

Regional economic integration (global business)

Business



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Regional Economic Integration Regional integration is a process in which countries come together to focus on issues that influence their development and boost trade amongst them. There exist four fundamental types of regional integration. These include: free trade area, customs union, common market and economic union. Free trade area, for instance the North American Free Trade Agreement (NAFTA) presents the simplest form of economic integration where all member states cancel all trade obstacles between them (Laursen 34). However, member nations have the freedom to establish their own policies regarding their trade with non-member nations. Custom unions are similar to free trade area, but differ in the idea of treating non-member states. Unlike free trade area where each member nation has the autonomy to decide how to deal with non-member countries, custom unions promote uniform treatment of non-member nations by all member countries. A perfect example of common union is the Gulf Cooperation Council (GCC).

Common market on the other hand permits for the development of economically incorporated markets between member nations. It involves the abolition of trade barriers, capital and labour flow limitations and promotes the formation of common trade policies for dealing with non-members.

Common Market for Eastern and Southern Africa (COMESA) (Kyambalesa and Houngnikpo 79) is an epitome of common market. Lastly, an economic union refers to an economic agreement formed between countries that involves abolition of trade barriers and implementation of common trade policies, for example the European Union (EU). Regional integration creates trade and employment opportunities for member states and also promotes cooperation between them. However, regional integration may also jeopardize national

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sovereignty, leads to shift in employment and thwarts diversification in trade.

Works Cited

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