

Regional Trade Blocks – The Realignment of Business Relations  
and the Long Anticipated Decline of U.S. Influence.

Observations and Opinions by Stephen G. Wright

Author of

*Reasoned Globality – New Organisational Pathways for International Professionals.*

© June 2017 Stephen G. Wright All rights reserved no use without written permission.

---

A key part of maintaining an international or “global” market position is to observe the relationship between local, regional and international trends and know the direction your competition is taking. Does a cursory review of the current political climate indicate the growth of globalization or fractionalization in favour of regional strategic alignments?

This article is based on lectures given to students that attended my International Business course between 2010 and 2012 in Amman, Jordan. Conclusions are based upon observations of the actions over time by governments, the actions and statements made by them concerning international relationships, news reports and discussions with internationals. This correlation of variables and circumstances was then projected to produce what I feel is a reasonable assessment of behavioural outcomes.

At some point the topic of “Regional Trade Agreements” is reviewed in an International Business course. Simply put, nations understand the value of trade cooperation and the idea that economies of scale work to benefit any given region. Obvious examples are NAFTA, European Union or ACEAN. However, recent events such as the U.S. rejection of the Pairs Accord is an example of a perspective of protectionism and self-importance that only moves the world closer toward a willingness to isolate the U.S. further and move trade and politics into new territories. We now often hear the phrase “filling a void left by the States”. This concept is precisely what I was explaining in classes and in seminars, but did not use those specific words.

For years I have anticipated the emergence of a variation on the theme of regional agreements. To me the logical outcome of sometimes quiet or sometimes directly stated objectives of major trade nations, other than the United States, is not an “agreement” but the establishment of well-defined Regional Trade Blocks. They may not be designed to consolidate economic power, insure political power and promote asymmetrical cultural proliferation but I contend they can be utilized to do just that. Contrary to what some may profess that economics and politics are mutually exclusive; the truth is that each affects the other in positive and negative ways. What

I see developing is a very clever way to create geo-political dominance through the addition of a cultural strategy that the U.S. itself has been accused of doing; imposing U.S. political ideals and cultural norms and values on other nations. This is what I have identified as being asymmetrical cultural proliferation. The difference here is that the U.S. did it mostly inadvertently in my estimation; the current players are doing it with clear intention. Their goal is to permanently undermine and then manage the economic, political and social influences of the U.S. on the world stage. The outcome is to gain the maximum value from the U.S. while minimizing its ability to control events or economic environments. The “One Belt-One Road” initiative by China appears to be a thinly veiled attempt at creating asymmetrical cultural proliferation. Put another way we will take what the U.S. can give (products, services, innovation, technology) but we will no longer allow them to dictate the rules of the game.

Do Regional Trade Blocks exist? Yes, of course. A paper from 2005 that I shall discuss later reviews the concept very well. The variation I am offering on this existing work is the utilization of RTBs as a strategy of the B.R.I.C.S. alliance (Brazil, Russia, India, China, South Africa). Do not believe that if you do not hear very much from them they must not be a real player. This alliance is a force to be reckoned with and to be highly cautious of. Global success is not defined as being the loudest, most out spoken nation(s) in the room. Many Americans would not easily recognize this developing trend as it is emerging too slow for their radar screen. Americans value speed in just about all facets of their lives. Variables such as strategic calculated implementation and long-term assessment tend to grate on them. After all, market share waits for no one – right?

I can see that three global RTBs will slowly emerge based on the goals of BRICS and shall be run by them as an administrative unit. My designation for these RTBs is Asian Pacific Alliance (to include Oceania), Western Hemispheric Trade Block and the EurRusso Economic Partnership. Who is missing? The Middle East and Africa may appear to be missing, but they actually form lynch pins to this BRIC-administered RTB concept. They could fit easily into either the Asian Pacific sphere of control or EurRusso.

In real estate the big buzz word is location. Please look at the Middle East through the lens of history. Perhaps the best way to understand is to think about Rome. The Middle East is a lot of sand, rocks and what else? Location. The Romans most certainly understood the value of the region for trade, resources and military position. Let’s bring that forward to today and again consider the strategic implications of China’s grand plan of “One Belt – One Road”. Nations have long understood the strategic location value found in Africa and the Middle East. In simple terms, the BRICS clearly understand that things are done slowly, deliberately and in incremental steps in order to gain long-term superiority in the face of U.S. short term thinking and international arrogance (i.e. “the greatest country in the world”, “leader of the free world”). The U.S. is a great country but they forget just who it was that

