

# Globalization and the wto assignment

Sociology



## GLOBALIZATION AND THE WORLD TRADE ORGANISATION A SURE HOPE FOR SUSTAINABLE DEVELOPMENT

**Abstract** This paper discusses Globalization of the international market and what roles the World Trade Organisation has played since its inception. It brings out the drivers of globalization and the impact of the WTO on Less-Developed states for example as well as the challenges. The need for International Bodies such as WTO has become necessary as the market becomes global so as to police the trade activities. .

**INTRODUCTION** The World Trade Organisation (WTO) was established in 1995 succeeding the GATT which was the only multilateral body governing international trade since 1948. The WTO is now the only international institution that deals with global rules of trade between nations. Its role is to ensure that trade and investment flows freely among its members. The WTO has about 153 members and Modern Zambia in Central Africa has been a committed member since 1st January 1995.

Being a WTO member Zambia has welcomed international investors with investing opportunities in natural resource endowments, tourism with the majestic Victoria Falls, extensive nature and safari as well as agriculture potential. Zambia has made consistent growth in a tougher global environment despite the two decades of stagnation and heavy aid dependency. The mining, construction and service sectors have spurred the expansion of output growth at 5-6% per annum since 2000 showing a participation of regional economic revival.

This report discusses International Business Globalization and the role of the World Trade Organisation co-ordination with other international bodies as a whole. It highlights the benefits for its members like Zambia and future plans

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of even empowering them more as far as international trade is concerned. 2. DISCUSSION/ANALYSIS According to Hill (2005) a fundamental shift is occurring in the world economy.

We are moving away from a world in which national economies are relatively self contained entities isolated from each other by barriers to cross border trade and investment; by distance, time zones and language and by national differences in govt regulation culture as well as business systems. This process is known as Globalization and Hill (2005) refers it to a shift toward a more integrated and interdependent world economy. Hence markets and businesses are able to trade across national boundaries to become one huge global market place.

Evidence of globalization is not hard to find, although the surprise may be that the current wave of globalization is not the first . In many ways, the world economy reached a peak of globalization just before the World War 1, when trade and foreign direct investment attained what were then unprecedented levels that are still quite remarkable when we look at the technology available at that time. The current wave of globalization however has far surpassed that of a century ago 2. 1Drivers of globalization Both technological and governmental barriers contribute to the costs of interacting internationally .

Falls in transport costs, decline in communication and information costs, as well as cuts in tariffs and non ??? tariff governmental barriers to trade in goods and services have combined to accelerate globalization to an unprecedented speed that show no sign of abating. Richardo's theory of

comparative advantage suggests that countries should specialize in the production of those goods that they produce most efficiently and buy goods that they produce less efficiently from other countries even if this means buying goods from other countries that they can even produce more efficiently. . 2The Role of International Bodies With the increasing proportion of business as markets globalise it is evident that there is need for global institutions to manage and regulate as well as police the global market place. There has been a number of Global Institutions that has been created and to mention but a few include the United Nations, International Monetary Fund and the World Bank, The World Trade Organisation (WTO) etc. All these global institutions have been created by voluntary agreement between individual nations.

The WTO is primarily responsible for policing the world trading system and making sure that the nations adhere to the rules laid down in trade treaties signed by the member states. It's an organization for liberalizing trade; where countries have faced trade barriers and wanted them lowered, the negotiations have helped to liberalize trade . It is responsible for facilitating the establishment of additional multinational agreements between its member states. The WTO is also a negotiating forum for governments. The WTO was born out of negotiations, and everything the WTO does is the result of negotiations.

The bulk of the WTO's current work comes from the 1986 to 1994 negotiations called the Uruguay Round and earlier negotiations under the General Agreement on Tariffs and Trade (GATT). The WTO is currently the host to new negotiations; under the “ Doha Development Agenda” launched <https://assignbuster.com/globalization-and-the-wto-assignment/>

in 2001 . The WTO agreements which are negotiated and signed by the bulk of the world's trading nations provide the legal ground-rules for international commerce. They are essentially contracts, binding governments to keep their trade policies within agreed limits .

Although negotiated and signed by governments, the goal is to help producers of goods and services, exporters, and importers conduct their business, while allowing governments to meet social and environmental objectives. The WTO Hoekman et al (2002) is therefore charged with facilitating the implementation and operation of the multilateral trade agreements, providing a forum for negotiations, administering the dispute settlement mechanism, exercising multilateral surveillance of trade policies, and cooperating with the World Bank and the IMF to achieve greater coherence in global policymaking.

