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- ▶ Chapter: International trade, Part 2
- ▶ Illustrations credit: NCERT

World Imports and Exports (in millions of U.S. \$)

| | 1955 | 1965 | 1975 | 1985 | 1995 | 2005 | 2010 |
|---------|-------|--------|--------|---------|---------|----------|----------|
| Exports | 95000 | 190000 | 877000 | 1954000 | 5162000 | 10393000 | 14850565 |
| Imports | 99000 | 199000 | 912000 | 2015000 | 5292000 | 10753000 | 15076522 |

World Merchandise Exports by Major Product Group, 2010

| | <i>Value</i> | <i>Share</i> | <i>Annual Percentage Change</i> | | | | | | | | |
|------------------------------|--------------|--------------|-----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------|-------------|
| | | | <i>In World Merchandise Trade</i> | <i>1980-1985</i> | <i>1985-1990</i> | <i>1990-1995</i> | <i>1995-2000</i> | <i>2000-2005</i> | <i>2005-2010</i> | <i>2008</i> | <i>2009</i> |
| Agricultural Products | 1362 | 9.2 | -2 | 9 | 7 | -1 | 9 | 10 | 19 | -12 | 15 |
| Fuels and Mining Products | 3026 | 20.4 | -5 | 3 | 2 | 10 | 16 | 11 | 33 | -36 | 33 |
| Fuels | 2348 | 15.8 | -5 | 0 | 1 | 12 | 17 | 10 | 41 | -37 | 30 |
| Manufactures | 9962 | 67.1 | 2 | 15 | 9 | 5 | 9 | 6 | 10 | -20 | 20 |
| Iron and Steel | 421 | 2.8 | -2 | 9 | 8 | -2 | 17 | 6 | 22 | -45 | 29 |
| Chemicals | 1705 | 11.5 | 1 | 14 | 10 | 4 | 13 | 9 | 13 | -14 | 18 |
| Office and Telecom Equipment | 1603 | 10.8 | 9 | 18 | 15 | 10 | 6 | 5 | 3 | -15 | 21 |
| Automotive Products | 1092 | 7.4 | 5 | 14 | 8 | 5 | 10 | 3 | 3 | -31 | 29 |
| Textiles | 251 | 1.7 | -1 | 15 | 8 | 0 | 5 | 4 | 5 | -16 | 19 |
| Clothing | 351 | 2.4 | 4 | 18 | 8 | 5 | 7 | 5 | 5 | -13 | 11 |

TYPES OF INTERNATIONAL TRADE

**Bilateral
trade**

**Multilateral
trade**

Case of free trade

The act of opening up economies for trading is known as free trade or trade liberalisation.

This is done by bringing down trade barriers like tariffs.

Trade liberalisation allows goods and services from everywhere to compete with domestic products and services.

Globalisation along with free trade can adversely affect the economies of developing countries by

not giving equal playing field by imposing conditions which are unfavourable.

But free trade should not only let rich countries enter the markets, but allow the developed countries to keep their own markets protected from foreign products.

Countries also need to be cautious about dumped goods; as along with free trade dumped goods of cheaper prices can harm the domestic producers.

Panel to study anti-dumping duty on shrimp



The US act had seriously hit India's export to that country as US is the second largest importer of marine products from India

GEORGE JOSEPH
KOCHI, 26 November

Upholding India and Thailand request, World Trade Organization (WTO) has constituted a panel to examine the anti-dumping duty and customs bond imposed by the US government against the import shrimp from these countries. The dispute settlement body of WTO has resolved to appoint the panel so that several rounds of discussion with these countries were fu-

Alliance [SSA], an organization of local shrimp manufacturers. The US act had seriously hit India's export to that country as US is the second largest importer of marine products from India. The duty was also imposed against a host of other countries like Thailand, China, Brazil, Ecuador and Vietnam in July 2004. US customs had also imposed continuous bond requirement on importers of certain frozen warm water shrimp from these countries.

Activity

Think of some reasons why dumping is becoming a serious concern among trading nations?

