**TRADE BLOCS**

1. **Learning Objective**

After completing this module, you will be able to:

* 1. Understand the functioning of Trading blocs
  2. Understand about NAFTA
  3. Know the effects of EU
  4. Understand about ASEAN and SARRC
  5. Know the working of OPEC

# POPULAR TRADING BLOCS: NAFTA, EU, ASEAN, APEC & OPEC

Trade blocs are free trade zones designed to encourage trade activities across nations. The formation of trade blocs involves a number of agreements on tariff, trade and tax. The activities of trade blocs have huge importance in the economic and political scenarios of the contemporary world. Over the years trading blocs have played a major role in regulating the trend and pattern of international trade. Regional trade blocs protect the interests of the member countries. The primary aim of trade block activities is to create a favorable economic framework for promotion of cross border trade among the member countries.

**Generalized System of Preferences**:

It is a program designed to encourage monetary prosperity in developing countries throughout the world. This program provides preferential treatment to beneficiary countries, those which are underdeveloped, on over 3,500 products. The objective of GSP is to help poorer countries develop further economically by eliminating tariffs on specific exported goods. The hope is to give these struggling countries an opportunity to grow through trading with super powers such as the United States. Only certain products that are abundantly produced by the developing country are eligible for duty free treatment.

**Different types of economic integration: Basic classification**

Economic integrations are progressing from low level integration to higher levels of integrations with the growth of trade and investment. There are FIVE levels of economic integration starting from lower lever of preferential trade agreement to deeper level of political union.

1. **Preferential Trade Agreement (Free Trade Agreement)**

* Simplest and most common arrangement of economic integration.
* Member countries agree to gradually reduce (and even eliminate) barriers to trade in products and services within the bloc.
* However, in case of preferential trade agreement member nations agree to reduce or eliminate tariff barrier on selected goods whereas in case of free trade agreement member nations agree to reduce or remove tariff barriers on all goods.
* Each member country maintains an independent trade policy for non-member countries outside the bloc. Examples of FTA are North American Free Trade Agreement (NAFTA).

1. **Custom Union**

* Similar to Free Trade Agreement except that the member countries of a given bloc also have common trade policies towards non-member nation implying common tariff (non-tariff) barriers on trade with non-member nations.
* Example MERCOSUR (Argentina, Brazil, Paraguay, and Uruguay), Andean Community.
* More difficult to negotiate as compared to Free Trade Agreement.

1. **Common Market**

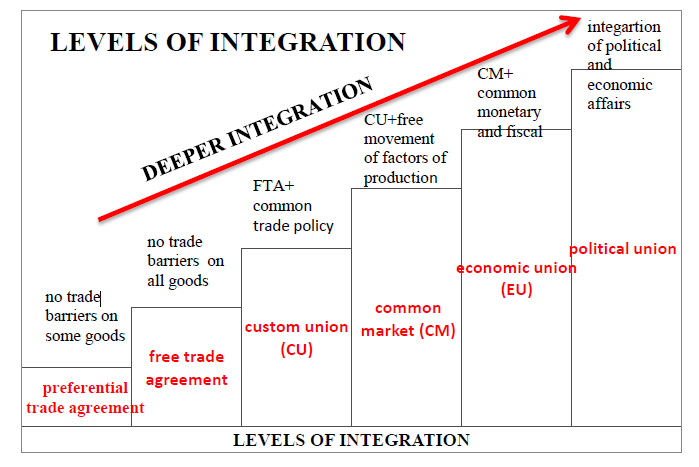
* Similar to custom union but in addition to it, common market also allows free movement of labor and capital within the bloc.
* No restriction on emigration, immigration and cross boarder flow of capital among member countries.
* Requires substantial cooperation from member countries on labor, economic and employment policies.

1. **Economic Union**

* It’s a deeper level of integration.
* Along with the advantages of earlier stages of integration member economies also agree to have a common monetary and fiscal policy including identical tax rates, fixed exchange rates, and free convertibility of currencies and free movement of capital.
* European Union (EU) is an example of economic union. EU members have eliminated cross border controls, have a monetary policy with a single currency (euro).

