

International trade. Globalisation

Course contents:

- Introduction to the international trading environment. Globalisation.
- World Trade Agreements
- Review of World Organisations (World Trade Organisation, World Bank, IBD,...)
- Historical Background
- European Union.

Summary: Learn about trade liberalisation and the formation of the World Trade Organisation. Identify the positive and negative effects of globalisation. Understand the various regional economic agreements and their relevance to both regional and world trade. Review the UN, WTO, WCO etc and their role in facilitating world trade. Explore the historical development of world trade over the last three decades.

In this unit you will: Learn about International Trade.

This will be achieved by:

- Learning about liberalisation and the formation of GATT and the WTO.
- Learning about globalisation and the positive and negative effects of globalisation.
- Learning about the various World Economic Agreements and their relevance to the different regions throughout the world.
- Reviewing the various World Organisations and their effects on International Trade.
- Exploring the significant historical happenings in International Trade over the past three decades.

This course provides the learner with a comprehensive overview of the regional and international trade blocks and institutions governing and regulating International trade. It examines the development of international trade to date.

In the last few years the world economy has gone through some major changes, the result of which has been the creation of a world market. With the establishment of the World Trade Organisation (WTO), almost all economies of the world are likely to establish more and more interdependent relationships with each other. In the 1980's the world economy was characterised by trade between large economic blocs, since the mid 90's international trade has tended to develop towards globalisation to a stage where it is feasible to conceive trade without frontiers in the not too distant future. At the start of the 21st century we witness the emergence of a new economy: The world as a global market!

Domestic trade has become global trade, where the entire world is a global market. You are now probably working on a computer which was produced in China using Japanese chips and an American operating system. You may be wearing a pair of trousers made in Taiwan, Italian sunglasses and a Swiss watch. Perhaps tonight you will have a glass of Spanish or Chilean wine or a cup of Kenyan coffee with your dinner. You may drive

a Korean or German car, use a Finnish phone or smoke Cuban cigars. This is our reality today, which has become possible due to globalization.



Exercises:

1. Collect the information you need from newspapers, the Internet (visit the WTO website, etc.) and write a short report on:

- Recent developments in multilateral agreements in the world, above all those dealing with customs duty reductions
- Determine how these agreements facilitate or impede your exports.

2- Imagine that you work for a confectionery company (you can change to another product). One of the principal tools when developing export strategies is to understand the development of the economy of your country and its foreign trade. Search the press specializing in international trade and the Internet for the following:

- Trade balance of your country with the rest of the world for the past 3 years;
- Structure of your country exports in the main areas (raw materials, agricultural products, industrial products, fuels and their derivatives)
- Find out and analyse the exports of your product (confectionery) in the last 3 years. Find out the main destination markets of national confectionery exports.
- What are your conclusions?

3- An international trade specialist, among other things, must be aware of the main sources of state aid available for exporters. State aid varies from country to country and depends on the government policy in that respect. It is your task to regularly contact institutions and organizations which support international trade in your country. In particular it is important to be in regular contact with your Chamber of Commerce, local development agency or export promotion agency. From your local Chamber of Commerce request detailed information on services they offer to promote foreign trade. Find out about other organizations that promote international trade and the services they offer exporters. Also keep up to date on state aid programmes and projects.

1- At e-Campus you will find the rapport “Human Development Report: Cultural Liberty in Today’s Diverse World” (under United Nations topic). Write your opinion and point of view about this rapport.

5- QUESTIONS FOR A DEBATE (CASE PLANES. Problems deriving from non-internationalisation)

- Question 1: In the case that the Indian company accept the distribution of their products made in India through the distribution network of Mr. Planes; Would the consequences for the Spanish company in the first place be the considerable reduction of the number of employees given that the manufacture would come from India?

- Question 2: Does the offer of Mr. Planes to the Indian manufacturers for the distribution of his products taking advantage of the Spanish network carry a high possibility of acceptance or rejection?

- Question 3: Does the possibility exist of selling the actual products in a country where the quality of the products increases only because of the simple fact that they are products made in Spain? Or for the simple fact that they are European products?

- Question 4: Does the Spanish company have to compete with manufacturing companies who produce at a lower price? Or Should they compete using quality as an issue and therefore added value?

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