

AID FOR TRADE: IMPACTS ON THE TRADE BETWEEN THE RECIPIENTS AND
THE OLD AND NEW EU MEMBER STATES

Beáta Udvari¹

Paper prepared for ETSG 2012 Leuven
(Paper version: 10 August 2012)

Abstract:

Recently, the role of international trade has appeared in the development issues of several international organizations but some developing countries cannot benefit from the more liberalized global economy. Aid for Trade (AfT) is a new international program to help developing countries adjust to the multilateral trading system and benefit from the liberalization process by granting them more focused assistance. The European Union is said to be the largest aid provider in the world, and it has accepted this program trying to build in its development policy. My earlier research proves that the AfT (especially the assistance on the development of economic infrastructure) is to expand trade between the developing countries and the EU itself. However, it is not clear whether this trade expansion is only due to the EU-15 or the new EU member states contribute to it, as well. Thus, this research aims to investigate the impacts of AfT assistance provided by the EU-15 on the trade between the EU-15 and the recipient countries; and between the new EU-members and the recipients. The empirical analysis uses gravity model to observe the economic factors and covers 85 developing countries. The results – surprisingly – indicates that the AfT does not have significant impact on trade between the EU-15 and developing countries, while there is significant impact in case of the new member states.

Key words: Aid for Trade, EU's development policy, EU-15, new member states, gravity model

JEL codes: F13, F15, F35

¹ Assistant lecturer, University of Szeged Faculty of Economics and Business Administration. E-mail: udvari.beata@eco.u-szeged.hu

1 Introduction

Since 2005, the Aid for Trade initiative has been playing a significant role in international development cooperation. Its objective is to promote the exports of the developing countries by improving the supply-side capacity. Since then a relatively large literature appeared in connection with the potential impacts analysing the trade costs and export expansion due to the Aid for Trade. Among these researches we can mention, for instance, Cali and te Velde (2011), Helble and co-authors (2009), Moreira (2010), Pettersson and Johansson (2011), or Udvari (2011). A bit surprisingly these researches conclude that the effects of this initiative on exports and trade costs are positive.

However, these researches analyse the impacts in general and not donor- or recipients-specific. For instance, the European Union (EU) is not investigated in connection with Aid for Trade. This seems to be a great mistake twofold. First, the EU is the biggest aid provider all over the world. Secondly, the EU has built up a special relationship the developing countries, and the closest relationship is realized with the African, Caribbean and Pacific (ACP) countries. The ACP countries are the main beneficiaries of the EU's development policy and have been enjoying several – trade and economic – preferences granted by the European Union for decades. Although the ACP countries lost from their share of the EU's trade with third countries, the EU remained the most significant trade partner of the ACP countries. Consequently, the EU can be a good example how the Aid for Trade initiative may work in practice.

During my earlier researches (see Udvari 2011, Udvari 2012a, 2012b), the potential impact of AfT on the total trade (total amount of imports and exports) was analysed between the developing countries and the EU itself. These researches focused on the ACP countries showing that the ACP countries benefit less from the AfT assistance than countries out of the ACP-block. These analyses used the EU-15 as donors and the total trade between some developing countries and the EU-27. Therefore, these investigations do not answer the question whether the assistance provided by the EU-15 contributes to the growing exports from the developing countries to only the EU-15 or to the new member states, as well. Thus, *the research objective is to analyse empirically how the Aid for Trade can contribute to the trade expansion between the ACP countries and the EU-15, and the new member states (NMS-12)*. In order to obtain the most comprehensive results of the gravity model, the empirical analysis covers developing countries other than the ACP-block, as well.

The structure of the paper is the following. Section 2 describes the features of the EU-ACP relations after the Millennium, emphasizing the Cotonou Partnership Agreement and the Economic Partnership Agreements as the basis for the trade relations. As our investigation focuses on the role of Central and Eastern Europe, Section 3 describes the role of this region in the EU's international development cooperation. Section 4 details the methodological issues of our empirical analysis and shows the results. The paper ends with the conclusions.

2 The EU-ACP relations since the Millennium

Although the European Community appeared in the donor community in the 1970s, only the Maastricht Treaty (1992) gave a legal framework to its development policy (Degnbol-Martinussen and Engberg-Pedersen 2005). Meanwhile, the EU has built up more or less economic relations with the developing countries. The EU-ACP relations have long history, and the institutional cooperation started in 1975 with the first Lomé Convention followed by three other ones. They ensured the ACP countries free access to the European markets till 2000. Although they were to expand trade between the partners, the ACP countries' share of the EU's external trade decreased dramatically, and, at the same time, the EU became the most important trading partner of the ACP countries.² The Lomé Conventions were tools of the development policy, but the EU took other factors but poverty into consideration while allocating aid resources to the ACP countries (Degnbol-Martinussen and Engberg-Pedersen 2005). The main reason for a closer relationship for the EU was to obtain natural resources and to increase its international power as a regional integration. The other developing countries and the international community – mainly the USA – forced the EU to eliminate the non-reciprocal trade preferences of the Lomé Conventions to meet the obligations of the World Trade Organization (WTO). To comply with these challenges, the partner countries signed the Cotonou Partnership Agreement in 2000.

2.1 The Cotonou Partnership Agreement

The ACP countries and the EU Member States signed the Cotonou Partnership Agreement in 2000. The main focus and objective of the agreement is to promote economic, social and cultural development in the ACP states along with eradicating poverty (complying with the Millennium Development Goals) (Borrmann and Busse 2007, Nurse et al. 2008). This

² This paper has not the objective to analyse the Lomé Conventions, see, for example, Babarinde (1994) or Curran et al. (2008).

agreement is a milestone in the EU's development policy and has brought several changes in the international development cooperation towards the ACP states (Degnbol-Martinussen and Engberg-Pedersen 2005, EC 2000, Karingi et al. 2005, Szent-Iványi 2008):

- in the new relationship, the *partnership* became an important part (as the official name of the agreement shows);
- *political conditionality* is introduced: countries hurting human rights will be excluded from the cooperation;
- broader *political dialogue* is ensured between the partner countries, concerning on the fields of development cooperation, migration, arms trade and security;
- involvement of non-governmental actors into the development processes is important;
- the overall objective is to decrease poverty, provide sustainable development and integrate developing countries into world trade;
- countries in most need are eligible for financial assistance, and the EU prefers the *good performers*;
- core issues are reduction of poverty, respect for human rights and democratic principles;
- elimination of STABEX and SYSMIN as systems providing aid if the agricultural or mining export decreases;
- the two main pillars of the development cooperation remained trade and aid.

As a result, the Cotonou Agreement requires providing aid for the most eligible countries and for those which can use these financial resources in the most effective way. However, there is a risk, that countries which are not in the direct scope and interest of the EU, will not obtain Community assistance. Altogether, laying down conditionality and aiming at reducing poverty, the new agreement complies with the challenges of the international development policy, but there are fears that the partner countries may suffer some losses. Ensuring a transition period, the Lomé Conventions were in effect till the end of 2007, and during this period, the countries should have agree on new types of partnership, called Economic Partnership Agreements.

