KDI SCHOOL

WORKING PAPER SERIES

KDI 국 제 정 책 대 학 원

KDI School of Public Policy and Management

The Legacy of Conflict on Trade Negotiations

Belayneh Kassa Anagaw, Chrysostomos Tabakis
KDI School of Public Policy and Management

Maurizio Zanardi
Lancaster University Management School (UK)

KDI 국제정책대학원
KDI School of Public Policy and Management

The Legacy of Conflict on Trade Negotiations

Belayneh Kassa Anagaw, Chrysostomos Tabakis,

KDI School of Public Policy and Management (South Korea)

Maurizio Zanardi

Lancaster University Management School (UK)

September 1, 2019

Abstract

The world has witnessed an unprecedented proliferation of regional trade agreements (RTAs) since the early 1990s, which has prompted a heated debate among trade economists and policymakers about the implications of RTAs for the multilateral trading system. Besides the standard economic gains from regional integration, RTAs can produce significant political gains for their member countries, chief among which is the reduction in interstate conflict between RTA members (peace-creation effect). Thus, depending on the RTA in question, economic integration and peace solidification can both occupy center stage on the agenda of the prospective RTA partners during the trade negotiations, affecting their duration. It is well known that the duration of negotiations across RTAs differs substantially, but this phenomenon has not received much attention in the literature. In this paper, we explore for the first time the legacy of past conflict on RTA negotiations. Using a unique dataset on the history of formation of a large number of RTAs (Tabakis and Zanardi, 2018) as well as data on conflict from the Correlates of War project and by employing survival analysis techniques, we found that country pairs with history of conflict conclude their trade negotiations relatively faster— 1.5 to 2.2 times faster in comparison with country pairs with no history of conflict. The result has implications for firms' investment decision and the role of politics in RTAs negotiation.

Contents

1 Introduction

Despite existence of a heated debate among trade economists and policymakers about the role of RTAs on the realization of multilateral trading system, there is unprecedented increase in the number and coverage of regionalism. Most of the worlds country has moved towards freer trade onwards 1990s. The establishment of the General agreement on tariff (GATT) paved the way for such expansion (Milner, 1999). Besides the standard economic gains from regional integration, RTAs can produce significant political gains for their member countries, such as reduction in interstate conflict between RTA members (peace-creation effect). The one that is mentioned in most literature for the support of such argument is European Coal and still Community(ECSC) which was established in 1951 following Robert Schuman's proposal. Many believed that the driving force of the ECSC was mainly to solidify peace so as to avoid other destructive conflicts that has been seen in the major world wars.

The peace creation effect of RTA is discussed in many literatures in relation to the liberal Peace argument; which emphasizes the role of bilateral trade in reducing the probability of interstate conflict through increasing the opportunity cost of war. The argument follows from the fact that, RTAs create trade and large volume of bilateral trade increases the opportunity cost of interstate conflict. Martin et al. (2012), has analyzed such two-stage links, i.e. in the first stage, RTAs create trade and the second stage, trade reduces the probability of interstate conflict and find that RTAs are more likely to be signed between countries who have higher frequency of past conflict. Martin et al. (2008) also presented theoretical and empirical evidence abouth dampening impact of bilateral trade openess on probability of conflict but contrasting result for multilateral trade openess. They showed that if trade openness is made bilaterally, it will enhance trade between country pairs and there by reduce the probability of conflict between them due to high cost of conflict between them, direct cost and indirect cost by affecting the gain from trade. Similarly, Costas et al.(2016) investigate both theoretically and empirically the implication of Preferential trade agreement for interstate conflict and found that preferential trade agreements produce both peace creation and peace diversion effects, where the peace creation effect is found between member countries. The implication here

is the purpose of signing RTAs beyond the motives of economic gains such as peace solidification.

Therefore, depending on the RTAs in question, economic integration and peace solidification can both occupy center stage on the agenda of the prospective RTA partners during the trade negotiations, affecting their duration. It is well known that the duration of negotiations across RTAs differs substantially, but this phenomenon has not received much attention in the literature.

In this paper, we explore for the first time the legacy of past conflict on RTA negotiations. Two offsetting forces are at work here. On the one hand, past conflict might reduce trust between prospective RTA partners, prolonging the trade negotiations. On the other hand, past conflict might induce the negotiating countries to conclude the negotiations faster in order to reap the peace-creation benefits of an RTA. It is well documented in the literature that history of conflict lowers bilateral trust. For example, Guiso et al. (2009) reported an evidence that Countries with a long history of wars tend to trust each other less. There is also a theoretical link between historical cooperation and conflict with current cooperation (Ansell and Gash, 2007).

We test the offsetting predictions using a unique dataset on the history of formation of a large number of RTAs (Tabakis and Zanardi, 2018) from 1972 onwards as well as data on conflict from the Correlates of War project(COW). By employing survival analysis techniques for duration of trade negoattion from the start to the end, our result provides robust evidence in support of accelerating effect of conflict on negotiation: country pairs with past history of conflict conclude their trade negotiations relatively faster—1.5 to 2.2 times faster in comparison with country pairs with no history of conflict. Apart from the conflict variable our finding suggest that If country pairs are more open to trade duration of negotiation takes significantly shorter time while it takes much longer time if EU takes part in the process. This has implications on the number of participant and additional provisions that EU might require.

The implication of duration of trade negotiation can be seen from two different major perspectives; economic and political. The economic implication is related with its impact on firms' investment decision. The anticipation of trade liberalization by firms affect firm-level adjustment that address to innovate and enter into the

export market (Constantini and Melitz, 2008 ; Burstein and Melitz, 2011). In their dynamic model of firm level adjustments for economic openess, Constantini and Melitz (2008) showed anticipation effect of trade liberalization that induces firms to innovate ahead of export market entry. Thus, knowing factors affecting the process of trade negotiation can help firms by reducing their uncertainty while taking investment decisions in preparing the anticipated trade liberalization era.

Generally, in this paper we make two major contributions to the literature. First, we estimate the magnitude of the effect of past conflict on the duration of trade negotiations, which has important ramifications for firms' investment decisions. Second, we highlight the prominence of non-economic reasons in negotiating and establishing RTAs.

2 Theory and Foundation of Trade Agreements: An overview

In this part, we provide a brief explanation of the genesis of regional trade agreements from historical view and some theoretical justifications about the purpose of forming RTAs. The general agreement on trade and tariff (GATT), was established back in 1947 with an initial number of 23 member countries. Now a day the former GATT got the new name called World trade organization(WTO) with greater scopes at Uruguay round in 1995, which took about 8 years of negotiation from 1986 to 1994. Currently the WTO have 164 members, which represent about 98 percent of the world trade. The formation of regional integration has long history, dated back to 1860 (Ashely,1904 cited in (Grossman & Helpman, 2018)), the first bilateral agreement between France and Britain called Cobden-chevalier Treaty. The Cobden-chevalier Treaty paved a way for waves of bilateral negotiation among the major powers of Europe, what Baldwin, (1993) called – 'domino effects of Regionalism'.A huge waves of regionalism has been observed since 1980s and most of the world's economy has moved towards more freer trade following the conclusion of the multilateral trade negotiations such as the General Agreement on Trade and Tariff(GATT) (Milner, 1999).

Currently all WTO members have an RTA in force. According to WTO report between 1948-1994, about 124 RTAs were notified to GATT/WTO, this number has increased dramatically after the creation of the WTO in 1995, more than 400 RTAs were notified out of it, about 288 RTAs are in force. Fig. 1. Summarize the evolution of RTAs since 1948. The figure clearly shows an increasing trends of RTAs in recent years.

Fig 1: Evolution of RTAs, 1948 - 2018
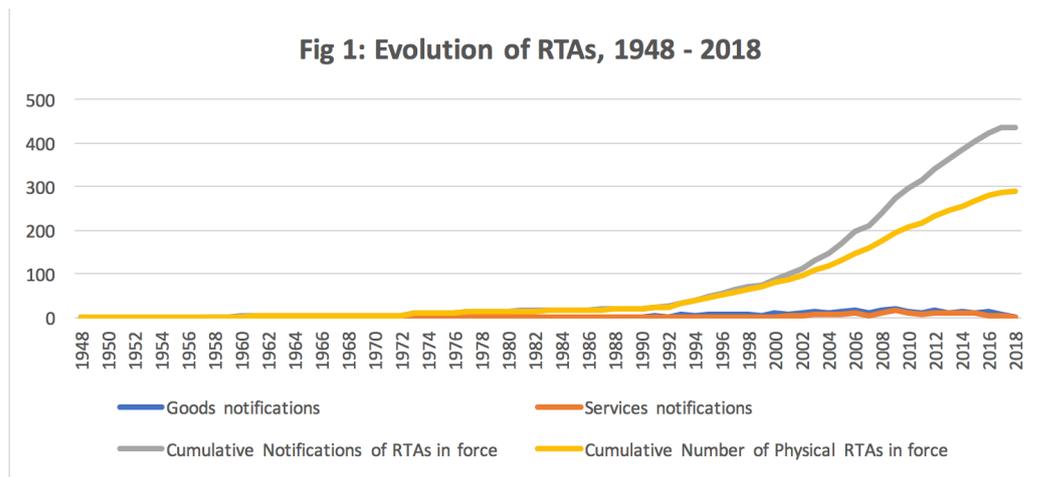
Source: WTO, Regional Trade Agreements Information System (RTA-IS), 2018.

