

Free essay on voluntary export restraint agreement quota

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Voluntary export and import restraint agreement quota

Voluntary export restraint agreement quota is both beneficial and disadvantageous to the involved countries. The trade ministries in both countries should therefore weigh its consequences to a country that imposes the quota before they come to such an agreement. Moreover, its resultant effect may not only affect the imposing country but also the citizens of the recipient country who might not buy the new product (Jones, 1984).

The restraint export quota has economic effects to a country's development and in my opinion; it might immensely affect the importing quota country economic status. Raising the products costs to a foreign government capable of exporting its products will make it instead produce such import goods (Takacs, 1978). Stable economies attract development and therefore greatly contribute in moderation of international export quota market completion.

Encouraging domestic production improves and increases the local manufacturers' enthusiasm and because export quota gives them opportunities to explore the market by restricting the quantity of imports, this reduces the rate of unemployment and thus improves the country economy. Even though export quota would affect small companies and domestic imports, companies are meant to develop and grow big to compete (Takacs, 1978).

A country cannot sustain itself and even though demand and supply controls the marketing sector, countries too depend on one another. In my opinion therefore, I think that import quota is of importance to help regulate the domestic sellers' prices, though would loss home economy, domestic buyers would too gain.

It is moral and ethical to give back, developed countries should actually offer support to developing countries; partially, just to enlighten and guide them. Politics and corruption plays a major role in developing countries and therefore, they cannot be successfully wholly assisted. In addition, developed countries can invest; construct school and health centers in such countries like Turkey thereby resulting in creation of employment and economy growth (Jones, 1984).

In conclusion therefore, both export and import voluntary restraint agreements can immensely improve and affect a countries economic status. Ethics, social responsibly and standard of conduct should be adhered to by everyone involved in development activity.

Reference.

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Takacs, W. E. (1978). The nonequivalence of tariffs, import quotas, and voluntary export restraints. *Journal of International Economics*, 8(4), 565–573. doi: 10. 1016/0022-1996(87)90007-9