1. **Political Union**

* It represents the most advanced level of integration with a common government and single constitution.
* The sovereignty and democratic rights of the member economies are significantly reduced.



## The North American Free Trade Agreement (NAFTA)

The North American Free Trade Agreement (NAFTA) came into effect on January 1, 1994. It was initiated by the government of President George Bush, but it was concluded by the Clinton Administration. It is fundamentally a trade and investment agreement created with a view to reduce barriers in the flow of goods, services and people among these three countries. The argument covers goods and services that are either produced in North America or that meet certain local content requirements. For example, a German company manufacturing its products in North America and meeting these standards will qualify for the same benefits as any American company. The agreement eliminated most barriers to trade and investment among the United States, Canada and Mexico. For some categories of goods - certain agricultural goods, for example - NAFTA promised to phase out restrictions on trade over a few years, but most goods and services were to be freely bought and sold across the three countries' borders from the start. Likewise, virtually all investments - financial investments as well as investments in fixed assets such as factories, mines, or farms (foreign direct investment) - were freed from cross-border restrictions.

The areas covered by the agreement are:

* Tariff reduction
* Freer movement of professionals among the three countries
* Financial and direct investment matters
* Consumer safety
* Specific issues relating to protection of labour
* Specific issues relating to protection of the natural environment

## The Objectives of NAFTA are:

1. Protection for investment in the sense that no investment can be expropriated without full compensation.
2. The creation of a special fund for worker retraining and financial support in industries adversely affected by the passage of NAFTA.
3. The creation of US-Mexico border environmental commission that could spend up to $8 billion to address water and air pollution and clean up toxic waste dumps.
4. Substantial tariff reductions over a ten-year period. For example, the US will eliminate tariffs on automobile assembled in Mexico and Mexico will reduce its tariffs on US-built cars and trucks.
5. Lowering barriers for easier movement of goods across borders.
6. More access to financial services. For example, NAFTA will dismantle Mexico's ban on US banks and brokerage services. Also, US banks will be allowed up to 25% of the Mexican market and brokerage up to 30% of the Mexican market.
7. The creation of North American Development Bank to assist m environmental cleanups and to provide trade adjustment assistance to communities adversely affected by NAFTA.
8. The creation of special offices to investigate environmental abuses and labor abuses are based in Canada and the US respectively. Both the offices can impose fines/trade restrictions for countries or industries that fail to enforce their own laws.

Thus, NAFTA is an attempt to move the economies of North America towards a scenario whereby a company that is based in anyone of the three countries can freely conduct its business across all three borders, as long as certain basic standards are met. The long-term objective of the agreement is to bring into its fold, the countries of North and South America.

Supporters of NAFTA have argued that both firm owners and workers in all three countries can gain from the removal of trade and investment barriers. For example, the argument goes U.S. firms that produce more efficiently than their Mexican counterparts, will have larger markets, gain more profits, generate more jobs, and pay higher wages. The prime examples would include information technology firms, bio-tech firms, larger retailers, and other U.S. corporations that have an advantage because of skilled U.S. labour or because of experience in organization and marketing. On the other hand, Mexican firms that can produce at low cost because of low Mexican wages will be able to expand into the U.S. market.

Critics of the agreement have focused on problems resulting from extreme differences among the member countries in living standards, wages, unionization, environmental laws, and social legislation. The options that NAFTA creates for business firms put them at a great advantage in their dealings with workers and communities. For example, U.S. unions are weakened because firms can more easily shut down domestic operations and substitute operations in Mexico. With the government suppressing independent unions in Mexico, organization of workers in all three countries is undermined.

An additional and important aspect of NAFTA is that it creates legal mechanisms for firms based in one country to contest legislation in the other countries when it might interfere with their "right" to carry out their business. Thus, U.S. firms operating in Mexico have challenged stricter environmental regulations won by the Mexican environmental movement. In Canada, the government rescinded a public-health law restricting trade in toxic PCBs as the result of a challenge by a U.S. firm; Canada also paid $10 million to the complaining firm, in compensation for "losses" it suffered under the law. These examples illustrate the way in which NAFTA, by giving priority to the "rights" of business, has undermined the ability of governments to regulate the operation of their economies in an independent, democratic manner.

