Regionalism

*Introduction*

There is an increasing recognition for the need to improve the political and economic environment of a country or region via collective action . This recognition is borne out of the realisation that countries or indeed regions are competing with themselves for scarce resources . This essay intends to dissect the concept of new regionalism and whilst briefly looking at how it has evolved . With reference to the last point this paper will attempt to link the concept of new regionalism to the recent surge in Regional Trade Agreements (RTA).[[1]](#footnote-2) The crux of this essay however lay in establishing the reasons for increases in RTA’s , that is to say both economic and political positives of joining these sort of agreements . SADC and its member states will remain a constant reference point and a main focus area throughout the course of this paper .This essay is premised around answering the question “**why do** **countries seek to address their national priorities through regional actions** ?

# *New Regionalism*

Regionalism is a principle based on an increase in the level of intergovernmental interaction and collaboration between and amongst states .[[2]](#footnote-3) New regionalism was or has been influenced by a number of major historical factors . One of which was the cold war the significance of this is that with the breakdown of certain ideological bonds , many countries that were previously opposed could now forge alliances .[[3]](#footnote-4)The end of the Cold War broke down barriers that once prevented regional economic integration .[[4]](#footnote-5) For example the formation of a free trade agreement between the EU and SADC illustrates a shift in the dynamics of the world system .[[5]](#footnote-6) The previous example also sheds light on another key area that is the “boundary eroding” nature of globalization which seems to play down the role of physical proximity.[[6]](#footnote-7) With regards to the last point in a low capacity or interaction world system , physical vicinity matters states are linked to their neighbours by economic and security concerns , however an increase in the interaction capacity of the system allows actors to reach out beyond their immediate neighbourhoods .[[7]](#footnote-8) The concept of new regionalism is simultaneously tied to the idea of nationalism and domestic factors .[[8]](#footnote-9) Regionalism in this regard becomes an issue of national interest , Nation states today are proving incapable of handling global challenges and are responding by giving up some of their sovereignty by opting to be part of a much larger community .[[9]](#footnote-10) One can take the example of SADC (Southern African Development Community ) an organisation that provides an opportunity to address national priorities through regional actions .[[10]](#footnote-11) Member states of SADC are required to give up a certain level of autonomy if there is to be any success in projects . SADC can be viewed as providing a platform for inter-governmental regional co-operation , an open ended process where by individual states act together for mutual benefit .[[11]](#footnote-12)An important point that one has to grasp is that regionalism or regional agreements are in the self interest of the countries involved .[[12]](#footnote-13) By looking at SADC regionalism can be viewed as a defence mechanism against competitive pressures , moreover regions come about as a result of or are shaped by the spill over of domestic conditions across borders .[[13]](#footnote-14) Taking the previous point into consideration one can safely make the assumption that new regionalism encompasses both the global and the national aspect and cannot be linked solely with national factors and separated from the global context . To sum up the discussion on new regionalism one can conclude by noting despite its multi-dimensional nature new regionalism is about trying to react to the global pressures both economic and political created by globalization through local means .[[14]](#footnote-15)

The number of Regional Trade Agreements has gone up exponentially over the last two decades .[[15]](#footnote-16)Many would state that whatever problem states face is going to be of a global nature so the response or solution also has to take place on a global scale , RTA’s serve as facilitators for a more mutually beneficial and co-ordinated approach towards dealing with global economic issues .[[16]](#footnote-17)There are both economic and political motivations for joining RTA’S .

# Economic Cosiderations.

There are many economic positives to be gained from joining RTA’s one of which is the integration of economies . Integrated economies are an avenue for increased trade and investment amongst the countries involved .[[17]](#footnote-18) With regards to the last point SADC can be used as an example to highlight the previous point . For example South Africa has a GDP of $282 billion dollars and is by far the biggest market on the continent , SA is also a member of SADC which means other member countries such as Tanzania and Mauritius are able to have easier trade flows with South Africa .[[18]](#footnote-19) Mauritius and Tanzania will receive preferential trade treatment to SA ( A country some would consider to be somewhat of a closed industry) and vice –versa.[[19]](#footnote-20) Access to larger markets allows for economic growth which is mutually beneficial to all the parties involved , it also offers the opportunity for other African states to reduce the trade deficit between SA and themselves .