2.2 The Economic Partnership Agreements

From 2002 onwards, several negotiations started between the ACP and EU partners. The main objective is to negotiate with different ACP regions³ to sign such agreements which really contribute to their economic development. The objective is to ensure the ACP countries to take part and foster their share in world trade (Ukpe 2010, Vollmer et al 2009). So the EPAs are not traditional trade agreements but agreements that aim at real development through the tools of trade policy and promoting regional integration of the ACP countries⁴ (Szent-Iványi 2008, Vollmer et al 2009). The concept laying behind is reciprocal trade preferences and free trade which have a large risk for the ACP countries: they have to ensure access for the European companies to their own market – though in a smaller extent (averagely 80 percent in 15 years) (Vollmer et al 2009).

The negotiations are going forward, but many problems have arisen. The EPA negotiations had to be finished till the end of 2007, but only the Caribbean countries could conclude them (including goods, services, intellectual property and investment) (Nurse et al 2008, Vollmer et al 2009), the other regions signed only transition (interim) agreements containing gradual liberalization of 80-95 percent concerning only on merchandise in the next 15-20 years, while the EU ensures the ACP countries free access to the European markets (Table 1) (Szent-Iványi 2008).

There can be several reasons why the Economic Partnership Agreements could not be signed in time. Szent-Iványi (2008) and Ukpe (2010) mention that the largest problem is the lack of confidence and growing scepticism against the European Union: the ACP countries do not trust the EU any more. But the main economic risks of the EPAs for the ACP countries are the following (Boysen and Matthews 2009, Szent-Iványi 2008, Ukpe 2010, Vollmer et al 2009):

- the economic structure of the ACP countries cannot adjust to the new circumstances on time because of the problematic supply side capacity;
- the decreasing income from tariffs leads to the postponement of development projects;
- the regional integrations have trade creating and trade diversion effects, that is, countries may not gain from the regional integration the same extent;

³ The regions are West-African Economic and Monetary Union, Central-African Economic and Monetary Union, East African Community, South African Development Community, Caribbean Forum of African, Caribbean, Pacific States, group of Pacific states (Ukpe 2010).

⁴ In Africa the main problem is the overlapping integration process: due to it, any deep integration cannot come up (Shams 2005).

- the new competition that arise by the appearance of the European products may deteriorate the ACP-companies;
- the interim agreements may hinder the regional integration process between the African countries;
- the significant agriculture subsidy in the European agriculture may cause losses in the agricultural exporting countries (and face with unequal competition);
- referring to sanitary regulations, the EU may not let in the ACP agricultural export;
- the six regions export mainly natural resources: diamond, mineral oil and palm oil, which account more than 40 percent of the regions' exports;
- there are regulations which unambiguously serve the interests of the Community (for instance, the protection of intellectual property, trade in services, investment).

Table 1 Rate of market opening and deadline in the ACP regions

Region	Type of agreement	Rate of market opening (%)	Deadline (within years)
Caribbean	final	61	10
		82.7	15
East African Community	interim EBA	64	2
		80	15
		82	25
Eastern and Southern Africa	interim EBA	differs among members from 80 to 97	
Southern Africa	interim EBA (Angola)	86	2
Pacific: Papua New Guinea, Fiji	interim EBA	88 (PNG)	15
		80 (Fiji)	15
Central Africa	bilateral (Cameroon) EBA	80	15
West Africa	bilateral (Ghana and Cote d'Ivoire) EBA	70 (CI) 80 (Ghana)	15

Note: EBA stands for Everything But Arms initiative

Source: author's own based on Vollmer et al (2009)

There are many studies investigating the potential effects of the Economic Partnership Agreements on the welfare and trade promotion, though the results are mixed owing to the trade creation and trade diversion effects (ODI 2006). Karingi and co-authors (2005) analysed the welfare impacts of the EPAs on African countries. They found that the EU will be the actor which gains the most on this business. The expanded trade is due to trade creation and trade diversion from the rest of the world, as well. Furthermore, the African countries are likely to face with decrease in government revenues owing to the tariff reduction

(elimination). This requires higher adjustment costs (tax reforms, administration changes) that the African countries need to pay and jeopardizes the African development.

Vollmer and co-authors (2009) – similarly to Karingi et al (2005) – analysed the welfare effects of the interim agreements on nine Sub-Saharan African countries. They found that four of the nine countries enjoy the positive effects of tariff reduction, while the remaining countries do not experience positive welfare changes. However, the authors argue that some loss due to the tariff reduction does not mean that the EPAs have negative impacts on the African countries because they can gain more than the simple GSP-scheme. Furthermore, the lower tariffs results lower government income (since the EU is the largest trade partner for the investigated countries), that requires lower market opening and longer transition period for the African countries. The authors acknowledge that the European Union benefits the most from these agreements – but they add that these extra profits should be cover further development cooperation.

Busse and Grossman (2007) analysed the fiscal and trade impacts of the EPAs in West African countries. Their empirical results indicate that the tariff reduction due to the free trade agreements may cause troubles for the African countries, therefore the authors suggest similar things that Vollmer and co-authours (2009): complementary reforms should be implemented before the Economic Partnership Agreement comes into force. Furthermore, Borrmann and Busse (2007) emphasize that those countries can benefit from the economic changes arising in the EPA-era which have high-quality institutions. According to these, the authors conclude that the African countries may become the largest losers of these free trade agreements.

Fontagné and co-authors (2008) empirically tested some scenarios of the EPAs. According to their results, the ACP countries loss will be large owing to the tariff reduction, and much depends on how complementary reforms the ACP-block can implement and how these countries can change their fiscal basis. Boysen and Matthews (2009) investigated the impacts of different EPA-scenarios on the poverty in Uganda. According to their results, the loss depends on the sensitivity of the products involved under the negotiations but the authors argue that the poorest people will lose after implementing the EPA.

Because of these (real) fears and risks, it is not surprising that the developing countries required additional resources for concluding and implementing such an agreement and adjusting to the new circumstances. As a result of it, the ACP countries asked the EU to use the Aid for Trade initiative to help them comply with these requirements (Hinkle et al. 2005, Meyn 2008). Before analysing the impacts of the Aid for Trade provided by the EU, we need

to give some details of the general impacts of this initiative since it gives the basis for our empirical analysis.

3 Central and Eastern Europe and the EU's development cooperation

A feature of the EU' enlargement after the Millennium is that the accessing countries were earlier significant recipients in the international development cooperation, but they obliged with their accession that they would become donor countries (Lightfoot 2008, Migliorisi et al 2003). It was prescribed that the candidate countries would create an international development policy which meets the principles of the UN, EU and OECD's Development Assistance Committee (Jakab 2005). Development cooperation was not a subject to accession negotiations (Granell 2005), therefore the joining countries had to accept all parts of the common law without derogation (Dauderstaedt 2002, Lightfoot 2008, Morgera and Durán 2004), covering the Cotonou Partnership Agreement, the whole ACP relationship, the European consensus on development policy, the principle of 3C, the obligations of the 10th European Development Fund, the principles on the increasing resources accepted at the Monterrey conference and strengthened by the European Council, the Mediterranean partnership, the Everything But Arms initiative, and so on.

