers applied to other countries may not be higher than prior to the formation of preferential agreement. The clarity of this definition makes these types of agreements an attractive object to study. There are, however, several limitations to this definition. First, it does not allow us to study trade agreements which were formed prior to the GATT. Second, there are other forms of trade agreements which are important, but are outside of the scope of this definition. These agreements include, for example, preferential trade agreements that were not notified to the WTO.

For the purpose of this chapter I will use the term ‘trade agreements’ to refer to voluntary reciprocal treaties between two or more sovereign states which include provisions related to commercial policy. Although this definition is quite broad, it excludes colonial trade arrangements and non-reciprocal preference arrangements. Ultimately the more precise features of trade agreements under this definition will also depend on the data available, which is described in [Section 2](#) and [Appendix A](#). The GATT itself falls under this definition, however—acknowledging the importance of this trade agreement—will be analyzed separately.

2 Data Sources

The analysis of the design features and the content of trade agreements hinges crucially on the quality of the data available. Naturally, more modern trade agreements (since the creation of the GATT) are easier to analyze, with multiple databases being available in the digital format. Earlier agreements, however, are more difficult to study. The content and the quality of the data in this study will be defined, to some extent, by the data availability.

To study the agreements in the 19th century, I use two data sources. The primary data are the original commercial treaty texts. I collect and hand-code information about each commercial treaty that can be found across the 161 volumes of the “Consolidated Treaty Series” compiled by Clive Parry in 1969-1980 ([Parry \(1969\)](#)). These volumes cover all the treaties concluded by sovereign units from 1815 to 1919¹. I choose only the treaties directly related to commerce, with some exceptions (see Appendix A for more detail). Since none of these volumes are yet available in any digital form, the contemporary natural language processing techniques cannot be used to analyze these texts. Instead, I devise a coding system which would make the data on these agreements roughly comparable to the data available on modern trade agreements. This system comprises a binary coding of a number of features: the most-favoured nation principle, the national treatment, market access provisions and a few others described in more detail in the next section.

The secondary data source for the 19th century trade agreements is the “Handbook of Commercial Treaties” by [Brauer and Kasten \(1922\)](#). This book presents the digests of commercial treaties, conventions, and other agreements of commercial interest between all nations, covering the years from 1654 to 1922. These treaties are much broader in scope, and include those which are not directly aimed at fixing the commercial interests. For

¹The full collection (225 volumes) of the “Consolidated Treaty Series” contains all treaties signed since 1648, but I restrict my sample to those treaties signed after the Congress of Vienna in 1815, since this is the year coined as the start of the ‘first wave of globalization.’

example, some agreements are devoted to treatment of certain territories, or to river navigation. This data also includes additional and supplementary treaties (see [Appendix A](#) for more detail). I extract information about the detailed name of the treaty, its signatories and the year of signature. The name allows to categorize agreements into different groups, and gives a more complete picture of what types of commercial issues were on the agenda in the 19th century. The analysis using this dataset is presented in the [Appendix A](#).

For the agreements signed after World War I, in the interwar period, and during World War II, I use the [League of Nations Treaty Series](#) collections. Again, I go through each of the 205 volumes to search for commercial agreements and hand-code information about them using the same protocol as for the primary data source. These volumes are available in a digital format, but are not of an adequate quality to transform the texts into a machine-readable texts.

To analyze the content of the trade agreements signed after the formation of GATT in 1947, I use three databases available online. The databases have different coverage both relating to their substance, and in terms of the agreements covered.

The first source is the [Design of Trade Agreements \(DESTA\) Database \(Dür et al. \(2014\)\)](#). The raw dataset includes 781 agreements signed from 1948 to 2021. After deleting the superseding treaties, amendments and additional protocols, as well as partial scope treaties and framework agreements, the sample includes 556 treaties signed over the same time period. The main advantage of DESTA is that it includes all commercial treaties, and not just the ones listed by the WTO. In addition, DESTA codes a number of content elements of trade agreements, including distinct provisions on commercial issues (such as market access, trade in services, etc.).

The second source is the World Bank's [Deep Trade Agreements \(DTA\) Dataset \(Hofmann et al. \(2017\)\)](#). It includes 318 agreements signed from 1958 to 2019. The most attractive feature of the dataset is its content coding: for each agreement the researchers map 52 commercial provisions, dividing them into items under the current WTO mandate, and provisions outside of the WTO. Each agreement is then recorded to contain a certain provision. In addition, this dataset provides the extent of each provision's legal enforceability, if it is mentioned in the text. The DTA coding distinguishes between two types: legally enforceable provisions, and provisions which are excluded from the dispute settlement.

Finally, I use [Texts of Trade Agreements \(ToTA\) Dataset \(Alschner et al. \(2018\)\)](#). The raw dataset includes the text corpus of 447 agreements notified to the WTO between 1948 and 2015. After deleting non-reciprocal treaties and agreements which are not translated into English, the remaining sample includes 414 treaties that entered into force between 1949 and 2017. The main advantage of ToTA is the possibility to extract semantic informa-

tion from the texts (such as, for example, the counts of words with varying degree of legal enforceability), as well as the number of chapters and length of the treaties (see the details on the variable construction in [Appendix A](#)).

3 Features of Trade Agreements

Trade agreements, like other legal documents and textual objects, are highly dimensional objects. There is a great variety of features that can be attributed to a single contract. The challenge is to identify and summarize the most important features in a number of variables that would characterize the agreement well, and at the same time would reduce the dimensionality of the text.

In the context of trade agreements, some of the most important features pertaining to the institutional design of the trading system are well defined—these features are the underlying principles of the GATT, as well as the characteristics of the degree of market access (described in [Section 3.1](#)). There are additional characteristics which help create a more detailed understanding of the treaties, or proxy for their content and complexity (see [Section 3.2](#)). Depending on the historical period, all of these features can transform and slightly differ in their exact formulations, keeping, however, their fundamental properties. The description of these fundamental properties and differences are the focus of this section. The next two sub-sections briefly describe the definitions, and [Appendix B](#) provides the examples of the treaty texts.

3.1 Principles and Design Features

Reciprocity. In international trade, broadly defined, the principle of reciprocity means that favours and benefits should be somehow returned to each other by the trading partners, and mutual concessions with respect to market access and other commercial policies have to be made. In the literature, reciprocity is considered to be a major institutional feature of the modern trading system ([Bagwell and Staiger \(1999\)](#)). It was also an important feature of the trade treaties in the past (see [Appendix B](#) for the example of the wording). As stated in the definition in the introduction, only reciprocal treaties will be the focus of this chapter.

Most-Favoured Nation. The MFN principle is fundamental to the modern trading system, and it ensures that countries are not discriminating between their trading partners. The GATT/WTO version of this principle requires members to grant the most favourable

tariff or regulatory treatment given to the ‘like product’ or ‘like services and service suppliers’ coming from any other member. When looking at the historical context, however, the scope of the application and the types of MFN treatment can differ substantially. For example, the 19th century trade agreements included MFN provision in a variety of forms: applied to natural persons (citizens), officials (consuls), merchants, vessels, or products; and covering the treatment at the port, or treatment related to paying duties and taxes.

Early commercial treaties included an extensive set of provisions regarding natural persons, as opposed to purely trade-related subjects such as merchants, commercial vessels and goods. In the dataset that I construct, the MFN provision only counts as present if it relates to commercial activities—if an agreement only includes MFN treatment of natural persons, such an agreement is considered to not include an MFN provision (see [Appendix B](#) for examples of these types of provisions).

Similarly, the MFN provisions distinguished between treating the merchant vessels and goods in the port, and extending the MFN provision to the amounts and types of duties that the countries were paying (see [Appendix B](#)). These are the two types of MFN I distinguish when constructing the dataset: some of the earlier treaties contained provisions related to port procedures, but continued to discriminate in terms of duties payable on imports or exports.

There is another feature of the MFN treatment which is highly important in the historical context. After the creation of the GATT, the unconditional form of MFN principle has been universally accepted, but this was not the case in the historical treaties. Many of the earlier treaties contained the so-called ‘conditional MFN’. Put simply, the unconditional form of the MFN treatment records no conditions or circumstances in which the reciprocal concessions will be made between the contracting parties; while the conditional form stipulates the concessions being made in return for an equivalent ([Brauer and Kassten \(1922\)](#)). I do not code this distinction, yet in the following chapters I will describe the general trends regarding the application of the two forms of the MFN treatment (see an example of the two forms in the text treaties in the [Appendix B](#)).

As in today’s MFN provisions, the historical texts often contained some exceptions from the MFN principle. These exceptions included, for example, provisions related to public health, national security, or carve-outs for other preferential trading partners (see [Appendix B](#)). Although not all coded as part of the dataset, the following sections will provide a general overview of the evolution of these exceptions.

Finally, in the modern commercial treaties, as provided by the DESTA dataset, the MFN treatment requires parties to the agreement to grant to other parties the most favourable tariff and regulatory treatment granted to any third party (third-party MFN).

National treatment. The second fundamental principle of the modern trading system is the national treatment, which provides that imported and domestically produced goods and services should be treated equally. Similarly to the MFN provisions, national treatment can be granted with respect to natural persons, or internal duties and charges for imported goods. In the dataset, only the latter is used to distinguish between trade agreements with and without the national treatment clause (see [Appendix B](#)).

Market Access. Market access is typically used as an umbrella term for a number of commercial regulations that can be used to restrict imports, such as tariffs or non-tariff barriers. As most early treaties were not nearly as sophisticated and developed as the ones we have today, I view market access in a very broad sense. For example, if a given treaty contains provisions related to the rules of the importation of a specific list of products, or explicitly stipulates tariffs and payments for specific goods, such an agreement would be considered to have a market access provision (see examples in [Appendix B](#)). If there is an appendix in the form of a tariff schedule, such an agreement will also be considered as having market access provisions. I separately code the presence of a detailed tariff schedule for a given agreement.

Non-tariff barriers were scarce in the 19th century treaties. After the Spanish flu pandemic in 1918, the non-tariff measures mostly included the sanitary provisions, which were often bundled into the same chapter with provisions on national security. The presence of these measures is also coded in the dataset. Similarly, in the advance of the World War II, quotas and quantitative restrictions have become widespread. I will discuss the general trends on these types of provisions in the subsequent sections (for the wording see [Appendix B](#)).

Other Commercial Issues. Both historical and contemporary commercial treaties are typically very comprehensive, and cover a number of issues besides MFN provisions, national treatment and market access. Given the abundance of these issues and also the differences in coverage between historical treaties and modern agreements, it would be difficult to create a coding system that would be relevant for historical comparison.

In particular, many historical treaties include issues that are currently covered in agreements outside of commercial domain, such as conditions of residence or travel for natural persons, immigration and emigration (police protection and civil rights); admission of diplomatic and consular officials, and their rights and activities; possession and disposal of, or succession to, real and personal property; exemption from military service, municipal functions, forced loans, and extraordinary levies; freedom of religion and right of

burial; treatment of vessels seeking refuge from damage or shipwreck; and other provisions. In addition, there are issues that relate to commerce, but are absent from modern-day treaties, such as, for example: vehicles and instruments of communication and transportation; navigation, quarantine and harbor regulations, and dues relating thereto; treatment of commercial travelers and their samples; coasting trade and port-to-port trade with foreign cargoes. Finally, there are some issues that were discussed in the historical treaties, and are still present in many modern treaties in some form. These include, for example, conditions for importation, exportation, transit, transfer, warehousing; protection to patents, trade-marks, copyrights, and other industrial property rights; rights of commercial, industrial, or financial associations; and extraterritorial jurisdiction.

Modern treaties, especially those concluded in the last 20 years, tend to be very broad in scope. They can include a wide variety of commercial issues, such as, for example, intellectual property rights, services, investment, public procurement, competition, electronic commerce, labour rights, environmental protection, and many others. Some of these issues will be analyzed separately using the available datasets.

3.2 Other Characteristics

Membership. When referring to membership in trade agreements, the main aspect relates to the number of members that a given agreement has. Historical treaties were predominantly bilateral. The GATT's main feature, as I show in the analysis below, is its expanded membership, and what we now define as 'multilateralism'. Other trade agreements existing parallel to the GATT can include a varying number of members. In addition, due to the varying levels of integration, some trade blocks themselves can conclude agreements with other countries or blocks².

One of the issues with regards to data organization is multiple membership. For the historical treaties a very relevant feature is that the same country pair can sign multiple trade agreements over a span of years (superseding agreements). This can happen due to the agreement's expiry (designated period for a treaty expiry was a common feature for the agreements in the 19th century), or due to the additions of new features, changes or amendments³. Modern preferential treaties also have modifications and amendments. In the analysis I will thus make a distinction between first-time treaties and superseding agreements. In addition to superseding agreements (i.e. those treaties that are made at distinct points in time for the same country pairs) modern trade agreements can also be

²Note that this type of membership does not necessarily imply accession to the existing agreement. An example of such a situation would be the customs union of the European Union with Turkey.

³See Appendix A on data collection for more details on the treatment of this issue.

overlapping: the same country pair is covered by two different agreements at the same time. For example, Colombia and Peru are both in Andean Group (Bolivia, Colombia, Ecuador, and Peru) and in Pacific Alliance (Chile, Colombia, Mexico and Peru). Since this happens relatively rarely in the data, I will count only the first concluded agreement between the two countries.

Length. Length of a commercial treaty is measured in two ways. First, it is defined as the number of distinct chapters in a given text. Since every chapter roughly corresponds to a separate commercial issue, the number of chapters can proxy for the scope (coverage) of the agreement. Although not precise, the advantage of using this variable is that it can be obtained for both historical and contemporary treaties. The second variable I will use to analyze the length of a commercial treaty is the average number of words per chapter. This variable is only available for digitized treaties, and comes from the machine-based text analysis (see [Appendix A](#) for details).

Legal enforceability. The degree of legal enforceability of a treaty is only available for the modern treaties, and is measured in two ways. First, the DTA dataset categorizes each provision into (i) provisions not mentioned in the agreement or not legally enforceable; (ii) provisions mentioned, legally enforceable but explicitly excluded by dispute settlement provision; and (iii) provisions mentioned and legally enforceable. Another measure used to analyse the extent of enforceability is constructed using text mining techniques. A trade lawyer identified words which can potentially lead to litigation or dispute using international arbitration, as well as words that signal weak commitment. Using the counts of such words across treaties, I construct a measure of legal enforceability for each treaty (see [Appendix A](#) for details).

4 The Evolution of Treaty Content

The types of policies included in commercial treaties have substantially evolved over the time horizon analyzed in this chapter. I analyse four periods, each broadly marked by the stylized facts regarding most relevant policy developments. These policy changes are, in turn, largely a response to the changing economic and political contexts.

The first period is called by [Findlay and O'Rourke \(2007\)](#) as ‘the international economy of the 19th century,’ and often referred to as ‘the first wave of globalization,’ spans the years from 1815 to 1914. The treaties of this period established a sound basis for the two principles of non-discrimination foundational for the contemporary multilateral system

(the MFN and the national treatment), and paved the way to market access liberalization. The second period includes two World Wars and the interwar period. The tumultuous years brought important innovations to trade agreements of the time, mostly providing different safeguards and escape clauses. These harsh years are followed by the period covering roughly the second part of the 20th century, broadly characterized by relatively stable and expanding multilateralism. The GATT—the major institution governing commercial relations after World War II—also allowed for deeper economic integration among groups of countries. Roughly from the beginning of the 2000s starts the fourth period of analysis, marked by the shift in the types of treaties countries tend to sign. Expanding the multilateral rules in terms of their depth and scope, the generation of ‘new trade agreements’ started emerging during this period.