2.1   Why Countries sign RTAs?

When countries are signing binding agreements, they are limiting their sovereign rights. The question is thus; what are the motivating factors for a given country to participate such agreements that binds their sovereign rights ? Countries have been implementing regional trade agreements for both political and economic reasons. Bagwell and Staiger, (2002) discussed the motives for forming RTAs by developing three major theoretical approaches; the traditional economic approach, the political economic approach and the commitment approach. The first approach explains the role of the government in targeting to maximize social welfare by manipulating the terms of trade using tariff as an instrument. Bagwell and Staiger cited Harry Johnson (1953) who analyzed the strategic interdependence among countries', national welfare maximizing government uses tariff as an instrument to manipulate to control terms of trade driven inefficiencies and pointed out that tariffs is being the outcome of a static game played by a pair of countries who have welfare-maximizing governments. Thus, according to this approach Bagwell and Staiger (2002) conclude

that the pursuit of terms of trade gain alone will lead the government to be more inefficient by dragging back from the efficient outcome of reciprocal free trade to the inefficient Nash equilibrium outcome. Hence, free trade is the remedy that guides the government from inefficient outcome to Pareto efficient outcomes.

In the second approach; they emphasize how the government tariff selection is transmitted to distributional and economic efficiency consequences. It is expected that the aim politically motivated Policy makers to choose protectionist policy goes beyond manipulation of terms of trade. If politics is at the center stage in making policies, policy makers might use such protectionism to influence the election campaign so that income re-distribution will be the headline to swing voters in the electorate. But such inward looking behavior of government might create inefficiency where trade agreement can be called as a remedy. Hence, the purpose of trade agreement under this argument is to curb the inefficiencies that is resulted from inward looking behavior of governments that manipulates the terms of trade..

Bagwell and Staiger (2002) discusses if there exists a separate political motive for trade agreements. Their analysis follows two approaches: government preference (combination of welfare maximization as well as distributional concerns) and the possibility of efficiency once the motive of influencing terms of trade through tariff is ignored. They made three major observations from their analysis of political economy approach. Firstly, when government set their trade policies unilaterally, the Nash equilibrium (non-cooperative Nash equilibrium) fails to satisfy the condition for efficiency. Second, though trade agreement is made between governments where politics is the main motivating factor, such agreement must entail reciprocal trade liberalization. The implication for this observation is that trade policy in a unilateral fashion leads to higher tariff rate which is inefficient. Hence, trade agreement in bilateral fashion will help both governments to gain from trade. Under this observation, there are two externalities that we can consider: "terms-of-trade externality" and "Political externality". In the previous approach, trade agreement as an outcome of terms-of-trade externality was discussed. The question under this approach is hence, if inefficiencies that arise due to political externality is remedied by trade agreements. Maggi and Rodríguez (2007) and Grossman (2016) also presented theoretically the importance of politics for trade agreement.Their third observation is that, if the tariff that is chosen is politically optimal, that tariff is efficient. Thus,

if there is any kind of terms of trade externality, politically motivated government can be engaged in trade agreement to correct such externalities.

Grossman and Helpman (1995) examined if trade agreement can be emerged as an equilibrium outcome between two politically motivated governments using a political-economy framework. In their model they showed how two forces are interacted in the economy: the incumbent government and the industry special group. The interaction has seemingly offsetting forces. In one hand, an FTA might have substantial welfare gain for average voters but it might adversely affect special interest groups. This might result special interest groups not to coordinate. On the other hand, the trade agreement might result huge profit gains for potential exporters but might have adverse effect on import competing firms and some welfare loses. Hence, they claim that trade agreement can be emerged as an equilibrium outcome of such forces through excluding some politically sensitive sectors

According to the commitment theory, trade agreement can be used as a remedy for difficulties in making credible policy and dynamic time inconsistency. Staiger and Tabellini (1987) claimed that one of the reason why US is so committed to domestic trade rules is the rules that is prescribed under the GATT. Matsuyama (1990) also showed the possibility of this using different game structure.

Unlike the traditional approach, under the commitment approach the game is between the government and its private sector. That is government makes policy and agents make their decision based on the policy. The more the government is flexible the more the problem of credibility and hence inefficiency. Thus, more government's decision is flexible, the more cost trade policy will have. Trade agreement can be a remedy to make a government to be committed on preferred tariff policy (Grossman ,2016).

Though the motivation of forming RTAs are justified from traditional economic approach and domestic politics point of view, there is a growing evidence that the purpose of signing regional trade agreements (RTAs) are beyond the trade creation effects. The peace creation effects of RTAs have becoming a center of attention in recent empirical works. According to the Liberal Peace argument, trade flows between country pairs reduces the probability of future conflict by increasing the opportunity cost of conflict. Thus, RTAs can be signed between members who are inspired by its peace creation effects. Regarding the relationship between conflict

and formation of RTAs, Martin, Mayer, & Thoenig, 2016 ; Vicard, 2012) showed the complementarity between economic and political determinates of the formation of RTAs: and showed that , countries with higher frequency of past war are more likely to sign RTAs. Thus, economic factors and political factors are two sides of a coin in negotiating RTAs. Many more scholars argue that the driving force of concluding RTAs is mostly due to its peace creation effect though it has a contagious effect latter once the first agreement is concluded (Baldwin, 1993). Many believe that the European coal and Steel community(ECSC) in 1951 was established mainly to avoid conflict and create peace than commercial purpose. Costas et al, (2016) develop a theoretical framework explaining the peace creation effect of RTAs. There is an empirical evidence that signing of RTAs will reduce the possibility of future conflict among signing countries

Generally, countries signed RTAs due to economic, domestic politics and international politics point view. Hence, the complexity of negotiating RTAs depends on which driving force dominates among others. This paper uncovers such fact that given other factors, an RTA between country pairs involved history of conflict takes relatively shorter period of negotiation as compared to country pairs who don't have such conflicts at least in the past 200 years.

3   Related Literatures

3.1   Theoretical Consideration

When we analyze the impact of historical conflict on current cooperation, two testable predictions are at work; the pursuit of peace creation and the dampening effect of conflict on trust and hence, cooperation. in their dynamic theory of civil conflict on trust and trade between the conflicting ethnic group, Rohner, Thoenig, & Zilibotti (2013) explained the dampening effect of current conflict on future trust and creates a disincentive for cooperation. Similarly, Acemoglu & Walitz (2012) showed theoretically the possibility of conflict on breaking trust and hence trade and cooperation. Thus, we develop our model based on Ansell & Gash's model of participatory government Ansell & Gash's (2007). In their model, they explained how incentive and constraints to participate in each decision-making process is linked

with cooperation and an intended outcome. We borrowed their idea to frame the models for the process of concluding regional trade agreements.

Figure 1: Model of Regional Trade agreement
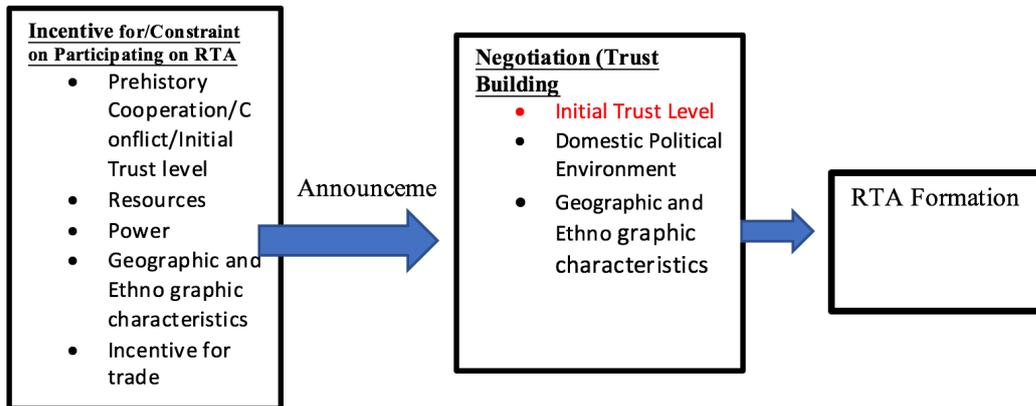
Ansell & Gash (2007) discussed the role of initial conditions for participation as a main deriving force either to facilitate or discourage cooperation among stakeholders. Likewise, this model can be applicable for country pairs initial condition to participate in trade negotiation. The economic reasons, domestic political conditions and country pairs historical cooperation or conflict are some of the main ingredients that has an implication in trade negotiation process. Historical bilateral conflict, which is the focus of this paper, hinders cooperation among participants (Andranovich ,1995). However, there is a way to argue that presence of historical conflict can ease the complexity of the negotiation between participating countries who are inspired by solidifying peace.