World trade organisation

GATT WAS FORMED IN 1948

The GATT was transformed into WTO on 1.1.1995

It maintains the global rules between the nations

It resolves the disputes between the nations related to trade

It covers trade services, telecommunication and banking, intellectual rights

It gives importance to rich nations

It is not favourable to poor nations

Criticism of WTO

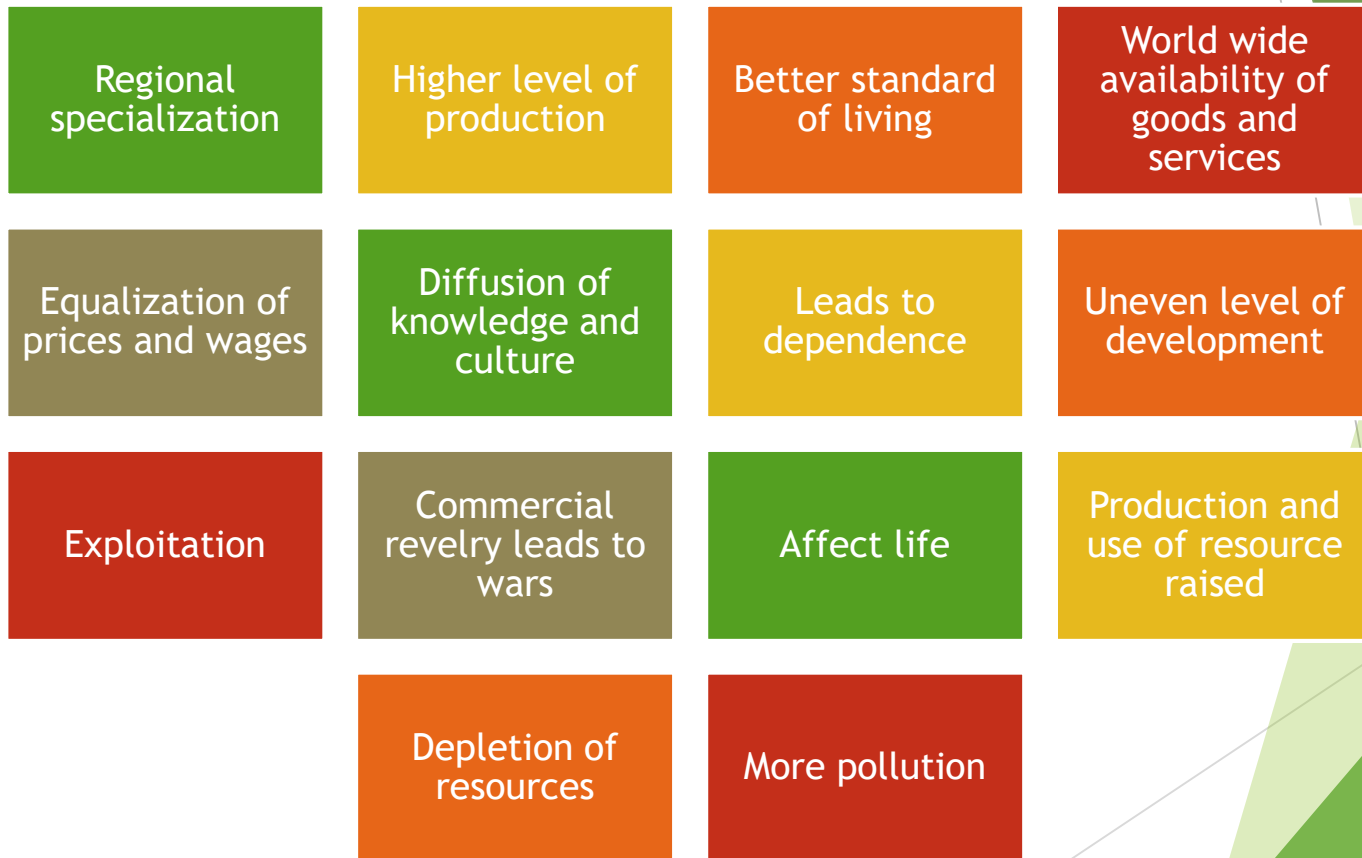
It is argued that free trade does not make ordinary people's lives more prosperous.

