

Chapter 12 International Trade Organizations

Question 12.4

Nations frequently clash with each other on various trade issues, often charging the other side of 'dumping' practices. On the website of the WTO you can find answers to the following questions.

- 12.4A What is the definition of 'dumping'? What is the stance of the WTO towards countries which protect themselves from 'dumping' practices?
- 12.4B What are anti-dumping measures called in WTO terminology? What measures can you think of that policy makers would implement?
- 12.4C Which countries/economies have the largest amount of disputes? Can you explain why?

Question 12.5

An important and controversial treaty agreed upon at the WTO is the issue of intellectual property rights. The WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) is the official name of the WTO treaty that handles these rights. Go to the website of the WTO to answer the questions below.

- 12.5A Which broad issues with respect to intellectual property rights are covered by the TRIPs agreement?
- 12.5B Why do intellectual property rights need to be discussed at a global level?
- 12.5C Which special arrangements have been made for developing countries in the TRIPs agreement? Why?

The TRIPs agreement has drawn a lot of criticism. Many people claim that it will be bad for developing nations and good for developed nations.

- 12.5D Can you think of reasons why the TRIPs agreement would be bad for developing countries? And reasons why it would be good?

Pharmaceutical companies have been criticised recently for their hesitation to supply cheap AIDS medicines to developing countries, as well as for their attempts to block the production of cheap copies of such medicines in the developing countries. The TRIPs agreement will have a big impact on this issue.

12.5E Why is it beneficial for developing countries to produce the drugs cheaply in their own country? Why can it be detrimental?

Question 12.6

The OECD website contains an excellent database of economic statistics, including many interesting for international trade. The [question 12-6 file](#) on the website contains data from the online OECD database, relating to the Czech Republic, Hungary, Poland and the Slovak Republic.

12.6A Graph the trade to GDP ratios for the abovementioned countries and graph them for the longest possible time period. What do you see and can you explain the trends?

Next, we can take a look at the Herfindahl index of geographical concentration for exports.

12.6B What is the Herfindahl index?

12.6C How does this index develop over time for the five countries we are researching? Can you explain why?

Large FDI inflows have helped to restructure these four economies. Many of the FDI flows relate to investments in car plants, which presumably changed export patterns and generated a comparative advantage in car manufacturing.

12.6D Graph the revealed comparative advantage in automotive manufacturing for these transition countries. What are your findings? Explain.

12.6E Are your findings consistent with the theoretical explanation of transition in section 12.5?