

LECTURE 8: TRADE

A. Dismantling the barriers:

Ranjir Rao is trade minister for a developing country:

'We believe that there is increased prosperity for all if we can export our goods and services freely. We are working through the **World Trade Organization (WTO)** to **remove or dismantle trade barriers** such as:

- **Tariffs:** taxes on imported goods
- **Quotas:** limits on the number of goods that can be imported.

We particularly want the countries of the North to **open up their markets** to our agricultural goods.

Free trade areas or blocs such as

- **the EEA: European Economic Area** containing the European Union plus some other countries
- **NAFTA: North American Free Trade Area:** Canada, US and Mexico

have abolished trade barriers between their member countries, but they should be more open to goods from outside.'

B. Protected industries

John Newman is head of a steel company in Nordland, an industrialized country:

We have higher costs than many other steel-producing countries and we can't compete with their prices. Some countries are **dumping** - selling their steel here for less than it costs to produce. So, we have asked our government to impose tariffs on imported steel.

Antonio Silva is head of a steel company in Sudonia, an industrializing country:

We feel that Nordland is engaging in unfair trade practices - from our point of view it's just protectionism. We believe in free trade - we should be allowed to compete in an open world market for steel.



C. Fair trade:

Claire Longdon is a consumer in the UK:

'I believe in fair trade. When I buy products, especially commodities like coffee or bananas, I look for the **FAIRTRADE Mark**. The **Fairtrade Foundation** makes sure that **producers** and **growers** are paid a fair price, not just the market price, which can be catastrophically low. For example, prices can fall dramatically when there is overproduction around the world causing a **glut** in a particular commodity.'



8.1. Complete the sentences with appropriate forms of expressions from A and B opposite.

1. US and EU business leaders now need to focus on removing..... between the two blocs rather than aim to create a single.....area.
2. He said raising prices by increasing.....on Japanese luxury cars would give Detroit's Big Three automakers an excuse to increase their own luxury car prices.
3. The Asia-Pacific economies have been growing and their markets. They offer many new opportunities.
4. The European Union warned that South Korea should open up its car market, accusing the country of
5. If the Commerce Department rules that Mexico is tomatoes, consumers can expect higher tomato prices because the US will impose on them, limiting the numbers that can be imported.

8.2. Look at C opposite. Put the sections of this article in the correct order. (The first is a.)

a. Sale of Fairtrade products doubles:

Sales of goods that promise a better deal for farmers in developing countries have more than doubled in three years, it was announced at the weekend. Fairtrade coffee accounts for 14% of the market in the UK,

b. and chocolate that carry the fairtrade certification mark. Last November the Co-op supermarket chain announced it was switching all its own-brand chocolate to Fairtrade.

c. and producers, a better deal. Total sales rose from £21.8m in 1999 to £59m in 2002, according to figures released to mark Fairtrade Fortnight, which starts today to encourage shoppers to try the products

d. and the World Development Movement, to respond to the human consequences of collapsing world commodity prices.

e. Harriet Lamb, executive director of the foundation, said: "Rising sales figures show that the public not only trust the Fairtrade mark but trust their taste too." The foundation was set up at the beginning of the 1990s by agencies including Christian Aid. Oxfam

f. representing 4.5 million growers. More than 100 products are available in the UK in the categories of coffee, tea, cocoa, chocolate, snacks and biscuits, sugar, honey, fruit juice and fresh fruit, and are stocked by independent shops and most major supermarkets.

g. The Fairtrade Foundation certifies and promotes products that meet internationally recognized standards of fair trade. It said that Sainsbury's now sells around 1 million Fairtrade bananas a week, and has own-brand coffee, tea

h. The first Fairtrade-marked product appeared on shelves in 1994. Now foods carrying the mark are sold in 17 countries through 235 traders and 452 companies. They are sourced from 360 producer groups in 36 countries.

i. with sales having, increased from 13.7 m in 1998 to 18.5 m in 2001. The growth has been made possible in large part by the increasing willingness of supermarkets to sell Fairtrade products, which are made using ingredients that guarantee farmers

The Guardian

8.3. Over to you: Should some industries in your country be protected - if so, which ones? Or should all goods be subject to free trade? Why / Why not?