

According for being
the facilitator of trade
around



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According to Schorkopf and Stoll (200), WTO is an abbreviation for the international body, World Trade Organization. This body is responsible for being the facilitator of trade around the globe, and entails creating multilateral forums in which agreements are made and disputes, which might arise between governments, are settled. World trade Organization has one hundred and fifty three members who account for about ninety-seven percent of all global trade. The world trade organization is esteemed by the member countries in that it gives a country prestigious status if it enrolled to be a member.

When a country joins the WTO, it gains an international status of being one of the most favored nations. The countries that join the world trade organization should also realize that they are equal at such a level and should treat each other fairly. It is therefore important for a country to be a member so that it is not being exempted from most business transaction. This is because there will be no preferential trade partners once the country joins the world trade organization but rather preference is given to all member countries instead. The world trade organization deals with trade barriers for the member countries and this boosts their economies in that the countries can sell their produce to numerous countries without too much bureaucracy. It is also possible for member countries to acquire other necessary items among themselves with ease.

Tariffs are the charges that are imposed on goods that a country may want to acquire and is not within that particular trading block. When two countries trade there is always the import quota that is charged on countries as way of trying to curb dumping of commodities in a country. This can also be

strategy for a country in trying to maintain the standards of products they produce by trying to restrict more imports.

When a country is a member of the world trade organization, there is a lower import quota imposed on the country and this allows a country to expand its market as it is allowed to import goods at a lower cost. Countries that trade within the WTO have less restriction on the trading policies, this enables their economies to grow faster as they are able to make more jobs by having sale people travel to other countries to promote goods or commodities, and this boosts their sales. About seventy-five percent of the countries that are members of world trade organization are developing. Schorkopf and Stoll (214) argue that membership of countries in WHO becomes of importance to them as they can easily venture into the market of countries that are developed at lower tariffs as compared to what they would have spent if they independently decided to trade with the same countries. The opportunity the developing countries enjoy in the world trade with the developed countries also gives them the opportunity to see how the developed countries carry out their trade.

In addition, it will enable them to identify important factors to consider if they decide to put up industries to compete at a global scale, keep up with global competition, and maintain standards that have been set by the developed countries. The world Trade organization has the dispute settlement system for cases between the countries that may have disagreements. This is one of the obligations of the world trade organization and its worth and status is maintained only if it is able to enforce such roles. The world trade organization is required to enforce these if one of the county

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signatories does not comply with the obligations that were stipulated for them on their admission. Once the world trade organization effectively settles the dispute, it then increases the values and the seriousness with which the signatories will enforce themselves in the trading and participation at the global level. It is important for disputing countries to resolve their problems in a timely manner as this will help in preventing effects that may come up from the unresolved global conflicts in the trade market. The world trade organization also mitigates the balance between the strong and the weak participants by having both attended to and considered at a common ground of the rules stipulated without necessarily favoring any side and this will play a big role in determining a fair outcome from the mitigations.

The world trade organization also helps to foster peace among the member countries, as members cannot fight themselves the same case that a seller cannot fight their customers, as they will need them to carry out various transactions. It can be observed that if trade is carried out in an amicable manner then there is a conducive commercial relationship which leaves very little room for political disputes and hence there is peace among the countries generated to the global peace and understanding. The world trade organization is based on the rules that govern it rather than power. This is because the world trade organization makes its decisions after a consensus is met and it is ratified by the member countries in their respective parliaments. The rich countries and poor countries and both the developed and under developed countries have equal rights when it comes to settling of a dispute. This becomes easier because the developing countries will enjoy a higher power when it comes to bargaining with the developed countries.

According to Schorkopf and Stoll (230), the developed countries also benefit as they use the forums formed by the world trade organizations to negotiate with their trading partners.