4.1 The International Economy of the 19th Century (1815-1914)

The Napoleonic wars had a disruptive effect on the international trade, and had a number of long-run implications for the political and economic context. Most importantly, the high costs of the wars of 1772-1815 brought a durable period of relative political stability to the European continent. The Congress of Vienna instituted the main features for a exceptionally long period of peace (until the Crimean war in the 1850s).

The wars brought an end to many mercantilist protectionist policies, with tariffs becoming more popular as a means of regulating foreign trade. In addition, the Congress of Vienna guaranteed the freedom of navigation in many rivers. Naturally, many protectionist measures remained or were instituted in the aftermath of the wars, with the British Corn Laws passed in 1815, as the most prominent example⁴. In general, however, European trade was being gradually liberalized over the larger part of the 19th century ([Findlay and O'Rourke \(2007\)](#)).

One of the most outstanding developments in relation to trade in the 19th century is the remarkable advancement of the transportation technology. The increased use of steamships, the improvement of roads, the building of canals and the proliferation of railroads—all resulted in a sharp decline in transport costs. For example, the index of British ocean freight rates dropped by about 70% between 1840 and 1910 ([Harley \(1988\)](#)). The dramatic decline in transportation costs defined a somewhat secondary role for trade policy: even though the protectionist backlash of the 1870s stalled the process of integra-

⁴On 10 April 1815 a volcano called Mount Tambora in the present-day Indonesia erupted, in what is known as he most powerful volcanic eruption in recorded human history. This event resulted in worldwide reductions in temperatures, leading to extreme weather events and harvest failures in many areas around the world, and called for urgent policy measures.

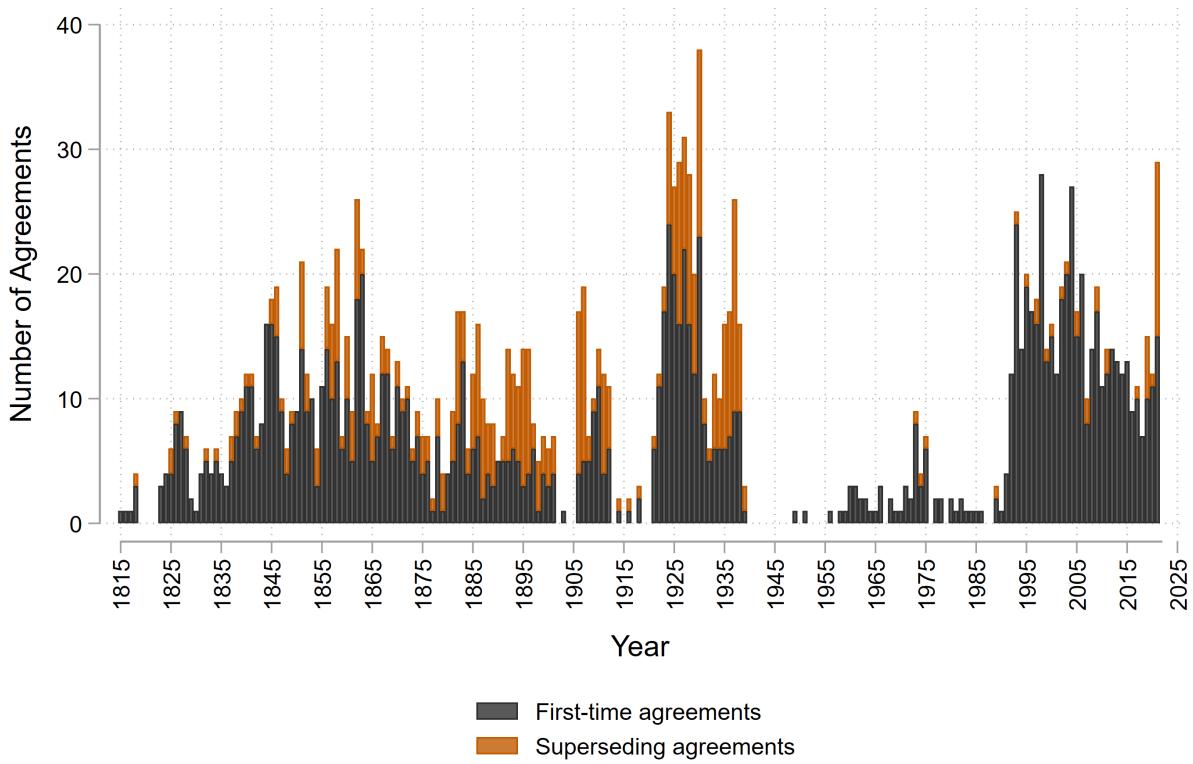
tion, it was not able to revert the benefits of the trade cost reductions.

Historians also attach first-order importance to the British unilateral policy as a major factor in 19th century trade policy developments. A series of liberal reforms in 1820s and 1830s and the final repeal of the Corn Laws in 1846 made Britain a pioneer in trade liberalization efforts. The widely praised Cobden-Chevalier treaty between Britain and France is thus seen as a breakthrough in international commercial relationships which brought about a major episode of trade liberalization in Europe. This treaty between two major countries and large trading partners slashed import prohibitions in France, abolished export restrictions on British coal exports, lowered British tariffs on wine, and provided a detailed tariff schedule. The treaty is also praised for including the MFN provision which later served as a benchmark for the European trade treaty network formation. While there is no doubt on the role of the Cobden-Chevalier treaty in the formation of the resulting network of treaties, below I discuss that many of the features of the Cobden-Chevalier agreement were present also in the earlier treaties.

The period starting from the 1970s is generally coined as the ‘protectionist backlash.’ A severe worldwide economic crisis hit in 1873 and lasted until 1877. This period was also characterized by the strong nationalist rivalries among European countries ([Brown \(2009\)](#)), which erupted in a series of trade wars. At the same time, the rise in tariff levels was not excessive. [Bairoch \(1993\)](#) estimates that the average level of import duties on manufactures was 13% in Germany, 20% in France and Sweden, 18% in Austro-Hungary and Italy, 9% in Belgium and Switzerland, and only 4% in the Netherlands, while tariffs on many agricultural products and raw materials were low or zero.

There were a total of 608 first-time commercial treaties signed over the period between 1815 and 1914, with another 272 renewing or substituting the pre-existing treaties (see [Figure 1](#)). All of the treaties were signed bilaterally, and therefore the total number of country pairs participating in treaties is dwarfed by the number of signatories of the commercial treaties nowadays ([Figure 2](#)). Approximately 8% of the treaties in the dataset before 1914 were not exclusively devoted to commercial issues. In general, the vast majority of the treaties of that period (77%) included an MFN provision, either in the form of port or duty privileges. Most of the treaties signed by the US were providing the MFN treatment in its conditional form, while European treaties were stipulating both types of provisions. Similarly, around half of all agreements included national treatment, and 38% of the treaties included market access provisions.

Despite little attention given in the literature to the treaties signed before the Cobden-Chevalier agreement, these agreements of the earlier period contained a number of important provisions that would later form the basis for the network. [Table 1](#) breaks down

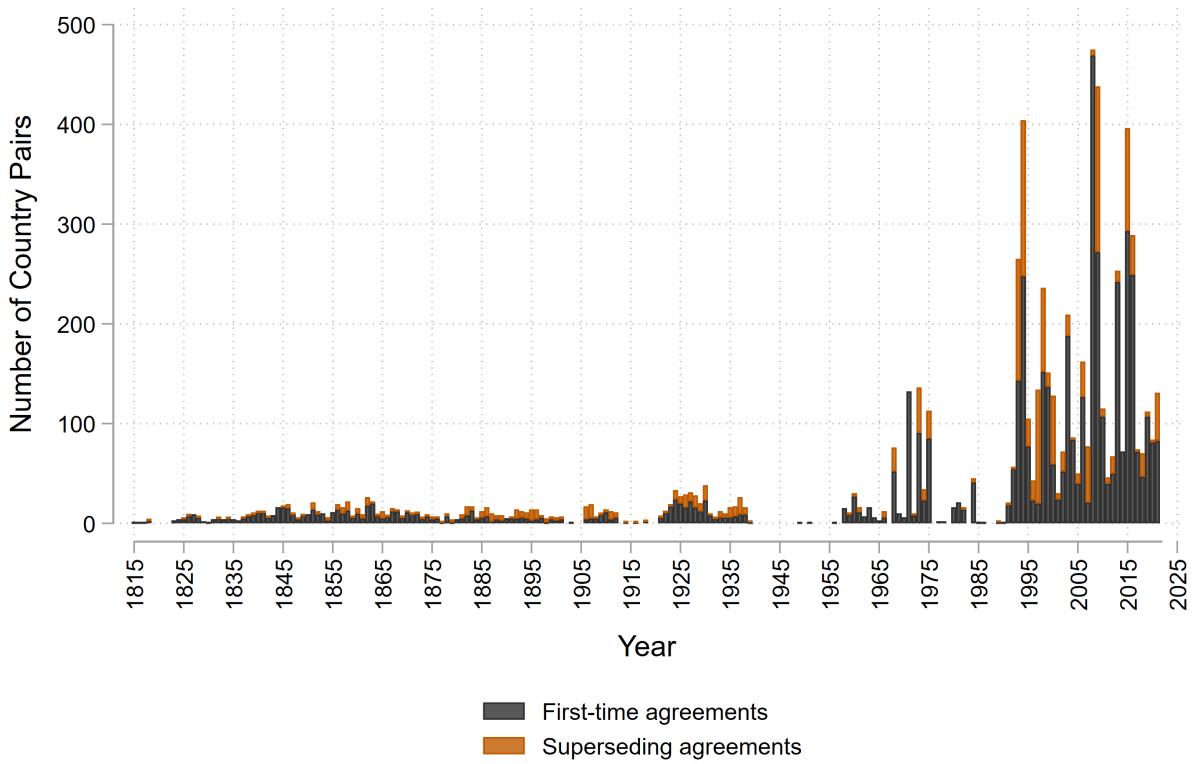


▲ Figure 1: Number of first-time and superseding treaties entering into force by year, 1815–2022.

Note: The data before 1920 comes from the Consolidated Treaty Series (volumes 65–225); the data between 1920 and 1946 comes from the League of Nations Treaty Series (volumes 1–205); the data after 1947 comes from the DESTA dataset.

the treaty sample into treaties concluded before and after the Cobden-Chevalier agreement. Out of 291 first-time treaties signed before 1860, 81% had an MFN provision of some form. Similarly, 61.9% of those treaties contained a national treatment provision related to commerce. Around a quarter of all agreements had some form of market access provisions included. Usually the market access provisions were in the form of specified rates for a number of distinct product categories. Only around 5.5% of all treaties before 1960, however, provided a detailed tariff appendix.

The literature studying the history of European trade emphasises the importance of the Cobden-Chevalier network, and highlights the unconditional MFN status granted to the signatories of the treaties as a major breakthrough. [Table 1](#), however, clearly demonstrates that the main innovation prompted by the conclusion of the Cobden-Chevalier treaty was the inclusion of tariff schedules. Among the treaties signed between 1860 and 1914, almost a third of all treaties contained a detailed tariff schedule. In fact, 75 super-



▲ Figure 2: Number of country pairs in first-time and superseding treaties entering into force by year, 1815-2022.

Note: The data before 1920 comes from the Consolidated Treaty Series (volumes 65-225); the data between 1920 and 1946 comes from the League of Nations Treaty Series (volumes 1-205); the data after 1947 comes from the DESTA dataset. The graph does not include the African Economic Community agreement, and African Continental Free Trade Area.

seding agreements were signed to include a tariff specification additionally to the existing provisions. Even if the remaining two thirds of the agreements still did not stipulate any detailed tariff appendix, slightly less than a half of all agreements contained market access provisions of some other form (usually specifying a list of goods and / or tariff rates explicitly in the text of the treaty). By some estimates, the tariff levels at the time were cut by about half as a result of the treaty network ([Brown \(2009\)](#)).

Indeed, when studying the effects of the Cobden-Chevalier network on aggregate trade, [Accominotti and Flandreau \(2008\)](#) find no effects. Instead, [Lampe \(2009\)](#) finds that tariff reductions are a key to driver of trade liberalization in the 1860s. Using disaggregated trade flows he shows that the effects of the Cobden-Chevalier network vary with tariffs across different commodity groups.

The Cobden-Chevalier treaty network is also believed to have introduced a greater

measure of certainty into trade relations ([Shafaeddin \(1998\)](#)), since most of the agreements were signed for a period of 10 years. Contrary to this belief, I find that earlier agreements were also stipulating similar provisions regarding expiry. For example, for the 260 treaty texts signed in 1815-1859, for which I find the explicit mention of the expiry period, the average period of stipulated treaty duration is 8.9 years. The same metric for the 215 treaties for which I have this data in years 1859-1914 is equal to 9.5 years.

▲ Table 1: The percentage of treaties including a given provision

	Treaties in 1815-1859		Treaties in 1860-1914	
	First-time treaties	All treaties	First-time treaties	All treaties
MFN (Port)	78.4	75.9	77.8	77.7
MFN (Duty)	74.2	72.5	75.9	76.6
National treatment	61.9	62.2	48.6	50.9
Market Access	24.1	25.8	42.3	46.3
Tariff schedule	5.5	6.6	26.6	30.1
Number of treaties	291	349	311	521

Note: The data before 1920 comes from the Consolidated Treaty Series (volumes 65-225); the data between 1920 and 1946 comes from the League of Nations Treaty Series (volumes 1-205). The number of other agreements for which provisions are recorded is slightly lower than the total number of agreements due to missing values (see Appendix A).

To understand what types of treaties were the most prevalent during this period, [Table 2](#) counts the percentage of treaties with different combinations of the four most important provisions: MFN related to duties, MFN related to the treatment of commercial activities (most notably in the ports of entry), national treatment, and market access. Whenever a given provision is present in a treaty, such entry is coded as 1 in the left-hand side of the table. There are 16 possible combinations of provisions. The right-hand side of the table provides the information on the percentage of the treaties that have a given combination: the first column relates to years 1815 to 1859, while the second column provides information for the years 1860 to 1914.

During the early 19th century, almost half of all treaties (42.6%) included the three types of non-discrimination provision, with no mention of market access. Just the two MFN provisions were typically included in the next 16.2% of treaties. All the other combinations of provisions are present in less than ten percent of treaties. In the period after the Cobden-Chevalier treaty was signed, the type of the treaty including the three provisions for non-discrimination remained the most prevalent, however, it took up a much smaller proportion (27.7%). It is closely followed by the type of treaty with the two MFN provisions, but without the national treatment (22.8%). Notably, the most complete treaties

(including all four provisions) now take up a significant share—16.7%.

A typical treaty of the time, however, was longer and much more complex than just including the four provisions coded in [Table 2](#). During the period from 1815 to 1914 trade treaties would include around 19 chapters on average. [Figure 3](#) shows the average number of commercial and non-commercial chapters per year⁵. There is a slight increase in the number of issues included in the agreements around 1850s-1870s.