## The European Union (EU)

According to [the European Union's official website](https://europa.eu/european-union/about-eu/eu-in-brief_en), the union's purpose is to promote peace, establish a unified economic and monetary system, promote inclusion and combat discrimination, break down barriers to trade and borders, encourage technological and scientific developments, champion environmental protection, and, among others, promote goals like a competitive global market and social progress. So, put simply, the European Union is a coalition of 28 (soon to be 27 following Britain's bow out from the union in 2019) European countries, designed to tear down trade, economic and social barriers and promote flourishing in these areas.

Established on 1 Nov. s1993, the European Union's headquarters are currently located in Brussels, Belgium.

Unsurprisingly, the European Union primarily uses the euro as currency, which is reportedly the second most-used currency in the world, under the U.S. dollar.

## What Countries Are in the European Union?

As of 2018, the European Union has 28 members - all European countries. The countries comprising the European Union are Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom.

# Objectives of EU

The European Union’s main objective is to promote peace, follow the EU’s [values](https://europarlamentti.info/en/values-and-objectives/values/) and improve the wellbeing of nations. The European Parliament and other institutions see to it that these objectives are achieved.

The main objectives are:

## A common European area without borders

The objective is to create a free and safe Europe with no internal borders. The citizens living in the area enjoy the rights granted by the European Union.

## Internal market

The objective is to ensure smooth and efficient trade within Europe. Competition between companies is free and fair.

## Stable and sustainable development

The objective is to ensure Europe’s sustainable and steady development. It means balanced economic growth and stable prices. The European Union seeks to create a competitive market economy which takes into account people’s wellbeing and social needs. An important issue is environmental protection. Efforts are made to protect the environment and repair any damage made.

## Scientific and technological development

The European Union supports the advancement of science and technology and invests in education. Another objective is to achieve a skilled workforce and a high standard of technological production.

## Prevention of social exclusion

The European Union works hard to prevent social exclusion. It seeks to prevent people from drifting outside the labour market and society. Efforts are made to eliminate poverty. The Union works for equality. Minority rights are protected. Social security is improved. Men and women must be treated equally. Children’s rights must be protected and children given a happy childhood. Old people must be looked after and respected.

## Solidarity

Solidarity between countries and people is promoted in the field of the economy, social equality and regions. The member states must be loyal to one another. It means that states must take responsibility for and be understanding of one another.

## Respect for languages and cultures

The European Union respects the languages and cultures of the individual countries. National cultures and the common European culture are cherished and developed.

## Common foreign and security policy

The European Union seeks to promote peace not only in Europe but also elsewhere in the world. It seeks to ensure that peace is maintained in Europe and that people have security. With the common foreign policy, the European Union wants to make sure that the resources of the planet are used sensibly and that the environment is not destroyed. The European Union also wishes to respect other countries and nations. It works for free and fair trade and tries to eliminate poverty. Human rights are important all over the world. The European Union follows the Charter of the United Nations and underlines the importance of common international rules.

**The principles of how the European Union operates are defined in the**[**Treaties**](https://europarlamentti.info/en/European-union/treaty/)**also known as the**[**Treaty of Lisbon**](https://europarlamentti.info/en/European-union/treaty/treaty-of-Lisbon/)**.**

# Democracy of EU

Democracy is one of the fundamental [principles](https://europarlamentti.info/en/values-and-objectives/principles/) of the European Union. All the member states have always the right to vote and the members of the European Parliament are elected by direct public ballot.

The EU’s activities are governed by the following three democratic principles:

1. **Equality** – all citizens must be treated fairly by the EU [institutions](https://europarlamentti.info/en/European-union/organisation-of-the-EU/) .
2. **Representation** – the role of the [European Parliament](https://europarlamentti.info/en/European-parliament/) and the position of national parliaments will be strengthened. The members of the European Parliament are elected by direct public ballot.
3. **Participation** – the citizens have the right to [take part](https://europarlamentti.info/en/participation-of-the-citizens/)in EU’s decision making and receive information on all the activities of the European Union. The citizens are given the possibility of making citizens' initiatives. Efforts are made to develop the dialogue between the citizens and the EU.

