

Unit 4: International Economics

Unit Overview

4.3 Economic integration

- Globalization
- Trading blocs
 - >>Free trade areas (FTAs)
 - >>Customs unions
 - >>Common markets

Higher level extension topics

- Trade creation and trade diversion
- Obstacles to achieving integration
 - >>reluctance to surrender political sovereignty
 - >>reluctance to surrender economic sovereignty

4.4 World Trade Organization (WTO)

- Aims
- Success and failure viewed from different perspectives

Blog posts: "WTO"



Blog posts: "Trading blocs"



Blog posts: "Trade"



Trading blocs

Definition

Definition: a group of countries that join together in some form of agreement in order to increase trade between themselves and/or to gain economic benefits from cooperation on some level. Based on **economic integration**.

Six stages of economic integration:

- 1) Preferential trading areas
- 2) Free trade areas
- 3) Customs unions
- 4) Common markets
- 5) Economic and monetary union
- 6) Complete economic integration

Assignment:

1) Read the handout on "trading blocs". Make a table to summarize the information about trading blocs. Include the name of each of the six types of economic integration, a definition, and examples. Table should illustrate how economic integration increases at each stage.

Name	Definition	Examples

2) Choose one trading bloc to research. Make an annotated time line to show the steps involved in its establishment and evolution. Be sure to note any significant achievements and/or setbacks.

Then pick one country in the bloc and evaluate how it has been affected by membership of the zone. [Upload your table, timeline and evaluation to Classwork submit folder!!](#)

Trading blocs

Definition

Type	Definition	Examples
1) Preferential trading areas		
2) Free trade areas		
3) Customs unions		
4) Common markets		
5) Economic and monetary union		
6) Complete economic integration		

Trading blocs

Examples

Choose one trading bloc to research for part 2 of assignment:

- * 2.1 European Economic Area ([EEA](#))
- * 2.2 Central European Free Trade Agreement (CEFTA)
- * 2.3 Caribbean Community (CARICOM)
- * 2.4 Union of South American Nations (Unasur/Unasul)
- * 2.5 Economic Community of West African States (ECOWAS)
- * 2.6 Economic and Monetary Community of Central Africa (CEMAC)
- * 2.7 East African Community (EAC)
- * 2.8 Southern African Customs Union (SACU)
- * 2.9 Common Market for Eastern and Southern Africa (COMESA)
- * 2.10 Greater Arab Free Trade Area (GAFTA)
- * 2.11 North American Free Trade Agreement (NAFTA)
- * 2.12 Association of Southeast Asian Nations (ASEAN)
- * 2.13 South Asian Association for Regional Cooperation (SAARC)
- * 2.14 GUAM Organization for Democracy and Economic Development
- * 2.15 Eurasian Economic Community (EurAsEC)
- * 2.16 Pacific Regional Trade Agreement (PARTA or PIF)
- * 2.17 Central American Common Market (CACM)
- * 2.18 African Economic Community (AEC)

The World Trade Organization

Introduction

The WTO homepage: <http://www.wto.org/>



Background

- Established January 1, 1995
- 151 member nations
- Replaced the General Agreement on Tariffs and Trade (GATT), set up after WWII
- In 1947, average world tariffs for manufactured goods were 40%
- Today, average world tariffs for manufactured goods are 4%
- All WTO member nations are required to grant "most favoured nation" status to one another, meaning that if a country offers trade concessions to one WTO country, it must offer them to all.

Aims of WTO

- to administer WTO trade agreements
- to be a forum for trade negotiations
- to handle trade disputes among member countries
- to monitor national trade policies
- to provide technical assistance and training for developing countries
- to cooperate with other international organizations

The World Trade Organization

Introduction

Research Activity: Understanding the WTO - the Basics

Under the category "Basics"

"What is the WTO?"

"Principles of the Trading System"

Under the category "Agreements"

"Tariffs"

"Agriculture"

"Standards and Safety"

"Textiles"

"Services"

"Intellectual Property"

"Anti-dumping, subsidies, etc."

"Non-tariff Barriers"

"Plurilaterals" and "Trade Policy Reviews"

Directions: Research your assigned topic from the website:

http://www.wto.org/english/thewto_e/whatis_e/tif_e/tif_e.htm

The assignment: Create a two or three minute audio "podcast" of the important points from your section of the WTO website.

- You are to take notes on the main ideas from your section, preparing a one or two paragraph summary of what you find most important.
- Practice reading your summary to a classmate once or twice. Once you feel confident, move on to the next step.
- Open the program "Audacity" on your laptop. Find a quiet corner of the room or go to the hallway, and record yourself reading the written version of your summary into the software.
- Once you've successfully recorded your written summary, go to the file menu and select "export as WAV file". Export the file to your desktop. Name the file the topic it is on.

The World Trade Organization

3 interpretations

WTO - origins



WTO : Why is it BAD for you ?



IMF, WTO & World Bank ~ Arundhati Roy



Evaluating sources:

- What stories do the videos tell about free trade and the WTO?
- What biases do the videos express?
- Overall, do the videos portray a successful WTO? Discuss.