3.2 Empirical Evidence

In this section, we provide some related literatures under the umbrella of two basic topics: why duration matters and prior evidences on duration variability. Regarding the standard economic gains of RATs, much has been said in the literature about the trade creation effects of RTAs. Which has direct implications for firm level adjustments for the new market. In his dynamic industry model with heterogamous firms Melitz (2003) analyzed the intra-industry effects of international trade and showed, productivity difference among firms resulted entry and exit to the export

market. But this might have different magnitudes if agents are forward looking. Anticipation of future market have an impact on current resources allocation behaviors of firms. For example, Freund and McLaren (1999) showed how anticipated trade agreement affects current trade adjustments. Using the case of counties joining the EU and show their trade responds to trade talks 4 years before the conclusion. Similarly Magee (2008) showed that trade increases by about 26 percent before FTA is realized between negotiating countries. More studies have shown the existence of such anticipatory trade effects. That is, when bilateral trade negotiations start between country pairs, their trade increases before the RTA come into force (Croce et al. ,2004; Molders and Volz, 2011; Bergin and Lin, 2012; Coulibaly ,2007, C. Lakatos and L. Nilsson ,2016). The implication is, when agents speculate future trade agreement they will alter their current behavior to maximize current and future returns. Hence, if trade agreement is launched between countries, how long it will take matters a lot for forward looking welfare maximizing agents. Though duration of trade negotiation differs substantially, the phenomenon has not received much attention in the literature. Few empirical literatures has presented some evidences about the determinants of such variation. Moser & Rose (2012) emphasize the economic reasons; using semi-parametric Cox proportional hazards model for 88 RTAs, they found that trade negotiation between different regions and involving many participants in the negotiation table takes relatively longer durations while negotiations between open and richer countries takes shorter time periods. On the other similar work Mölders (2016), stresses the political factors such as democratic regime; and using duration analysis for event data, they pointed out that while political constraints are associated with longer negotiation periods, country pairs with high level of democratization takes relatively shorter periods. Though Moser & Rose (2012) and Mölders (2016) give an insight about the determinant factors for duration of trade negotiation, this paper contributes for the literature about the impact of historical bilateral conflict on duration which is of course matters a lot in negotiating trade.

4 Data and Identification strategies

4.1 Data

The main source data used in this paper for military conflicts is the Correlates of War (COW) project which provide a wide range of dataset related to armed conflict. Our key explanatory variable, conflict, used in this paper is occurrence of Militarized Interstate Disputes (MID), which shows all bilateral interstate conflicts from 1816 to 2010. The MID database also provides more detail information about the intensity of the bilateral conflict and quantifies their intensity on a 1 to 5 hostility level (where 1= no militarized action and 5= War). In this paper, the key explanatory variable is thus a dummy variable Conflictijt =1 if country i and j ever had a conflict at time t or 0 otherwise. we use a broader definition of conflict from COW which is hostility level 3, 4 and 5. In our robustness analysis, we use a more stricter definition of war by taking only MIDs with hostility level 4 and 5. Using the advantages of a more detailed information from MID database such as dates of the start and end of the dispute, we were able to exploit a broader information of bilateral conflict to analyze the impact. Hence, in our analysis we controlled for number of peaceful years between the last conflict and start of trade negotiation, the duration of war (the sum of total duration in years where country pairs were in conflict before trade negotiation were started), frequency of conflict (how many times the country pairs involved in interstate conflict).

In this paper we employ the unique data set for duration of trade negotiations by C. Tabakis and Maurizio (2018) for large set of RTAs. Using the details of the unique dataset and WTO database, we made more robustness analysis by classifying whether the country pairs are WTO member or not, the negotiation is bilateral or plurilateral, if EU is involved or not.

Other control variables
We believe that more open countries are more likely to make the negotiation process easier. Accordingly, we control for level of trade openness (Country pairs export/their GDP). we control also level of economic development (Average GDP per capita difference between country Pairs) which shows the bargaining power differ-

ence. We gather these data on national characteristics from the World Bank's World Development Indicators. It is true that the decision to participate and cooperate for a common goal might be influenced by set of gravity variables like bilateral distance, common language, contiguity and colonial linkages. we control such variables and al those come from the Centre d'Etudes Prospectives et d'lnformations Internationales (CEPII) distance database.

4.2 Stylized Facts

We have 114 RTAs in our sample of which 98 of them are already concluded and the rest 16 RTAs are under negotiation. The following figure shows the variability of the duration for those whose negotiation is finalized.

4.3 The Model

In this paper, we motivate our estimation strategy by using the survival analysis for duration data. Hence, we define the survival function s(t) conditional on set of covariates. The survival function defined in this context is the probability of the trade negotiation started at T=0 to survive/ still under negotiation beyond a given time T=t.

we used the standard Weibull model for survival analysis which adds shape parameters to fit different kinds of the data. The advantage of the Weibull model over semi-parametric Cox proportional hazards (PH) model is the later does not specify any distribution for the conditional hazard rate. Unlike the semi-parametric Cox proportional hazards (PH) which assumes the hazard ratio between group is time invariant, the Weibull model assumes a monotonically increasing or decreasing hazard ratios between groups. In this paper, we have done different sensitivity analysis for such various survival analysis. In the context of the trade negotiation, the hazard function H(t) refers to the probability that either the trade negotiation is concluded or not at time t.

The Weibull model assumes a baseline hazard of the form:

$h_0(t) = pt^{p-1}exp(\beta_0)$

where p is shape parameter and $exp(\beta_0)$ is scale parameter. Thus, conditional on control variables X, the hazard function takes the form :

$$H(t) = t^{p-1}exp(X'_{ij}\beta + \gamma(Conflict_{ij} + \beta_0))$$

Where H(t) is the hazard function, t is failure time (which refers either or not the trade negotiation is ended), P is the Weibull shape parameter, X is vector of control variables, $Conflict_{ij}$ is a dummy variable 1 if there is historical conflict between country i and country j.

The duration variable is observed only for those sub sample of country pairs who already start free trade/ custom union negotiations. Thus, considering such samples might have selection problem(Heckman 1976; Frederick J. et. al. 2006). But in our paper such selection is not a problem since we are comparing– conditional one start of trade negotiation between two kinds of country pairs: country pairs who have historical conflict and country pairs who do not have bilateral conflict history, which country pairs concluded their trade negotiations more faster.

5 Empirical Results

5.1 Descriptive Statistics

Table 1: Summary Statistics

	(1)	
	Mean	sd
Conflict	.0733318	.2606879
Duration of Negotiation in Years	8.4625	3.657506
1=Language is spoken by at least 9% of the population	.1108086	.3139041
1=Contiguity	.0321478	.1763977
1=Pair ever in colonial relationship	.0371872	.1892258
1=Common colonizer post 1945	.0469764	.2115944
1=Pair in colonial relationship post 1945	.0263554	.1601946
Log of bilateral distance	8.479701	.7132394
Bilateral	.0151761	.1222565
EU	.8076923	.3941249
WTO member	.9270158	.2601182
lgGdp_diffb	9.641918	1.279681
Log Openess	4.494921	.3931823
Frequency	.261469	1.642985
Peacefull year	.0149966	.7618271
War duration	.1989818	1.224902

Table 1 shows the summary statistics of the main variables used in this paper. Based on group of 114 RTAs under consideration, the average length of time to conclude the RTA negotiation is about 8.5 years.