**The Association of Southeast Asian Nations (ASEAN) and Asia-Pacific Economic Cooperation (APEC)**

### What is ASEAN?

* The Association of Southeast Asian Nations is a regional organization which was established to promote political and social stability amid rising tensions among the Asia-Pacific’s post-colonial states.
* The motto of ASEAN is **“One Vision, One Identity, One Community”**.
* 8th August is observed as ASEAN Day.
* ASEAN Secretariat – Indonesia, Jakarta.

The Association of Southeast Asian Nations (ASEAN) was founded 8 Aug. 1967. The organisation sought to promote "regional security" for its five original members i.e Indonesia, Malaysia, Philippines, Singapore, and Thailand. After 1975, it focused on counteracting the spread of communism following the defeat of the U.S. military in Vietnam. Beginning in the 1980s, and especially since the collapse of the Soviet Union, the ASEAN agenda turned from fighting communism to "accelerating economic growth" through cooperation and trade liberalization. At the same time, the organization added the remaining countries of Southeast Asia to its member list. Today ASEAN oversees a cohesive geographical region with a population of nearly 500 million, which is about twice that of the United States, and combined output of nearly $750 billion, which is about one-tenth that of the United States.

### Member Nations

* Indonesia
* Malaysia
* Philippines
* Singapore
* Thailand
* Brunei
* Vietnam
* Laos
* Myanmar
* Cambodia

### Objectives of ASEAN

* To accelerate economic growth, social progress and cultural development for a prosperous and peaceful community of Southeast Asian Nations.
* To promote regional peace and stability through abiding respect for justice and the rule of law and adherence to the principles of the United Nations Charter.
* To promote active collaboration and mutual assistance on matters of common interest in the economic, social, cultural, technical, scientific and administrative fields.
* To collaborate more effectively for the greater utilisation of agriculture and industries, the expansion of their trade, the improvement of transportation and communications facilities and the raising of the living standards of peoples.
* To promote Southeast Asian studies.
* To maintain close and beneficial cooperation with existing international and regional organisations.

### ASEAN Fundamental Principles

1. Mutual respect for the independence, sovereignty, equality, territorial integrity, and national identity of all nations;
2. The right of every State to lead its national existence free from external interference, subversion or coercion;
3. Non-interference in the internal affairs of one another;
4. Settlement of differences or disputes by peaceful manner;
5. Renunciation of the threat or use of force; and
6. Effective cooperation among themselves.

# ****South Asian Association for Regional Cooperation (SAARC)****

The South Asian Association for Regional Co-operation (SAARC) is an organisation of South Asian nations, which was established on 8 December 1985 when the government of Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka formally adopted its charter providing for the promotion of economic and social progress, cultural development within the South Asia region and also for friendship and co­operation with other developing countries.

It is dedicated to economic, technological, social and cultural development emphasising collective self- reliance. In terms of population, its sphere of influence is the largest of any regional organisation: almost 1.5 billion combined population of its member states. In April 2007, Afghanistan became its eighth member.

* Established in 1985; Secretariat – Kathmandu, Nepal; Official language – English
* Members – India, Pakistan, Bangladesh, Nepal, Bhutan, Srilanka, Maldives, Afghanistan
* 1st summit at Dhaka, only 1 new member added since birth i.e. Afghanistan

##### **SAARC Objectives**

i. Promote the welfare of the peoples of South Asia and improve their quality of life;

ii. Accelerate economic growth, social progress and cultural development in the region by providing all individuals the opportunity to live in dignity and realise their full potential;

iii. Promote and strengthen collective self-reliance among the countries of South Asia;

iv. Contribute to mutual trust, understanding and appreciation of one another’s problems;

v. Promote active collaboration and mutual assistance in the economic, social, cultural, technical and scientific fields;

vi. Strengthen co-operation with other developing countries;

vii. Strengthen co-operation among themselves in international forms on matters of common interest; and

viii. Cooperate with international and regional organisation with similar aims and purposes.

