

Modern trade

Business



The Globalization of Modern Trade The globalization of modern trade is different from early globalization based on the level of information exchange and the methods of managing the global trade. In the early eras of globalization, it was possible to sell an item which was a rare in other cultures. However, the current globalization allows for trade of commodities relevant to various cultures. Active participation in the global market poses potential risks, particularly in relation to stiff competition in the global market. In other words, some industries that less competitive and adaptable risks being faced out of the market.

In addition, the national security is also threatened when an industry solely depends on foreign suppliers. For instance, food security is highly compromised if food industries will depend on foreign suppliers. It is worth noting, hat when solely depends on its internal produce for economic sustenance; it is deprived of the eminent specialization which is available in the global market. The benefits as well as the challenges of global trade are based on factors such as a country natural resources endowment, the domestic market, and geographical location. In other words, countries that enjoy large domestic market trade less in the international markets and vice versa.

Similarly, countries that are less endowed with natural resources will be greatly involved in international trade so as to secure raw materials for its manufacturing industries. Some geographical locations are not favorable for global trade with regard to transport and communication costs. Developing nations are increasing the level of the export of their manufactured goods to the developed nations. In turn, they import machinery and equipment which

are knowledge-exhaustive manufactured items. Conclusion Indeed, globalization has both positive and negative impacts. Given negative impacts of globalization, the question that crosses the mind of many is whether there can be an alternative to globalization.

Some have proposed the economic powers that are enjoyed by the US can be shifted and balanced by spreading it to nations, such as Latin America and Asia. Others believe that globalization process cannot be reversed. It is, therefore, up to the concerned nation to devise ways in which they can minimize the problems associated with globalization. Despite many risks associated with global trade, many nations still opt to globalize their economic to a higher degree. Research shows that globalization extent has doubled since 1950. This is based on obtaining the ratio of a country's GDP or GNP to its trade (imports plus exports).

By 1996, the ratio of the worlds GDP to its trade had knocked 30 percent.