Figure 2 below depicts the survival graph for RTA negotiation from the Start to the end for two group of country pairs; the survival function is plotted according to

16

the country pairs who have bilateral conflict history and country pairs who don't have conflict history. It describes the probability that RTA negotiation process to be longer than a given time, years in our case. As it is shown, the probability that RTA negotiation to be longer than a given year is lower for country pairs who have historical conflict than country pairs who don't have any conflict prior to the start of the negotiation. Consider for example probability for concluding negotiation prior to year 10; the probability for trade negotiations involving history of conflict for country pairs is below 25 percent whereas for country pairs who doesnot have conflict history, it is above 25 percent. This support the prediction that a trade negotiation that involve conflicting country pair take shorter time than those negotiations who do not have conflict history. The implication is straight forward; the peace creation motive of RTA formation is strong. The other observation from figure 2 is that, the two curves in the survival graph tend to intersect in some points. This is an evidence that proportional hazard assumption is not supported. Thus we use the Weibull model as a good candidate for the parametric approach.

Fig.2: Kaplan-Meier Survival estimates
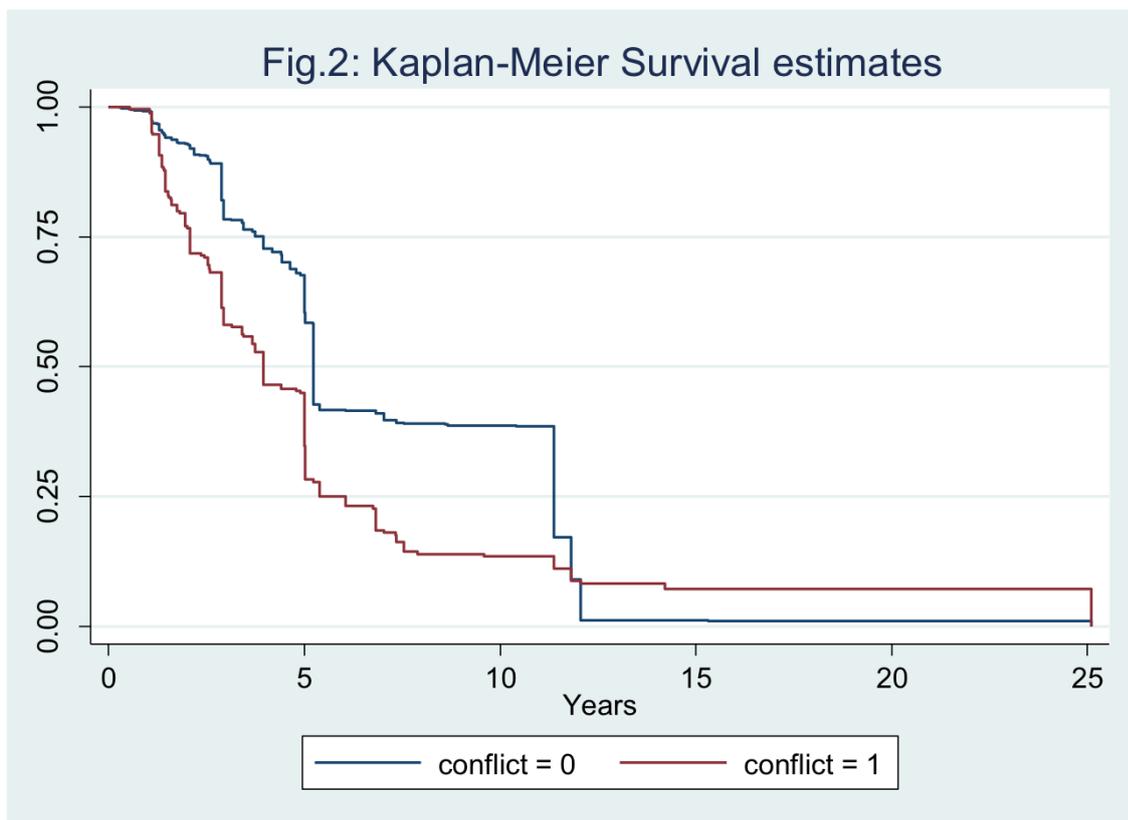
In our paper we presented the competing survival models such as Cox-proportional hazard , Weibull and accelerated failure time. The beauty of Cox-proportional haz-

ard model is, it allows us to estimate the effect of the covariates even without specifying the baseline hazard. That is why it is called semi-parametric model. But the model puts strong assumption that hazards are proportional between groups and do not depend on time. But this might not be the case; there may be interaction between time and the covariates which results the hazard not to be proportional. Fig2. shows this where through the passage of time the hazard tend to converge. Hence,we presented the weibull estimates to check the robustness of our result.

One of the requirement for Weibull distribution, the hazard should be constant (exponential distribution can be used in this case), monotonically increasing or monotonically decreasing. Figure 3 below visualize what the hazard looks like for the two groups of country pairs (conflict vs non conflict) on average. As it is shown by the figure the hazard is monotonically decreasing for both groups on average. Where the probability of surviving longer than a given year is lower for country pairs with pre negotiation conflict than those who do not have pre negotiation history of conflict.

The other competing model is which is not depend on the proportional hazard assumption is the accelerated failure time (AFT) model. This model focuses on the survival function and therefore the estimates of the coefficient can be directly interpreted as elasticities on the survival function.

Fig.3: Weibull regression
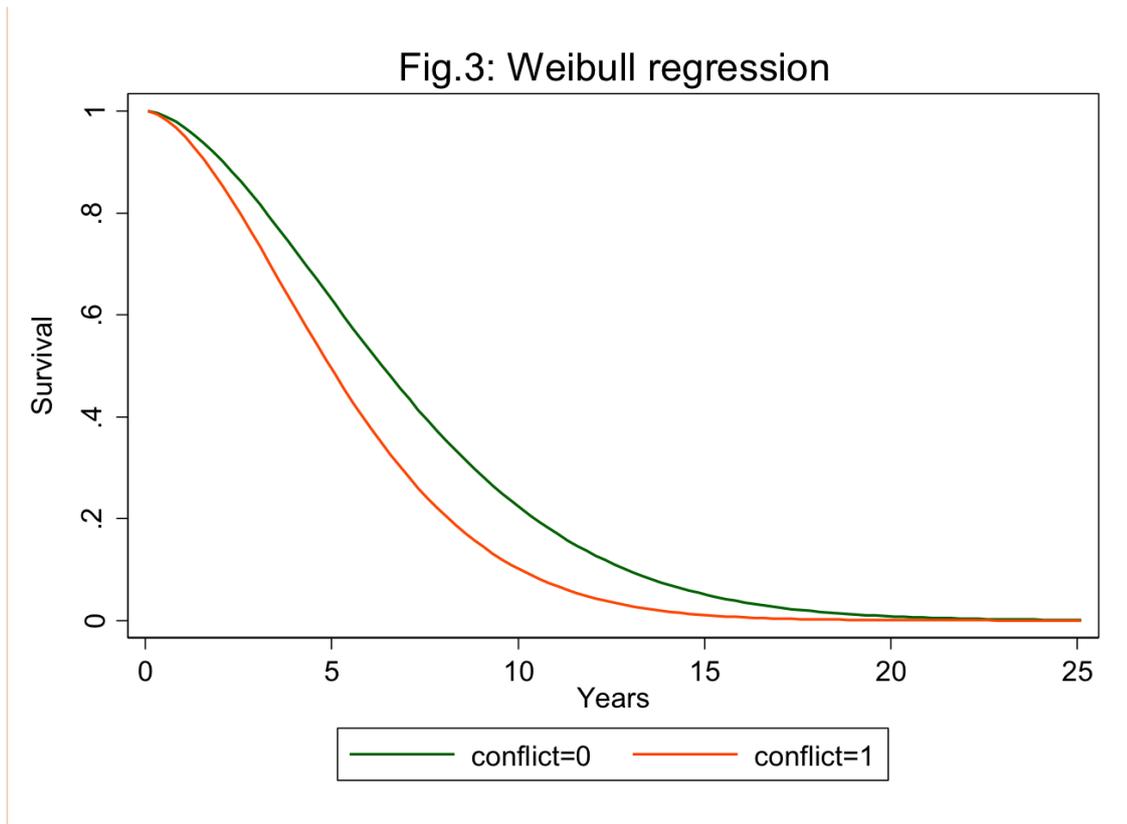
5.2 Main Results

Table 2 show how bilateral conflict affect the length of trade negotiation. The result in table 2 is based on conflict level which is defined as in correlates of war dataset from hostility level 3 to 5 for all the years (old and new conflicts). On average country pairs who have bilateral conflict takes shorter duration (years) to negotiate RTA than their counter parts.

The results in table 2 are based on two competing survival analysis techniques, column 1 to 4 is based on the Semi-Parametric cox PH results and column 5 to 8 based on the Weibull method. Our result is consistent with this different method and with and without control of additional covariates. Our key variable is the dummy variable which is equal to 1 if there is historical bilateral conflict. But this might give us little information about the conflict. Thus, we control for number of peaceful years between the end of the last conflict day and the beginning of the trade talk, total duration of war, and number of times the country pairs involved in conflict historically in column 3,4, 7 and 8.

