

ECONOMICS AT WORK EXERCISE

THE CONTINUING PURSUIT OF FREE INTERNATIONAL TRADE

REFERENCES: ‘Cancun – where to now for the WTO?’, *Australian Chamber of Commerce and Industry (ACCI) Review*, October 2003, pp. 6-8 .

CHAPTERS RELEVANT TO THIS EXERCISE:

Microeconomics, Chapters 17, 18; *Macroeconomics*, Chapters 20, 21.

OVERVIEW

The widespread acceptance of the gains from international trade (this article cites potential benefits on a worldwide basis of freer international trade as \$US520 billion) has led to the pursuit of policies to implement this policy as fully as possible. But trade policy in practice is being pursued in the context of many barriers to trade that have been erected over the years. Negotiations have been conducted within the framework of the World Trade Organization (WTO), of which nearly all major countries are members (a recent significant addition has been China). The most recent meeting of the WTO was held in Cancun, Mexico; and ‘Cancun’ has become a general label applied to describe the particular problems and issues that have characterised recent negotiations. Many of these revolve around conflicting interests between industrialised and ‘developing’ countries (the latter relying heavily on *agricultural* products for their export income). Cancun was marked by the increasing assertiveness of the developing countries but also by new conflicts appearing *among* countries reliant on primary exports. Australia sits in a position in between the developed and developing countries: while not being classed as ‘developing’, it is nevertheless heavily reliant on primary products for its export income.

QUESTIONS

1. What occurred at the Cancun meeting to justify the term ‘wreckage’?
2. What is the nature of the ‘G21’ formed in Cancun? Explain the motives of the group.
3. Is it reasonable to talk of ‘dual standards’ as having characterised previous trade policy negotiations?
4. Are there grounds for suggesting that the G21 will be a short-lived phenomenon?
5. What is meant by the suggestions that trade negotiations have been characterised by an ‘agricultural exceptionalism’ mindset?
6. What are the ‘Singapore issues’ in trade negotiations?