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# **REGIONALISM AND GLOBALISM: APEC AND ITS IMPLICATIONS FOR AUSTRALIA**

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## ABSTRACT

This study investigates the practicality of APEC's open regionalism in dealing with the more sensitive areas of trade policy reforms such as agriculture. In order to examine the effectiveness of APEC in addressing agricultural trade liberalisation, the rice sector was chosen as a case study, especially from an Australian standpoint. Although not a major producer and exporter of rice in world terms, Australia's rice industry is externally-oriented and exports nearly 65 percent of its output. The liberalisation of agricultural markets, including markets for rice, is one of the key trade policy objectives that Australia has vigorously pursued at all levels - multilateral, regional and bilateral.

However, the liberalisation of markets for agricultural commodities such as rice cannot be studied in isolation. It was, therefore, necessary to locate APEC and its trade liberalisation agenda within the context of the debates on globalisation and regionalisation. Over the past two decades a strong body of literature on these two themes has emerged. The present study contains a comprehensive review of this literature and attempts to identify the most important theoretical trends, arguments and debates on the subject.

Although APEC is a regional forum, it is quite distinct from all other existing regional trading arrangements. Its two core principles – open regionalism and non-discrimination – set it apart from both the North American Free Trade Area and the European Union. Whereas NAFTA and EU clearly discriminate against non-members in terms of market access and other benefits, APEC's trade liberalisation outcomes will allow greater access to regional markets not only for its member countries but also for exporters from all other nations. This key difference between APEC and other regional arrangements enables APEC to act as a bridge between regionalisation and globalisation.

Globalisation implies the shift toward a more integrated and interdependent world economy. No other institution has done more to promote globalisation than the World Trade Organisation and its predecessor the General Agreement on Tariffs and Trade. Regional trading arrangements such as NAFTA and the EU have also contributed towards the creation of a globalised world economy, but their contributions are largely confined to their respective regions and may even be contrary to the WTO objective of multilateral and global free trade. The APEC free trade agenda, on the other hand, is not only consistent with the WTO goals but is even more ambitious.

Nonetheless, this study has found that one of the key weaknesses of APEC is the absence of any enforcement mechanism. In keeping with the cultures of the Pacific Asian countries, it relies on consensual decision-making rather than on legally binding commitments. Its goal of free trade in the region by 2010 for developed countries and 2020 for developing country members is dependent on the voluntary actions of its members. The detailed case study of the rice sector demonstrates that the road to free trade in the region is full of political, social and cultural pitfalls. The will of the

governments in APEC countries is being sorely tested by pressure from various lobby groups in their respective countries.

The study argues that interest in APEC is gradually diminishing and the importance of bilateral deals and new regional initiatives such as ASEAN+3 is increasing in Pacific Asia. The failure of APEC to assist the Pacific Asian countries during the East Asian economic crisis in the late 1990s may be a contributing factor in this regard.

SIGNED ASSIGNMENT

This thesis contains no material which has been accepted for the award of any other degree or diploma in any university. To the best of my knowledge and belief, the thesis contains no material previously published or written by another person, except where due reference is made in the text of the thesis.

SIGNED: ----------

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## ABBREVIATIONS

ABAC	APEC Business Advisory Council
ABARE	Australian Bureau of Agricultural and Resource Economics
AD	Anti – Dumping
AFTA	ASEAN Free Trade Agreement
AGPS	Australian Government Publication Service
APEC	Asia Pacific Economic Cooperation
ASEAN	Association of South East Asian Nations
CAP	Common Agricultural Policy
CAPs	Collective Action Plans
CEES	Central and East European Countries
CER	Closer Economic Relations
CU	Custom Union
CUSTA	Canada United States Trade Agreement
DFAT	Department of Foreign Affairs and Trade
EAEC	East Asian Economic Caucus
EAEG	East Asian Economic Group
EC	European Community
ECLAC	Economic Commission on Latin American Countries
ECSC	European Coal and Steel Community
EEC	European Economic Community
EEP	Export Enhancement Program
EFTA	European Free Trade Area
EPG	Eminent Persons' Group
ETM	Elaborately Transformed Manufactured Products
EU	European Union
EURATOM	European Atomic Energy Community
EVSL	Early Voluntary Sectoral Liberalisation
FAO	Food and Agricultural Organisation
FDI	Foreign Direct Investment
FTAA	Free Trade Area of Americas
FTAs	Free Trade Areas
GATT	General Agreement on Tariffs and Trade
GATS	General Agreement on Trade in Services
GSP	General System of Preferences
HPAEs	High Performing Asian Economies
IAPs	Individual Action Plans
IBRD	International Bank for Reconstruction and Development
IMF	International Monetary Fund
ITO	International Trade Organisation
LDCs	Less developed countries
LIEO	Liberal International Economic Order
MAPA	Manila Action Plan for APEC
MERCOSUR	Mercado Comun del Sur ( <i>Southern Common Market</i> )

MFN	Most favoured Nation
MNCs	Multinational Corporations
MTNs	Multilateral Trade Negotiations
NAFTA	North American Free Trade Agreement
NGOs	Non-Governmental Organisations
NICs	Newly Industrialised Countries
OECD	Organisation for Economic Cooperation and Development
PAFTAD	Pacific Trade and Development Conference
PBEC	Pacific Basin Economic Community
PECC	Pacific Economic Cooperation Conference
RTAs	Regional Trade Arrangements
SAPTA	South Asian Preferential Trading Area
SEM	Single European Market
SEZ	Special Economic Zones
STM	Slightly Transformed Manufactured Products
TAFTA	Trans Atlantic Free Trade Area
TNCs	Transnational Corporations
TRIP	Trade-Related Aspects of Intellectual Property Rights
UNCTC	United Nations Centre for Transnational Corporations
UNCTAD	United Nations Conference on Trade and Development
US	United States
USSR	Union of Soviet Socialist Republics
VERs	Voluntary Export Restraints
WTO	World Trade Organisation