provided a base to help get them there. The U.S. is a nation born of all nations and owes a debt of gratitude to the numerous cultures that contributed to what the U.S. can still achieve. As for this leader of the free world idea; some can raise a strong argument that internal issues with its own people (anti-Muslim focus and the Patriot Act) call into question the true degree of freedom the States does in reality represent. Shall we discuss attempted genocide of the indigenous peoples on the North American continent, slavery, discrimination of the Irish and other ethnic groups, and the concentration camps for U.S. citizens that looked too Asian to make “patriotic” white people comfortable? Not to mention the post WWII treatment of people the U.S. felt needed its tutorage, guidance and democratization (Philippines, Japan, etc.). Democracy forced upon any people is just another form of tyranny. Democracy to be of true value must be chosen, nurtured and strongly based in equity for all citizens to fullest extent possible through joint efforts of the government and the citizens.

Yet, we must keep a balanced perspective; my strong belief is that the U.S. has much to offer and in the face of mistakes or missteps I have also seen an inevitable self-correction capability supported by the work of the founding fathers (i.e. reliance upon the Constitution and Bill of Rights). The U.S. can do a lot in the world. It can still innovate and it can still show compassion. However, the U.S. may need to step back now and stop trying to teach the world and instead say to the world “We would be interested in what you think we can do together and what you can teach us”! Then together we will develop more reasoned globality.

Should the United States stay the course of being obstinate then it will help in the furtherance of the RTB concept. This idea was also encountered in a paper written by Jo-Ann Crawford and Roberto V. Fiorentino, staff of the WTO Secretariat and it is titled, *The Changing Landscape of Regional Trade Agreements* ([https://www.wto.org/english/res\\_e/booksp\\_e/discussion\\_papers8\\_e.pdf](https://www.wto.org/english/res_e/booksp_e/discussion_papers8_e.pdf)). In this paper they discussed and then illustrated the emergence of trade blocks through a graphic. They placed circles on a world map to represent what the anticipated member nations in the major blocks would be, as projected by their research.

Simply think of the location of each BRICS nation on a world map and consider the three major trade blocks as I have suggested previously. Compare the image this creates to the emerging issues of current events in trade and politics. Could BRICS utilize their regional positions to influence trade squarely in their favour? Perhaps it could occur, but not immediately. In order for the work of Crawford and Fiorentino to be expanded into a nefarious arm for dominance by any group of nations the right environment must be cultivated.

1) The US must be relegated to a minor influence on trade policy and foreign affairs. Aside from the missteps the U.S. is making on its own now, their currency strength must be undermined and replaced by a consistently reliable currency, or basket of currencies, that will be favoured just as the dollar has been in the past.

2) The European Union would have to be restricted from expanding its strength or influence beyond its present status. Sponsoring and encouraging political and economic instability on various levels will keep them from filling the void left by the States.

3) Asia, Africa, Middle East and South America will need to be convinced that full alignment with BRICS partners can bring the level of stability they need in order to realize parity with the wealth, power and international trade opportunities the U.S. has flaunted and that they are currently not enjoying to the extent they believe they deserve.

The degree to which the opinions in this article accurately play out will, to no small extent, depend on the choices current Eastern and Western alliance's view the Middle East and Africa, embrace them on an equal footing and seek them out to guide the future. In an opinion article written by Dr. Khaled M. Batarfi that appeared in the Saudi Gazette he states:

“The unity of the Saudi-Turkey-led alliance is all the more crucial today in the face of the new evil axes. The Muslim and Arab world has pinned its hopes in saving the region from total destruction and foreign occupation on such unity. Hopefully, other major regional players will join in, like Algiers, Pakistan and Indonesia. United States, Europe and the rest of the civilized world would be best advised to side with the righteous, just and winning side.”

Source: <http://saudigazette.com.sa/opinion/west-vs-east-middle-east/>

I have a difficult time accepting that the BRICS nations are wholly benevolent nations focused on improving the human condition through increased trade, closer cultural ties and promoting shared prosperity. Current behaviour and past behaviour only indicates to me that they have a real potential to establish themselves as just another colonial power. We face hard choices, difficult choices, painful choices, to be sure but if there is no substantial leadership to take hold of the growing fractionalization then as Aristotle once wisely stated, “Nature abhors a vacuum”.

This article suggests a scenario for the rise of the BRICS alliance as the United States seems to become more and more self-absorbed.....while the world watches with befuddlement.

[www.reasonedglobality.com](http://www.reasonedglobality.com)