Adjusting to these conditions is not a simple task. Because of the former influence (and the political and military interest) and a less independent policy there are many challenges with which these countries are facing during the creation of a development cooperation policy. The approach differing from the EU's development approach is signed that the aim of the common development policy (namely the decrease of poverty) appears only in some countries' development policy, the same is true for the support of the least-developed and African countries (Lightfoot 2010, Migliorisi et al 2003).

As for the commitments, new member states (NMS) are contributors to the budget of the European Development Fund (EDF), which provides assistance mainly the ACP countries, but altogether NMS do not provide such amounts which would increase the EDF-resources significantly (Lightfoot 2008). Only 0.4 percent of the total assistance provided by the EU to the developing countries comes from the NMS (Granell 2005). According to the data of OECD, aids from the Central and Eastern European countries fluctuates between 0.08 and 0.13 percent of the countries' GNI (OECD 2010), but the aim is to reach 0.36 percent by 2015. These refer to the fact that though the ten new member states started a donor activity, it is not so significant to contribute to the common and EU-15's aid activity – at least as for the

financial resources. All these show that the development policy of the EU-17 – not surprisingly – is driven by the EU-15.

It is important to analyse the regional focus, as well. The NMS did not have colonies, so because of the missing relations, they provide assistance mainly to the neighbouring countries (former Yugoslav states, CIS-countries, Balkans) (Table 2), and other (e.g. African) developing countries are not favoured (Dauderstaedt 2002, Granell 2005, Lightfoot 2008, Migliorisi et al 2003, Morgera and Durán 2004, Szent-Iványi, 2009). However, these areas are the main priorities of the EU's development cooperation. The aim of the NMS with these assistances is not to decrease the poverty or handle the challenges of fragile states but to preserve the stability in the neighbouring region and to hinder any conflicts to arise (Lightfoot 2008, Szent-Iványi 2009). To sum up, the allocation of the aids provided by the NMS is not determined by the GDP per capita, its growth or the quality of the institutions (Szent-Iványi 2009). All these refer to the fact that the aid for the ACP countries depends only on EU-15 not on the NMS.

Table 2 Aid allocation of the new member states

	Cyprus	Czech Republic	Estonia	Poland	Lithuania	Hungary	Malta	Slovakia	Slovenia
Moldova, Ukraine, Belarus	2	1	1	1	1	1			
Balkans	2	1	1	1	2	1		1	1
Central-Asia		2	2	2				1	
Middle-East	1	3							
Africa		3					1	3	
South-East Asia		3		3		3		3	
Latin-America		3					3	3	

Note: 1: strong, 2: middle, 3: weak relationship. There is no data for Latvia.

Source: own construction based on Mogliorisi et al (2003), p. 21.

Although all of the EU's official documents emphasize the special role of the ACP countries, NMS are not obliged to provide development aid to these countries (Lightfoot 2010). As a result of the lower African and Caribbean relations and of the stronger neighbouring activities it is not surprising that the EU has been paying greater attention on the neighbourhood policy and on the support of the candidate countries (Lightfoot 2008). This can be accepted as a success of NMS, but the EU's focus has turned to other regions than the ACP countries.

Consequently, the following lessons can be mentioned in connection with the ACP countries: the disposable financial resources have extended, it is not significant. Furthermore, the new member states have contributed to the changes of the regional focus of the EU's development cooperation: neighbouring countries have become competitors to the ACP countries. Nevertheless, the ACP countries are still in the foreground: most EU-documents outline the priority of these developing countries. Knowing these, we suppose that the EU-15 is more responsible for the trade expansion due to Aid for Trade than the new EU-members.

3 Role of Aid for Trade in trade relations: ACP countries and the European Union

This section details the background, the methodology and the results of the empirical analysis concerning the trade expansion impacts of the Aid for Trade provided by the European Union. Firstly, we detail the process of selecting the recipient and donor countries, and the approach of how to measure the Aid for Trade. Then, the gravity model will be discussed, and finally, we present and analyse the results.

3.1 Countries and indicators

The first step was to select the potential recipient and donor countries for the empirical analysis. Our goal was to involve as many developing countries as recipients into the analysis as possible. Out of the 123 developing countries in the world⁵, *85 countries were involved – out of them 43 countries belong to the ACP group*. Besides, 34 countries are least developed countries, and out of them 23 belong to the ACP block. The remaining developing countries were dropped out as they did not receive any Aid for Trade assistance from the EU between 2005 and 2009.

As for the donor countries, the OECD's Development Assistance Committee was the starting point. All old EU member states (EU-15) are members of this organization, but none of the newly joined states are. As we could collect data only for these 15 member states separately, the EU's donor activity is investigated according to their own activity adding their own aid budgets together. This cannot have a distorting effect, as the EU-15 has experience on the development policy and built up widespread aid activity, while the new member states have less relationship with the developing countries⁶ – so we can analyse the activity of the EU as a whole. Although the OECD's database contains the European Community as a donor

⁵ There are 144 low and middle income countries (generally developing countries), but some of them are the so called transition economies (see UN 2011). We left out these countries.

⁶ See, for instance, Lightfoot (2008).

(*EU Institutions*), there were no data of its aid activity, so it had to be left out of the empirical research. Consequently, analysing the EU-15 gives the basis for the EU's development activity in the aspect of Aid for Trade.⁷ Furthermore, *Article 210* of the Lisbon Treaty lays down that in order to establish a more effective development policy, the member states and the community work together and harmonize their development activity in the scene of international organizations. This enables to handle the EU-15's development policy as the EU's development policy.

Determining the current Aid for Trade trends, we followed the recommendations of Turner (2007) and OECD-CRS (2011). According to them, the Aid for Trade is equal to the sum of assistance on several sub-sectors on which the OECD collects data. Both the commitments and disbursements are available, we followed the method of Vijil and Wagner (2010) and used commitments. In our analysis, the following sectors appear:

- *Trade related infrastructure* appears in the OECD database as *economic infrastructure* containing the subsectors of transport and storage; communications; and energy supply.
- The categories of *building productive capacity* and *trade development* appear in the OECD database as *building productive capacity* and consist of bank and financial services; business and other services; agriculture and industry subcategories.
- The category of *trade policy and regulations* is the same in the OECD database.⁸

We prepared a cross-sectional analysis because of the short (official) existence of the Aid for Trade. We collected data for the years between 2005 and 2010 (the official existence of the Aid for Trade), but we have to handle the endogeneity problem (we discuss it later), so there is a one-year-lag in case of the independent variables. The data are from the on-line databases of UNCTAD Stat (UNCTAD 2011), OECD-CRS (2011) and CEPII (2011).

3.2 Methodology

Our aim with the investigation is to analyse whether the Aid for Trade assistance significantly influences the trade between the selected developing countries and the European Union as a

⁷ List of both the recipient and donor countries can be found in the Appendix.