▲ [Table 2](#): The percentage of treaties including a given combination of provisions, by time period

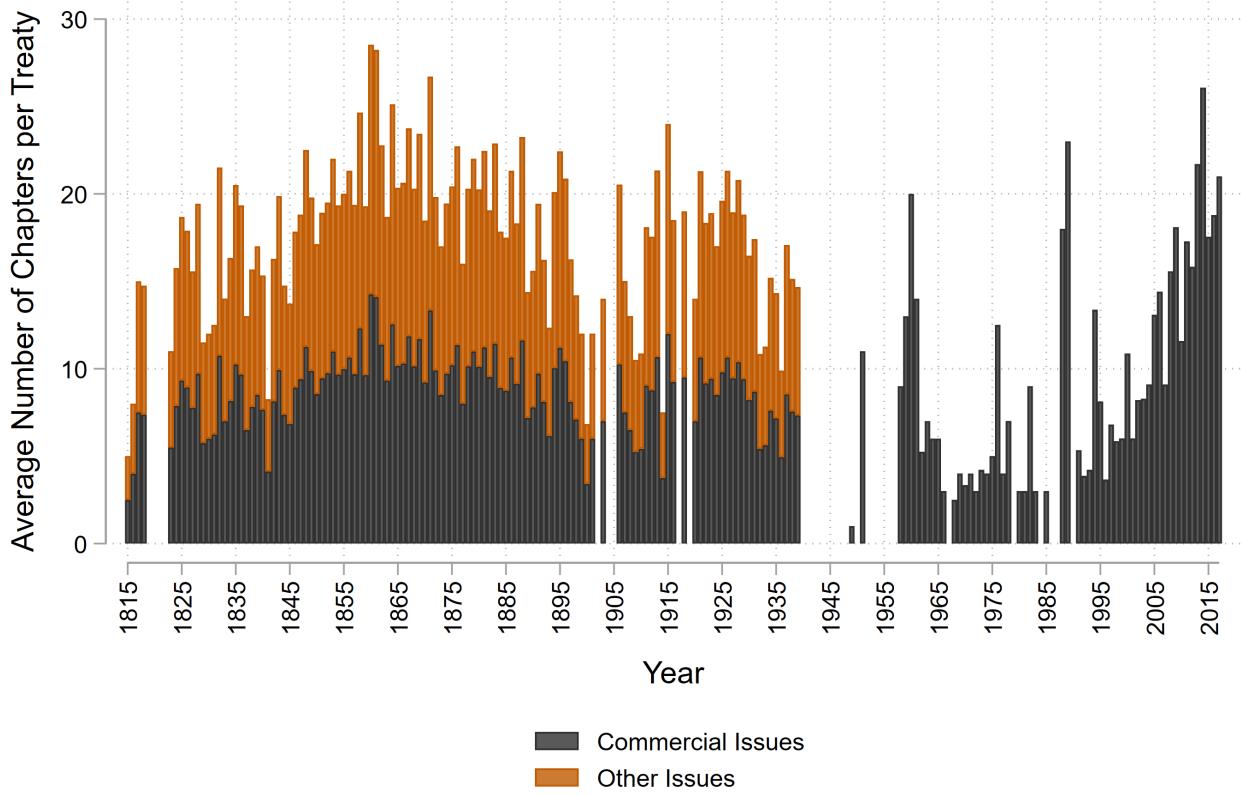
MFN (Duty)	MFN (Port)	National Treatment	Market Access	1815-1859	1860-1914	1915-1939
1	1	1	1	6.2	16.7	23.8
1	1	1	0	42.6	27.7	28.2
1	1	0	1	6.5	8.4	11.5
1	1	0	0	16.2	22.8	31.3
1	0	1	1	0	0	0
1	0	1	0	0.7	0	0
1	0	0	1	0.7	0.3	0
1	0	0	0	1.4	0	0
0	1	1	1	0.3	0	0
0	1	1	0	1.7	0	0
0	1	0	1	2.4	1.0	0
0	1	0	0	2.4	1.3	0
0	0	1	1	2.7	1.3	0
0	0	1	0	7.6	2.9	0
0	0	0	1	5.2	14.5	4.0
0	0	0	0	3.4	3.2	1.3

Note: The data before 1920 comes from the Consolidated Treaty Series (volumes 65-225); the data between 1920 and 1946 comes from the League of Nations Treaty Series (volumes 1-205). The left-hand side indicates with zero / one an absence / presence of a given provision, resulting in 16 different combinations for the four provisions.

The treaties would typically start with a preamble introducing the signatories (usually the heads of states). Most treaties would then describe the principles of non-discrimination applied to the citizens and the subjects of the treaty. The text would be describing the rights, privileges, and immunities for the nationals of the respective countries, including issues related to residency, dwelling, private property protection, legal representation, etc.

Later on in the text, the declaration of reciprocal freedom of commerce is made. The following parts of the treaties often describe in detail the treatment of merchants, ves-

⁵The number of non-commercial issues is approximated at the half of the agreement.



▲ Figure 3: Average number of chapters by year, 1815-1939.

Note: The data before 1920 comes from the Consolidated Treaty Series (volumes 65-225); the data between 1920 and 1946 comes from the League of Nations Treaty Series (volumes 1-205); the data after 1947 comes from the ToTA dataset. The number of other issues in the earlier treaties is approximated at the half of the total number of chapters per agreement.

sels and cargoes. The agreements would stipulate the perfect equality in the treatment of the vessels, freedom of importation of products allowed under the laws of the respective countries, the MFN provision related to dues and charges, and the national treatment with respect to dues of tonnage, harbour, lighthouse, and other payments. A chapter would be typically devoted to establishing no prohibitions on imports and exports, with an exception for weapons and gunpowder, or like products. Exceptions relating to coasting trade are mentioned in the vast majority of the treaties.

Following these more general rules, the treaties would go into the specifics for the rights of deposit and the unloading of the cargoes—usually providing a national treatment. Similarly, the texts would describe the rules to identify the nationality of the vessels, and rules related to the vessels' flags. Most of the treaties also include provisions related to shipwreck, and the ownership of the property remaining after such events.

Finally, many treaties (especially the ones relating to amity and friendship, on top of commerce and navigation), would include a number of consular provisions. For example, some chapters could be devoted to the actions permissible in the event of war between the signatories. A considerable amount of chapters could be devoted to establishing consulates, appointing the consuls and the vice-consuls, describing their responsibilities and functions, and providing for non-discriminatory treatment of the official representatives. Finally, the last two chapters of every treaty are devoted to the treaty's duration, or the procedures to denounce the treaty; and ratification and its entry into force.

Besides the content, the regional distribution of the treaties is as an important feature of the treaties in a given time period. In the 19th century the European continent was the driver of world commerce and economic growth. The regional distribution of the trade policies embodied in the commercial treaties follows this overarching trend. Out of all the treaties concluded in this period 86.2% had a European country involved, and 39.3% of all treaties were concluded between two European countries. **Table 3** shows the distribution of the number of treaties by broad geographical region in 1815-1914. The table clearly demonstrates the mass of agreements being concentrated among European countries. Counting the number of treaties can be misleading though, since European continent contained more countries and sovereign territories than other regions. Nevertheless, even when normalizing by the number of countries within a region, each European country had agreements with around four other European countries on average.

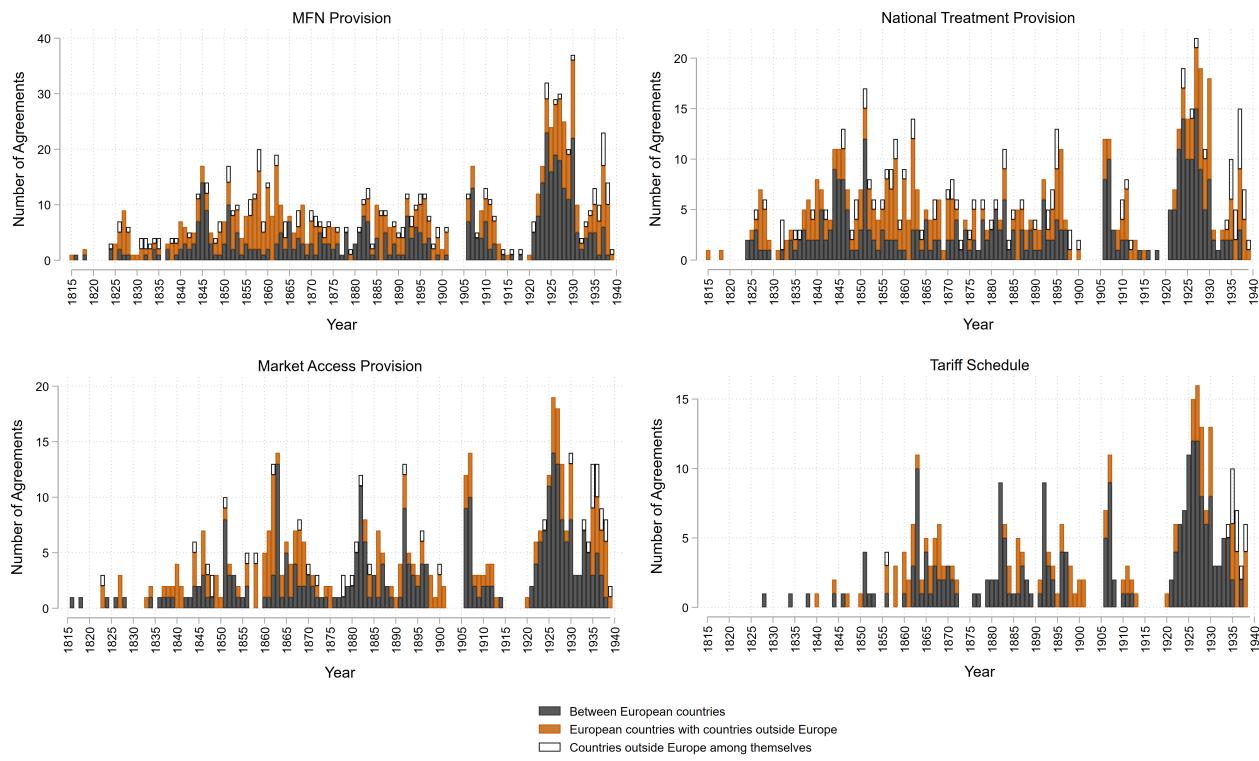
▲ Table 3: Number of treaties concluded by region, 1815-1914

	Africa	Asia	Europe	North America	South America	Total
Africa	1	0	27	5	0	33
Asia	0	5	69	15	5	94
Europe	32	73	347	31	82	565
North America	0	1	12	3	5	21
South America	0	7	87	21	54	169

Note: The data before 1920 comes from the Consolidated Treaty Series (volumes 65-225); the data between 1920 and 1946 comes from the League of Nations Treaty Series (volumes 1-205).

The development of the provisions within the treaties is also largely driven by the developments on the European continent. **Figure 4** plots the number of agreements with various types of provisions (MFN, national treatment, market access and tariff schedule) for three different regional groups: agreements between European countries, agreements of European countries with countries outside of Europe, and agreements of countries outside of Europe among themselves. The figure shows that the majority of treaties includ-

ing an MFN or national treatment provisions were concluded among European countries in the decades preceding the Cobden-Chevalier treaty (dark grey bars are concentrated around 1830s-1850s). Market access and tariffs were, however, the focus of trade treaties after 1860. At the same time, European countries visibly sought to include the MFN and national treatment provisions in the treaties they were concluding in the middle of the 19th century with other countries (see the evolution of the orange bars). Similarly, there is an increase in the number of treaties containing market access provisions which European countries signed with the outsiders, following the popularity of those provisions within Europe.



▲ Figure 4: Number of agreements including a certain provision, by year and regional composition, 1815-1939.

Note: The data before 1920 comes from the Consolidated Treaty Series (volumes 65-225); the data between 1920 and 1946 comes from the League of Nations Treaty Series (volumes 1-205). The number of other agreements for which provisions are recorded is slightly lower than the total number of agreements due to missing values (see [Appendix A](#)).

The evolution of the treaty texts largely reflects the political and economic situation of this historical period. In the first part of the 19th century there was little innovation in terms of policies included in the treaties. At the same time, this is the period when the MFN and the national treatment provisions have firmly made their way into the treaty

texts in agreements between the European countries, paving the way for their expansion through the future Cobden-Chevalier network. The treaty formation during this period reflected the relatively low desire of countries to engage into any new endeavours of trade liberalization in the period of relative peace and stability. With the development of technology and the British search for new markets, a more active period of liberalization began, following the signature of the Cobden-Chevalier agreement. The major innovation of the treaty network that formed afterwards is the inclusion of market access provisions, and the pursuit of more active trade liberalization through lowered tariffs. After the Franco-Prussian war of the 1870 and the onset of global recession, many unilateral protectionist measures were introduced, and a series of local trade wars erupted. This period of 'Long Depression' in the end of the 19th century, and the economic and political instability at the turn of the century was reflected in the reduced number of treaties signed, while introducing a series of amendments to the existing ones.

4.2 The Wars and the Interwar Period (1915-1946)

The period between 1915 and 1946 is characterized by a series of dramatic historical events which manifested in the way countries conducted trade policies. World War I severely disrupted international trade relations. This disruption, however, did not result in the overall collapse of trade, but presented a more complex pattern: trade blockades had differential impacts across European countries, while countries in North America and Asia managed to substantially expand their exports (?). From the policy perspective, however, the war resulted in a series of restrictions, limitations, prohibitions and the tightening of government control over trade and shipping in many European countries.

Many of the restrictions remained in place after the war, and the Treaty of Versailles did not manage to lay down stable political foundations for the postwar political order, unlike the Congress of Vienna in 1815. A heavy legacy of war debts and reparations led to mounting political and social tensions in the 1920s. The failed attempts of the governments to return to the pre-1914 gold standard resulted in currency instability, leading to further disintegration of the world economy ([Findlay and O'Rourke \(2007\)](#)). The volatility of the exchange rates resulted in countries restoring to tariffs against "exchange dumping" (the fall in price of imported goods that was occasioned by the sudden depreciation of a trading partner's currency) ([Brown \(2009\)](#)). The new states that appeared after the war took largely a protectionist stance, while the Communist revolution in Russia was throwing it into an autarky.

While World War I and its immediate aftermath definitely stalled the process of integra-

tion, the protectionist tendencies were severely exacerbated by the onset of the Great Depression. The consequences of this unprecedented financial and economic crisis required radical measures to cope with the pressures on the balance of payments, and countries restored to currency depreciation and import controls. Quantitative restrictions became widespread—for example, estimates suggest that 58% of French imports were subject to some sort of quotas ([Findlay and O'Rourke \(2007\)](#)). [Findlay and O'Rourke \(2007\)](#) characterize this period as “the complete breakdown of the MFN principle of non-discrimination.” As the treaty texts show, however, MFN was still a central element of the trade agreements signed at the time, but numerous exceptions which constitute the policy innovation of that period could be used to impose discriminatory prohibitions on imports. The same exceptions will later be mirrored in the GATT, and will become the foundations of GATT’s institutional flexibility.

Another important event in trade policy of the time was the quiet shift of the US towards more liberal trade policy with the passage of the Reciprocal Trade Act, which provided for reciprocal reductions in trade barriers as the way to gain easier access to foreign markets. Together with the Fordney-McCumber Tariff Act of 1922, which incorporated the unconditional MFN policy, the US was set towards the multilateral cooperation path.

