

# IN A GLOBALIZED WORLD TRADE

**Daniela Dițescu Ph. D Student**  
**University of Craiova**  
**Faculty of Economics and Business Administration**  
**Craiova, Romania**

**Abstract:** Trade and globalization have brought many benefits to countries and their citizens because they allow countries access to more efficient production, increased labor productivity, supported extending the knowledge and new technologies planetary scale, and rich assortment of products to which population access. Also, through the multilateral trading system has been a significant reduction of customs protectionism, have mitigated the effects of non-tariff barriers, trade policy measures have become more predictable, leading to lower production costs, improve the quality of products sold and to widening choice of products to consumers.

**JEL classification: F13, F17.**

**Key words: globalization, international trade system, institutionalization, trade liberalization, WTO.**

## 1. INTRODUCTION

International trade is dependent on globalization. For many years, governments in most countries, have extended opening their economies to international trade or multilateral trading system, increase regional cooperation and national reform programs. Mostly, trade and globalization have brought many benefits to countries and their citizens. Trade allowed countries access to one type of production to a level more efficiently. These increased labor productivity, supported extending the knowledge and new technologies planetary scale, and rich assortment of products to which people have access. But a deeper integration into the world economy has proved to be always a good thing, and the benefits of trade and globalization have not reached all sectors of society, so that for some countries open to the global economy had a negative impact.

Integration into the global economy more countries outside the West have led to the early twentieth century irreversible progress in terms of trade. Creation of the free trade was boosted by the signing of numerous bilateral trade treaties, treaties based on the MFN clause. Non-tariff barriers (quotas, import licenses and export prohibitions, etc.). Were not used at all. World War I created the intensification of protectionist policies: economic and financial problems for new states in Central and Eastern Europe, nationalist movements in Asia and Latin America, public deficits and inflation in most Western countries, and the great crisis of the years' 30 emphasized agricultural protectionism of industrial countries and industrial countries' agricultural protectionism, deflationary policies followed by successive devaluations effects depression deepened, with dramatic effects on many countries exporting agricultural products and raw materials. The period after World War is marked by an obvious decrease in trade and capital flows in the global market, especially due to tariff wars and non-tariff protectionist in nature.

In the 20s it was widely practiced state intervention, which is without a revival of world trade and no resumption of economic growth, but prolonged stagnation, strengthen economic nationalism, protectionism exacerbated by [1]. Countries that have opted for openness to the world market experienced a growth rate twice the followers of protectionism countries. Also, the degree of social inequity, poverty ratio, corruption and inadequate public services are much higher than in protectionist countries integrated into the global economy. Some argue that globalization and free trade are the causes of diminishing real incomes of low-skilled workers, the dissolution of the middle class and rising unemployment in developed countries. In reality, globalization and diminishing international competitiveness causing negative social phenomena, but economic regulations, social policy and labor market rigidities expensive. Institutional framework postwar GATT founded was named after the world trade system formula. In essence, it is based on the concepts of comparative advantage and free competition in international markets, constitutive concepts of free trade doctrine. However, the global trading system operated as a compromise between the political interests of states and economic interests of traders. From this mixture between protectionism and free trade, resulting in a gradual liberalization of trade flows, sometimes with syncope, the countries participating in exchanges, especially those States GATT tariff and non-tariff barriers applied.

Negotiations under the Uruguay Round and the establishment of the World Trade Organization (1995, January 1) seems to work in favor of the commercial transactions around the world, to speed up the so-called globalizing trade. In reality, however, progress has been made towards trade liberalization, but their share of global free markets reveal. The recent developments in the mood of public opinion, political discourse, the vision and the work of international organizations and even academic debate not meet this trend of liberalization. Currently, in terms of geographical orientation, world economic circuit is presented as a set of current exchanges between different countries, groups of countries or geographical areas. Of those currently best defined as:

- Mutual trade flows between countries belonging to the same group, economic or geographic community (trade between the EU, NAFTA, ASEAN, MERCOSUR etc.).
- Exchange flows between developed and developing countries called North-South flows;
- Exchange streams of Central and East European countries and the developed
- Exchange streams of Central and Eastern European countries and the developing countries.

## **2. DEVELOPMENT OF INTERNATIONAL TRADE**

In 2006, the growth in the global economy, has left its mark on the development of international trade, it recorded an increase of 15.4% compared to the previous year 2005 at a level of 11 700 billion, nominal value of exports of goods and respectively increased by 11% to a level of 2 700 billion, nominal value of exports of services. 40% of world exports of goods increased inflationary process is attributed manifested world. According to the findings contained in the WTO report, 2008 edition, the annual average recorded world exports of goods grew by 15% and net stood above the average annual growth rate of GDP, which grew by 3.7% throughout the world.

In recent decades, the main trends that have been highlighted in international trade in goods were:

- Significant increase of foreign trade in the countries of Europe with determining effect on global growth of international trade;
- Significant increase in goods exports, in value terms, the countries of the four main regions of the world export of oil and other raw materials emerging under the impact of the significant increase in the price of energy carriers in the international market.
- Continuing the upward trend of Chinese net, whose engine continued to represent office equipment and telecommunications, followed by textiles and steel products.