⁸ Cali and te Velde (2011), Helble et al (2009), Hoekman and Wilson (2010), and Vijil and Wagner (2010) have similar approach in their empirical investigation.

whole. For this purpose, a gravity model was calculated. Gravity models are appropriate methods to investigate a benchmark of trade flows (Carey et al 2007), and assumes that trade is positively affected by the income of the partner countries and negatively affected by their distance as the proxy of transport costs (Africano and Magalhães 2005). The specification for our purpose was based on the work of Wagner (2003) and Africano and Magalhães (2005) with slight modifications:

$$\ln TT_{i,eu} = \beta_0 + \beta_1 \ln(Y_i Y_{eu}) + \beta_2 \ln(Yc_i Yc_{eu}) + \beta_3 \ln Dist_{i,eu} + \beta_4 \ln AfT + \beta_5 Time + \beta_6 ACP + \beta_7 Oil + \beta_8 LDC + \varepsilon, \quad (1)$$

- $TT_{i,eu}$ denotes total trade (export plus import) between country i and the EU;
- C is a constant;
- Y_i, Y_{eu} are the total GDP in country i and in the EU;
- Yc_i, Yc_{eu} denote the GDP per capita in country i and in the EU;
- $Dist_{i,eu}$ means the distance between country i and the European Union;
- $Time$ variable denotes the years involved as dummy variables (where 1 indicates the certain year, otherwise 0);
- ACP, Oil, LDC are dummy variables for ACP-, oil exporting- and least developed countries, where zero means non-ACP and –oil exporting country, and 1 means the contrary. The same is true for the LDC dummy.

In order to analyse what kind of direct effects the Aid for Trade has in the different country groups (ACP, LDC, oil-exporting), equation (2) contains these interactions: the coefficient of $\ln AfT * ACP$ shows how much impact the Aid for Trade has on the trade expansion if the recipient country belongs to the ACP group. The other interactions ($AfT * LDC$ and $AfT * Oil$) can be solved similarly.

$$\ln TT_{i,eu} = \beta_0 + \beta_1 \ln(Y_i \times Y_{eu}) + \beta_2 \ln(Yc_i Yc_{eu}) + \beta_3 \ln Dist_{i,eu} + \beta_4 \ln AfT \times ACP + \beta_5 \ln AfT \times LDC + \beta_6 \ln AfT \times Oil + \beta_7 Time + \varepsilon, \quad (2)$$

Equation (1) analyses the total Aid for Trade effects, therefore it is necessary to break the total Aid for Trade to its sub-areas. The specification of investigating this is the following:

$$\ln TT_{i,eu} = C + \beta_1 \ln Y_i Y_{eu} + \beta_2 \ln Y_c Y_{c,eu} + \beta_3 \ln Dist_{i,eu} + \beta_4 \ln EcI + \beta_5 \ln BPC + \beta_6 \ln TPR + \beta_7 Time + \beta_8 ACP + \beta_9 Oil + \beta_{10} LDC + \varepsilon, \quad (3)$$

where the new variables denotes the following. *EcI* is the aid on economic infrastructure country *i* received from the EU; *BPC* denotes the aid on building productive capacity the *i* country received from the EU; *TPR* denotes the aid on trade policy and regulations the *i* country received from the EU.

Although gravity models may contain other indicators such as common language or colonial past (see for example the studies of Africano and Magelhães (2005), Carey et al (2007) or Wagner (2003)), we do not find it important as the EU as a whole can be imagined as a great economic power having had a lot of colonies. Almost all the countries in our sample had colonial past with some EU-member; therefore it would not denote additional information in our approach. Similarly, the common language is not necessary in this context in our model.

Two questions arise with our models: the dependent variable and the endogeneity problem. The dependent variable is total trade instead of exports of the recipient countries, because aid flows may influence both the export and the import performance. As Wagner (2003) concludes, the aid increases the exports of the donor country to the recipient. From this point of view, Aid for Trade may have impacts not only on the exports but the imports of the recipient developing countries, as well. Regarding the distance as an independent variable, we have chosen Germany as a reference country to determine the distance between country *i* and the European Union. As we want to handle the EU as a whole integration, a fix point was needed to which we can relate the distance of our sample countries. The mean of the nearest and furthest points was another potential solution but it results different “capital” for the EU, therefore we rejected this solution.

It was a great challenge how to handle if the Aid for Trade is zero in a certain country in some – but not all – years. Wagner (2003) and Cali and te Velde (2011) mention a solution: if aid is zero, one can calculate as $(1+aid)$, but they add that it may have distorting effects. To handle this situation, Wagner (2003) – who Cali and te Velde (2010) follow – recommends dummy variables (1 if aid is zero, and 0 if aid is above zero), which methodological issue we partly accepted. Consequently, calculating the logarithm of aid, we used the following specification as Wagner (2003) recommends: $\ln(\max(1, aid))$. But we find that the dummy variables contain no more information regarding the aid data, so we leave them out of our

models. The mentioned calculation form of logarithm enables to keep the aid level zero where it was that originally.

The aid-related regression models always raise the question of endogeneity, meaning that the dependent variables highly correlate with the error term. In our case it means that it is not sure whether the aid increases the trade or the better trade performance has an impact on the allocation of aid. Since it has a distorting effect, it is needed to handle somehow. Calculating 5-6 year-averages can be a solution of the problem (for example, Hansen and Tarp 2001), but in our case it results a significant decrease in the observed cases. Another solution is to involve instrumental variables into the analysis. But it may come up that these instruments describe the original variable worse causing further distortion (Younas 2008). For example, Angeles and Neanidis (2009) involved exogenous variables like common border or common language into their analysis, but in our analysis, this could not have additional information because of the relatively large sample of donor countries. Or Grange et al. (2009) used proxy variables to avoid the endogeneity problems.

In aid studies the most common tool for handling the endogeneity problem is to calculate with lagged independent variables (Kimura et al. 2012, Younas 2008). However, there is no consensus in this question. Cali and te Velde (2011) in their regression model calculated with lagged aid data, while Wagner (2003) analysed the aid effect on trade both lagged and not lagged. He concludes that the current (and not the previous) year's development assistance contributes to the trade performance in the current year. According to these, we decided to calculate with lagged data concerning all independent variables. In our case its economic sense is that the former performance determines the trade performance, and the Aid for Trade received in the previous year leads to trade expansion appearing in the following year's performance.

These calculations were prepared for the EU itself, the EU-15 countries and the New Member states. In the following, we detail the results.

3.3 The EU itself

Before detailing the old and new member states in relation with trade with some developing countries, my earlier research needs to be presented (Table 3). Model 1 includes the Aid for Trade as a variable and other dummy variables as well. The positive effects of the AfT assistance can be noticed: 1 percent increase in the AfT assistance results 0.131 percent

increase in the trade volume between the partners. Furthermore, if the country belongs to the ACP group, the trade is higher, while in case of the least developed countries this process goes to the opposite direction.