Given the largely negative historical context, perhaps one of the most surprising features of [Figure 1](#) is the large number of treaties signed during the interwar period. There were a total of 367 treaties concluded between year 1915 and 1939, and 62% of those treaties were concluded for the first time, while the remaining ones were the superseding agreements. This expansion in the number of the first-time treaties can be explained by the creation of a number of new states in Europe that quickly entered the existing network of agreements. For example, 29 of the treaties were concluded by Czechoslovakia, 27 by Latvia, 28 by Finland, 22 by Estonia and another 24 by Poland. Among the 140 superseding treaties, most were re-negotiated by Turkey (24), USA (19), and the UK (16). These treaties were still all concluded bilaterally, thus representing a relatively small part of the total number of country pairs covered (see [Figure 2](#)).

[Table 4](#) describes the content of the agreements entering into force in 1915-1939. Nearly all of the agreements signed in that period contained a stylized form of the MFN principle. As I discuss later, although the MFN provision was widely present, the exceptions from it were extensively included in the treaty texts. More than half of the agreements also included a national treatment clause. Market access provisions have become widespread tools for foreign trade regulation during this time, with around half of the agreements containing them (see [Table 4](#)). Another important feature of the agreements in that period is the prevalence of tariff schedules—38.4% of the treaties included a detailed annex spec-

ifying the levels of duties charged for each specific item. The development of the detailed tariff schedules was also facilitated by the emergence of more uniform customs nomenclatures. In addition, the series of conferences convoked by the League of Nations in 1927 reached an agreement on a tariff truce, and encouraged countries to simplify their customs procedures ([Brown \(2009\)](#)).

▲ **Table 4:** The percentage of treaties including a given provision

	Treaties in 1915-1939	
	First-time treaties	All treaties
MFN	94.7	90.2
National treatment	51.9	53.4
Market Access	39.2	47.1
Tariff schedule	33.0	38.4
Security and health carve-outs	54.6	56.1
Number of treaties	227	367

Note: The data before 1920 comes from the Consolidated Treaty Series; the data between 1920 and 1946 comes from the League of Nations Treaty Series (volumes 1-205). The number of other agreements for which provisions are recorded is slightly lower than the total number of agreements due to missing values (see [Appendix A](#)).

A few very important policy novelties emerged as a response to the dramatic events occurring during the interwar period. Most of the policies were stipulating exceptions from the MFN principle, and would later pave their way into the GATT.

First, policies stipulating carve-outs for national security and protection of public health started to appear widely in the treaty texts (see Appendix B for the example text). This set of policies was later institutionalized in Articles 20 and 21 of the GATT. [Table 4](#) shows that more than half of all the treaties signed in this period had some sort of exception from the principles of non-discrimination. This safeguarding mechanism, often praised as a flexible institutional feature of the GATT, was a direct response to the First World War. Moreover, although often overlooked, the global Spanish flu pandemic also manifested itself in the wording of the trade treaties. Shortly after the pandemic was over, the treaties started to include exceptions on import prohibitions on the grounds of public health.

The second set of exceptions introduced widely during this period was in relation to granting privileges to a certain set of countries. The agreement would specify, for example, that the MFN principle would not be granted to the same extent as to the member countries of a customs union or some other trade block. This sort of exemption would be later written into the GATT's Article 24. [Appendix B](#) demonstrates the type of language that would be used in treaties to provide this exception.

Next, various non-tariff barriers made their way into the treaty texts. The most prominent are the explicit quota schedules, akin to those used for tariffs. At least 17 treaties in the 1930s contained a detailed quota provision. Rules of origin and certificate requirements have also become an important tool for trade regulation (see Appendix B for the example text).

A typical commercial agreement of the interwar period would include 17 chapters on average (see [Figure 3](#)). Regarding the treaty type distribution, almost a third of all treaties included only two types of the MFN provisions, and did not provide for national treatment or market access (see [Table 2](#)). Almost 30% of all treaties included the three non-discrimination provisions, and around a quarter of all treaties were complete, including the MFN provisions, national treatment and market access rules.

Commercial treaties of the period were, in general, very comprehensive. Each chapter provided detailed rules and procedures for the application of commercial policies. Many treaties included extensive tariff annexes, with different lists compiled for different product categories. Some treaties also stipulated procedures for the changes in applied tariff rates and market access rules. The MFN provisions were very similar to the earlier treaties in their scope and language. This time, however, specific exemptions were mentioned, such as those relating to border trade or customs union formation. Chapters prohibiting export or import restrictions were also detailing explicit carve-outs, such as policies related to public safety, sanitary measures, traffic of arms, state monopolies, etc. As before, treaties would often include extensive national treatment provisions with respect to natives, merchants, vessels, and the procedures on sales and consumption of the imported goods.

Substantial part of the treaty texts of the interwar period would be devoted to detailed procedures and paperwork for importation and exportation: customs declarations, customs valuation, certificates of origin, certificates for composition, purity, and sanitary conditions, etc. In addition, the treaties would often include rules for the operation of the joint stock companies, as well as rules for intellectual property protection, and protection against unfair competition.

With the overall development of the international law, commercial treaties have begun to ‘outsource’ a number of provisions to other international conventions, such as those regarding navigation, maritime transport, railroad usage, standardisation of the tonnage measurement system, dispute settlement, etc. As before, the treaties of this period would include provisions related to incidences of shipwrecks, freedom of transit, itinerant trading, as well as consular appointments and functions. Ratification and rules for treaty denunciation were included as final provisions of the treaties. The vast majority of the

treaties in the interwar period did not have a specific expiry date, and were technically meant to be indefinite. Instead, they stipulated the procedures that parties would need to carry out in case one of them decides to terminate the treaty at some point. Whether this feature was meant to bring stability is not clear, since the Second World War broke out, making many of these treaties obsolete.

As during the previous historical period, the interwar period treaties were geographically concentrated. 90% of all treaties included at least one European country, and 54.6% of all treaties were concluded between two European counterparts. [Table 5](#) shows the number of treaties concluded by region in 1915-1939. Another notable development is the expansion of US treaties with Southern American countries. [Figure 4](#) confirms that the number of treaties including the MFN, national treatment, market access provisions and tariff schedules was high with the European countries' participation, although over this period many agreements among countries outside of Europe start to adopt a similar language.

▲ [Table 5](#): Number of treaties concluded by region, 1915-1939

	Africa	Asia	Europe	North America	South America	Total
Africa	0	1	2	1	0	4
Asia	0	3	21	5	3	32
Europe	1	55	200	16	10	282
North America	0	0	6	1	2	9
South America	0	2	20	12	5	39

Note: The data before 1920 comes from the Consolidated Treaty Series; the data between 1920 and 1946 comes from the League of Nations Treaty Series (volumes 1-205).

Overall, the commercial treaties concluded during the period from 1915 to 1939—amid the disruptive historical events—can be characterized by a series of important policy innovations. Many of those new features constituted some sort of exemption from the non-discrimination principles: either in the form of security regulations, health-related exceptions, or carve-outs for some more privileged trading partners. These innovations will later enter the GATT and become one of its important institutional features. Notably, the same exceptions that allowed to disrupt a large portion of trade for the treaty members in the interwar period, have become the foundations of GATT's institutional stability in the period of multilateralism that followed.

4.3 The Era of Multilateralism (1947-2000)

One of the most devastating military conflicts—World War II—had damaging consequences for the international trade. The effects were uneven across countries, and the trade disruptions created not just losers, but winners as well ([Findlay and O'Rourke \(2007\)](#)). In the aftermath of the War, political developments were dominating the world economic agenda. Soviet Union was consolidating the communist influence, and the Cold War was becoming a reality. Decolonization fueled nationalist moods in the newly created countries, and in the decades following the War, the developing world became more closed to international trade. On the contrary, the economies in Western Europe and North America began to slowly but steadily to liberalize their economies.

With political considerations leading the agenda, the situation after World War II was different compared to the aftermath of the Napoleonic wars. After the latter the world has seen an unprecedented advances in technology that were driving down the transportation costs. Despite some notable technological advances in the post World War II period, the evidence regarding the influence of these technologies on freight rates is somewhat mixed. [Hummels \(1999\)](#) finds that the freight rates actually increased between 1950s and 1990s. The increase in the nominal rates, however, was a result of increasing prices of key inputs, such as fuel, and a variety of anti-competitive policies ([Fink et al. \(2002\)](#), [Clark et al. \(2004\)](#)). [Ganapati and Wong \(2023\)](#), on the contrary, show that transport usage by weight increased more than ten-fold from 1965 to 2020. They estimate that this increase was accompanied by a substantial fall in global transport costs between 1970 to 2014: the weight-based measure of transportation costs fell by 33-39%.

Another notable structural development in the world economy in the second half of the 20th century is the gradual industrialization of the developing world. Between 1960 and 2000, the share of manufacturing employment grew from 8 to 15% in East Asia, North Africa and Southwest Asia, and from 9 to 14% in South Asia ([UNCTAD \(2003\)](#)). These developments were accompanied by the accelerating pace of vertical specialization, with the manufacturing processes being subdivided into stages, with each stage located in a different country ([Findlay and O'Rourke \(2007\)](#)).

Even though the period between the end of World War II and the beginning of the new millennium was characterized by a rather uneven historical landscape with multiple disruptions, it is recorded as a period of unprecedented global economic growth. The world GDP per capita rose by 185% between 1950 and 2000, despite a 140% increase in the world population ([Maddison \(2003\)](#)).

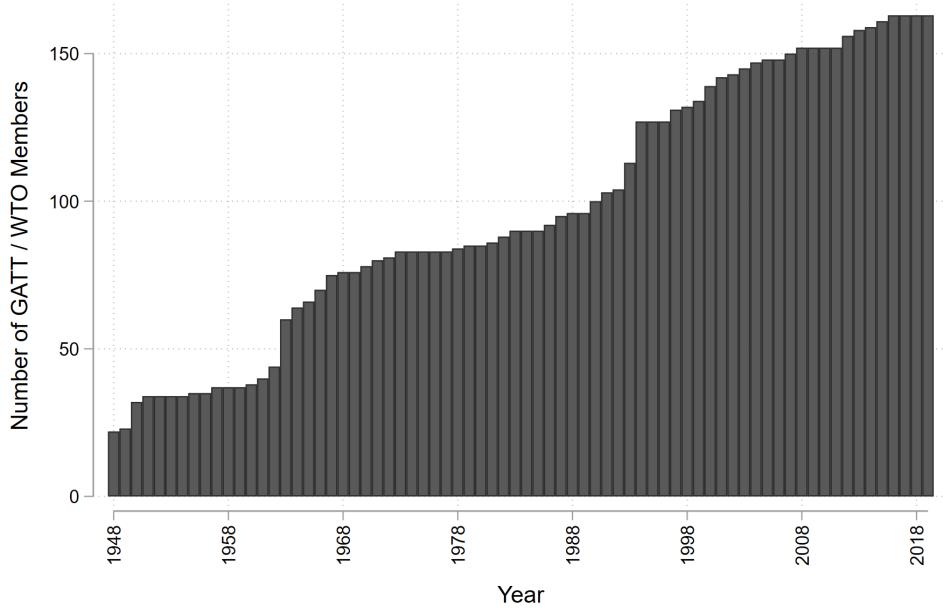
On the policy side very important developments of the period resulted from the idea that economic and political cooperation and the newly created international institutions

were instrumental to maintaining peace. The US lent support for the nascent European integration, and let the European countries decide how to share the Marshall Aid, enabling transition to functioning market economies (Eichengreen (2007)). The system of Bretton Woods institutions (the International Monetary Fund and the International Bank of Reconstruction and Development) was established. A series of conferences negotiated a setup for the International Trade Organization, which later was realized in its reduced form: the General Agreement on Tariffs and Trade. The development of the world trading system in the era of the GATT (and the early WTO) was a success story—although not without setbacks—that created a remarkably open world trading system.

The history of early international commercial treaties reveals that the GATT's policies were largely drawn from the network of the non-discriminatory treaties formed before World War I. The key principles of reciprocity, nondiscrimination, and national treatment were a long-standing part of the commercial relationships in the past. Part of the language was also borrowed from the Reciprocal Trade Agreements Act passed by the U.S. Congress in 1934. The flexibility that was built into the GATT, such as, for example, with respect to MFN exceptions for customs unions and free trade areas, or exemptions related to public health, national security or balance of payment crisis, were derived from the turbulent interwar experience. Similarly, the GATT has outlawed the quotas, which plagued and largely damaged international trade in the 1930s. Initially even the negotiating process within the GATT did not resemble a multilateral setup. The first GATT negotiating round resulted in 123 bilateral agreements which were generalized to the other member states according to the MFN principle (Findlay and O'Rourke (2007)). GATT's initial impact on the worldwide levels was also limited (Irwin (1995)).

The role of the GATT in the world trading system, however, cannot be understated. The most important innovation introduced by the GATT is its multilateral nature. In other words, the GATT provided the ground for negotiations to be held among several countries, balancing their diverse interests within an established regulatory framework. During the Kennedy Round of negotiations, the multilateral approach replaced a series of bilateral deals, and was finally established as a primary framework. Multilateralism was becoming more global with the number of GATT's members steadily growing—from 23 in 1949 to 127 by 1995, when the GATT was incorporated into the WTO (see Figure 5).

Another important innovation of the GATT is the dispute settlement system, which proved to be one of the most important functions of the WTO later on. While early bilateral commercial treaties included some sort of mechanisms to resolve disputes (largely regulated through consular relationships), the GATT included a fully institutionalized mechanism (Articles XXII and XXIII of GATT 1947). The principles and practices of the



▲ Figure 5: Number of GATT / WTO members, 1948-2019.

Note: The data comes from [CEPII's Gravity Dataset](#).

dispute settlement system have evolved over the half century and laid foundations for the decisions in court cases.

Over the long course of GATT's history, naturally, negative economic and political events influenced its functioning and efficiency. For example, in the early days of the GATT, trade barriers were much less relevant than the acute scarcity of convertible currencies that most countries experienced after the war. Tight exchange and import controls limiting market access created reluctance to move forward on the GATT's negotiating mandate. In these circumstances, the formation of the European Economic Community (EEC) in 1958 served as an impetus to continue trade negotiations. Both the Dillon and the Kennedy Rounds were responses to the European integration, and the Kennedy Round in particular was a milestone in the postwar history of trade. Its consequence was a substantial reduction in the tariffs on manufactured goods in the more developed countries.

Another setback for the multilateral trading system came in the 1970s, when the fixed exchange rate regime collapsed, and a turbulent macroeconomic environment installed. In the policy domain, developed countries introduced measures that were both protectionist and discriminatory. The resulting multilateral agreement (the Multi-Fiber Arrangement) under the auspices of the GATT stipulated quantitative restrictions and discriminated against textile exports from a number of countries. A number of discriminatory trade

practices, such as voluntary export restraints and orderly marketing agreements, lay outside of the GATT, and were convenient tools for protectionism. The early GATT dispute settlement system was addressing a number of issues that were brought to the negotiating table, but some policies were outside of its reach, since the countries did not invoke the discussions (WTO (2017)).

After the creation of the GATT, which initially united 23 members under one agreement, the number of additional trade agreements signed was small (see Figure 1). Naturally, this is explained by the fact that these agreements were not anymore only bilateral deals (compare the number of agreements to the number of country pairs covered by commercial treaties plotted in Figure 2). The early wave of regionalism was centered around Europe in the 1950s and 1960s, with the formation of the European Coal and Steel Community in 1951, followed by the European Economic Community (EEC) agreement in 1957. Besides reinvigorating the GATT negotiations, as mentioned earlier, the EEC prompted the formation of the European Free Trade Association (EFTA) in 1957, for the countries which remained outside of the ECC deal. Moreover, the EEC sparked regional integration ideas among the developing countries in Africa, the Caribbean, Central and South America (most of which realized later on).