### ****Developments in SAARC****

* South Asian Free Trade Area (SAFTA) – to reduce customs duties of all traded goods to zero by the year 2016
* Visa Exemption Scheme – certain categories of dignitaries should be entitled to a Special Travel document, which would exempt them from visas within the region
* Regional Railways Agreement
* Motor Vehicles Agreement
* Framework Agreement for Energy Cooperation (Electricity)
* SAARC Region Satellite launch plan

#### SAARC Preferential Trading Arrangements (SAFTA):

SAPTA which came into operations in’1995 heralds a new chapter of economic co-operation among the SAARC countries. IT concretizes the first step towards creation of a trade bloc in the South Asian Region. Under the SAPTA mechanism, the SAARC countries, to begin with, have identified 226 items for exchange on tariff concessions ranging from 10 per cent to 100 per cent.

India has agreed to extend tariff concessions on 106 items, while Bangladesh has agreed to offer tariff concessions on 12 items, Maldives on 17, Nepal 14, Pakistan 35, Sri Lanka 31 and Bhutan 11. Out of 106 items offered by India for tariff concessions, 62 items would be for the least developed countries in the SAARC.

#### Achievements of SAARC:

**Although SAARC has remained besieged with serious political problems since its inceptions yet it could register some achievements that are as under:**

**(i) Removal of Trade Restrictions:**

The member countries have undertaken some steps in the direction of reducing quantitative restrictions on imports from one another and granted some measure of concessions on trade. From August 1998, India removed quantitative restrictions off about 2300 items of import from member countries.

Upto August, 2003, India had permitted concessions to Pakistan on about 370 items. Pakistan, by that time, had allowed concessions on import of about 340 items to India. The free trade agreements have been negotiated by India with Bhutan, Nepal and Sri Lanka.

**(ii) Institution of Technical Committees:**

In order to promote co-operation among the member countries in the fields of agriculture, rural development, environment, health, communications, science and technology, transport, tourism, education and culture, the technical committees for economic co-operation have been instituted.

**(iii) Poverty-Alleviation Programme:**

SAARC has adopted the strategy of social mobilisation, decentralised agricultural development, small labour- intensive industries and human development. The priority has been given to the right to work and extension of primary education for the poor. SAARC has created a three-tier mechanism for exchange of information among member countries on poverty alleviation programme. In this connection, it has received co-operation from IBRD, UNDP and ESCAP.

**(iv) SAARC Funds:**

In order to render financial assistance to the member countries, SAARC has instituted two funds-South Asian Development Fund (SADF) and SAARC Japan Special Fund (SJSF). The SADF has three windows-windows for identification of development project, window for institutional and human resource development and window for social and infrastructural development.

**(v) SAARC Food Security:**

The SAARC has set up the SAARC Food Security Board for making a periodic review of the food situation in the region. A reserve of 2.42 lakh tonnes of foodgrains has been created to tide over any emergency in the member states. SAARC expressed its intention to set up regional food bank to meet shortages and losses caused by natural calamities such as floods and droughts at the 14th SAARC summit held in New Delhi in April, 2007.

**(vi) SAARC Chamber of Commerce and Industry:**

A SAARC Chamber of Commerce and Industry (SCCI) have been instituted with its headquarters in Karachi. It has the aim to promote trade and interaction of chambers of commerce and industry of seven member countries, to organise trade fairs and to negotiate with other trade organisations for the expansion of intra-regional trade. The SCCI has played an important role in the formation of SAPTA and promoting economic and trade co-operation in the region.

**(vii) SAARC Agricultural Information Centre (SAIC):**

It was established in 1998 and acts as a central information institution on agriculture-related activities like forestry, fishery, rice, potato, live­stock etc. It assists in the exchange of information among the seven member countries also about R & D activities. The information about research and experiments related to agriculture is published by SAIC and distributed among the member nations.

**(viii) Agreements with International Organisations:**

For facilitating the social and economic development of SAARC countries, the memorandum of understanding have been signed with various international organisations including UNCTAD, UNDP, UNDCP, ESCAP, ITU and Asia Pacific Telecommunity (APT) etc.