Table 3 Coefficients (and p-values) of the regression models – whole EU

Variable	Model 1	Model 2	Model 3	Model 4
Constant	-33.780 (0.000)	-33.348 (0.000)	-32.643 (0.000)	-33.311 (0.000)
Paired GDP (ln)	0.832 (0.000)	0.838 (0.000)	0.818 (0.000)	0.837 (0.000)
Paired GDP per capita (ln)	0.184 (0.005)	0.154 (0.017)	0.198 (0.001)	0.165 (0.014)
Distance (ln)	-0.903 (0.000)	-0.893 (0.000)	-0.903 (0.000)	-0.907 (0.000)
2007 (0: no. 1: yes)	-0.003 (0.979)	0.002 (0.989)	-0.008 (0.951)	-0.003 (0.979)
2008 (0: no. 1: yes)	-0.197 (0.130)	-0.182 (0.158)	-0.168 (0.214)	-0.161 (0.218)
2009 (0: no. 1: yes)	-0.632 (0.000)	-0.609 (0.000)	-0.618 (0.000)	-0.619 (0.000)
2010 (0: no. 1: yes)	-0.374 (0.005)	-0.359 (0.006)	-0.357 (0.009)	-0.358 (0.007)
Total Aid for Trade (ln)	0.131 (0.000)	0.101 (0.000)		
Economic infrastructure (ln)			0.042 (0.006)	0.053 (0.000)
Productive capacity (ln)			0.050 (0.040)	0.060 (0.000)
Trade policy and development (ln)			0.003 (0.863)	-0.004 (0.790)
ACP-countries (0: no. 1: yes)	0.565 (0.000)			0.569 (0.000)
Oil exporting countries (0: no. 1: yes)	0.186 (0.111)			0.162 (0.167)
Least developed countries (0: no. 1: yes)	-0.372 (0.004)			-0.398 (0.000)
AfT*ACP		0.061 (0.000)		
AfT*LDC		-0.049 (0.000)		
AfT*Oil exporters		0.011 (0.349)		
R²	0.847	0.850	0.831	0.846
Adj. R²	0.843	0.846	0.827	0.841
Observations	425	425	425	425
VIF max.	3.081	3.022	2.337	3.190
Durbin-Watson stat.	2.117	2.102	2.129	2.141

Source: Udvari (2012)

Model 2 includes the AfT*ACP interaction indicating the impacts of the AfT on the ACP countries.⁹ If the country belongs to the ACP group one percent growth in the AfT assistance results 0.061 percent growth in trade. On the contrary, increasing the AfT in the least developed countries will not result trade growth. The reason for this is may be that the infrastructure of allocating and using the aid is more underdeveloped therefore the aid may counteract the trade performance.

Concerning the areas of the Aid for Trade (Model 3 and 4), the assistance on the development of economic infrastructure and productive capacity has significant impact on the trade performance: one percent growth of these assistance results 0.053 and 0.060 percent growth in trade, respectively. This result is somehow opposite to the main results found in the literature: mainly, the assistance on economic infrastructure has significant impact, while the

⁹ We tested the interactions of the AfT areas with the ACP, LDC and oil exporting countries, but there was large multicollinearity, therefore we decided to test the sub-areas in the two groups (ACP and non-ACP) separately.

other areas are not so important concerning the trade (export) performance or the trade costs. The reason for this result may be the exact donor and the other sample countries.

The regression models were run for both the ACP and non-ACP groups, the final results are in Table 4. Looking at the ACP group at first, the trade with these countries were significant in the selected years, and the effects of the economic crisis cannot be experienced since the coefficients are positive in all years. Furthermore, the assistance on economic infrastructure and productive capacity has significant impact on the trade performance. Moreover, improving the productive capacity has larger partial effect than the development of economic infrastructure: 1 percent growth in assistance on productive capacity results 0.141 percent growth in total trade, while it is only 0.043 percent in the other case. But keep in mind, that there is a positive effect!

Table 4 ACP vs. non-ACP countries

Variable	ACP countries		Non-ACP countries	
	Model 1	Model 2	Model 3	Model 4
Constant	-30.754 (0.000)	-26.471 (0.000)	-39.544 (0.000)	-35.186 (0.000)
Paired GDP (ln)	0.736 (0.000)	0.666 (0.000)	0.924 (0.000)	0.895 (0.000)
Paired GDP per capita (ln)	0.376 (0.000)	0.251 (0.007)	0.233 (0.006)	0.079 (0.406)
Distance (ln)	-1.022 (0.000)	-0.865 (0.000)	-0.832 (0.000)	-0.803 (0.000)
2007 (0: no. 1: yes)	0.011 (0.946)	0.045 (0.756)	-0.080 (0.650)	-0.055 (0.750)
2008 (0: no. 1: yes)	-0.199 (0.233)	-0.125 (0.402)	-0.271 (0.131)	-0.184 (0.298)
2009 (0: no. 1: yes)	-0.602 (0.000)	-0.496 (0.001)	-0.800 (0.000)	-0.672 (0.000)
2010 (0: no. 1: yes)	-0.281 (0.091)	-0.195 (0.188)	-0.572 (0.002)	-0.460 (0.011)
Economic infrastructure (ln)	0.035 (0.081)	0.043 (0.020)	0.066 (0.007)	0.079 (0.001)
Productive capacity (ln)	0.125 (0.001)	0.141 (0.000)	0.015 (0.664)	-0.016 (0.652)
Trade policy and development (ln)	0.020 (0.361)	0.023 (0.261)	-0.031 (0.158)	-0.025 (0.234)
Oil exporting countries (0: no. 1: yes)		0.844 (0.000)		-0.037 (0.783)
Least developed countries (0: no. 1: yes)		-0.294 (0.000)		-0.707 (0.001)
R²	0.768	0.796	0.846	0.855
Adj. R²	0.756	0.783	0.838	0.846
Observations	215	215	210	210
VIF max.	2.178	2.531	1.943	2.597
Durbin-Watson stat.	1.955	1.916	2.151	1.960

Source: Udvari (2012), p. 158

As for the non-ACP group, the trade has a decreasing trend. Out of the Aid for Trade areas only the economic infrastructure has significant impact on the trade performance: if the assistance on this area increases by 1 percent, the trade between the partners grows by 0.079 percent. Comparing the partial impacts, the non-ACP groups can use the assistance on the development of economic infrastructure more effectively than the ACP countries. Besides, the least developed countries do not play a significant role in the ACP-relations but the oil-exporting countries. However, the least developed countries position in the non-ACP group is

not favourable, either. Its variable has significant impact in the model but has a negative coefficient: if the country belongs to the least developed countries but not ACP, the trade with the EU decreases.

3.4 Old member states

The same procedure was made for the old member states: during it, we analysed whether the Aid for Trade assistance provided by the EU-15 contributes to the expanding trade between the recipient countries and the EU-15. The results for the total sample are shown in Table 5. Although several models were created by involving different variables, there are no great differences between the models. There are only some significant variables: the market size (paired GDP), the income level (paired GDP per capita), and the constants. All these mean that the bigger the market is and the higher the income level of a country is, the larger the trade is between the EU and the developing countries.