This simplifies their process of diplomacy and negotiations as it is done at one sitting during the forums, which are held at regular intervals. This helps them to come up with similar conditions with the countries hence making most transactions easier and simpler to handle. The rule of non-discrimination that applies for the World trade organization members is necessary in making sure that there are set standards and rules that govern how the trade operates. The world trade organization also helps in cutting the cost of living since it plays a role in the free trade that happens within the member countries.

The world trade organization is responsible in lowering the barriers of trade which happens when the member countries get into negotiations with each other and this goes for the non-discriminatory rule that dictates that if one country agrees on one particular policy it should apply for the rest that want to trade with it within the trading block. Keesing (13) states that there are direct impacts of this policy such as food becoming cheaper for the people in the member countries. The agricultural trade is sometimes deemed as costly due to the barriers but being a member of the world trade organization through mitigations lowers the cost as food is sold to the country at subsidized price hence making the cost of living cheaper. The world trade organization is going through a major reformation that promises to see the import restrictions on most clothes and textiles that are imported to the member countries either reduced or removed overall. This also applies for <https://assignbuster.com/according-for-being-the-facilitator-of-trade-around/>

the high duty cost that is imposed on clothes imported to a country and sometimes these clothes are affordable to the citizens as compared to the locally manufactured textiles.

If the reform is agreed upon and passed then the cost of living for the people will be lower. The people in the member countries of the signatory members of the World Trade organization have the opportunity to choose from range of items and this is possible due to the numerous numbers of exports made by the countries as well as what they get from imports. The wide range of imports in a country also make the local industries improve the quality of the goods they produce so that they can keep up with the current competition in the market, which has similar commodities and some may even be from the developed countries (Schorkopf and Stoll 240). The world trade organization also helps in raising the income of the countries that are their signatories. Economists have looked into the one of the roles of the world trade organization and realized that if it successfully manages to reduce the tariffs and the barriers of trading by one third it would help various sectors. This would include sectors such as the agricultural sector and the field of manufacturing and the others to boost the economy of the world by six hundred and thirteen billion dollars. Keesing (20) says that additional income means that the government has increased resources to distribute to areas that have fewer resources or those that do not have any and this will generate more income for the same individuals. The world trade organization also promotes the economic growth across the various countries and this can mean a great deal even to those that are employed.

This can be deduced from the fact that companies that are actively involved in the world trade also have a higher need for employees in the various countries to work for the same objective. When the level of employment increases the income increases and the standards of living improves.

According to Kessing (34), the world trade organization operates on the basic principles that it has set and this makes the economic system very easy to work with. Trade allows labor division and this ensures that the available funds have been properly distributed and utilized to ensure that production is carried out and it is highly prolific. The system also helps to cut cost by making the operations more efficient to run and this is a job well done by the principles already enshrined in the governing system of the world trade organization. The policy of protectionism used by the world trade organization ensures that the respective governments are protected from the narrow interests that may come by their way and may cost them economically in a great deal.

In most countries, restricting imports seems like a good way to ensure that local market is protected and the citizens can easily get employment.

However, on the other side, this makes the products that are obtained locally more expensive as compared to those that would have been imported. This generally puts pressure on their incomes, and this lowers the standards of living. The world trade organization tries to deliberate with the governments to come up with a common decision and a reasonable policy that will apply for the other countries Keesing (35).

Schorkopf and Stoll (267) say that the world trade organization also helps in the improvement of the various governments. Transparency, which is

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necessary in running of a country, is promoted and emphasized by the world trade organization in many ways. In addition, protectionism is necessary in that it ensures that the countries treat each other with equal conditions and a government can set this. For a government to work with the world trade organization it has to ensure that it meets the rules that have been stipulated earlier on in the forums that are open occasionally to ensure that the trade activities are going on as planned. With the world trade organization in place, the principles that help in regulating or settling disputes when they arise regulate the countries that seem to be more powerful from exploiting the less powerful countries. This is important for the member countries as it helps them to be in check and regulates the exploitation that may arise when a developed country ventures into the undeveloped countries and reaches to trade at unconventional terms rather than the ones stipulated by the world trade organization.

Works Cited

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