Table 2: Duration between: Start-end of negotiation: (Conflict ; Hostility 3, 4 and 5)

	Cox Proportional Hazard Model				Weibull Model			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Conflict	0.70***	0.44***	0.40***	0.52***	0.78***	0.53***	0.45***	0.60***
	(0.07)	(0.08)	(0.09)	(0.10)	(0.09)	(0.11)	(0.14)	(0.14)
Common ethnographic language		0.03	0.04	0.03		0.04	0.04	0.02
		(0.07)	(0.07)	(0.08)		(0.09)	(0.09)	(0.10)
Contiguity		-0.10	-0.04	-0.10		-0.18	-0.08	-0.24
		(0.12)	(0.13)	(0.13)		(0.19)	(0.19)	(0.20)
Colonial relationship		0.11	0.10	0.21		0.23	0.22	0.38*
		(0.17)	(0.16)	(0.17)		(0.21)	(0.20)	(0.21)
Common colonizer post 1945		-0.15*	-0.13	-0.27***		-0.11	-0.09	-0.26**
		(0.09)	(0.09)	(0.08)		(0.13)	(0.13)	(0.12)
Colonial relationship post 1945		-0.53**	-0.50**	-0.48**		-0.69**	-0.63**	-0.59**
		(0.23)	(0.21)	(0.22)		(0.28)	(0.25)	(0.26)
Log of bilateral distance		-0.04	-0.04	0.01		-0.08*	-0.10**	-0.02
		(0.03)	(0.03)	(0.03)		(0.05)	(0.05)	(0.05)
Bilateral		0.28	0.31	0.34		0.43*	0.48*	0.52
		(0.21)	(0.20)	(0.24)		(0.26)	(0.26)	(0.33)
EU		-0.80***	-0.80***	-0.73***		-0.50***	-0.49***	-0.34***
		(0.08)	(0.08)	(0.09)		(0.10)	(0.10)	(0.12)
WTO		0.23***	0.23***	0.39***		0.10	0.12	0.35***
		(0.09)	(0.09)	(0.09)		(0.11)	(0.11)	(0.11)
War Frequency			-0.02	-0.02			-0.03	-0.03
			(0.02)	(0.02)			(0.02)	(0.02)
(1/peacefull year)			0.00	-0.08			0.01*	-0.51
			(0.00)	(1.35)			(0.00)	(1.55)
Total duration of War			0.03**	0.03**			0.06***	0.06***
			(0.01)	(0.01)			(0.02)	(0.01)
Log(GDP per capita difference)				-0.09***				-0.17***
				(0.02)				(0.02)
Log (Trade openess)				0.32***				0.42***
				(0.05)				(0.07)
_cons					-4.71***	-3.71***	-3.64***	-5.06***
					(0.07)	(0.41)	(0.41)	(0.54)
ln_p					0.75***	0.77***	0.77***	0.80***
					(0.01)	(0.01)	(0.01)	(0.01)
N	17189	17189	17189	16967	17189	17189	17189	16967

Note: Standard errors in parentheses (clustered in country pairs) $*p < 0.10, **p < 0.05, ***p < 0.01$: where Conflict denote Dummy variable=1 if two countries have had conflict history) , Contiguity refers dummy variable=1 if two countries share common border; Commmon ethnographic language =1 if two countries share common ethnic language (at least 9% of the population; Colonial relationship =1 if two countries ever had colonial link; Common colonizer post 1945=1 if two countries have had common colonizer after 1945; Colonial relationship post 1945=1 if two countries have had colonial relationship after 1945: Log of bilateral distance refers Log of Weighted bilateral distance between country pairs; EU=1 if EU is involved; WTO =1 if one of the country pair is WTO member; War frequency refers the number of bilateral conflict between country pairs; 1/Peaceful year(The reciprocal of peaceful years between the end of last war and the start of trade negotiation); total duration of war (Duration of war in years); log (Gdp per capita difference) refers GDP per capita difference b/n country pairs (log form) ; Log (Trade Openess)refers Log of trade openness (the ratio of country pairs average trade to GDP).

In all the cases our result shows the negotiation between country pairs who had historical conflict ends relatively faster. Depending on what control variables we use and estimation method the conflict variable in table 2 shows that negotation ends from 1.5 to 2.2 times faster for country pairs who have history of conflict.

In addition to our conflict variable, the other conflict variable which is duration of war also gives similar stories. Duration of war in this context is the sum total of years country pairs involved in conflict regardless of the nature and type of conflict. The more number of years is associated with faster negotiation. Similar with Molders(2016) and Moser and Rose (2012) , our result also shows if trade negotiation is conducted bilaterally(between two countries only) it takes relatively shorter time to conclude. But the effect of bilateral is statistically weak and it vanishes once after we control average trade openness and GDP per capita difference between country pairs. And if country pairs are member of WTO, the negotiation process is much faster. On the other hand, if European Union members take part in the negotiation, it takes much longer time to conclude.

In table 3, we restrict the broder definition of conflict to a more Stricter definition of conflict based on the Correlates of War project data. Hence, we consider hostility level of 4 and 5 only as a conflict variable. Our result is robust to such restrictions too.

Our original conflict data includes more old conflict which is more than 100 years. Though we controlled for number of peaceful years in table 2 and 3, one might argue that more recent conflicts might have different results. Hence, in table 4 we take only the more recent conflicts as conflict and the rest as non-conflict. We took post 1950 as new conflict (just 5 years after the end of WW II) . We found qualitatively similar results in most of the cases ; implying the robustness of our benchmark estimates. For recent conflicts, the impact of presence of conflict is statistically weak. Our result shows that for the war duration coefficient is still statistically significant which indicate that , the more years country pairs have been in conflict, the less time is needed to conclude trade negotiation, peace solidification effect is higher.

Table 3: Duration between: Start-end of negotiation: (Conflict ; Hostility 4 and 5)

	Cox Proportional Hazard Model				Weibull Model			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Conflict	0.67***	0.40***	0.33***	0.42***	0.75***	0.47***	0.36**	0.51***
	(0.07)	(0.08)	(0.10)	(0.10)	(0.10)	(0.11)	(0.14)	(0.14)
Common ethnographic language .		0.02	0.03	0.03		0.03	0.04	0.02
		(0.07)	(0.07)	(0.07)		(0.09)	(0.09)	(0.10)
Contiguity		-0.06	-0.00	-0.06		-0.12	-0.03	-0.19
		(0.12)	(0.12)	(0.12)		(0.19)	(0.19)	(0.19)
Colonial relationship		0.13	0.12	0.23		0.25	0.24	0.39*
		(0.17)	(0.16)	(0.17)		(0.21)	(0.20)	(0.21)
Common colonizer post 1945		-0.13	-0.12	-0.26***		-0.08	-0.06	-0.24**
		(0.09)	(0.09)	(0.08)		(0.13)	(0.12)	(0.12)
Colonial relationship post 1945		-0.55**	-0.52**	-0.50**		-0.70**	-0.65***	-0.61**
		(0.24)	(0.21)	(0.22)		(0.28)	(0.25)	(0.26)
Log of bilateral distance		-0.05*	-0.05*	-0.00		-0.10**	-0.11**	-0.03
		(0.03)	(0.03)	(0.03)		(0.05)	(0.05)	(0.05)
Bilateral		0.28	0.31	0.35		0.44*	0.49*	0.52
		(0.21)	(0.20)	(0.24)		(0.26)	(0.26)	(0.32)
EU		-0.81***	-0.81***	-0.73***		-0.51***	-0.50***	-0.34***
		(0.08)	(0.08)	(0.09)		(0.10)	(0.10)	(0.12)
WTO		0.24***	0.24***	0.40***		0.12	0.13	0.36***
		(0.09)	(0.09)	(0.09)		(0.11)	(0.11)	(0.11)
War Frequency			-0.02	-0.02			-0.03	-0.03
			(0.02)	(0.02)			(0.02)	(0.02)
(1/peaceful year)			0.00	0.08			0.01	-0.36
			(0.00)	(1.21)			(0.00)	(1.42)
Total duration of War			0.04***	0.04***			0.06***	0.06***
			(0.01)	(0.01)			(0.02)	(0.02)
Log(GDP per capita difference)				-0.09***				-0.17***
				(0.02)				(0.02)
Log (Trade openess)				0.30***				0.40***
				(0.05)				(0.07)
_cons					-4.68***	-3.59***	-3.53***	-4.83***
					(0.07)	(0.41)	(0.41)	(0.53)
ln_p					0.75***	0.77***	0.77***	0.80***
					(0.01)	(0.01)	(0.01)	(0.01)
N	17189	17189	17189	16967	17189	17189	17189	16967

Note: Standard errors in parentheses (clustered in country pairs) $*p < 0.10, **p < 0.05, ***p < 0.01$: where Conflict denote Dummy variable=1 if two countries have had conflict history) , Contiguity refers dummy variable=1 if two countries share common border; Commmon ethnographic language =1 if two countries share common ethnic language (at least 9% of the population; Colonial relationship =1 if two countries ever had colonial link; Common colonizer post 1945=1 if two countries have had common colonizer after 1945; Colonial relationship post 1945=1 if two countries have had colonial relationship after 1945: Log of bilateral distance refers Log of Weighted bilateral distance between country pairs; EU=1 if EU is involved; WTO =1 if one of the country pair is WTO member; War frequency refers the number of bilateral conflict between country pairs; 1/Peaceful year(The reciprocal of peaceful years between the end of last war and the start of trade negotiation); total duration of war (Duration of war in years); log (Gdp per capita difference) refers GDP per capita difference b/n country pairs (log form) ; Log (Trade Openess)refers Log of trade openness (the ratio of country pairs average trade to GDP).