Another reason for the surge in RTA’s is the existence of free trade Areas which allow the free movement of goods between states , that is to say that tariffs and other barriers are removed and do not apply within this area.[[20]](#footnote-21) Trade tariffs and barriers curtail the level of imports a within a country or make the product expensive via import tax thus reducing the demand for the exporting countries good .[[21]](#footnote-22)The removal of trade tariffs gives companies the incentive to produce more for the purpose of export . If one were to look at the example of Angola a country with vast mineral resources is in the top 5 fastest growing economies on the continent growing 11.7% in 2010 .[[22]](#footnote-23) To have access to a market growing at such a rapid pace will result in substantial financial trade gains because of the growing demand , even more so in a country that imports 90% of all its building material .[[23]](#footnote-24)

One has to remember that Regional Trade Agreement are multi dimensional and cover various facets they are not only limited to trade . RTA’s are also dedicated to the revival and construction of infrastructure within countries . Investing in each others infrastructure will in the long run be mutually beneficial . The African Development Bank stated that Africa can become a middle income continent by spending some $90 billion a year on infrastructure.[[24]](#footnote-25) SADC’s Free Trade Area is likely to create a regional market worth $437 billion and if you link this statistic to one of the main aims of SADC is infrastructure development , and on a continent where infrastructure remains a big problem regional trade agreements seem to offer a solution to that problem .[[25]](#footnote-26) Many African governments at the moment in budget deficit either keep their budgets in deficit or obtain money from organisations such as the IMF and World bank these loans are usually expensive with high interest rtes and are notorious for having negative impacts on countries .[[26]](#footnote-27) However most RTA agreement that involve quite a few members tend to have loan facilities to replace or at least reduce debt obtained in this manner , In 2009 South Africa acting on behalf of SADC extended a credit facility worth 500 million rand to Zimbabwe for the unity government , during the same time period Botswana also opened up a loan facility worth $70 million for assisting in key industries such as mining .[[27]](#footnote-28)Access to funds is a major problem for many countries and the availability of finance certainly can be a major factor in luring states into joining RTA’s .

The existence of growing importance of competitiveness for economic development has fuelled efforts to identify and measure various aspects of a countries competitiveness.[[28]](#footnote-29) Regional trade agreements in most cases allow for somewhat of a Keynesian form of economics , that is to say if one country is geared towards agriculture rather than production or manufacturing. It is quite possible that this country may benefit from being part of a trade agreement with other nations which are more inclined akin to doing the things that the other nation is unable hence nations can supplement each other .[[29]](#footnote-30)The existence of RTA’s make it possible for countries to specialise in those areas where they are most effective and they can avoid wasting resources , for example Angola is the 2nd largest oil producers on the continent and one of the top diamond exporters on the continent but they still import the bulk of their building material .[[30]](#footnote-31)

Another potential benefit of having Regional Trade Agreements is the possibility of increased efficiency amongst companies due to the amount of competition from imported goods.[[31]](#footnote-32) The idea that increased competition forces inefficient companies to be efficient which will result in the reduction of waste .[[32]](#footnote-33) Increased competition also results in a wider product variety and a reduction of prices these are all positives for the consumer rather than the producer .[[33]](#footnote-34)

# Political Considerations.

Regional Trade Agreements also offer an opportunity for political gains as well . For example SADC provides a chance to tackle issues such as peace and security , pressing issues such as AIDS and illegal immigrations and refugees in a more co-ordinated fashion together with other member states .[[34]](#footnote-35) Regional trade agreements have also been viewed in terms of their ability to reduce the likelihood of conflict between countries , the idea behind this thought process is that if states are bound by some sort of trade agreement they are unlikely to engage in any destructive activities towards each other .[[35]](#footnote-36)

Regional Trade Agreements tend to encompass a whole multitude of aspects not only trade . For example when Zambia were debating the membership of either COMESA or SADC , SADC was the more likely choice of the two this was down to a number of reasons .[[36]](#footnote-37)One of which was that Zambia shared a common history and trading ties with quite a number of these countries which meant there could be smoother social and economic convergence .[[37]](#footnote-38) The example of Zambia sheds light on a key point in that it is generally seen that the success of a free trade area agreement rests on the extent of intra trade prior the formation of the FTA , this is mainly because a high level of trade reduces the level of political resistance to the FTA .[[38]](#footnote-39)

Another political motivation for joining and RTA is that most agreements of this nature strive for political integration of states .[[39]](#footnote-40) The hope is that political integration may lead to common commitments towards promotion of democracy and respect for human rights as well as regional security initiatives .[[40]](#footnote-41) All of these factors are supposed to collectively bolster the image of the region , a good image is likely to attract foreign investment and working against economically disastrous consequences of instability .[[41]](#footnote-42)If a nation is part of regional trade agreement that means state has to a certain extent aligned itself with those states and vice-versa . The significance of this is that within an agreement or binding community you have some sort of protection or indeed a voice ,there is an opportunity to put forward your views .

# Conclusion.

In this essay we have looked at the concept of new regionalism its tents and proponents . By looking at the context out of which it arose(globalization) one can safely conclude by stating that New regionalism is an attempt at trying to respond to the effects of globalization as well as attempting to address national priorities via regional actions . This essay also looked at the political and economic motivations of joining a Regional trade agreement with SADC being the main reference point for the argument . After exploring the positives both political and economical one can deduce that being part of a regional trade agreement is becoming major trend on the continent , with the realisation that a an all inclusive co-ordinated approach increases the chance of effectively dealing with the effects of globalization .

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