**(ix) Formation of South Asian Growth Quadrangle (SAGQ):**

In early 2000, India, Bhutan, Nepal and Bangladesh formed the South Asian Growth Quadrangle with the aim of the development of Nepal, Bhutan, Bangladesh and Eastern India and the basin of the rivers Ganga, Meghna and Brahmaputra. The countries of this area will co­operate in the fields of multi-nodal transport and telecommunications, effective use of tourism, protection from environmental hazards and increase in trade and investments.

**(x) Bilateral Free Trade Agreements:**

In order to move towards the creation of South Asian Free Trade Area (SAFTA), some of the countries of the region have forged the bilateral free trade area agreements. A major development in this regard has been the signing of the agreement between India and Sri Lanka on December 28, 1998. Under this agreement, India shall permit the import of 1000 items on zero duty from Sri Lanka and the latter shall permit the duty free import of 900 items. Similar agreements have also been forged by India also with Bhutan and Nepal.

**Problems Faced by SAARC:**

Although SAARC has attempted to move forward over the years, yet it has been faced with very serious problems and so far it has not been able to play its assigned role.

**These problems are as under:**

**(i) Political, Ethnic and Religions Disputes:**

The major barrier to the co-operation among the member countries of SAARC has been long-drawn political, ethnic and religious disputes among the member countries. Pakistan has been insisting over the years that co-operation in trade and other matters of social and economic development, cannot be possible unless India hands over its state of Jammu & Kashmir to it.

**(ii) Lack of Complementarity:**

The member countries of SAARC mostly produce same type of products. The successful integration requires dissimilarity in production rather than similarity. Lack of complementarity in the economies of these countries is having restrictive effect upon the co­operation among them.

**(iii) Preference to Trade with Hard Currency Areas:**

Some of the member countries of SAARC prefer to enlarge their exports to hard currency areas. As a result, the promotion of intra-regional trade among the SAARC countries has remained generally neglected.

**(iv) Deficit in Balance of Payments:**

The countries of SAARC including India are faced with the problem of persistent BOP deficit and consequent shortage of foreign exchange. They generally have an inclination to restrict imports and impose tariff and other restrictions rather than abolishing them.

**(v) Competition among Themselves:**

There is competition among some of the member countries in the export of certain products in the international market. For instance, India and Sri Lanka compete in respect of tea. India and Pakistan do so in respect of textiles and clothing. There is competition between India and Bangladesh in respect of Jute and textiles. Such a state of affairs tends to discourage co-operation among them.

**(vi) Infra-Structural Inadequacies:**

There is a lack of proper development of transport, communications, institutional arrangements as well as payment and clearing arrangements in the region. That is a major impediment in the expansion of intra-regional trade among the member countries.

**(vii) Big Brother Complex:**

In view of large geographical area and natural, financial, technical and manpower resources, the countries like Pakistan and Bangladesh look at India as big brother who will over-swamp their markets with her products. India is conscious of such complex among the member countries of SAARC and has been constrained from extending fuller co-operation in the economic and social development of other countries of the region.

**(viii) Low Intra-Regional Investment:**

The member countries of SAARC look to the West and international lending agencies for capital resources and are afraid of seeking investments from India due to irrational reasons. The intra-regional investment is only 1 percent of total investment in the region.

**(ix) Bilateral Preferential Arrangements:**

Some member countries of SAARC have entered into bilateral agreements with one another for extending trade concessions. In some cases, these concessions are even more than those assured under SAPTA. Consequently, there is no added attraction for member countries to await indefinitely the outcome of SAPTA.

**(x) Product by Product Approach:**

The lack of progress in SAARC negotiations so far has been on account of the product by product approach of the member countries in the matter of granting trade concessions. Some of the products included in the lists for trade concessions are actually not traded among the member countries.

**(xi) Transport Problems:**

Even though there is technical committee on transport, created by the member countries, yet the transport facilities are still less developed. The transit duties are also quite high. It is a major impediment in the creation of SAFTA.

## The Organization of the Petroleum Exporting Countries (OPEC)

The Organization of the Petroleum Exporting Countries (OPEC) is a permanent intergovernmental organization, currently consisting of 12 oil producing and exporting countries, spread across three continents America, Asia and Africa. The members are Algeria, Angola, Ecuador, the Islamic Republic of Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates & Venezuela.

