

The companion issue of import cartels is explored somewhat further in the annex to this paper. In general, import cartels are welfare reducing, require the undermining of effective and responsible competition policy and can encourage a self-defeating, beggar-thy-neighbour reaction from other trading partners.

The mis-use of trade policy as a substitute for international competition policy undermines the multilateral trading system. The net effect of such mis-use could well move beyond bilateral friction and result in a form of de-globalization if major countries retreat into a defensive trade policy stance. Thus, the re-emergence of concern with international cartelization should be a positive signal to those interested in developing a more complete rules-based trading system.

In the NAFTA context, the cartel issue could be used to spark a policy reconsideration of the long term role of competition policy in an integrating free trade area and the role for competition policy in propelling such integration to support market forces.