It is actually widening the gulf between rich and poor by making rich countries more rich.

Moreover, many developed countries have not fully opened their markets to products from developing countries.

It is also argued that issues of health, worker's rights, child labour and environment are ignored.

CONCERNS RELATED TO INTERNATIONAL TRADE



PORTS: GATEWAYS OF INTERNATIONAL TRADE

Provide facilities to cargo and passenger

Provide docking, loading unloading, storage facilities for cargo

Maintain navigable channels

Arrange tugs and barges, provide labor managerial services

The quantity of cargo handled by the port is an indicator of level of development of its hinter land

Regional blocks

Regional Trade Blocs have come up in order to

encourage trade between countries

with geographical proximity,

similarity and complementarities in trading items and

to curb restrictions on trade of the developing world.

Today, 120 regional trade blocs generate 52 per cent of the world trade.

These trading blocs developed as a response to the failure of the global organisations to speed up intra-regional trade.

Table 9.3: Major Regional Trade

| Regional Blocs | Head Quarter | Member nations | Origin | Commodities | Other Areas of Cooperation |
|--|---------------------|---|--------------------------------------|--|---|
| ASEAN (Association of South East Asian Nations) | Jakarta, Indonesia | Brunei, Indonesia, Malaysia, Singapore, Thailand, Vietnam | Aug, 1967 | Agro products, rubber, palm oil, rice, copra, coffee, minerals – copper, coal, nickel and tungsten. Energy – petroleum and natural gas and Software products | Accelerate economic growth, cultural development, peace and regional stability |
| CIS (Commonwealth of Independent States) | Minsk, Belarus | Armenia, Azerbatjan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan. | — | Crude oil, natural gas, gold, cotton, fibre, aluminium | Integration and cooperation on matters of economics, defence and foreign policy |
| EU (European Union) | Brussels, Belgium | Austria, Belgium, Denmark, France, Finland, Ireland, Italy, the Netherlands, Luxemburg, Portugal, Spain, Sweden and U.K. | EEC- March 1957 EU - Feb. 1992 | Agro products, minerals, chemicals, wood, paper, transport vehicles, optical instruments, clocks - works of art, antiques | Single market with single currency |

| | | | | | |
|--|------------------------|---|----------|--|---|
| LAIA (Latin American Integration Association) | Montevideo, Uruguay | Argentina, Bolivia, Brazil, Columbia, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela | 1960 | — | — |
| NAFTA (North American Free Trade Association) | | U.S.A., Canada and Mexico | 1994 | Agro products, motor vehicles, automotive parts, computers, textiles | — |
| OPEC (Organisation of Petroleum Exporting Countries) | Vienna, Austria | Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, U.A.E. and Venezuela | 1949 | Crude petroleum | Coordinate and unify petroleum policies. |
| SAFTA (South Asian Free Trade Agreement) | | Bangladesh, Maldives, Bhutan, Nepal, India, Pakistan and Sri Lanka | Jan-2006 | — | Reduce tariffs on inter- regional trade |

TYPES OF PORT

BASED ON CARGO HANDLED

- 1. Industrial ports
- 2. Commercial ports
- 3. Comprehensive

BASED ON LOCATION

- 1. Inland ports
- 2. outports

BASED ON SPECIALISED FUNCTION

- 1. Oil ports
- 2. Ports of call
- 3. Packet station
- 4. Entre pot ports
- 5. Naval ports



Fig. 9.5: San Francisco, the largest land-locked harbour in the world

Assignment

- ▶ 1. How is bilateral trade different from multilateral trade?
- ▶ 2. 'Globalisation along with free trade can adversely affect the economies of developing countries.' Substantiate the statement with three suitable facts.
- ▶ 3. Explain the role of WTO.
- ▶ 4. Why is the role of WTO in international trade criticised?
- ▶ 5. Enlist various concerns related to international trade.
- ▶ 6. Why are ports called the gateway of international trade?
- ▶ 7. What led to the formation of regional trade blocks?
- ▶ 8. Giving suitable examples, classify ports on the basis of cargo handled, location and specialized functions