These countries have a population of more than 415 million and for nearly all of them, oil is the main marketable commodity and foreign exchange earner. Thus, for these countries, oil is the vital key to development – economic, social and political. Their oil revenues are used not only to expand their economic and industrial base, but also to provide their people with jobs, education, health care and a decent standard of living.

**The organization’s principal objectives are:**

1. To co-ordinate and unify the petroleum policies of the Member Countries and to determine the best means for safeguarding their individual and collective interests;
2. To seek ways and means of ensuring the stabilization of prices in international oil markets, with a view to eliminating harmful and unnecessary fluctuations; and
3. To provide an efficient economic and regular supply of petroleum to consuming nations and a fair return on capital to those investing in the petroleum industry.

## When was OPEC formed?

OPEC was formed at a meeting held on September 14, 1960 in Baghdad, Iraq, by five Founder Members: Iran, Iraq, Kuwait, Saudi Arabia and Venezuela. OPEC was registered with the United Nations Secretariat on November 6, 1962 (UN Resolution No 6363).

## Who are OPEC member Countries?

The [OPEC Statute](http://www.opec.org/opec_web/static_files_project/media/downloads/publications/OS.pdf) stipulates that: "any country with a substantial net export of crude petroleum, which has fundamentally similar interests to those of [Member Countries,](http://www.opec.org/opec_web/en/about_us/25.htm) may become a Full Member of the Organization, if accepted by a majority of three-fourths of Full Members, including the concurring votes of all Founder Members". The Statute further distinguishes between three categories of membership: Founder Member, Full Member and Associate Member.

Founder Members of the Organization are those countries which were represented at OPEC's first Conference, held in Baghdad, Iraq, in September 1960, and which signed the original agreement establishing OPEC. Full Members are the Founder Members, plus those countries whose applications for Membership have been accepted by the Conference.

Associate Members are the countries which do not qualify for full membership, but which are nevertheless admitted under such special conditions as may be prescribed by the Conference.

## OPEC Member Countries

|  |  |  |
| --- | --- | --- |
| **Country** | **Joined OPEC** | **Location** |
| **Algeria** | 1969 | Africa |
| **Angola** | 2007 | Africa |
| **Ecuador** | Rejoined 2007 | South America |
| **IR Iran \*** | 1960 | Middle East |
| **Iraq \*** | 1960 | Middle East |

|  |  |  |
| --- | --- | --- |
| **Kuwait \*** | 1960 | Middle East |
| **Libya** | 1962 | Africa |
| **Nigeria** | 1971 | Africa |
| **Qatar** | 1961 | Middle East |
| **Saudi Arabia \*** | 1960 | Middle East |
| **United Arab Emirates** | 1967 | Middle East |
| **Venezuela\*** | 1960 | South America |

\* founder Members

## Functioning of OPEC:

## Representatives of OPEC Member Countries (Heads of Delegation) meet at the OPEC Conference to coordinate and unify their petroleum policies in order to promote stability and harmony in the oil market. They are supported in this by the OPEC Secretariat, directed by the Board of Governors and run by the Secretary General, and by various bodies including the Economic Commission and the Ministerial Monitoring Committee.

The Member Countries consider the current situation and forecasts of market fundamentals, such as economic growth rates and petroleum demand and supply scenarios. They then consider what, if any, changes they might make in their petroleum policies. For example, in previous Conferences the Member Countries have decided variously to raise or lower their collective oil production in order to maintain stable prices and steady supplies to consumers in the short, medium and longer term.

**7. Summary:** In this module we have learnt about various popular trading blocs. The trading blocs discussed here are NAFTA, EU, ASEAN, APEC & OPEC. All these trade blocks have huge importance in the economic and political scenarios of the contemporary world. Over the years these trading blocs have played a major role in regulating the trend and pattern of international trade. Regional trade blocs protect the interests of the member countries. The primary aim of these trading blocs’ activities is to create a favorable economic framework for promotion of cross border trade among the member countries. Different regional blocs have come up in the period of economic liberalization in various parts of the world. A particular country may be a member of more than one regional trading block. However, in order to do away with overlapping, such nations are normally put within the most dynamic trade block.