Table 5 Coefficients (and p-values) – Total sample (partner: EU-15)

Variable	Model 1	Model 2	Model 3	Model 4
Constant	-5.794 (0.009)	-5.990 (0.006)	-6.601 (0.006)	-6.904 (0.007)
Paired GDP (ln)	0.600 (0.000)	0.599 (0.000)	0.601 (0.000)	0.602 (0.000)
Paired GDP per capita (ln)	0.318 (0.000)	0.321 (0.000)	0.305 (0.0001)	0.318 (0.000)
Distance (ln)	-0.093 (0.601)	-0.094 (0.590)	-0.084 (0.636)	-0.082 (0.651)
2007 (0: no. 1: yes)	-0.190 (0.435)	-0.191 (0.432)	-0.200 (0.412)	-0.204 (0.403)
2008 (0: no. 1: yes)	-0.221 (0.364)	-0.223 (0.360)	-0.244 (0.317)	-0.246 (0.313)
2009 (0: no. 1: yes)	-0.103 (0.672)	-0.104 (0.669)	-0.122 (0.617)	-0.116 (0.635)
2010 (0: no. 1: yes)	-0.164 (0.502)	-0.164 (0.501)	-0.185 (0.450)	-0.182 (0.457)
Total Aid for Trade (ln)	-0.004 (0.907)	0.010 (0.781)		
Economic infrastructure (ln)			-0.020 (0.463)	-0.027 (0.336)
Productive capacity (ln)			0.055 (0.165)	0.045 (0.260)
Trade policy and development (ln)			-0.033 (0.257)	-0.029 (0.315)
ACP-countries (0: no. 1: yes)	-0.317 (0.083)			-0.311 (0.090)
Oil exporting countries (0: no. 1: yes)	-0.022 (0.918)			-0.015 (0.946)
Least developed countries (0: no. 1: yes)	0.105 (0.579)			0.112 (0.552)
AfT*ACP		-0.032 (0.083)		
AfT*LDC		0.013 (0.490)		
AfT*Oil exporters		0.008 (0.714)		
R²	0.448	0.448	0.447	0.451
Adj. R²	0.433	0.436	0.434	0.434
Observations	425	425	425	425
VIF max.	1.610	1.610	1.615	1.615
Durbin-Watson stat.	1.950	1.952	1.937	1.955

Source: own calculations

In our case, Aid for Trade is the most important variable, but it is not significant in any case! That is the Aid for Trade assistance provided by the EU-15 does not contribute to increase trade between the partners, nor do any other Aid for Trade areas. Furthermore, the ACP variable is not significant, either, meaning that the EU-15 does not trade significantly

more (or less) with these countries. It is surprising because most of the ACP countries were colony of the EU-15, and the ACP-block is said to enjoy the preferences provided by the EU.

The next step of our calculations was to divide the sample into ACP and non-ACP countries, assuming that the results of the non-ACP countries may distort the final results. The coefficients of the regression models are in Table 6. Although we expected great differences between the two sub-samples, the results do not strengthen our hypotheses. The same variables are significant in the two groups (paired GDP, paired GDP per capita) and the coefficients are similar in the two groups, but the variables for Aid for Trade are again insignificant in both groups.

Table 6 Coefficients (and p-values) – ACP vs Non-ACP countries (partner: EU-15)

Variable	ACP countries		Non-ACP countries	
	Model 1	Model 2	Model 3	Model 4
Constant	-5.983 (0.166)	-7.010 (0.136)	-6.418 (0.026)	-6.500 (0.026)
Paired GDP (ln)	0.587 (0.000)	0.586 (0.000)	0.616 (0.000)	0.617 (0.000)
Paired GDP per capita (ln)	0.342 (0.008)	0.330 (0.011)	0.323 (0.010)	0.324 (0.010)
Distance (ln)	-0.104 (0.803)	0.029 (0.951)	-0.143 (0.482)	-0.144 (0.488)
2007 (0: no. 1: yes)	-0.447 (0.203)	-0.441 (0.209)	0.082 (0.813)	0.084 (0.811)
2008 (0: no. 1: yes)	-0.393 (0.262)	-0.388 (0.269)	-0.072 (0.835)	-0.072 (0.835)
2009 (0: no. 1: yes)	-0.238 (0.496)	-0.236 (0.502)	0.023 (0.947)	0.024 (0.944)
2010 (0: no. 1: yes)	-0.189 (0.587)	-0.188 (0.589)	-0.184 (0.599)	-0.186 (0.598)
Economic infrastructure (ln)	-0.009 (0.811)	-0.007 (0.852)	-0.058 (0.189)	-0.061 (0.179)
Productive capacity (ln)	0.018 (0.739)	0.017 (0.765)	0.104 (0.126)	0.110 (0.119)
Trade policy and development (ln)	-0.028 (0.494)	-0.029 (0.472)	-0.034 (0.430)	-0.036 (0.412)
Oil exporting countries (0: no. 1: yes)		-0.087 (0.831)		0.044 (0.868)
Least developed countries (0: no. 1: yes)		0.221 (0.413)		0.102 (0.751)
R²	0.438	0.441	0.471	0.471
Adj. R²	0.411	0.408	0.444	0.439
Observations	215	215	210	210
VIF max.	1.794	1.797	1.645	1.661
Durbin-Watson stat.	2.047	2.045	1.876	1.877

Source: own calculations

3.5 New member states

The next step of our analysis was to investigate the effects of Aid for Trade on the trade between the developing countries and the new member states. All the models presented earlier were run for these EU-countries, as well. Table 7 contains the results of the regression models. These are the first models where the total Aid for Trade has significant impact on total trade between the partner countries. Model 1 presents that 1 percent increase in AfT assistance results 0.111 percent growth in total trade between the recipient countries and the new member states! Furthermore, Model 2 indicates (compared with Model 1) that AfT may moderate the unfavourable trade results of the least developed countries.

Table 7 Coefficients and (p-values) – Total sample (partner: NMS)

Variable	Model 1	Model 2	Model 3	Model 4
Constant	2.307 (0.469)	-1.189 (0.694)	-7.197 (0.002)	2.987 (0.334)
Paired GDP (ln)	0.041 (0.782)	0.154 (0.299)	0.522 (0.000)	0.084 (0.568)
Paired GDP per capita (ln)	0.633 (0.000)	0.658 (0.000)	0.639 (0.000)	0.580 (0.000)
Distance (ln)	-0.844 (0.000)	-0.774 (0.000)	-0.749 (0.000)	-0.849 (0.000)
2007 (0: no. 1: yes)	0.147 (0.609)	0.117 (0.688)	0.091 (0.753)	0.211 (0.454)
2008 (0: no. 1: yes)	0.062 (0.837)	-0.017 (0.956)	-0.158 (0.591)	0.153 (0.601)
2009 (0: no. 1: yes)	-0.251 (0.426)	-0.379 (0.234)	-0.689 (0.023)	-0.218 (0.480)
2010 (0: no. 1: yes)	-0.100 (0.744)	-0.200 (0.517)	-0.429 (0.149)	-0.051 (0.863)
Total Aid for Trade (ln)	0.111 (0.033)	0.138 (0.008)		
Economic infrastructure (ln)			0.113 (0.001)	0.121 (0.000)
Productive capacity (ln)			-0.003 (0.957)	-0.021 (0.679)
Trade policy and development (ln)			0.084 (0.013)	0.089 (0.007)
ACP-countries (0: no. 1: yes)	0.000 (0.999)			0.002 (0.991)
Oil exporting countries (0: no. 1: yes)	-0.250 (0.343)			-0.247 (0.335)
Least developed countries (0: no. 1: yes)	-1.437 (0.000)			-1.515 (0.000)
AfT*ACP		0.001 (0.959)		
AfT*LDC		-0.107 (0.000)		
AfT*Oil exporters		-0.023 (0.390)		
R²	0.507	0.493	0.500	0.532
Adj. R²	0.493	0.480	0.488	0.518
Observations	425	425	425	425
VIF max.	3.254	3.202	2.384	3.361
Durbin-Watson stat.	1.935	1.951	1.989	1.983

