**Trade Blocs**

At the same time that HICs, NICs and TNCs have become dominant players in the process of globalisation, there has also been a trend for countries to forge close economic relationships with neighbouring countries, such as through the formation of trade blocs where members have agreed to reduce or eliminate barriers to trade (quotas and tariffs) with each other.

These trade blocs are designed to help their members achieve economic and social development by...

* making trade between members flow more easily (thereby increasing profits)
* allowing freer movement of people (creating a more flexible labour market)
* sharing knowledge to allow growth in all member states

Types of Trade Blocs:

**Free Trade Areas** - member countries abolish tariffs and quotas on trade between themselves (**ZIT - zero internal tariff**) but maintain their own individual restrictions on goods coming from outside the area. The North American Free Trade Agreement (*NAFTA) is an example.*

**Customs Unions** - member countries operate a tariff on imports from outside the group (**CET - common external tariff**). The Southern Africa Customs Union (SACU) is an example.

**Common Markets** - Like customs unions but also allow the free movement of labour and capital. *Mercosur is an example.*

**Economic (& Political) Unions** - member countries are required to do all the above, and to adopt common policies in areas such as agriculture, energy, industry, transport, pollution and the environment. Political cooperation and integration may also feature. *The European Union (EU) is an example.*

Almost all countries are members of a trade bloc. The existence of different trade blocs rather than having a world where free trade is enjoyed by all nations, is part of a tension in the future development of world trade that the World Trade Organization (WTO) has a particular interest in. This is because trade blocs work to the advantage of their members, and arguably to the disadvantage of non-member states.

Task: Choose one of the groupings of nations below (or another from the map on page 436 of the textbook) and produce a report that covers the bullet point headings...

* North American Free Trade Agreement (NAFTA)
* European Free Trade Association (EFTA)
* Association of Southeast Asian Nations (ASEAN)
* Mercosur (Mercado Comun del Sur)
* Date formed
* Membership (and any changes over time)
* Type of trade bloc
* Aims/objectives
* Evidence of achievements/successes
* Evidence of problems/concerns
* Similarities/differences with the EU trade bloc
* Overall verdict