Rules of Origin in Preferential Trading Arrangements: Is All Well with the Spaghetti Bowl in the Americas?

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 Preferential trading arrangements (PTAs) have proliferated spectacularly over the past decade around the world. Countries in the Western Hemisphere have been particularly prolific builders of PTAs, forging in a veritable spaghetti bowl of multiple and often overlapping agreements. Rules of origin, a key arbitrator of market access in each of these PTAs, epitomize the hemisphere’s spaghetti bowl problem: a growing number of the region’s PTAs carry complex and restrictive rules of origin, and the many rules-of-origin regimes differ from each other. As a result, rules of origin can undercut the trade-creating potential of the region’s hard-earned PTAs. The purpose of this paper is to present an in-depth diagnosis of rules-of-origin regimes in the Americas, and to offer policy recommendations for the region to counter the potential negative effects of rules of origin.