International trading system is characterized now by following trends:

a) The dynamics of international trade particularly characterized by an increasing rate higher than the growth rate of GDP, industrial production and other indicators of growth on a national scale and volume of international trade value higher than official foreign reserves . Development trends of world trade in terms of goods and services structure experienced a decrease in the share of trade in commodities, while increasing the share of manufactured goods and services.

b) Continuous diversification of international trade. Products traded on the world market structure is changing, closely related to changes in the international division of labor. In the postwar period, the pace of diversification has increased, at short intervals appear new markets (of computers, microprocessors, mobile etc.) And in recent years has increased the importance of invisible trade, its growth rate is higher than international trade as a whole.

c) Increasing the share of industrialized market economy to international trade. This feature is a consequence of the previous trait. Postwar developments continued this trend, it is now amplified by the fact that developed countries have the highest share in international trade. It should be noted that international trade flows known trends of geographical orientation, the most important being: NN flow, which has the largest share, accounting for approx. 60% of international trade flows NS, SS flow, flow EE EV flow (which is growing).

d) Following the previous trend in postwar international trade came to be dominated mainly by the "triad" consisting of the European Union, USA and Japan, countries which have about half the world's trade.

e) Increasing gap between exchanges developing countries than those of industrialized countries. This long-term trend shows the persistence of unfavorable exchange for countries that export mainly primary products, because the prices of these products (except oil and some other minerals) remained behind the manufactured products prices.

f) Increasing institutionalization of international trade. Internationally were created several institutions whose role is to promote and regulate the conduct of world trade. Most significant in this respect are:

- United Nations System institutions, namely GATT - General Agreement on Tariffs and Trade, turned into WTO - World Trade Organization on 01.01.1995, and UNCTAD - United Nations Conference on Trade and Development.
- International organizations structured producers of primary products.
- Economic integration organizations which seek abolition of customs barriers interstate, price regulation and the development of a common customs policy.

g) "internalisation" of world trade. This is due to the growing importance of transnational corporations in the global economy, and is developing and increasing the share of domestic trade between subsidiaries of multinational companies.

h) The trend of mixing patterns of industrialized countries. Thanks to the development of technical equipment rather homogeneous and technologies, currently, the structure of national economies in developed countries is very much like the point of view of the qualitative inputs. As a result, we notice the increase of similar products in trade between these countries practiced.

The current international trade environment is defined by many specific, fueled by developments in terms of macroeconomic policies and the redefinition of international institutional framework. Although the fundamentals of international trade growth over the past five years have been fluctuating, that trade flows continue to advance the growth rate of GDP and industrial output is a signal that the openness of national economies is increasing in a sustainable manner.

As we know, the liberalization of international trade and its corollary - the globalization of the economy - the current constitution of contemporary development trends. International trade liberalization is institutionalized by creating their own organizations (World Trade Organization), but also many regional free trade agreements - to recall only about NAFTA or CEFTA, there are integration treaties and agreements, including trade liberalization as primary component, such as the European Union. Finally, all trade liberalization is the subject of numerous treaties and bilateral agreements. General principles and benefits behind this obvious or inexorable movement of humanity. To illustrate: the less developed countries easier access to technology (and wealth) advanced countries. It facilitated the division of labor, specialization countries comparative advantage criterion. Natural resources, such as unevenly scattered on the earth's surface can be exploited optimally. Is favored raising living standards through cheaper imported products and technologies. Relatively recent events in Seattle and Washington gathered in the streets, thousands of representatives of movements vehemently dispute the truths considered, until recently, as evident and immutable, at least in large halls dedicated conclavuri global liberalization of international trade and globalization.

The basic principle of the international trading system - discrimination - is eroded by numerous reciprocal preferential and non-reciprocal schemes, regional trade arrangements granted under or within specific schemes such as preferential. In international trade trade barriers remain effective new generation making market access problem remains still an unfinished business. "Still remains a number of areas of international trade in goods that are affected by a significant level of protectionism over average. example, textile trade affected by many trade barriers remain. Based on new agreements or codes of conduct retaliatory reshape the competitive business practices and the use of safeguard measures.

A challenge for the international trading system remains that of technical barriers, ie barriers derived from how to apply technical standards and indigenous products imported against me. Agreements O.M.C. on technical barriers to trade and sanitary and phytosanitary measures recognize and encourage national and international actions aimed at the reduction of barriers specificities derived from the application of those rules. As part of efforts to stimulate these concerns can mention the conclusion of mutual recognition of testing and certification Technical.

