

Public international law

Law



Introduction Trade entails exchange of goods and services from one individual or entity to another. Trade involves several actors; buyer, seller, medium of exchange and the commodity or service to be exchanged. Trade can be local or international. However, for trade to move on smoothly the parties involved must mutually agree to carry out the business.

Advantages of international trade and free trade

International trade enables a country to import what she cannot produce (Sherlock and Reuvid 342). In fact, international trade gives a country a chance to consume products and services which cannot be produced by home industries or production of such would be too expensive. Thus, it becomes cheap to import from other nations via international trade.

Additionally, international trade facilitates maximum utilization of resources and proper disposal of surplus produce. Countries are pressured to fully exploit their resource for maximum economic benefit since the market is available. In addition, market for surplus produce is available to other countries. This reduces wastage and under utilization of resources.

International trade also fosters peace and unity among nations. The economic interdependency among the trading nations creates friendship thus reducing international skirmishes.

Free trade encourages innovation and competition (DeCarlo 23). This is because free trade avails a variety of goods and services to the customers.

This spurs competition between companies and various producers enhancing innovation among the producers and companies in their effort to develop better products for the competitive market.

Main objections to free trade

Free trade discourages growth of infant industries. To be precise, newly

initiated companies find it difficult to survive in the international competition created by free trade. In fact, free trade eliminates the chances of protecting developing industries in a competitive market structure. Additionally, free trade reduces government earnings in that export duty is not levied.

Consequently, free trade may result to dumping thereby reducing profits.

Difference between free trade and custom unions

Free trade is a set up that eliminates most tariff barriers and tax on the movement of goods and services between members while Custom union is an agreement among a group of countries to charge a common set of tariffs to the outer world and grant free trade among the members of the union.

Most Favored Nation Principle is a status given by one nation to another to offer the most favorable terms and regulatory treatment to the goods or services during import or exports of similar products to all other nations.

How WTO dispute settlement system work

The WTO's dispute settlement system applies the rule of law. First rulings are put forth by a panel. Appeals based on the provisions of law are allowed (Pauwelyn 441)

Barriers to trade

There can be numerous barriers to trade. They include; tariffs, poor infrastructure such as roads, railways and ports, unfavorable weather conditions, catastrophes such as floods and earthquakes, insufficient capital, political instability and many more. In fact, political stability and peace are among the most integral requirements for smooth trade both locally and internationally.

Conclusion

Trade cannot exist without law and regulating authorities. Clear channels to <https://assignbuster.com/public-international-law/>

solve trade related disputes must be established. The governing authorities need to ensure peaceful environment for effective trade. Mechanisms to eliminate trade barriers are necessary. The law should be designed to streamline the conduct of trade.

Works cited:

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