Table 4: Duration between: Start-end of negotiation: (For recent conflict; After 1950)

	Cox Proportional Hazard Model				Weibull Model			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Conflict	0.72***	0.26**	0.18*	0.23*	0.71***	0.29*	0.20	0.28*
	(0.11)	(0.11)	(0.11)	(0.12)	(0.14)	(0.15)	(0.15)	(0.17)
Common ethnographic language.		0.03	0.04	0.05		0.05	0.06	0.05
		(0.07)	(0.07)	(0.07)		(0.09)	(0.09)	(0.10)
Contiguity		0.02	0.04	-0.01		-0.01	0.02	-0.11
		(0.12)	(0.12)	(0.12)		(0.18)	(0.18)	(0.19)
Colonial relationship		0.15	0.12	0.23		0.27	0.25	0.40*
		(0.17)	(0.16)	(0.17)		(0.21)	(0.20)	(0.21)
Common colonizer post 1945		-0.17**	-0.15*	-0.29***		-0.13	-0.10	-0.29**
		(0.09)	(0.08)	(0.08)		(0.12)	(0.12)	(0.12)
Colonial relationship post 1945		-0.59**	-0.55***	-0.55**		-0.74***	-0.69***	-0.67**
		(0.23)	(0.21)	(0.22)		(0.28)	(0.25)	(0.26)
Log of bilateral distance		-0.06**	-0.06**	-0.02		-0.11**	-0.12***	-0.05
		(0.03)	(0.03)	(0.03)		(0.05)	(0.05)	(0.05)
Bilateral		0.34*	0.35*	0.40*		0.51**	0.53**	0.58*
		(0.20)	(0.20)	(0.24)		(0.26)	(0.26)	(0.32)
EU		-0.81***	-0.79***	-0.71***		-0.51***	-0.49***	-0.32***
		(0.08)	(0.08)	(0.09)		(0.10)	(0.10)	(0.12)
WTO		0.24***	0.24***	0.39***		0.13	0.14	0.36***
		(0.09)	(0.09)	(0.09)		(0.11)	(0.11)	(0.11)
War Frequency			-0.01	-0.01			-0.02	-0.02
			(0.01)	(0.02)			(0.02)	(0.02)
(1/peaceful year)			0.00	0.06			0.00	-0.43
			(0.00)	(1.25)			(0.01)	(1.43)
Total duration in war			0.06***	0.06***			0.08***	0.09***
			(0.01)	(0.01)			(0.01)	(0.02)
Log(GDP per capita difference)				-0.09***				-0.17***
				(0.02)				(0.03)
Log (Trade openess)				0.28***				0.37***
				(0.05)				(0.07)
_cons					-4.61***	-3.41***	-3.43***	-4.57***
					(0.07)	(0.41)	(0.40)	(0.53)
ln_p					0.74***	0.76***	0.77***	0.80***
					(0.01)	(0.01)	(0.01)	(0.01)
N	17189	17189	17189	16967	17189	17189	17189	16967

Note: Standard errors in parentheses (clustered in country pairs) $*p < 0.10, **p < 0.05, ***p < 0.01$: where Conflict denote Dummy variable=1 if two countries have had conflict history) , Contiguity refers dummy variable=1 if two countries share common border; Commmon ethnographic language =1 if two countries share common ethnic language (at least 9% of the population; Colonial relationship =1 if two countries ever had colonial link; Common colonizer post 1945=1 if two countries have had common colonizer after 1945; Colonial relationship post 1945=1 if two countries have had colonial relationship after 1945: Log of bilateral distance refers Log of Weighted bilateral distance between country pairs; EU=1 if EU is involved; WTO =1 if one of the country pair is WTO member; War frequency refers the number of bilateral conflict between country pairs; 1/Peaceful year(The reciprocal of peaceful years between the end of last war and the start of trade negotiation); total duration of war (Duration of war in years); log (Gdp per capita difference) refers GDP per capita difference b/n country pairs (log form) ; Log (Trade Openess)refers Log of trade openness (the ratio of country pairs average trade to GDP).

As a robustness check, We present results based on accelerated failure time (AFT) in table 5. The coefficients in this tables are directly interpreted as elasticities on survival function. The advantage of this model is, we no longer bound by proportional hazard assumption, instead the change in covariates may have increasing or decreasing impact on failure along duration.

As it is shown in table 5, our result is consistent with our baseline result in table 2. Our sensitivity analysis and robustness checks confirms that the result presented in our baseline regression is viable. Note that our outcome variable is the time period from the start of the trade negotiation to the end. It is known that trade negotiations are not made overnight. To start trade negotiation there is always preliminary tasks to be done. Thus, one might argue that the pre negotiation periods are more important to determine how long it will take to conclude the trade talk. That is, countries will make feasibility studies and other related tasks before they officially start negotiation. To account for such factors, we control the time period between the date of initiation to the start of the negotiation in our robustness check of table 8. In addition to duration from initiation to negotiation, we control for the number of participants in the negotiation table. Thus, our result is robust to such additional controls. The coefficient for duration from initiation to start of negotiation('preparation time') has significant impact; the more the preparation time the more the length of negotiation. Similarly, the more the number of participants in the negotiation table, the more the time to end the negotiation process.

We also presented a sub sample analysis in table 6 and table 7. Table 6 presents result for those trade agreements where European Union(EU) is involved. The result in tabele 6, for our key variable has very strong impact which confirms the claims made by political scientists and economists about the establishment of EU. But when we exclude those trade agreements where there is no EU, the conflict variable turns out to be insignificant yet the war duration still matters.

Table 5: Duration between: Start-end of negotiation

	Accelerated Failure Time, AFT			
	(1)	(2)	(3)	(4)
Conflict	-0.37***	-0.24***	-0.21***	-0.27***
	(0.04)	(0.05)	(0.06)	(0.06)
Common ethnographic language		-0.02	-0.02	-0.01
		(0.04)	(0.04)	(0.04)
Contiguity		0.08	0.04	0.11
		(0.09)	(0.09)	(0.09)
Colonial relationship		-0.11	-0.10	-0.17*
		(0.10)	(0.09)	(0.09)
Common colonizer post 1945		0.05	0.04	0.12**
		(0.06)	(0.06)	(0.06)
Colonial relationship post 1945		0.32**	0.29**	0.26**
		(0.13)	(0.11)	(0.12)
Log of bilateral distance		0.04*	0.05**	0.01
		(0.02)	(0.02)	(0.02)
Bilateral		-0.20*	-0.22*	-0.23
		(0.12)	(0.12)	(0.15)
EU		0.23***	0.23***	0.15***
		(0.05)	(0.05)	(0.05)
WTO		-0.05	-0.06	-0.15***
		(0.05)	(0.05)	(0.05)
War Frequency			0.02	0.01
			(0.01)	(0.01)
(1/peaceful year)			-0.00*	0.23
			(0.00)	(0.69)
Total duration of War			-0.03***	-0.03***
			(0.01)	(0.01)
Log(GDP per capita difference)				0.07***
				(0.01)
Log (Trade openess)				-0.19***
				(0.03)
_cons	2.22***	1.72***	1.68***	2.27***
	(0.01)	(0.20)	(0.19)	(0.24)
ln_p	0.75***	0.77***	0.77***	0.80***
	(0.01)	(0.01)	(0.01)	(0.01)
N	17189	17189	17189	16967

Note: Standard errors in parentheses (clustered in country pairs) $*p < 0.10, **p < 0.05, ***p < 0.01$: where Conflict denote Dummy variable=1 if two countries have had conflict history) , Contiguity refers dummy variable=1 if two countries share common border; Commmon ethnographic language =1 if two countries share common ethnic language (at least 9% of the population; Colonial relationship =1 if two countries ever had colonial link; Common colonizer post 1945=1 if two countries have had common colonizer after 1945; Colonial relationship post 1945=1 if two countries have had colonial relationship after 1945: Log of bilateral distance refers Log of Weighted bilateral distance between country pairs; EU=1 if EU is involved; WTO =1 if one of the country pair is WTO member; War frequency refers the number of bilateral conflict between country pairs; 1/Peaceful year(The reciprocal of peaceful years between the end of last war and the start of trade negotiation); total duration of war (Duration of war in years); log (Gdp per capita difference) refers GDP per capita difference b/n country pairs (log form) ; Log (Trade Openess)refers Log of trade openness (the ratio of country pairs average trade to GDP).