Regional commercial deals continued to be the focus of attention throughout the 1980s and the 1990s. The path towards a single market in Europe led to the transformation of the EEC into the European Community (EC) after the Maastricht Treaty was signed in 1993. The EC began a new push for bilateral agreements with the Central and Eastern European countries after the collapse of the Soviet Union, and also with the countries outside Europe. The US, frustrated with the delays in the Uruguay Round of multilateral negotiations, also embraced regionalism. The US-Canada trade agreement signed in 1988 evolved into the North American Free Trade Agreement (NAFTA) by 1994 with the inclusion of Mexico. Interestingly, the issues that the US was seeking to discuss in the multilateral setting (trade in services, investment, intellectual property rights and government procurement) manifested themselves in those regional talks, prior to being embraced in the Uruguay Round negotiations (WTO (2011)).

In other regions of the world regional integration was advancing too. In South America MERCOSUR (Southern Common Market) negotiations aimed at forming a customs union among Argentina, Brazil, Paraguay and Uruguay. In Africa a number of regional groupings were under formation⁶. The Association of Southeast Asian Nations (ASEAN)

⁶The Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), the Economic Community of West African States (ECOWAS) and the Southern African Development Community (SADC).

negotiated a free trade area uniting ten countries in the region. In general, the regional pattern of trade deals before 2000 was relatively evenly distributed among different regions (in proportion to the number of countries comprising each region), as shown in [Table 6](#).

▲ [Table 6](#): Percentage of treaties concluded by region, 1948-2021

	1948-2000	2001-2021
Africa	7.5	2.5
Americas	30.1	18.8
Asia	8.9	16.6
Europe	27.8	16.8
Oceania	1.7	0.3
Intercontinental	24.0	44.9

Note: The data comes from DESTA database (see [Appendix A](#) for details of data cleaning).

Regional commercial treaties in the second half of the 20th century were developing alongside the major advances in the multilateral trading system. The Uruguay round of trade negotiations was successfully concluded in 1994, resulting in the creation of the WTO, which incorporated all trade and trade-related agreements within a single legal framework. Such issues as trade in services, investment, and intellectual property rights, have become an integral part of the regulatory landscape. The round also substantially improved the existing mechanism for dispute settlement, eased market access for services industries, revised subsidy rules, and outlawed voluntary export restraints, among other achievements.

Against this background, the regional deals were mostly focused on granting additional deeper market access to the signatories, rather than expanding the scope of the commercial negotiations. There were a total of 237 agreements concluded between 1949 and 2000 (95% of them can be characterised as the first-time treaties). [Table 7](#) shows the percentage of treaties with different properties. Around a quarter of treaties were not included in the WTO list of trade agreements. Nearly one fifth of all treaties were formed as customs unions—a substantially higher proportion than in the following period. Given the universal and unconditional nature of the MFN treatment stipulated by the GATT, the type of the MFN provision included in these preferential trade deals is referred to as ‘third party MFN’⁷. Around 40% of the treaties in the dataset provide some form of third-party MFN. The MFN treatment for services and investment, however, was a rare instance for the treaties concluded before year 2000 (7.6 and 5.9% respectively).

⁷In a preferential trade agreement, most-favoured nation (MFN) treatment requires parties to the agreement to grant to other parties the most favourable tariff and regulatory treatment granted to any third party.

▲ Table 7: The percentage of treaties with a given property or including a given provision, 1948-2021

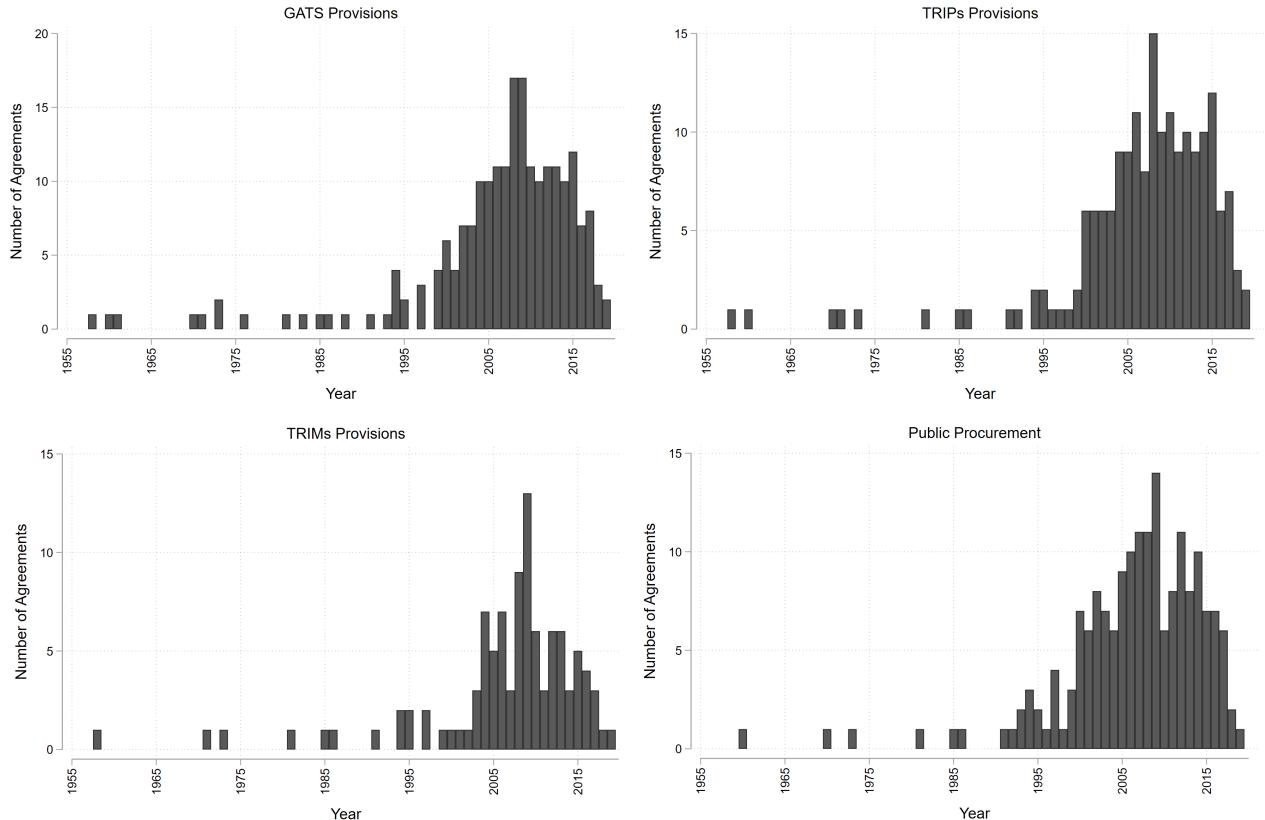
	1948-2000	2001-2021
Notified under GATT/WTO	76.4	84.3
Free trade areas	80.2	96.2
Customs unions	19.8	3.8
MFN goods	41.7	36.2
MFN services	7.6	39.2
MFN investment	5.9	40.6

Note: The data comes from DESTA database (see [Appendix A](#) for details of data cleaning).

Focusing on the agreements included in the WTO list of preferential treaties confirms the intuition that most of the treaties concluded before 2000 were rather conservative in scope. [Figure 6](#) plots the number of agreements containing a certain provision under the mandate of the GATT/WTO. If included, these provisions would usually reaffirm the commitment to the GATT principles, and deepen the level of liberalization. A striking regularity in [Figure 6](#) shows that these provisions were rarely a topic for trade agreements concluded during this period. Similarly, [Figure 7](#) plots the number of treaties including a regulation outside of the scope of the GATT/WTO treaties. Again, very few treaties before year 2000 included provisions related to investment, movement of capital, competition policy, labor market, intellectual property, and data protection. Regulation of standards was also not at the top of the agenda: among all the treaties signed (both on and outside of the WTO list) few agreements before 2000 included standard harmonization as a general aim or ensured full or selective harmonization (see [Figure 8](#)).

The time period reviewed in this section is characterized by a continuous development of the multilateral rules framework and the system of regional integration. Therefore, it is hard to identify an exact date to finish the description of this period, and year 2000 clearly does not mark the end of the era of multilateralism. In fact, the modern trading system of the past 20 years has the multilateral system at its foundation, and continues to build on it. Rather, looking at the nature of the trade treaties signed in the 2000s (described in the next section), it becomes clear that there is a certain structural shift in the content of trade treaties.

Even with the blurred end date, commercial policy of the second half of the 20th century can be characterized by a number of stylized facts. The revolutionary innovation is the GATT's ability to establish a multilateral system of trade relations, and provide an ever-expanding and unifying institution for regulating trade policy. Not without flaws,

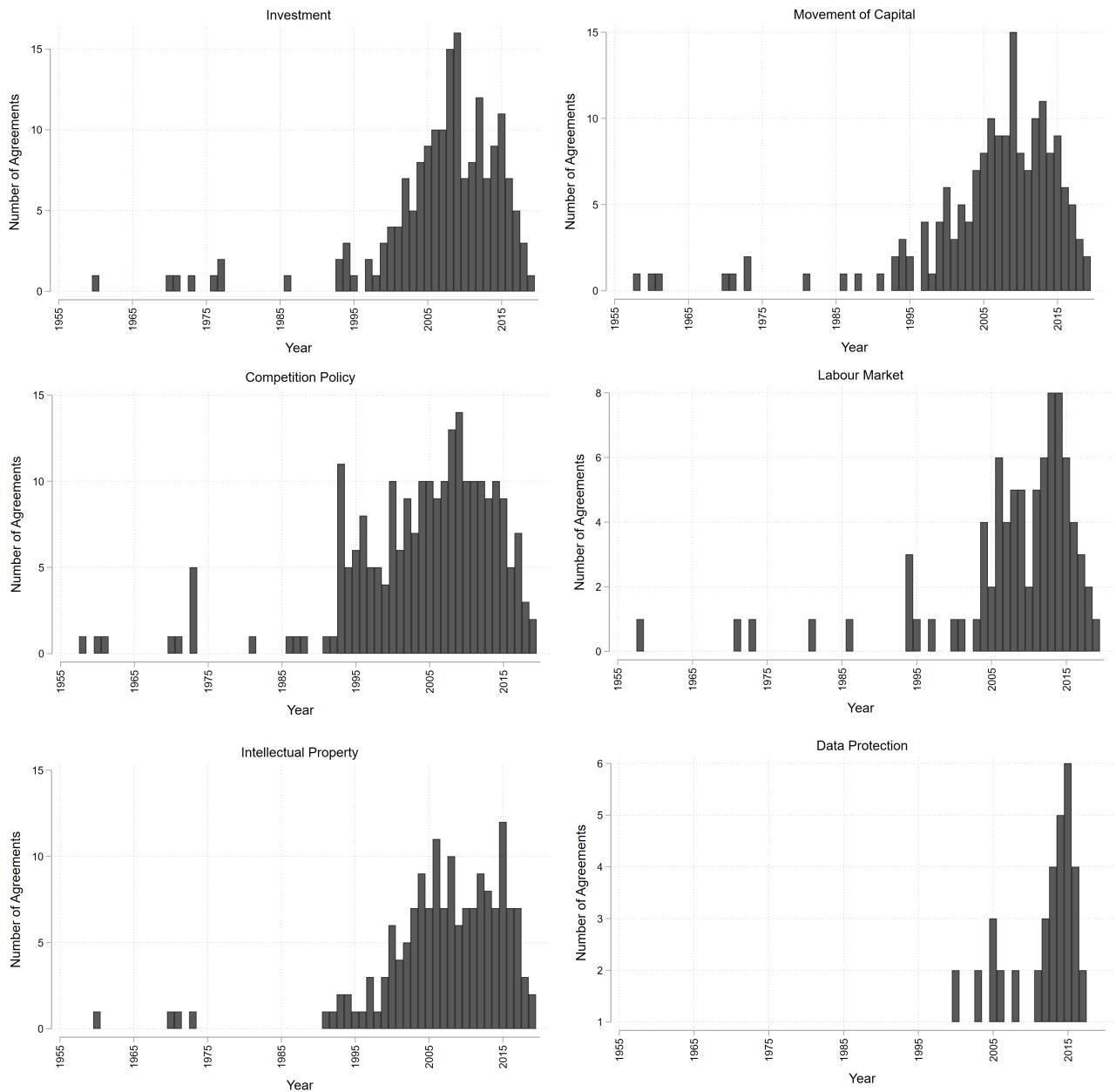


▲ Figure 6: Number of agreements including a given provision under the current mandate of the WTO, 1958-2019

Note: The data comes from DTA database (see [Appendix A](#) for details of data cleaning).

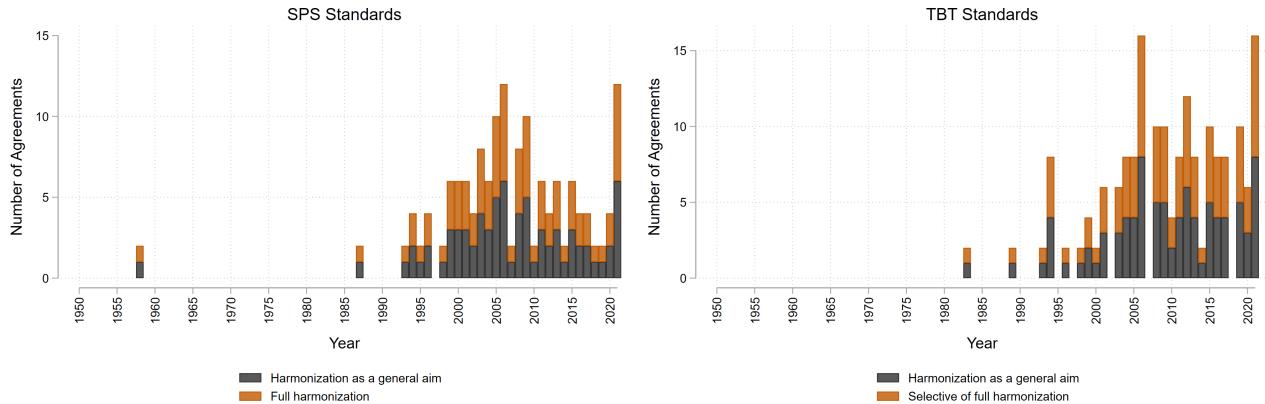
this system, however, managed to survive and advance through tumultuous decades. The multilateral trading system, consolidating the best practices and policies developed in the previous decades, proved to be highly successful in reducing trade barriers, while maintaining enough flexibility to accommodate a diverse set of interests. Another important addition that sustained the success of the system was the dispute settlement provision, which later resulted in a full-scale WTO court.

GATT's structure allowed regional integration initiatives and agreements to develop alongside the multilateral negotiations. While some of the most important trade deals were signed and evolved over this period, the number of treaties and their participants under MFN exceptions from the GATT (Article 24) was still relatively low. The majority of the treaties concentrated on deepening market access and cutting tariffs, while including a conservative number of issues, in sharp contrast to the next period of the development of commercial treaties.



▲ Figure 7: Number of agreements including a given provision outside of the current mandate of the WTO, 1958-2019

Note: The data comes from DTA database (see [Appendix A](#) for details of data cleaning).



