Regional Markets
Trade Agreements

Global Marketing
Chapter 3

Major impact has been on the reduction of trade barriers since 1950
Not a governing body, so no real power

Regional Integration

North America

• NAFTA
  - 1988 first agreement with US and Canada
  - Very controversial before signing and since.
  - Both countries US top trading partners.
  - Some protectionist measures still exist

Latin America

• Caribbean
• Nations south of Mexico in Central America and South America
• Four major preferential agreements
  - SICA
  - Andean
  - Mercosur
  - CARICOM

CAFTA

• Recent agreement with Panama, Costa Rica, Nicaragua, Honduras, Guatemala, El Salvador
• Dominican republic added
• Implemented July 2005
CACM
- Central American Common Market
  - El Salvador
  - Honduras
  - Guatemala
  - Nicaragua
  - Costa Rica
- Just really has not worked well.

Andean Community
- 1969- an effort to facilitate development
  - Venezuela
  - Colombia
  - Ecuador
  - Peru
  - Bolivia

Mercosur
- 1991- Asunción Treaty
  - Argentina
  - Brazil
  - Paraguay
  - Uruguay
- More of a customs union than common market
- Financial Crisis has allowed for diversion from CETs

CARICOM
- 1973- attempt at unity
  - Replaced CARIFTA
  - 15 members
  - 15 million population
- Pretty limited integration
- CBI -1984
  - Trade Partnership with US
  - Textiles and apparel exempt from duties and tariffs

FTAA
- Began negotiations shortly after NAFTA signed
- Rejected in 2005 by several South American Countries

ASEAN
- ASEAN Member Countries have adopted the following fundamental principles in their relations with one another, as contained in the Treaty of Amity and Cooperation in Southeast Asia (TAC):
  - mutual respect for the independence, sovereignty, equality, territorial integrity, and national identity of all nations;
  - the right of every State to lead its national existence free from external interference, subversion or coercion;
  - non-interference in the internal affairs of one another;
  - settlement of differences or disputes by peaceful manner;
  - renunciation of the threat or use of force; and
  - effective cooperation among themselves.
- ASEAN PPT
EU

• Efforts began after WWII
• Originally 15 members
• Advanced regional integration
• Now with 27 members, more have applied
• Requires specific levels of national debt, interest rates, and inflation.

EFTA

• Originally 7 countries
• Grew to around 10
• As EU grew, some members left
• Now only 4 members
  - Switzerland
  - Norway
  - Iceland
  - Lichtenstein

Middle East

• Sixteen Countries (according to author)
  - Afghanistan, Bahrain, Cyprus, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, UAE, Yemen
  - Other lists leave off Afghanistan and add Palestine
• Much diversity
  - Economically
  - Socially
  - Politically
  - Tradition
  - Religion
• Oil drives business

Arab States

• Gulf Cooperation Council
  - Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, UAE
  - 45% of known oil reserves
  - 18% of output
  - Very little goods & services produced
• Arab Maghreb Union

Africa

Africa is NOT a single economic unit.
Average per capita income less than $500 (less than $2 per day)
Six northern nations are overall more developed and richer—some have oil resources
ECOWAS began in 1975
SADC began in 1992 after the end of apartheid in South Africa