Question 25 (12 marks)

This question refers to the edited extract below, which is from an article by James Fell and published on 15 February 2022.

Australia's Future Agricultural Trade Advantage

Australia's first Free Trade Agreement (FTA), with New Zealand, entered into force in 1983. Australia has since concluded 14 FTAs between 2003 and 2020. Three-quarters of Australia's agricultural trade in 2020–21 was destined for Australia's FTA partners.

In some agreements, the agreed outcomes are sufficient to allow Australian exports to maintain their competitiveness in the partner market. This is evident in the case of Australian cheese exports to Japan. The negotiated outcomes for cheese in the Japan-Australia Economic Partnership Agreement (JAEPA), which entered into force in 2015, did not result in an increase in cheese exports. Between 2016 and 2020, a number of international competitors also achieved market access wins in Japan. However, Australia's improved access to a larger quota with lower tariffs helped maintain the competitiveness of Australia's cheese exports to Japan.

Shifts in power will reshape relationships, as global competitors pursue their economic interests. This means that Australian exporters could face risks and uncertainty, highlighting the importance of cementing and enhancing the global rules-based trading system.

To this end, moves to shore up certainty and predictability in the global trading system are important. This includes not only maintenance of global trading norms, but reform of World Trade Organization (WTO) rules on trade and domestic support limiting or reducing the adverse effects of competitors' agricultural subsidies.

(a) (i) Identify a form of protection referred to in the article. (1 mark)

_____

_____

(ii) With reference to the article, identify the proportion of Australia's agricultural exports that were exported to its FTA partners in 2020–2021. (1 mark)

_____

_____

(b)   Describe **two** ways in which organisations such as the World Trade Organization (WTO) can influence world trade.   (4 marks)

One: _____

_____

_____

_____

Two: _____

_____

_____

_____

(c)   Using an appropriate model, illustrate and explain the effects of a subsidy on domestic
       production, imports and market efficiency.   (6 marks)

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

Model

_____

_____

_____

_____

_____

_____

_____

_____

_____