Table 6: Duration between: Start-end of negotiation: (Only if EU is involved)

	Cox Proportional Hazard Model				Weibull Model			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Conflict	0.64***	0.60***	0.86***	0.87***	0.93***	0.79***	1.26***	1.25***
	(0.08)	(0.08)	(0.13)	(0.14)	(0.12)	(0.12)	(0.19)	(0.20)
common ethnographic language		0.02	0.02	0.00		0.03	0.02	-0.01
		(0.07)	(0.07)	(0.07)		(0.09)	(0.09)	(0.09)
Contiguity		0.31**	0.18	-0.03		0.42**	0.28	-0.08
		(0.14)	(0.16)	(0.16)		(0.18)	(0.19)	(0.21)
Colonial relationship		0.18	0.20	0.37**		0.29	0.29	0.58***
		(0.15)	(0.15)	(0.15)		(0.20)	(0.20)	(0.21)
Common colonizer post 1945		-0.11	-0.11	-0.28***		-0.06	-0.06	-0.31**
		(0.08)	(0.08)	(0.08)		(0.12)	(0.12)	(0.12)
Colonial relationship post 1945		-0.41**	-0.42**	-0.43**		-0.57**	-0.57**	-0.58**
		(0.18)	(0.18)	(0.17)		(0.24)	(0.24)	(0.24)
Log of bilateral distance		0.02	0.02	0.05		-0.14**	-0.14***	-0.07
		(0.03)	(0.03)	(0.03)		(0.05)	(0.05)	(0.05)
WTO		0.32***	0.33***	0.39***		0.21**	0.23**	0.35***
		(0.08)	(0.08)	(0.08)		(0.11)	(0.11)	(0.11)
War frequency			0.06*	0.08**			0.04	0.07*
			(0.04)	(0.04)			(0.04)	(0.04)
(1/peacefull year)			-12.53**	-11.71**			-21.84**	-19.58**
			(5.88)	(5.60)			(9.09)	(7.95)
Total duration of in war			-0.05**	-0.05**			-0.04	-0.04
			(0.02)	(0.02)			(0.03)	(0.03)
Log (GDP per capita difference)				-0.15***				-0.27***
				(0.02)				(0.02)
Log (Trade openess)				0.29***				0.45***
				(0.05)				(0.07)
_cons					-5.35***	-4.42***	-4.42***	-4.69***
					(0.09)	(0.45)	(0.44)	(0.56)
ln_p					0.86***	0.87***	0.87***	0.91***
					(0.01)	(0.01)	(0.01)	(0.01)
N	15166	15166	15166	15022	15166	15166	15166	15022

Note: Standard errors in parentheses (clustered in country pairs) $*p < 0.10, **p < 0.05, ***p < 0.01$: where Conflict denote Dummy variable=1 if two countries have had conflict history) , Contiguity refers dummy variable=1 if two countries share common border; Commmon ethnographic language =1 if two countries share common ethnic language (at least 9% of the population; Colonial relationship =1 if two countries ever had colonial link; Common colonizer post 1945=1 if two countries have had common colonizer after 1945; Colonial relationship post 1945=1 if two countries have had colonial relationship after 1945: Log of bilateral distance refers Log of Weighted bilateral distance between country pairs; EU=1 if EU is involved; WTO =1 if one of the country pair is WTO member; War frequency refers the number of bilateral conflict between country pairs; 1/Peaceful year(The reciprocal of peaceful years between the end of last war and the start of trade negotiation); total duration of war (Duration of war in years); log (Gdp per capita difference) refers GDP per capita difference b/n country pairs (log form) ; Log (Trade Openess)refers Log of trade openness (the ratio of country pairs average trade to GDP).

Table 7: Duration between: Start-end of negotiation: (Only if EU is involved)

	Cox Proportional Hazard Model				Weibull Model			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Conflict	0.15	0.18	0.03	0.16	0.14	0.24	0.05	0.21
	(0.10)	(0.11)	(0.13)	(0.15)	(0.14)	(0.16)	(0.18)	(0.20)
Common ethnographic language		-0.05	-0.03	-0.01		-0.01	0.01	0.02
		(0.10)	(0.10)	(0.11)		(0.14)	(0.14)	(0.15)
Contiguity		-0.11	-0.09	-0.03		-0.12	-0.08	-0.06
		(0.14)	(0.15)	(0.15)		(0.21)	(0.21)	(0.21)
Colonial relatioship		-0.68**	-0.63**	-0.46		-0.70**	-0.64**	-0.47
		(0.32)	(0.29)	(0.37)		(0.32)	(0.29)	(0.34)
Common colonizer post 1945		-0.13	-0.13	-0.16		-0.04	-0.01	-0.07
		(0.13)	(0.13)	(0.13)		(0.18)	(0.18)	(0.18)
Colonial relationship post 1945		-1.18	-1.23	-1.39		-1.39	-1.39	-1.51
		(1.09)	(1.09)	(1.13)		(1.22)	(1.21)	(1.26)
Log of bilateral distance		-0.06	-0.08	-0.04		-0.01	-0.04	0.02
		(0.07)	(0.07)	(0.09)		(0.09)	(0.09)	(0.11)
Bilateral		0.46***	0.48***	0.46***		0.47**	0.49**	0.45**
		(0.16)	(0.17)	(0.17)		(0.21)	(0.22)	(0.23)
WTO		-0.01	0.03	0.15		-0.05	0.00	0.18
		(0.17)	(0.17)	(0.20)		(0.20)	(0.20)	(0.23)
War frequency			-0.00	0.01			-0.01	-0.00
			(0.01)	(0.01)			(0.01)	(0.02)
(1/peacefull year)			0.01	-0.21			0.00	-0.27
			(0.00)	(1.25)			(0.01)	(1.31)
total duration of in war			0.04***	0.04**			0.06***	0.05***
			(0.01)	(0.01)			(0.01)	(0.02)
Log (GDP per capita difference)				0.00				-0.03
				(0.04)				(0.05)
Log(Trade openess)				0.27**				0.31*
				(0.12)				(0.17)
_cons					-2.93***	-2.89***	-2.76***	-4.67***
					(0.10)	(0.78)	(0.79)	(1.21)
ln_p					0.45***	0.46***	0.48***	0.50***
					(0.03)	(0.03)	(0.04)	(0.04)
N	2023	2023	2023	1945	2023	2023	2023	1945

Note: Standard errors in parentheses (clustered in country pairs) $*p < 0.10, **p < 0.05, ***p < 0.01$: where Conflict denote Dummy variable=1 if two countries have had conflict history) , Contiguity refers dummy variable=1 if two countries share common border; Commmon ethnographic language =1 if two countries share common ethnic language (at least 9% of the population; Colonial relationship =1 if two countries ever had colonial link; Common colonizer post 1945=1 if two countries have had common colonizer after 1945; Colonial relationship post 1945=1 if two countries have had colonial relationship after 1945: Log of bilateral distance refers Log of Weighted bilateral distance between country pairs; EU=1 if EU is involved; WTO =1 if one of the country pair is WTO member; War frequency refers the number of bilateral conflict between country pairs; 1/Peaceful year(The reciprocal of peaceful years between the end of last war and the start of trade negotiation); total duration of war (Duration of war in years); log (Gdp per capita difference) refers GDP per capita difference b/n country pairs (log form) ; Log (Trade Openess)refers Log of trade openness (the ratio of country pairs average trade to GDP).

