

Question 27

(12 marks)

This question refers to the edited extract below, which is from an article by Matthew Doran and published on 15 November, 2020.

Australia signs Regional Comprehensive Economic Partnership, the world's largest trade deal.

The largest trade deal in history has been signed, with 15 countries including Australia agreeing to the trade deal covering 30 per cent of the global economy. Leaders agreed to the terms on the Regional Comprehensive Economic Partnership (RCEP) at the Association of South-East Asian Nations (ASEAN) summit in Bangkok last year. The countries involved are Australia, China, Japan, South Korea, New Zealand and the 10 members of ASEAN, including Indonesia and Vietnam.

Senator Birmingham said, "The real benefits are two-fold – one is our farmers and exporters, will get a more common set of rules across all nations. The other is our services export industry will get new access across financial, banking, aged care, health care, education and other service industries, such as the provision of architectural, engineering or planning services."

The focus of RCEP is on standardising trade rules across countries, making it easier for people to do business. India has been negotiating during the eight years of talks, before pulling out last year. "That diminishes some of the value for Australia, as India would've been the one RCEP partner with whom we did not previously have any type of free trade agreement," Senator Birmingham said. "However, the value of RCEP is still there." The deal also does not include the United States, despite the country having US\$2 trillion (A\$2.7 trillion) in trade with the countries which are involved.

- (a) (i) List **one** benefit for Australian exporters from belonging to the RCEP. (1 mark)

- (ii) According to the article, which **two** countries are currently **not** members of RCEP? (1 mark)

- (b) Describe **two** arguments for trade liberalisation. (4 marks)

One:

Two:

- (c) Using a demand and supply model, illustrate and explain the effects on consumers and producers of a country imposing a tariff on an imported good. (6 marks)

Consumers: _____

Producers: _____

Model