▲ Figure 8: Number of agreements including standards harmonization provisions, 1949-2021.

Note: The data comes from DESTA database (see [Appendix A](#) for details of data cleaning).

4.4 The Modern Trading System (2000-2023)

One of the major structural shifts in the world economy from the beginning of the 2000s is attributed to the unprecedented growth of China and India. While economic growth and export expansion was a continuous process over the preceding decades, the early 2000s mark China's entry into the WTO, prompting discussions about the 'China shock' ([Autor et al. \(2013\)](#))—the negative impact of rising Chinese exports on manufacturing employment in the United States and Europe. The economic growth and trade expansion of the two large emerging economies lifted a large proportion of the population out of poverty, but also lead to environmental degradation and political tensions, which would manifest themselves in the increased rivalry between the US and China later on.

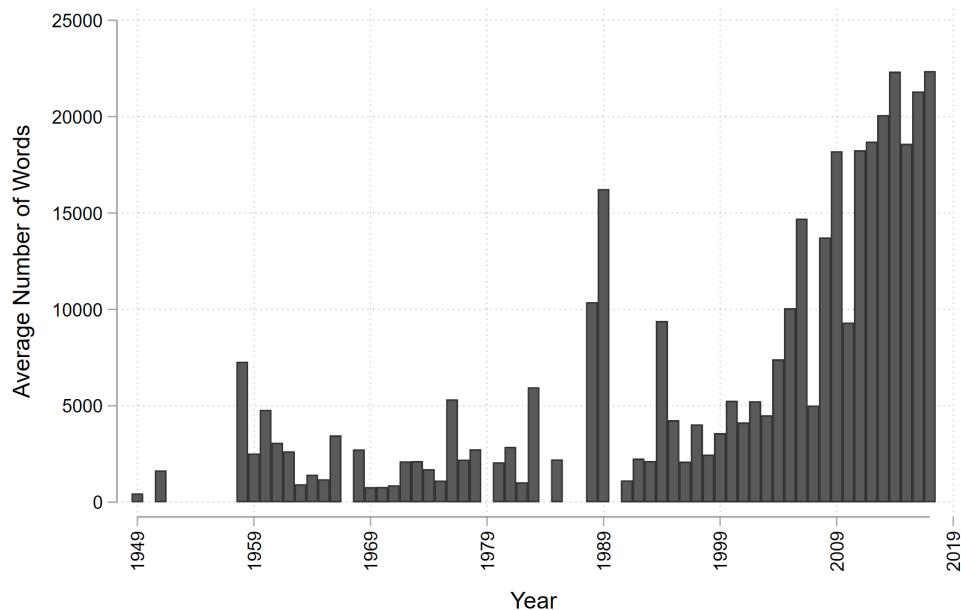
The global economic crisis and the following recession in 2008-2009 prompted a profound collapse in international trade and led to rising protectionist moods. Once again, trade policy has become a tool to respond to the shocks of a different nature. And as before, protectionism did not play a role in explaining the trade collapse itself ([Bems et al. \(2012\)](#)), but most certainly disrupted trade in particular sectors and industries.

During this period, the number of trade agreements formed remained persistently high, comparing in the historical perspective (see [Figure 1](#)), and the number of participating countries was indeed exploding (see [Figure 2](#)). While most of the trade deals were regional in nature in the preceding decades, now almost half of all trade agreements have become intercontinental (see [Table 6](#)). The tendency to expand the global membership and geographical scope of the treaties also manifests itself in a sharp decline in the proportion

of customs unions formation: now 96.2% of all newly concluded trade treaties are free trade areas (see [Table 7](#)).

From the treaty content point of view, some major innovations are becoming evident: the generation of the so-called ‘new trade trade agreements’ started to emerge from the beginning of the 2000s. [Grossman et al. \(2021\)](#) relate the development of this new generation to the successes of the multilateral trade liberalization, and the shift of attention to addressing the numerous non-tariff barriers impeding trade. In addition, soon after the start of the Doha round of multilateral trade negotiations, it became clear that the ambition was lost, and the expanded WTO membership ran into problems with balancing its diverse commercial interests, prompting countries to conclude preferential deals ([Bhagwati \(2008\)](#)).

One distinct characteristic of this generation of trade agreements is their increased length. [Figure 9](#) plots the average number of words per agreement, which went from 3.4 thousand in 1949-2000 to 12.5 thousand in 2001-2017—and almost 4-fold increase in length. This tendency is also reflected in the average number of chapters each agreement includes (see [Figure 3](#)). While the mean number of chapters was around 7 in the second half of the 20th century, it doubled for trade agreements signed after year 2000. Naturally, these increases in length of a typical treaty reflect the increased scope and coverage.



▲ [Figure 9: Average number of words per agreement, 1949-2017](#)

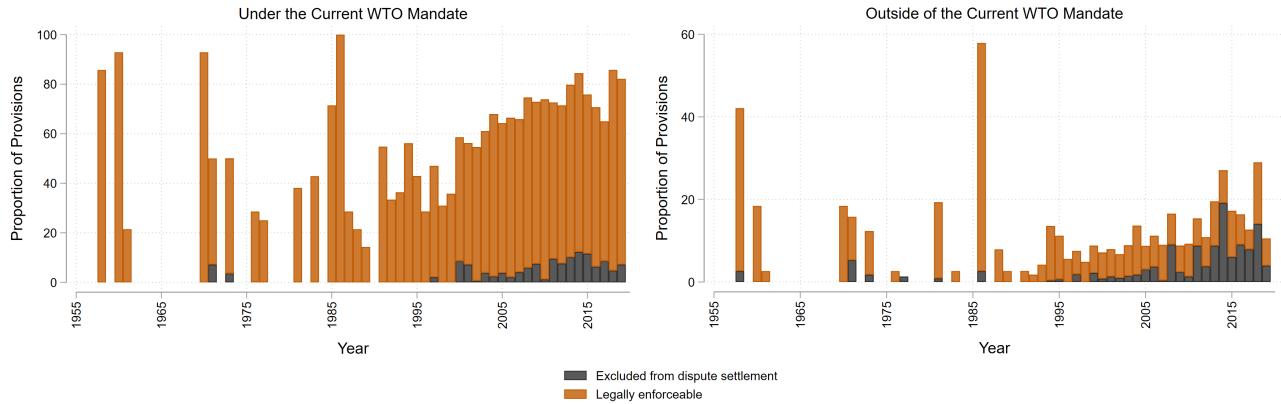
Note: The data comes from ToTA database (see Appendix A for details of data cleaning).

The content expansion of the new treaties was happening across the board: both deepening the cooperation on the existing issues and adding new ones. [Figure 6](#) shows the number of agreements including a given provision under the current WTO mandate (relating to trade in services, intellectual property rights protection, investment and public procurement). Similarly, [Figure 7](#) plots the number of treaties containing issues outside of the WTO's mandate, such as certain aspects of investment regulation and intellectual property, movement of capital, competition policy, labour market regulation, and data protection. Besides the examples provided in the figure, a similar expansion can be found for other issues, such as environmental protection, trade defense instruments, regulatory cooperation, dispute settlement, global value chains, etc. Both figures show a striking feature: the number of trade agreements including these types of issues exploded somewhat around year 2000.

The novelty of the trade agreements signed after the 2000s also manifests in the mechanisms described in [Grossman et al. \(2021\)](#), relating to standards harmonization. [Figure 8](#) plots the number of agreements including provisions on standards harmonization of sanitary and phytosanitary regulations (left) or technical regulations (right). The number of agreements including standards harmonization as a general aim, or actually providing full standards harmonization, is almost negligible before the beginning of 2000s, while almost one in three agreements signed after year 2000 include these types of provisions.

Finally, another feature worth noting about the evolution of trade agreements in this period is related to the fact that the length of the text and the number of provisions included do not necessarily reflect the extent to which these treaty provisions are actually implemented. As mentioned in [Section 3.2](#) and [Appendix A](#), the wording of the texts matters: including some provisions does not automatically lead to compliance or enforcement of sanctions in case members do not act in accordance with the provisions.

[Figure 10](#) plots the proportion of legally enforceable provisions, as well as the provisions formally excluded from the dispute settlement, across different types of issues included in the agreements. Naturally, the proportion of legally enforceable and 'punishable' provisions is high for issues under the current WTO mandate (left panel). At the same time, roughly from the beginning of the 2000s there is a tendency to exclude a number of provisions on these traditional issues from the dispute settlement. The right panel of [Figure 10](#) plots an even more striking pattern for issues outside of the WTO mandate: very few of them are mentioned in conjunction with the dispute settlement provisions. The new generation of trade agreements, however, started to explicitly exclude these provisions from the dispute settlement procedures.



▲ Figure 10: Proportion of provisions excluded from dispute settlement and legally enforceable provisions, 1958-2019

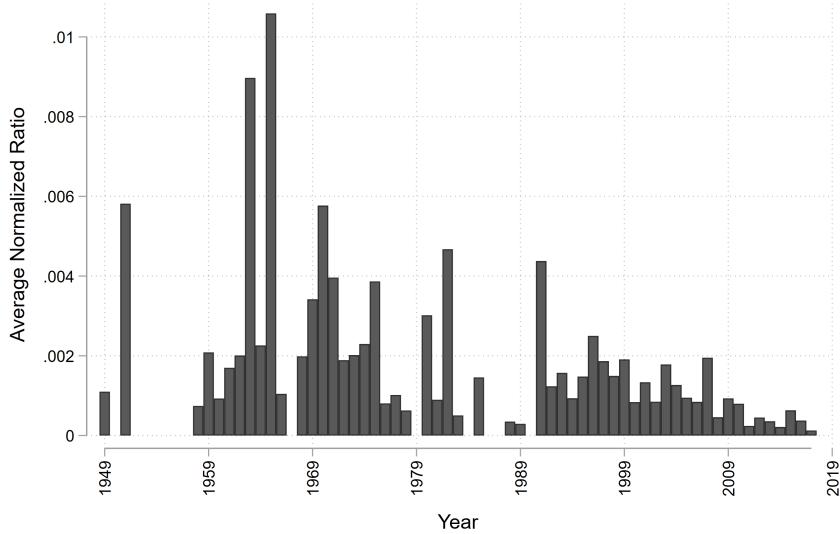
Note: The data comes from DTA database (see [Appendix A](#) for details of data cleaning).

A similar pattern emerges when using words and their semantic meanings to measure the extent of legal enforceability in a given treaty. The measure plotted in [Figure 11](#) is the average ratio of strong to weak words (see [Appendix A](#) for definitions), normalized by the total amount of words per agreement ([Baker et al. \(2016\)](#)). This ratio is declining since the beginning of 2000s, reflecting the decreasing number of issues that contain provisions which are not legally enforceable.

The system of commercial relationships in 2000s can be broadly characterized by a decline in multilateral negotiations, and the development of a dense network of treaties governing around half of the total world trade. These treaties spread widely in terms of their geographical coverage, while simultaneously expanded in their scope. Modern commercial treaties include a large number of issues, including those outside of the current WTO mandate. At the same time, the extent to which these treaties can credibly enhance cooperation is unclear: many of the issues discussed in these treaties do not represent a legally enforceable provision.

5 Conclusions and the Future of Trade Treaties

Looking at the development of the content of the commercial treaties from the perspective of the long run reveals an important regularity: many of the policy innovations are introduced in response to the major world events and shocks. Trade policy often follows the geopolitical and economic agenda. The expansion of market access provisions in response to economic expansion of the 1860s, the inclusion of exemptions and exceptions



▲ Figure 11: Average value of normalized ratio of strong words to weak words by year, 1949-2017.

Note: The data comes from ToTA database (see Appendix A for details of data cleaning) and measure construction.

following the turbulent interwar period, the creation of a functioning multilateral trading system following World War II, and the spread of the new generation of trade agreement following the slowdown of the WTO negotiation function—all reflect the complimentary role for trade policy and trade agreements. The future commercial policies and treaties are thus likely going to be a response to the events and shocks we are living through today.

Naturally, identifying the future trends for trade treaties is a speculative exercise. There are, however, important trends in the global economic agenda that suggest potential policy responses. “Deglobalization” has been a central concept in the discussions about the current trends in the global economy. While not yet showing in the data (Goldberg (2019), Antràs (2020)), a series of recent events and policy narratives have suggested a shift in the way globalization will likely proceed in the future (Goldberg and Reed (2023)).

The second half of the 2010s marks a shift in commercial policy, with the growing fears about the impact of China’s import competition and the refugee flows threatening the economic stability of more developed countries. The rising negative public sentiment and the government actions resulted in a series of trade wars between China and the US. This period is also marked by the UK’s vote to terminate its membership in the European Union. The arguments about the threats to national security and sovereignty have become widespread. To make matters worse, the only functioning institution to resolve commercial disputes—the WTO’s judicial branch—was paralyzed by the US’s block on

the appointment of the Appellate Body judges. The COVID-19 pandemic in 2020 exacerbated the concerns about the lack of resilience in supply chains, and Russia's invasion of Ukraine in 2022 led to wide-spread appeals to 'decouple' and creates a more fragmented system relying on political alliances ("friendshoring").

The question on whether these events are going to lead to a structural shift in the way countries conduct trade policy, or this is going to be a temporary setback (akin to those in 1870s and the 1970s), remains open. This far, the world remains as globalized as it has ever been in history, and there are no dramatic changes in the global trade yet noticeable in the short run. There was a major spike in the number of trade treaties signed in 2021 due to Brexit and the UK's re-signing of trade treaties. According to the WTO's early announcement database, there are currently 35 treaties under negotiations, major part of which are, however, pending for more than five years. One of the most important trade deals was concluded by China, Japan and Korea, Australia and New Zealand, together with 10 ASEAN countries in 2020, in the hopes to boost trade cooperation in the region.

The number of trade agreements signed has already slowed down in the beginning of the 2020s (not counting the UK's trade deals), and this deceleration is natural, given the extensive treaty network that already formed. The coverage of these existing treaties is also quite comprehensive in terms of the issues covered. Yet existing regulation is severely lagging behind the development of the new technologies: the development of electronic commerce, the crucial role of digitization and data, and the rapid development of artificial intelligence—all pose challenges in defining the global commercial rules. Due to the unprecedented novelty of these issues and the extraordinary pace of their development, some time may pass until countries define a set of policies to regulate these areas internally, and even more time is necessary for these policies to be agreed internationally. New negotiations could then promote the deepening of the existing treaties, or even their renegotiation and updating. What we do know for sure, however, is that there is room for commercial policy to address the mounting challenges, as this was the case in preceding historical periods.

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6 Data Construction

Consolidated Treaty Series

Consolidated Treaty Series is a collection of multilateral and bilateral treaties in facsimile concluded between 1648 and 1918, published between 1969 and 1980, under the editorship of Professor Clive Parry. The 243 volumes (circa 500 pages each) compile all available international treaties, including commercial agreements, peace treaties, colonial agreements, telegraph conventions, etc. The volumes are not available in any digital form, and were accessed at the library of Universitat Pompeu Fabra in April and May 2023.

The volumes do not contain a separate index for commercial treaties (unlike, for example, colonial treaties), and each volume was skimmed through for the presence of commercial treaties. I would then access the text of every treaty directly, read the treaty, and codify the textual information into a series of data points.