Source: own calculations

Model 3 and 4 show the effects of the different AfT areas. Contrary to the earlier results (especially the EU-15), economic infrastructure and trade policy have significant impact on trade expansion: 1 percent increase in Economic infrastructure development results 0.113 (0.121) growth in total trade. The area of trade policy has a bit lower impact ($\beta = 0.084$, $\beta = 0.089$). Altogether we can see that the new member states differentiates between the least developed and more developed countries, and trading with the least developed countries is not so important for them. The reason for the lower performance of the least developed countries may be that they cannot export as much as the richer countries, therefore it is evident that their results are significantly lower.

We analysed whether there is significant difference between the ACP and non-ACP countries (Table 8). It is unambiguous that the ACP countries are preferred to non-ACP countries: the Aid for Trade assistance (development of economic infrastructure and of trade policy) has significant impact in the most preferred group. However, if the least developed country is ACP country at the same time, trade is lower with them than with LDCs out of the ACP-block.

Table 8 Coefficients (and p-values) – ACP vs Non-ACP countries (partner: NMS)

Variable	ACP countries		Non-ACP countries	
	Model 1	Model 2	Model 3	Model 4
Constant	-13.664 (0.006)	-1.164 (0.840)	-3.513 (0.255)	0.768 (0.833)
Paired GDP (ln)	0.494 (0.006)	0.031 (0.878)	0.340 (0.052)	0.153 (0.429)
Paired GDP per capita (ln)	0.587 (0.000)	0.472 (0.000)	0.764 (0.000)	0.734 (0.000)
Distance (ln)	0.074 (0.886)	-0.147 (0.776)	-1.061 (0.000)	-1.053 (0.000)
2007 (0: no. 1: yes)	0.071 (0.824)	0.230 (0.439)	0.124 (0.685)	0.173 (0.581)
2008 (0: no. 1: yes)	-0.181 (0.582)	0.172 (0.588)	-0.075 (0.810)	0.069 (0.833)
2009 (0: no. 1: yes)	-0.466 (0.175)	0.067 (0.844)	-0.728 (0.030)	-0.511 (0.151)
2010 (0: no. 1: yes)	-0.343 (0.300)	0.072 (0.823)	-0.412 (0.202)	-0.226 (0.507)
Economic infrastructure (ln)	0.112 (0.008)	0.126 (0.002)	0.051 (0.295)	0.075 (0.137)
Productive capacity (ln)	0.070 (0.359)	0.079 (0.277)	-0.012 (0.871)	-0.058 (0.431)
Trade policy and development (ln)	0.151 (0.002)	0.174 (0.000)	-0.024 (0.594)	-0.012 (0.791)
Oil exporting countries (0: no. 1: yes)		0.465 (0.349)		-0.393 (0.166)
Least developed countries (0: no. 1: yes)		-1.481 (0.000)		-0.919 (0.030)
R²	0.417	0.479	0.520	0.527
Adj. R²	0.385	0.445	0.493	0.495
Observations	215	215	210	210
VIF max.	2.620	2.894	2.085	2.787
Durbin-Watson stat.	2.018	2.026	2.054	2.033

Source: own calculations

4 Conclusions

As a next step of our earlier researches covering the impacts of the Aid for Trade provided by the EU-15 on trade, the objective of the paper was to analyse whether the Aid for Trade provided by the EU-15 contributes to the trade expansion of developing countries with EU-15 or the new EU-members have some role. To analyse this question, gravity models were used.

Although the EU's new member states do not pay a lot attention on the relations with the ACP countries, our empirical results indicate that the Aid for Trade assistance may cause a growing trade with this group of countries. However, the EU-15 as mother countries of former colonies does not show any signs for growing trade with the ACP countries. All these may refer to the fact that ties with the former colonies become lighter, and the new member states tries to establish stronger relations with them. As the dependent variable is total trade, the growing trade may mean growing imports of the developing countries, as well. Therefore the results may indicate that the new member states have found potentials in these developing countries. The interesting question is that though the EU-15 provides aid, other countries gain more from it.

References

- Africano, A. P. – Magelhães, M. (2005): FDI and trade in Portugal: a gravity analysis. *FEP Working Papers*, 174, Faculdade de Economia de Porto.
- Angeles, L. – Neanidis, K. C. (2009): Aid effectiveness: the role of the local elite. *Journal of Development Economics*, 1, pp. 120-134.
- Babarinde, O. A. (1994): *The Lomé Conventions and development. An empirical assessment*. Aveburg Ashgate Publishing Limited, Aldershot, England.
- Borrmann, A. – Busse, M. (2007): The institutional challenge of the EU/ACP Economic Partnership Agreements. *Development Policy Review*, 4, pp. 403-416.
- Boysen, O. – Matthews, A. (2009): The Economic Partnership Agreement between Uganda and the EU: trade and poverty impacts. *IIS Discussion Paper*, 307, Institute for International Integration Studies.
- Busse, M. – Grossman, H. (2007): The trade and fiscal impact of EU/ACP Economic Partnership Agreements on West African countries. *Journal of Development Studies*, 5, pp. 787-811.
- Cali, M. – te Velde, D. W. (2011): Does Aid for Trade really improve trade performance? *World Development*, 5, pp. 725-740.
- Carey, K. – Gupta, S. – Jacoby, U. (2007): *Forging new trade links with Asia. Sub-Saharan Africa*. International Monetary Fund, Washington, D. C.
- CEPII (2011): *Distances*. <http://www.cepii.fr/anglaisgraph/bdd/distances.htm> (Downloaded: 13 July 2011)
- Curran, L. – Nilsson, L. – Brew, D. (2008): The Economic Partnership Agreements: Rationale, Misperceptions and Non-trade Aspects. *Development Policy Review*, 5, pp. 529-553.
- Dauderstädt, M. (ed.) (2002): *EU eastern enlargement and development cooperation*. Friedrich-Ebert Stiftung, Bonn.
- Degnbol-Martinussen, J. and Engberg-Pedersen, P. (2005): *Aid: understanding international development cooperation*. Zed Books, London.
- Fontagné, L. – Laborde, D. – Mitaritonna, C. (2008): An impact study of the EU-ACP Economic Partnership Agreements (EPAs) in the six ACP regions. *Working Paper*, 2008-04, CEPII.
- Granell, F. (2005): Can the fifth enlargement weaken the EU's development cooperation? *Jean Monnet/Robert Schuman Paper Series*, 24, Miami European Union Centre, Miami.
- Grange, L. de – Troncoso, R. – Ibeas, A. – González, F. (2009): Gravity model estimation with proxy variables and the impact of endogeneity on transportation planning. *Transportation Research Part A*, 2, pp. 105-116.
- Hansen, H. – Tarp, F. (2001): Aid and growth regressions. *Journal of Development Economics*, 2, pp. 547-570.
- Helble, M. – Mann, C. – Wilson, J. S. (2009): Aid for Trade Facilitation. *Policy Research Working Paper*, 5064, The World Bank.
- Hinkle, L. E. – Hoppe, M. – Newfarmer, R. (2005): Beyond Cotonou: Economic Partnership Agreements in Africa. In Newfarmer, R. (ed.): *Trade, Doha, and development. A window into the issues*. The World Bank, Washington, D. C., pp. 267-280.
- Hoekman, B. – Wilson, J. S. (2010): Aid for Trade: Building on progress today for tomorrow's future. *Policy Research Working Paper*, 5361, The World Bank.