There are many reasons why it is better to learn the system than outside it. Commercial differences are covered in a constructive manner. With increasing international trade is fueling the emergence of differences in commercial premises. One such risk is minimized while the institutional structures and rules of conduct designed to allow multilateral amicably resolving them. From when creating WTO trade disputes

over a hundred were notified its structures, avoiding the emergence of serious problems in trade policy. International trading system makes life easier for everyone. Decisions within the system shall be adopted by consensus, agreements or codes of conduct are negotiated and signed by all participants in the system, and they are ratified by the parliaments of each of the participating countries. Thus, regardless of its economic and trade potential, the coefficient of openness of the economy to external economic environment, any country can be charged when you resort to trade measures incompatible with the conduct of comprehensive and is able to initiate procedures to protect its interests commercial. Smaller countries enjoy advantages that can not be outside. Trade liberalization contribute to raising living standards. Through multilateral trading system was a significant reduction of customs protectionism, have mitigated the effects of non-tariff barriers, trade policy measures have become more predictable, leading to lower production costs, improve the quality of products sold and increased possibilities choice of products to consumers.

This led to increased purchasing power in the participating countries and significant savings to users. Choice of several types of goods is not only finished products but also components and parts thus increasing the number of sectors of a national economy and jobs available. Revenue growth is directly proportional to the increase in international trade. The WTO Secretariat estimates indicate an increase in global revenues over U.S. \$ 109 billion, only as a result of the implementation of commitments made during the Uruguay Round. Other analysts are more optimistic, forecasting a rise to 510 billion USD of the same gains. International trade liberalization causes significant advantages for all countries participating in the multilateral trading system. Additional income derived from international trade liberalization can be used by public authorities in the participating countries to help companies and their employees to become more efficient in retraining activities or to prepare for new products. Trade stimulates economic growth and creating jobs. In the process of wealth creation involved several predisposing factors. On creating new jobs and increase labor productivity is instrumental and technical progress. Towards external trade can be purchased technologies, advanced production factors, production methods and management techniques for success. While free trade increases national income and economic prosperity, it does not always lead to the creation of jobs for those who have lost the competition due to imports.

Multilateral trading system protects public authorities pressure groups. Restricting imports obvious disadvantage industries dependent on external markets, both in the purchase of inputs and sale of end products. For example, most tariffs or import quotas practice, where threads or fabrics, will increase prices of clothing. Thus, while some commercial negotiations if certain interest groups favored resort to protectionist lobby to get some concessions, governments can ignore these pressures invoking international partnership and arguing that the results of these negotiations will benefit the entire national economy. Some trade barriers, especially non-tariff besides causing negative effects in terms of welfare, national and international additional effects by creating conditions for corruption or other forms of bad governance. This is due to artificial increase of prices, which leads to the production of rents due. Must implement trade liberalization programs often governments can invoke assertion "we can not do this because it violates commitments at the multilateral level."

There are a number of accounts that bring reproach to the international trading system. International trading system dictates participating States trade policies. It is obvious that multilateral trade bodies, whether the GATT and now WTO member states

say how to develop and to implement sectoral policies and trade policy. The only way that these structures may have a direct influence on trade measures taken by a country is bringing a commercial dispute before the relevant body and the need to respect the solution issued by it. In other cases, countries participating in the system may be required to take measures that do not want. The problem is, however, different for large commercial power and smaller countries.

### 3. CONCLUSIONS

International trading system aims trade liberalization at all costs. It is true that one of the ESTA system of international trade liberalization by reducing or eliminating tariff and non-tariff trade barriers, but it depends on the will of the states involved and the level at which it will trade protectionism position is the result of complex and lengthy trade negotiations. Liberalization commitments entered into negotiated agreements or codes of conduct are implemented gradually over agreed periods of time, and usually different groups of countries in order to implement differential and more favorable treatment for developing countries developed and allow domestic producers and traders to take the necessary adjustment measures.

Measures adopted in the international trading system does not take into account the desire of growth. International trading system is based on the fact that the evolution of international trade and economic development process are independent. Under these conditions, if certain groups of countries win or lose from participation in international trade depends on how they have applied the principles of and have developed and implemented strategies articulated and realistic economic DEVELOPMENT. Developing countries benefit from the numerous derogations from the provisions of various agreements negotiated in multilateral trade receive more favorable treatment and receive technical assistance in the implementation of commitments. We can see that the alternative to liberalization, protectionism, encouraging inefficiencies and increase costs, no other result than cutting salaries or reducing the number of employees for which to maintain the same salary. In addition, multinationals contribute to increasing the supply of jobs through relocation of productive activities and free competition is good for the state, manufacturing companies, retailers, and consumers.

### REFERENCES

1. Roșu Hamzescu, I., colab. Organizația Mondială a Comerțului, Editura Universitaria, Craiova, 2002
2. Roșu Hamzescu, I., Năstase, L. Organizații economice internaționale, Editura Universitaria, Craiova, 2011
3. Sută, N., colectiv Comerț internațional și politici comerciale contemporane, Editura Eficient, București, 1997
4. Teulon, Fr. Comerțul internațional, Editura Institutului European, 1997
5. \*\*\* [www.unctad.org](http://www.unctad.org)
6. \*\*\* [www.wto.org](http://www.wto.org)