

World trade

The meeting of the World Trade Organisation is taking place this September in Cancun, Mexico. One of the principles of the WTO system is for countries to lower their trade barriers and to allow trade to flow more freely. A key issue under discussion is how poorer countries can benefit from the increasing globalisation of markets.

1 Look at the issues below that the WTO are likely to discuss. Work with a partner and check that you know the meaning of each one.

poverty gap foreign aid free trade policies
wealth redistribution developing countries agricultural subsidies

2 Read the four e-mails to the WTO below. Choose an appropriate title for each e-mail from the box in 1.

(1) **To:** WTO **From:** Paul Glass, NYC

Re: _____

Sir, The world's poorer countries lose a total of \$24bn (£15.3bn) in export earnings a year because of the subsidies paid by rich nations to support their own farmers. Rich countries spend six times more helping their own farmers than in foreign aid! Let's put an end to these unfair subsidies which put farmers in developing countries out of business. Regards

(2) **To:** WTO **From:** Andrew Short, Edinburgh

Re: _____

We should continue to expand free trade policies as this will boost the world economy. Freer global trade and lower tariffs will result in more competition and eventually cut subsidies. This will in turn eliminate poverty. This way, everyone gains. Best wishes

(3) **To:** WTO **From:** Heidi Schultz, Stuttgart

Re: _____

Sir, Globalisation redistributes wealth from richer countries to poorer countries. Jobs previously done in the USA and the UK are outsourced to companies in developing countries, where the costs for running a helpdesk (e.g. salary, equipment, training, managing) are lower. This money then goes into stimulating the local economy. Best

(4) **To:** WTO **From:** Martina Lopez, Toronto

Re: _____

The world's poorest countries have not shared in the growth of world trade. The gap between rich and poor countries still remains large. The 646m people in the top exporting countries – the US, Germany, Japan, France and UK – do 100 times more trade than their poor counterparts. I think that free trade policies benefit western nations far more than developing countries. Let's hope this year's conference can change this. Best

3 Find words or phrases in the e-mails which mean:

- a money the government or an organisation earns by selling products to other countries (e-mail 1)
- b a tax that a government charges on goods that enter or leave their country (e-mail 2)
- c used another company to provide goods or services (e-mail 3)
- d people or things equivalent to others in a different country or organisation (e-mail 4)

4 Discuss the following questions in small groups and report your ideas to the class.

- a Can richer nations do more to help poorer nations benefit from globalisation? If so, what?
- b Do you think stronger nations and the EU should continue to subsidise their own farmers?
- c Do the activities of multi-nationals do more harm than good to the economies of developing countries?