Table 8: Robustness Checks

	Cox Proportional Hazard Model			Weibul model		
	Conflict (Main)	Conflict(Strict)	Conflict (Recent)	Conflict(Main)	Conflict(Strict)	Conflict(Recent)
	(1)	(2)	(3)	(4)	(5)	(6)
Conflict	0.52***	0.42***	0.19	0.67***	0.56***	0.20
	(0.10)	(0.11)	(0.11)	(0.12)	(0.13)	(0.14)
Common ethnographic language	0.07	0.07	0.08	0.05	0.05	0.06
	(0.08)	(0.08)	(0.08)	(0.11)	(0.11)	(0.11)
Contiguity	0.07	0.11	0.13	0.02	0.08	0.11
	(0.13)	(0.13)	(0.13)	(0.16)	(0.16)	(0.16)
Colonial relationship	0.04	0.06	0.07	0.10	0.12	0.14
	(0.20)	(0.20)	(0.19)	(0.25)	(0.25)	(0.23)
Common colonizer post 1945	-0.24***	-0.22**	-0.24***	-0.25**	-0.22*	-0.25**
	(0.09)	(0.09)	(0.09)	(0.12)	(0.12)	(0.12)
Colonial relationship post 1945	-0.36	-0.39	-0.43*	-0.35	-0.38	-0.45
	(0.24)	(0.24)	(0.24)	(0.29)	(0.29)	(0.27)
Log of bilateral distance	0.05	0.04	0.03	-0.04	-0.05	-0.07
	(0.04)	(0.03)	(0.03)	(0.05)	(0.05)	(0.05)
EU	0.01	0.01	0.10	0.41*	0.42*	0.54**
	(0.17)	(0.17)	(0.17)	(0.23)	(0.23)	(0.23)
WTO	0.34***	0.35***	0.35***	0.26**	0.26**	0.26**
	(0.09)	(0.09)	(0.09)	(0.10)	(0.10)	(0.10)
War Frequency	-0.02	-0.02	-0.02	-0.04**	-0.03**	-0.02
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
(1/peacefull year)	0.10	0.25	0.36	-0.17	0.02	0.21
	(0.96)	(0.79)	(0.77)	(1.20)	(0.97)	(0.89)
Total duration in war	0.03**	0.04***	0.07***	0.05***	0.06***	0.09***
	(0.01)	(0.01)	(0.01)	(0.02)	(0.02)	(0.01)
Log(GDP per capita difference)	-0.09***	-0.09***	-0.09***	-0.16***	-0.17***	-0.16***
	(0.02)	(0.02)	(0.02)	(0.03)	(0.03)	(0.03)
Log (Trade openess)	0.27***	0.25***	0.22***	0.32***	0.30***	0.26***
	(0.06)	(0.06)	(0.06)	(0.08)	(0.08)	(0.08)
Duration from initation to start	-0.14***	-0.14***	-0.13***	-0.27***	-0.27***	-0.26***
	(0.03)	(0.03)	(0.03)	(0.04)	(0.04)	(0.04)
log number of participant	-0.52***	-0.53***	-0.57***	-0.60***	-0.61***	-0.67***
	(0.09)	(0.09)	(0.09)	(0.13)	(0.13)	(0.13)
_cons				-2.75***	-2.50***	-2.09***
				(0.48)	(0.47)	(0.46)
/						
ln_p				0.87***	0.87***	0.86***
				(0.02)	(0.02)	(0.02)
N	16790	16790	16790	16790	16790	16790

Notes: Standard errors in parentheses (clustered in country pairs) $*p < 0.10, **p < 0.05, ***p < 0.01$: where Conflict denote Dummy variable=1 if two countries have had conflict history) , Contiguity refers dummy variable=1 if two countries share common border; comlang_ethno =1 if two countries share common ethnic language (at least 9% of the population; colony =1 if two countries ever had colonial link; Common colon=1 if two countries have had common colonizer after 1945; col45=1 if two countries have had colonial relationship after 1945: Ldist refers Log of Weighted bilateral distance between country pairs; EU=1 if EU is involved; WTO =1 if one of the country pair is WTO member; Frequency refers the number of bilateral conflict between country pairs; 1/Peaceful year(The reciprocal of peaceful years between the end of last war and the start of trade negotiation); War duration (Duration of war in years); lgGdp_diffb refers GDP per capita difference b/n country pairs (log form) ; Log_Openess refers Log of trade openness (the ratio of country pairs average trade to GDP), Duration from initiation to start of negotiation is the period between initial anouncement to the start of negotiation and number of participant refers the total number of participant countries in the negotiation table .

6 Conclusion

Economic integration and peace creation is the center of agenda during trade negotiation. The motive of forming regional trade agreements (RTAs) has a direct implication on the complexity of the negotiation process and hence duration. Durations from the start of the negotiations through the end differs considerably. Our main result shows that trade negotiations concluded faster for those country pairs who ever had conflict than who never had. After controlling set of explanatory variables, we found that duration of trade negotiation for country pairs involved in historical conflict takes from 1.5 to 2.2 times faster than those countries who never had conflict history. That is from the average duration of about 8 years, duration of trade negation for conflicting country pairs takes from 3 to 4 years faster than country pairs who never had conflict history. Our result is more robust to number of sensitivity checks particularly using broad and strict definition of conflict variable from the correlates of war. Apart from the conflict variable; trade openness, involvement of WTO member in the trade negotiation concluded faster. On the contrary involvement of EU members in the negotiation, log GDP per capita difference between members results the negotiation process to take long.

In this paper, we made two major contributions; first, we estimate the magnitude of the effect of conflict on duration of trade negotiation that will be more helpful for firms' investment decision. Second, uncover the role of politics in the process of trade negotiation. Though this paper gives a benchmark study about the impact of past history of conflict on today's negotiation; there is potential future research work to see about history of conflict and cooperation and spillover effects of parallel trade deals on other negotiation process ; from initiation to enforcement process.

References

1. Bagwell, K., & Staiger, R. W. (2004). The economics of the world trading system. MIT Press.

2. Boehmke, F. J., Morey, D. S., & Shannon, M. (2006). Selection bias and continuous-time duration models: consequences and a proposed solution. American Journal of Political Science, 50(1), 192-207.

3. Burstein, A. and Melitz, M.J., (2011). Trade liberalization and firm dynamics (No. w16960). National Bureau of Economic Research.

4. Costantini, J. and Melitz, M., (2008). The dynamics of firm-level adjustment to trade liberalization. The organization of firms in a global economy, 4, pp.107-141.

5. Gash, C.A.A., (2007). Collaborative governance in theory and practice. Journal of Public Administration Research and Theory, 18.

6. Guiso, L., Sapienza, P. and Zingales, L., (2009). Cultural biases in economic exchange?. The Quarterly Journal of Economics, 124(3), pp.1095-1131.

7. Heckman, J.J., (1976). The common structure of statistical models of truncation, sample selection and limited dependent variables and a simple estimator for such models. In Annals of Economic and Social Measurement, Volume 5, number 4 (pp. 475-492). NBER.

8. Heckman, James J. (1979). Sample Selection Bias as a Specification Error. Econometrica 47(1):153–61

9. Martin, P., Mayer, T. and Thoenig, M., (2012). The geography of conflicts and regional trade agreements. American Economic Journal: Macroeconomics, 4(4), pp.1-35.

10. Martin, P., Mayer, T. and Thoenig, M., (2008). Make trade not war?. The Review of Economic Studies, 75(3), pp.865-900.

11. Milner, H.V., (1999). The political economy of international trade. Annual Review of Political Science, 2(1), pp.91-114.

12. Mölders, F., (2016). On the path to trade liberalisation: Political regimes in trade negotiations. The World Economy, 39(7), pp.890-924.

13. Moser, C. and Rose, A.K., (2012). Why do trade negotiations take so long?. Journal of Economic Integration, pp.280-290.

14. Prieger, J.E., (2002). A flexible parametric selection model for non-normal data with application to health care usage. Journal of applied econometrics, 17(4), pp.367-392.

15. Vicard, V., (2012). Trade, conflict, and political integration: Explaining the heterogeneity of regional trade agreements. European Economic Review, 56(1), pp.54-71.

16. Palmer, Glenn, Vito D'Orazio, Michael Kenwick, and Matthew Lane. (2015). "The Mid4 Dataset, 2002–2010: Procedures, Coding Rules and Description." Conflict Management and Peace Science 32: 222-42.

17. Ghosn, Faten, Glenn Palmer, and Stuart Bremer. (2004). "The MID3 Data Set, 1993–2001: Procedures, Coding Rules, and Description." Conflict Management and Peace Science 21:133-154.

18. Jones, Daniel M., Stuart A. Bremer and J. David Singer. (1996) ."Militarized Interstate Disputes, 1816-1992: Rationale, Coding Rules, and Empirical Patterns." Conflict Management and Peace Science 15:163-213.