In doing so the WTO has been an instrument of its member states which have sort to create a more open global business system unencumbered by barriers to trade and investment between countries. Hill (2005) admits that without an institution such as the WTO, the globalization of markets and production is unlikely to have proceeded as far as it has. Using international instruments Ekeh (2009) which are a variety of forms and effects of the international acts and documents used in reaching agreements as well as resolutions, the WTO fits five main areas together goods, services, intellectual property, disputes and trade policy reviews. . IMPACT OF THE WTO IN ZAMBIA Zambia the heart of Central Africa being a member of the WTO for 16years now and slowly is stating to benefit from its international instruments. For example The Aid-for-Trade Initiative was launched at the <https://assignbuster.com/globalization-and-the-wto-assignment/>

WTO Hong Kong Ministerial Conference where Ministers agreed that aid for trade should aim to help developing countries, particularly Less-Developed Countries (LDCs) to build the supply-side capacity and trade-related infrastructure that they need to assist them to implement and benefit from WTO agreements and more broadly to expand their trade. Zambia has been at the forefront of aid-for-trade discussions and represented the LDCs in the Aid-for-Trade Task Force created pursuant to the Hong Kong Ministerial Declaration. For the LDCs, the priorities that aid for trade should address include strengthening their supply-side capacity, which is often closely linked with improvements in their infrastructure. The first global aid-for-trade review was held in November 2007 .

Zambia continues to benefit from a high level of development assistance from its development partners. In terms of trade-related aid flows, Zambia has received a significantly increasing amount of aid for trade since its last TPR; between 2002 and 2005 and receives donor assistance for trade from a variety of bilateral and multilateral sources . According to the Zambian authorities, assistance for capacity building in trade should be integrated into the broader Harmonization in Practice (HIP) Action Framework that Zambia signed with the donor community.

The Aid-for-Trade Task Force recognized the Integrated Framework as an effective mechanism for identifying LDC trade needs and priorities and for donors to meet those needs. In 2005, a Task Force on the Integrated Framework was established to provide recommendations for an Enhanced Integrated Framework. Zambia was an active member of the IF Task Force,

which recommended three areas that would constitute the Enhanced IF.

Zambia is a beneficiary of the Integrated Framework.

Approved by the Cabinet in 2006, the (2005) Diagnostic Trade Integration Study (DTIS) reviewed Zambia's trade policies and performance, assessed its potential for export diversification, identified the main constraints to increasing exports, and developed an action matrix summarizing the policy reforms and technical assistance needed. Zambia has benefited from phase II of the Joint Integrated Technical Assistance Programme (JITAP), implemented jointly by ITC, UNCTAD and WTO, and financed by several donor countries.

JITAP's objective is to assist African countries build endogenous capacities to integrate effectively and beneficially into the multilateral trading system (MTS). JITAP II, of which Zambia has been part since 2003, aims at building and/or strengthening, in partner countries, human, institutional and entrepreneurial capacities in five main areas: (a) trade negotiations, implementation of WTO agreements, and related-trade policy formulation through the Inter-Institutional Committees (IICs) that are official frameworks to organize national stakeholder discussion and decision making on the MTS; (b) MTS reference centres and national enquiry points (NEPs) for providing reliable technical information on the MTS, with attention to standards and quality requirements; (c) development of the national knowledge base on MTS through training of trainers and formation of trainer networks; (d) development of a goods, commodities, and services policy framework and sectorial strategies, including market knowledge of exporting and export-ready enterprises to develop production and exports; and (e) networking of

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the institutional and human capacities built in each country to encourage synergy and exchange of expertise and experiences, including at the sub-regional level, to ensure sustainability of such capacities beyond the programme's life. Despite the strong support and ongoing efforts by the Government to improve Zambia's capacity to benefit from trade, the country continues to face numerous constraints in many areas, in particular trade facilitation, standards infrastructure, enforcement of intellectual property rights, notifications, trade remedies, training of officials, and private-sector development. Currently the country ranks 112th out of 134 countries included in the 2009 Global Competitiveness Index. The efficiency which Zambian firms utilise direct inputs to produce goods is low relative to competitors.

Overall competitiveness falls even further when direct costs such as transport, red tape, low finance access, telecoms and limited local contracting capacity are included. For example the cost of exporting a container from Zambia is 25% high than Malawi. Whereas if Zambia enjoyed similar access to communication levels as South Africa productivity would increase by 13% showing that higher transport and telecom costs hinder trade expansion . 4. RECOMMENDATIONS/CONCLUSION The overall principle behind globalization is that the most efficient form of market is a competitive one and we have seen that the WTO and its supporting bodies have focused on increasing open markets.

WTO has had many visions for less developed countries on paper, however implementation is very slow and as such benefits are not seen now which has made these members to feel left out. The current Doha round is one

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negotiating table that should be of great help to LCD states but it has been limping since 2001. It is hoped that the conclusion of the Doha Round if it comes in this generation at all will create a lot of opportunities for its member states. As to what can be done further by Global institutions like the WTO, it is up to member states to work hard to develop. While it is the responsibility of the WTO to also negotiate for Less-Developed Countries the answer is up to the individual states.

If we compare the industrial policies with developed states they are the same but why the lagging? This brings in the culture aspect which shows societies that have long tradition of honest and competitive civil servants as well as politicians will progress than the ones corrupt. Most African countries (LDCs) have been rated corrupt governments. Hence it's the responsibility of the states to have individuals with moral obligation duty towards the community and trust. (Total Word Count 1907) 5. REFERENCES Hill C. W. L, 2005 International Edition International Business, Competing in the Global Market Place 5th Edition, Published by Mcgraw Hill/Irwin companies Inc. 1221 Avenue of Americans, New York. Chapter 1 pages 4-9. Ekeh L.

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