- Jakab P. (2005): Magyarország részvétele a fejlesztési segítségnyújtásban. In Gömbös E. (szerk.): *A nemzetközi fejlesztési együttműködés a XXI. században*. Magyar ENSZ Társaság, HUNIDA Kht., Budapest, pp. 255-260.
- Karingi, S. – Lang, R. – Oulmane, N. – Perez, R. – Jallab, M. S. – Hammouda, H. B. (2005): *Economic and welfare impacts of the EU-Africa Economic Partnership Agreements*. Work in Progress, 10, African Trade Policy Centre.
- Kimura, H. – Mori, Y. – Sawada, Y. (2012): Aid proliferation and economic growth: A cross-country analysis. *World Development*, 1, pp. 1-10.
- Lightfoot, S. (2008): Enlargement and the challenge of EU development policy. *Perspectives on European Politics and Society*, 2, pp. 128-142.
- Lightfoot, S. (2010): Europeanisation of international development policies: the case of Central and Eastern European states. *Europe-Asia Studies*, 2, pp. 329-350.
- Meyn, M. (2008): Economic Partnership Agreements: A ‘Historic Step’ towards a ‘Partnership of Equals’? *Development Policy Review*, 5, pp. 515-528.
- Migliorisi, S. – Phamtam, M. – Rampulla, C. (2003): *The consequences of enlargement for development policy*. Final Report. Development Strategies – IDC.
- Moreira, E. P. (2010): Aid for Trade, infrastructure, and the growth effects of trade reform. Issues and implications for Caribbean countries. *Policy Research Working Paper*, 5265, The World Bank.
- Morgera, E. – Durán, G. M. (2004): Enlargement and EU development policy: An environmental perspective. *Review of European Community and International Environmental Law*, 2, pp. 152-163.
- Nurse, K. – Francis, A. – Niles, K. (2008): The Economic Partnership Agreement and beyond: The case for innovation and industrial policy. *Journal of Eastern Caribbean Studies*, 2, pp. 69-103.
- ODI (2006): The potential effects of Economic Partnership Agreements: What quantitative models say. *Briefing Paper*, June, Overseas Development Institute, London.
- OECD (2010): Net official development assistance in 2010. Letölthető: <http://www.oecd.org/dataoecd/54/41/47515917.pdf> (Downloaded: 23 November 2011)
- OECD-CRS (2011): *Aid for Trade Statistical Queries*. Available: http://www.oecd.org/document/21/0,3343,en_2649_34665_43230357_1_1_1_1,00.html (Downloaded: 20 July 2011)
- Pettersson, J. – Johansson, L. (2011): Aid, Aid for Trade, and bilateral trade: An empirical study. *Journal of International Trade and Economic Development*, forthcoming.
- Shams, R. (2005): The drive to economic integration Africa. *HWWA Discussion Paper*, 316, Hamburg Institute of International Economics.
- Szent-Iványi, B. (2008): A szabadkereskedelmi tárgyalások nehézségei. Esettanulmány az EU-AKCS gazdasági társulási megállapodásokról. In: Blahó A. (ed.): *Nemzetgazdaság – integráció – világgazdaság. Tanulmányok Palánkai Tibor 70. születésnapja tiszteletére*. Budapesti Corvinus Egyetem, Budapest.
- Szent-Iványi B. (2009): *A nemzetközi fejlesztési segélyezés hatékonysága*. PhD Dissertation, Budapesti Corvinus Egyetem.
- Udvari, B. (2011): The role of the Aid for Trade in the European Union’s development policy. *Virtual proceedings*, European Trade Study Group 2011 Thirteenth Conference, Copenhagen, pp. 23 (Downloadable: <http://204.3.197.155/ETSG2011/Papers/udvari.pdf>)

- Udvari, B. (2012a): New aspects of the EU-ACP relations: the Aid for Trade initiative to serve the Economic Partnership Agreements. *Accepted paper to International Conference on Europe in the World Economy Beyond the Sovereign Debt Crisis*, Warsaw, CD, 22 o. (Downloadable: <http://www.sgh.waw.pl/instituty/imsgeurope2012/Udvari.pdf>)
- Udvari B. (2012b): Az Európai Unió fejlesztési politikájának értékelése: a kereskedelempolitikai eszközök adta lehetőségek (Evaluation of the European Union's international development policy: Opportunities of the trade policy instruments). *PhD Dissertation*, Szegedi Tudományegyetem (University of Szeged).
- Ukpe, A. I. (2010): Will EPAs foster African integration into world trade? *Journal of African Law*, 2, pp. 212-231.
- UN (2011): *List of Country Grouping and Sub-Grouping for the Analytical Studies of the United Nations World Economic Survey and other UN Reports*. Available: <http://unpan1.un.org/intradoc/groups/public/documents/un/unpan008092.pdf> (Downloaded: 14 January 2011)
- UNCTAD (2011): *UNCTADStat*. <http://unctadstat.unctad.org/ReportFolders/reportFolders.aspx> (Downloaded: 4 January 2011)
- Vijil, M. – Wagner, L. (2010): Does Aid for Trade enhance export performance? Investigating on the infrastructure channel. *Virtual proceedings*, European Trade Study Group International Conference, 42 o. Available: http://www.etsg.org/ETSG2010/papers/Vijil_Wagner.pdf (Downloaded: 1 February 2011)
- Vollmer, S. – Martínez-Zarzoso, I. – Nowak-Lehmann D., F. – Klann, N-H. (2009): *EU-ACP Economic Partnership Agreements. Empirical evidence for Sub-Saharan Africa*. Proceedings of the German Development Economics Conference, Frankfurt a. M. 2009, no. 39, pp. 29
- Wagner, D. (2003): Aid and trade – an empirical study. *Journal of Japanese and International Economies*, 2, pp. 153-173.
- Younas, J. (2008): Motivation for bilateral aid allocation: Altruism or trade benefits. *European Journal of Political Economy*, 3, pp. 661-674.