Treaties were considered to be ‘commercial’ if they had a mention of the word ‘commerce’ or ‘trade’ in their title. Many treaty names included different combinations of the following words: amity, friendship, alliance, commerce, navigation, establishment, customs, and peace. Some examples of common treaty names are:

- Commercial convention
- Treaty of commerce and navigation
- Treaty of peace commerce and navigation
- Treaty of amity, navigation and commerce
- Convention of commerce and navigation
- Treaty of friendship, navigation and commerce
- Treaty of commerce

There are some types of treaties that did mention commerce, but are not included in the dataset. These would include all types of supplements, amendments, additions, explanatory notes, and provisional agreements. In addition, declarations were generally excluded, since they proclaim general goals and are usually not broken up by chapters. Moreover, all the treaties related to the formation of Zollverein are also not included in the dataset, as this process is considered to be different in nature, compared to other types of commercial treaties. The agreements of the parts of Zollverein, before their unification, with other European countries, is considered as part of the dataset. Similarly, the

agreements of the different parts of contemporary Italy with other European countries is included in the dataset.

The final database includes 888 treaties, spanning the years from 1815 to 1919. These treaty texts are located across volumes 65 to 225 of the *Consolidated Treaty Series*. Each treaty is typically presented in one or two languages (sometimes there are translations in more than two languages). There are 388 treaties available in English, 446 in French, 32 in Spanish, 12 in Italian, and 10 in German. Due to translation limits, I could code all the treaties except for the 10 treaties in German.

The dataset on the historical treaties (also including the treaties coded from the dataset described next—the League of Nations Treaty Series) includes the following variables:

- **name**: an abbreviated name of the treaty (the decoding of each treaty name is provided in the same Excel file).
- **source**: the two sources for historical treaties ("CTS" refers to *Consolidated Treaty Series*, "LNTS" refers to *League of Nations Treaty Series*).
- **volume**: the volume in a given treaty source, in which the treaty text locates.
- **page**: the page in a given treaty source and volume, in which the treaty text starts.
- **first**: an indicator variable which takes a value 1 if the treaty is the first agreement concluded between a given country pair since 1815; and takes value 0 if a given country pair had concluded an agreement before the year of signature and after 1815.
- **signed**: the year of the signature of the agreement
- **year**: the year of ratification of the agreement, if explicitly stated in the description or preamble of the treaty, and is different from the year of signature.
- **party 1** and **party2**: the names of the sovereign units signing the agreement, as provided by the *Consolidated Treaty Series* treaty description. The names of the countries are in alphabetical order: for example a treaty of Belgium and the Netherlands would always have Belgium as **party1** and Netherlands as **party2**.
- **reg1** and **reg2**: broad geographical regions for the parties of the treaty, including Africa, Asia, Europe, North America and South America.
- **lang1** and **lang2**: the languages in which treaties are provided

- **mfn_duty**: an indicator variable taking a value 1 if the treaty has a provision on MFN treatment related to the payment of duties and import taxes (see example language in Appendix B).
- **mfn_port**: an indicator variable taking a value 1 if the treaty has a provision on MFN treatment of vessels in the port (see example language in Appendix B).
- **nt**: an indicator variable taking a value 1 if the treaty has a national treatment provision related to commerce (see example language in Appendix B).
- **ma**: an indicator variable taking a value 1 if the treaty has a market access provision of some form, i.e. if it mentions the sizes of import duties on all goods, or provides a list of goods with the duties explicitly specified for those goods (see example language in Appendix B).
- **ntb**: an indicator variable taking a value 1 if the treaty has exceptions from the freedom of commerce, usually in the form of prohibitions on imports and exports with the purposes of defending public health, national security, monopolies, etc. (see example language in Appendix B).
- **numchap**: number of chapters in the main treaty text (not counting additional protocols and annexes).
- **expiry**: the number of years that the treaty is agreed to be in force from the date of ratification.
- **terminated**: the year in which a treaty was terminated or denounced by one of the parties, in case such information is explicitly provided in the treaty description.
- **prolonged**: the year in which a treaty was prolonged or extended, in case such information is explicitly provided in the treaty description.
- **standalone**: an indicator variable that takes value 1 if the treaty's major purpose is to regulate commerce and navigation. If a treaty includes provisions on the treatment of natural persons or ships of war, but the majority of the treaty is devoted to commercial issues, such a treaty will still be characterized as stand-alone. If a major part of the treaty is related to, for example, colonial relationships, military alliances or immigration, then such treaty would not be considered a stand-alone.
- **note**: relates to a treaty having a mention of specific goods or having a tariff schedule.
- **quota**: indicates if a given agreement explicitly specified quotas.

League of Nations Treaty Series

League of Nations Treaty Series collection is structured in the same was as the *Consolidated Treaty Series*. The 250 volumes include all agreements concluded between countries between years 1920 and 1946 (a total of 4,834 agreements). I use the same criteria to identify treaties related to commerce and use the same coding as for the *Consolidated Treaty Series*. The texts were [accessed online](#) in May 2023.

Handbook of Commercial Treaties

Handbook of Commercial Treaties: Digests of Commercial Treaties, Conventions, and Other Agreements of Commercial Interest Between All Nations is a book describing treaties related to commerce, written by Herman Gustav Adolph Brauer. The book includes the summaries of treaties concluded between 1654 and 1922.

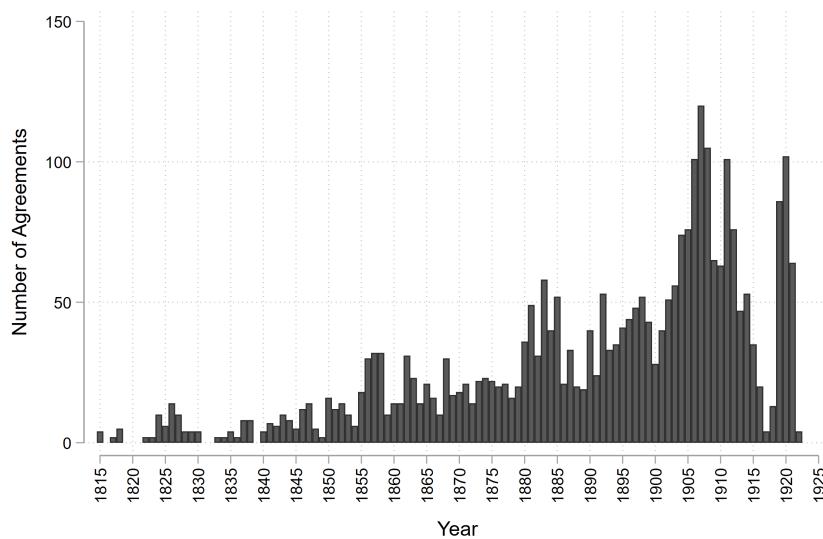
The collection of treaties covered is extensive: there are a total of 3121 treaties mentioned. Not all of them, however, are provided with a digest. 3035 of these treaties are signed after year 1815. There is a variety of forms that the treaties are represented in: agreements, conventions, declarations, acts, articles, exchanges of notes, notes, protocols, as well as additional and supplementary treaties. They also cover a wide variety of topics, which I code into 6 broad categories:

1. **Territorial treaties:** treaties related to accessions of territories, annexation, colonial application, adhesion to colonies, traffic through certain territories, etc.
2. **Additional treaties:** treaties correcting errors, interpreting other treaties, modifying existing agreements, providing additional articles, amending the existing treaties, etc.
3. **Commercial treaties:** these are the treaties that largely use the same words in their titles, as the previous two datasets, i.e. treaties focusing broadly on commerce and navigation.
4. **Separate commercial issues:** treaties regarding issues, such as trade in cattle, coasting trade, application of duties, customs procedures, rules of fisheries, navigation, trade marks, etc.
5. **General treaties:** agreements related to consular affairs, economic unions, peace, etc.
6. **Other:** all the treaties which cannot be identified as belonging to the categories outlined above.

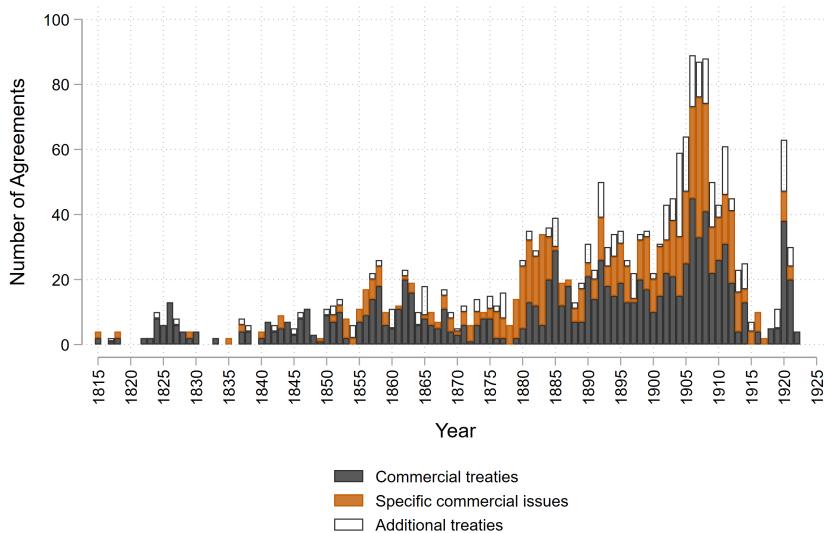
The final dataset includes the following variables:

- **num**: number of the treaty in the book's classification.
- **party1** and **party2**: parties to the treaties as provided by the book.
- **type**: type of the document, such as convention, declaration, agreement, etc.
- **name**: the extended name of the treaty, typically describing the object of the treaty.
- **category**: one of the six categories identified above.
- **signed**: year of the signature of the agreement
- **ratification**: year of treaty's ratification, if explicitly provided.
- **page**: the page of the summary of the corresponding treaty in the book.

Figure X below shows the total number of treaties listed in the Handbook, by year. The figure confirms the earlier finding that there was an increase of treaties signed in the beginning of the 20th century, and during the interwar period. **Figure Y** breaks down the number of treaties by category and plots the commercial treaties, the treaties related to specific issues in commercial policy, as well as additional treaties.



▲ Figure 1: Total number of treaties listed in the *Handbook of Commercial Treaties*, 1815-1922.



▲ Figure 2: Number of treaties listed in the *Handbook of Commercial Treaties*, by category, 1815-1922.

Design of Trade Agreements Database

Design of Trade Agreements Database (Dür et al. (2014)) includes 781 agreements signed from 1948 to 2021. The cleaning protocol used deletes the superseding treaties, amendments and additional protocols, as well as partial scope treaties and framework agreements⁸. The final sample includes 556 treaties. DESTA includes an extensive list of variables indicating the presence or absence of certain provisions in the treaty texts, and a detailed codebook is provided on the [dataset's website](#).

Deep Trade Agreements Database

World Bank's *Deep Trade Agreements (DTA) Database* (Hofmann et al. (2017)) includes 318 agreements signed from 1958 to 2019. For each agreement the dataset codes 52 commercial provisions, dividing them into items under the current WTO mandate, and provisions outside of the WTO. Other features as well as detailed description of the database content can be found on the [website](#).

⁸Partial scope agreements liberalize only some part of trade, while framework agreements have no specific trade liberalization provisions.

Texts of Trade Agreements Database

UNCTAD's *Text of Trade Agreements (ToTA)* database is a collection of PTA texts coded in unbalanced XML format. The database contains 450 texts with metadata on participating signatories, the type of agreement, date of signature, date of entry into force, status of the agreement as of year 2017, its composition, region, language and text source, which I extract into a matrix. In addition, I extract information on the number of chapters in a given agreement.

The cleaning procedure deletes agreements in languages other than English (24 Spanish and two in French); as well as the agreements under non-reciprocal concessions, with coding mistakes in the XML files, and amendments: 1st Convention of Lome, 2nd Convention of Lome, 3rd Convention of Lome, Generalized System of Preferences, Yaounde Convention I, Yaounde Convention II, EC-Syria, Arusha Agreement, EU-Overseas Territories, and Croatia-Serbia-Montenegro Agreement.

The text corpus is cleaned using text mining techniques, stripped of punctuation and the so-called "stopwords" that do not carry any semantic meaning, and transformed into a Document-Term Matrix (DTM) with each cell representing a particular word count per agreement.

Trade texts contain words (mostly verbs) that can proxy for a degree to which signatories are obliged to implement the measures and policies according to a given agreement. These words can indicate "high" and "low" levels of legal enforceability. In order to identify which words have can be classified into the two commitment categories, information on the intended semantic meanings was drawn from trade law practice. A trade lawyer identified which words, generally defined, can potentially lead to a litigation or a dispute using international arbitration, or trigger the process of suspension of parties' concessions. The words that correspond to "strong" enforcement (those which have a higher binding power in trade law) include: "shall," "commit," "require," "compliance" (often represented in a bi-gram "non-compliance"), "penalty," "accord," "adopt," "ensure." The second group of words, representing "weak" enforcement includes words such as "may," "endeavor," "aim," "cooperate," "dialogue," "possible" (often used as a part of the world collocation "to the extent possible").

The following example illustrates the differences transmitted by semantic structures. In the chapters of the agreement related to early release of goods from customs, the comprehensive agreement between US and Korea (KORUS) states: "Each Party *shall* adopt and maintain procedures providing for the expeditious release of goods admitted under this Article." On the same issue, Korea's agreement with Vietnam reads: "Each Party shall *endeavor* to adopt and maintain procedures providing for the expeditious release of goods

admitted under this Article.” In the former agreement, the obligation to release goods is prescriptive, while in the latter it is indicative. In other words, a signatory that “endeavors” to adopt and maintain a trade measure does not necessarily has to actually implement it.

Following the initial identification of word groups, I construct an index which serves as a proxy for the legal enforceability of a given agreement.

The constructed variable takes the ratio of the total sum of “strong” words indexed from $\{1, \dots, i\}$ to the sum of “weak” words indexed from $\{1, \dots, j\}$ in a given document d , normalizing it by the total word count per agreement agreement, indexed by $\{1, \dots, w\}$:

$$\text{Legal Enforceability Index}_d = \frac{\sum_i \text{Strong}_{i,d}}{\sum_j \text{Weak}_{j,d}} \times \frac{1}{\sum_w \text{Words}_{w,d}}$$

7 Examples of Commercial Provisions Texts

Reciprocity. “There shall be reciprocal liberty of commerce between all the dominios and possessions of the two High Contracting Parties; and the subjects of each of them shall, throughout the whole extent of the territories and possessions of the other, enjoy the same rights, privileges, liberties, favours, immunities, and exemptions, in matters of commerce and navigation, which are or may be enjoyed by native subjects.”

Treaty of Commerce between Belgium and Great Britain, 23 July 1862 (volume 126, page 141, Consolidates Treaty Series), Article I

MFN (general). “If in time to come and during the period that the present Treaty shall remain in force, one of the High Contracting Parties shall grant any special favour to another nation in point of navigation and of commerce, that favour shall be immediately acquired by the other Contracting Party, without any charge or impediment, if it was granted gratuitously to the other nation, or on equivalent conditions if the grant was for a considerations and correlative.”

Treaty of Commerce and Navigation between Greece and Tuscany, 22 April 1856 (volume 115, page 17, Consolidates Treaty Series), Article XXVII

MFN (natural persons). “Each of the High Contracting Parties assures to the subjects of the other the right of traveling and residing freely in its dominions, saving the police precautions adopted, or which may be adopted, by the Government of each country, and applied to the subjects of the most favoured nation; of occupying houses and warehouses, and disposing their personal property of whatever kind or denomination acquired by sale, exchange, donation, will or in any other manner, without offering them the least impediment; they shall not, under any pretext, be obliged to pay more imposts or contributions than are paid, or may be paid, besides the natives, by the subjects of the most favoured nation; [...]”

Treaty of Commerce and Navigation and in Relation to Consuls between Spain and the Two Sicilies, 16 March 1856 (volume 114, page 357, Consolidates Treaty Series), Article III

MFN (commercial issues). “The Subjects of the two Sovereigns, respectively, shall not pay in the ports, harbours, roads, cities, towns, or places whatsoever in either Kingdom, any other higher duties, taxes, or imposts, under whatsoever names designated or included, than those that are paid by the subjects of the most favoured Nation; and the subjects of each of the High Contracting Parties shall enjoy the same right, privileges, liberties favours, immunities, and exemptions, in matters of commerce and navigation, that

are granted, or may hereafter be granted, in either Kingdom, to the subjects of the most favoured Nation."

Treaty of Commerce and Navigation between Great Britain and the Netherlands, 27 October 1837 (volume 87, page 95, Consolidates Treaty Series), Article I

MFN (port). "The vessels and subjects of the High Contracting Parties shall, by the present Treaty, enjoy reciprocally all the advantages, immunities, and privileges, within the Ports of their respective States and Possessions, which now enjoyed by the Navigation and Commerce of the most favoured Nations."

Treaty of Commerce and Navigation between Austria and Great Britain, 3 July 1838 (volume 88, page 13, Consolidates Treaty Series), Article XI

MFN (duty). "No duty of Customs or other impost shall be charged upon any goods produce of one country, upon importations, by sea or by land, from such country into the other, higher than the duty or impost charged upon goods of the same kind, the produce of, or imported from, any other country."

Treaty of Commerce and Navigation between Great Britain and the Netherlands, 27 October 1837 (volume 87, page 95, Consolidates Treaty Series), Article I

"Neither of the two High Contracting Parties shall impose upon goods the produce or manufacture of the other party, other or higher duties of importation than such as are or may be imposed upon the same goods the produce of any other foreign country.

Each of the two parties engages to extend to the other any favour or privilege, or reduction in the tariff duties of importation or exportation, on articles mentioned, or not mentioned, in the present Treaty, which either of them may grant to any third Power. They engage, moreover, not to establish against each other any duty or prohibition of importation or exportation, which shall not, at the same time, be applicable to all other nations."

Treaty of Commerce between Belgium and Great Britain, 23 July 1862 (volume 126, page 141, Consolidates Treaty Series), Article XIV

Unconditional MFN. "The High Contracting Parties agree that in all matters relating to commerce and industry any privilege, favor, or immunity whatever which either High Contracting Party has actually granted or may hereafter grant to any other foreign State shall be extended immediately and unconditionally to the subjects or citizens of the other

Contracting Party; it being their intention that the commerce and industry of each country shall be placed, in all respects, by the other on the footing of the most favored nation."

Treaty of Commerce between Great Britain and Bolivia, 1 August 1911 (volume 214, page 181, Consolidates Treaty Series), Article V

Conditional MFN. "Except as otherwise expressly provided in this Treaty, the High Contracting Parties agree that, in all that concerns commerce and navigation, any privilege, favor, or immunity which either Contracting Party has actually granted, or may hereafter grant, to the citizens or subjects of any other State shall be extended to the citizens or subjects of the other Contracting Party gratuitously, if the concession in favor of that other State shall have been gratuitous, and on the same or equivalent conditions, if the concession shall have been conditional."

Treaty of Commerce between United States and Japan, 21 February 1911 (volume 213, page 98, Consolidates Treaty Series), Article XIV

National Treatment. "No duties of tonnage, harbour, lighthouses, pilotage, quarantine, or other similar corresponding duties, of whatever nature or under whatever denomination, shall be imposed in either country upon the vessels of the other, in respect of voyages between 2 countries, if laden, or in respect of any voyage, if in ballast, which shall not be equally imposed, in the like cases, on national vessels; and in neither country shall any duty, charge, restriction, or prohibition be imposed upon, not any drawback, bounty, or allowance be withheld from, any goods imported from, or exported to the other country, in the vessels of that other country, which shall not be equally imposed or withheld from such goods, when so imported or exported in national vessels."

Treaty of Commerce and Navigation between Great Britain and the Netherlands, 27 October 1837 (volume 87, page 95, Consolidates Treaty Series), Article I

Market Access. "It is further agreed that if sea salt refined in Belgium should obtain a deduction of more than 7 per cent from the general duty of excise, British salt refined in Belgium shall enjoy, at the same moment, a deduction from the excise which shall not be inferior by more than 7 per cent to the deduction granted to sea salt."

Treaty of Commerce between Belgium and Great Britain, 23 July 1862 (volume 126, page 141, Consolidates Treaty Series), Article XIV

"His Majesty the King of the Two Sicilies promises, moreover, that while this Treaty is in force, all the merchandize and productions of the Kingdom of Spain, of the Peninsula

and the adjacent islands, as well as of her possessions beyond sea, imported into his dominions in Spanish or Sicilian vessels, shall enjoy a reduction of 10 per cent from the dues established in the Customs' tariff, [...]"

Treaty of Commerce and Navigation and in Relation to Consuls between Spain and the Two Sicilies, 16 March 1856 (volume 114, page 357, Consolidates Treaty Series), Article X

Tariff schedules.

TARIFF (A).—Annexed to the Treaty of Commerce between the German Empire and Italy.

DUTIES on Entry into Germany.

Denomination of the Merchandise.	Duty per 100 kilog.
Marks. Free.	
Sulphur, raw or refined	"
Tartar, raw or refined	"
Liquorice juice	10
Fresh grapes	12
Poultry of any sort, not living	4
Fresh oranges, citrons, lemons†	4
Fresh Seville oranges†	4
Fresh pomegranates†	4
Fresh dates or almonds	10
Dried dates or almonds	10
Dried Seville oranges or pomegranates	30
Olives	4
Rice, in the husk or cleaned	10
Edible oil, in bottles or flasks	4
Olive oil, in casks	

TARIFF (B).—Annexed to the Treaty of Commerce between the German Empire and Italy.

DUTIES on Entry into Italy.

Denomination of the Merchandise.	Per—	Duty.
Alkaloids—		Lire.
(a.) Salts of quinine	Kilog.	5
(b.) Not named, and their salts	"	5
Zinc—		
(a.) In blocks and lumps	Quintal	1
(b.) In plates and sheets	"	4
(c.) Manufactured in other forms, not gilt	"	12
(d.) Manufactured in other forms, gilt	"	58
Optical and mathematical instruments, instruments of precision and of investigation, chemical, physical, surgical instruments, &c.	"	30
Hops..	Free.

Treaty of Commerce and Navigation between Germany and Italy, 16 March 1883 (volume 162, page 47, Consolidates Treaty Series), Annex

Articles.	Quantities.	Duty.			
		Per 100 catties	T. 0	M. 1	C. 5
Gambier	"	"	0	1	5
Gamboge	"	"	1	0	0
Ginseng, American, crude	"	"	6	0	0
Ginseng, American, clarified	box of 100 sq. ft.	"	8	0	0
Glass, window	100 catties	"	0	1	5
Glue	catty	"	0	1	5
Gold thread, real	"	"	1	6	0
Gold thread, imitation	"	"	0	0	3
Gum Benjamin	100 catties	"	0	6	0
oil of	"	"	0	6	0
" dragon's blood	"	"	0	4	5
" myrrh	"	"	0	4	5
" olibanum	"	"	0	4	5
Hides, Buffalo and Cow	"	"	0	5	0
Rhinoceros	"	"	0	4	2
Horns, Buffalo	"	"	0	2	5
Deer	"	"	0	2	5
" Rhinoceros	"	"	2	0	0
Indigo, liquid	"	"	0	1	8
Isinglass	"	"	0	6	5
Lacquered-ware	"	"	1	0	0
Leather	"	"	0	4	2
Linen, fine, as Irish or Scotch, not exceeding 50 yds. long	piece	"	0	5	0
coarse, as linen and cotton, or silk and linen mixtures, not exceeding 50 yds. long..	"	"	0	2	0
Lucraban seed	100 catties	"	0	0	3
Mace	"	"	1	0	0
Mangrove bark	"	"	0	0	3
Metals:					
Copper, manufactured, as in sheets, rods, nails	"	"	1	5	0
" unmanufactured as in slabs	"	"	1	0	0
" yellow metal, sheathing, and nails..	"	"	0	9	0
" Japan	"	"	0	6	0
Iron, manufactured, as in sheets, rods, bars, hoops	"	"	0	1	2
" unmanufactured, as in pigs	"	"	0	0	7
" kentledge	"	"	0	0	1
" wire	"	"	0	2	5
Lead, in pigs	"	"	0	2	5
" in sheets	"	"	0	5	5
Quicksilver	"	"	2	0	0
Spelter (saleable only under regulation ap- pended)	"	"	0	2	5
Steel	"	"	0	2	5
Tin	"	"	1	2	5
Tin plates	"	"	0	4	0
Mother-o'-pearl shell	"	"	0	2	0
Musical boxes	5 per cent.	"	ad valorem.		
Mussels, dried	100 catties	"	0	2	0
Nutmegs	"	"	2	5	0
Olives, unpickled, salted, or pickled	"	"	0	1	8
Opium	"	"	30	0	0
Pepper, black	"	"	0	3	6
white	"	"	0	5	0
Prawns, dried	"	"	0	3	6
Putchuk	"	"	0	6	0
Rattans	"	"	0	1	5
Rose maloes	"	"	1	0	0
Salt fish	"	"	0	1	8

*Treaty of Peace, Friendship and Commerce between China and Great Britain, 26 June 1858
(volume 119, page 163, Consolidates Treaty Series), Annex*

Import and export prohibitions. “The Contracting Parties will not hamper the commercial relations between the two countries by any special measures, more particularly by import or export prohibitions.

The Contracting Parties nevertheless reserve the right to prohibit or restrict imports and exports in the following cases, provided that the said prohibitions or restrictions are simultaneously applicable to all other countries or to countries in which similar conditions prevail:

- (i) For reasons of public security;
- (2) For moral or humanitarian motives;
- (3) In respect of the traffic in arms, ammunition, and war material, or, under exceptional circumstances, of that in all other materials needed in war;
- (4) In respect of the protection of public health or the protection of animals and plants against disease, insects or noxious parasites;
- (5) For the protection of national treasures of an artistic, historical or archaeological nature;
- (6) In respect of prohibitions or restrictions applicable to gold, silver, coin, paper money or securities;
- (7) In respect of prohibitions or restrictions designed to extend to foreign goods the regime imposed or hereafter to be imposed within the country itself on the production of, traffic in, transport and consumption of home products of the same kind;
- (8) In respect of products which are or may hereafter be the subject of State monopolies or of monopolies controlled by the State.”

Treaty of Commerce and Navigation between the Kingdom of Serbs, Croats and Slovenes and Czechoslovakia, 14 November 1928 (volume 97, page 9, League of Nations Treaty Series), Article VII

MFN Exemptions. “The provisions of the present Convention shall not apply:

- (1) To treatment which is or may hereafter be granted by one of the Contracting Parties in frontier traffic with contiguous countries;
- (2) To special privileges resulting from a Customs union;
- (3) To special privileges and benefits which are or may hereafter be established in respect of Customs tariffs, and generally in all other commercial transactions between Turkey and the territories detached from the Ottoman Empire in 1923;
- (4) To privileges and benefits which Finland has granted or may hereafter grant to Estonia with a view to preserving her traditional trade relations with that country;

(5) To privileges which Finland has granted or may hereafter grant to neighbouring States in respect of navigation in the Baltic Sea and its gulfs north of Lat. 58° N.;

(6) To privileges which Finland has granted or may hereafter grant in respect of the importation of wines and alcoholic beverages."

Convention of Commerce and Navigation between Finland and Turkey, 2 June 1926 (volume 70, page 329, League of Nations Treaty Series), Article XXIV

Quotas. "Supervision of the wine quota.

In order to obtain the advantages set forth in the present Agreement, each consignment of wine with a natural alcoholic content, in receptacles of a capacity of 50 litres or more (including tank waggons and reservoir waggons), made by the same consignor to the same consignee, must be accompanied on importation into German Customs territory by a quota certificate issued by the French Ministry of Agriculture.

Each application for a certificate must be presented in duplicate and must be made out in accordance with the attached form.

The French Ministry of Agriculture shall affix a visa on the applications up to the amount of the quota. After the visa, together with the signature of the competent official of the Ministry of Agriculture, have been obtained, the application shall serve as a quota certificate, and shall be returned to the applicant as soon as the quantity has been entered in the quota register.

The duplicate of the quota certificate shall be sent to the German Embassy in Paris with the word 'Copy' written thereon.

The quota certificate shall authorise the importer to import through one of the Customs offices through which wine is allowed to be imported, the quantities of goods mentioned in the certificate. The quota certificate must accompany the goods when they cross the frontier and must be presented for clearance together with the Customs declaration.

Quota certificates shall not be transferable; they shall only be valid in respect of the quantities for which they are issued. Nevertheless, the goods may be imported in several lots up to the amount of the said quantities, on the express condition that the total quantity covered by the same certificate is declared and presented for final clearance at the same office within a period of one month and in any case before the expiry of the present Agreement.

The quantities of goods imported into German Customs territory shall be entered in the quota register at the weight at which the duties payable are computed. The German Government shall send a communication to the French Government as soon as 75% of the quota has been applied for.

The German Government shall communicate to the French Government each month the balance outstanding of the quantities covered by the quota certificates registered with the French Ministry of Agriculture, and new quota certificates may be issued up to this amount.

After the quota has been exhausted, these goods can only be admitted at the general tariff rate.

Wine in bottles is not included in the quota."

Commercial Agreement with Protocol of Signature and Annexes, 17 August 1927 (volume 76, page 5, League of Nations Treaty Series), Ad No. 180 of the German tariff

Certificate of Origin. "As regards the application of Articles I to 8, the High Contracting Parties may require that products and goods imported into their territory shall be accompanied by a certificate of origin attesting:

(i) In the case of raw materials properly so called or natural products, that they originate in the other country;

(2) In the case of a manufactured product, that as regards the raw materials incorporated in it or the labour expended upon it, it satisfies the conditions required by the importing country for the recognition of nationality, as mentioned in Article 17 above.

Certificates of origin shall be issued either by the Customs authorities or by the competent Chambers of Commerce of each of the High Contracting Parties they shall be drawn up in accordance with the forms adopted by the Customs Administration or officially recognised Chambers of Commerce in the exporting country; they shall be made out either in the language of the country of origin or in the language of the country of destination. In the former case, the two countries reserve the right to require a translation. [...]"

Commercial Agreement with Protocol of Signature and Annexes, 17 August 1927 (volume 76, page 5, League of Nations Treaty Series), Article XXII

Certification. "If, in the territory of one of the Contracting Parties, the importation of goods, in view of the requirements of its internal legislation, or their clearance at a reduced Customs tariff depends on special technical conditions concerning their composition, purity, sanitary conditions, place of origin or similar matters, the Customs authorities of the country importing these goods shall accept the certificates drawn up by a competent authority in the exporting country. [...]"

Commercial Agreement with Protocol of Signature and Annexes, 17 August 1927 (volume 76, page 5, League of Nations Treaty Series), Article XXIV