
IMPACT OF INTERNATIONAL TRADE LAW ON GLOBALIZATION

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ABSTRACT

International trade law has proved out to be a significant factor in changing the trade across the world. One major thing which has been observed is the fact that trade has become much easier with the new international trade law. International trade law has removed every barrier from trade within countries and has presented an opportunity for developing and under-developed countries to trade with developed countries. In this paper, the discussion will take place about how international trade law has impacted the globalization. It will discuss the different ways through which globalization is change due to trade between countries. The trade between countries is now increasing and that is one of the ingredients of international trade law. It has been recognised that now countries are having better economic investment as foreign companies are investing in the country. GDP is improving and more importantly the relationships between the countries is improving. This paper will talk about how international trade law is presenting a new era of trade and globalization.

Introduction

In the last few decades, there has been major change around the world and it has been observed that globalization has been a significant factor. People are now moving from one place to another without any trouble and the boundaries of the countries are easy to cross now. One can see an individual from United Kingdom working in Australia or an individual from Asian country working in United States of America. Globalization has proved out to be an important way for settling the business all around the world. However, it has been noticed that the international trade law has proved out to be an impactful factor for globalization. International trade law includes the customs and rules governing trade between multiple countries. It has been observed that these rules have set a way to work and that has helped in a better trade among countries. It would be fair enough to say that an organized trade can exist when there is set of rules and regulations which are needed to be followed. There are different economies around the globe and trade between them can be quite biased if there is no rules and regulation. This international trade law has helped in setting up a fluent business across borders. In this paper, the discussion will take place regarding how international trade law has increased the efficiency. It will also talk about how it has provided countries to participate in global economy and encouraging the foreign direct investment.

International trade law

International trade law is all about rules and customs governing trade between multiple countries¹. The major principle of international trade law is that it treats both imported product and domestically produced goods in similar manner. There are three different types of countries around the world in form of developed countries, developing countries and transitional countries. It is important to regulate the trade so that no country feels that they are overtaken by trade across the countries. The highlight of international trade law are sanctions and export control². It has been observed that international trade law are regulated by the World Trade organization. They make sure that every trade is going according to the norms and there is no

¹ Cohen, H. G. (2019). What is international trade law for?. *American Journal of International Law*, 113(2), 326-346.

² Van Aaken, A., & Kurtz, J. (2019). Beyond rational choice: international trade law and the behavioral political economy of protectionism. *Journal of International Economic Law*, 22(4), 601-628.

breach of laws by any country. Nations across the globe has signed WTO agreements to make sure that they are ready to follow the rules of trade set up by the World Trade Organization³.

The two main areas of international trade domestically are trade remedies and export controls/sanctions. Trade remedies are tools used by government to correct imports that cause serious injury to domestic industry due to unfair foreign pricing and/or foreign government subsidies. An example of a trade remedy is anti-dumping duties imposed by the International Trade Commission (ITC) due to dumping; it occurs when a foreign company sells a product at a price below the price for which it sells domestically in the United States" and thereby causes harm to American industry. Export control laws regulate the export of sensitive equipment, software, and technology for foreign policy purposes. , and three US government agencies have the authority to issue export licenses, including: the Department of State, Ministry of Commerce and Ministry of Finance. Violation of export control laws can result in both civil and criminal penalties.

Understanding impact of International trade law on Globalization

Globalization is all about interaction of nations and its individual beyond boundaries. Over the years, it has been recognised that globalization is at peaks due to interconnection between nations. Travelling has becoming cheaper and going to other country looks like an affordable thing. It has also been observed that the current international trade law has made sure that there is interconnection between developed nation and developing nation or developed nation and emerging nations. Current, international trade law provides a room of opportunity for the emerging economies and emerging nations to have a successful trade with the developed countries⁴. It provides a way through which investors can look forward to invest in emerging nations and help them develop. It has provided a way through which the emerging countries can get a lot of benefit. One major thing about this international trade law is that it presents every country on one common level. This has provided a room of opportunities and it would be fair to see that countries are having an opportunity of growth now.

³ Bethlehem, D., McRae, D., Neufeld, R., & Van Damme, I. (2022). *The Oxford Handbook of International Trade Law (2e)*. Oxford University Press.

⁴ Anderson, R. D., Kovacic, W. E., Müller, A. C., & Sporysheva, N. (2018). Competition policy, trade and the global economy: existing WTO elements, commitments in regional trade agreements, current challenges and issues for reflection.

A new era of trade

Trade law has helped in excessive coordination between the countries and made sure that the countries are having good relationship. The new international trade law has made sure that there are no more hurdles in trade. Earlier, there were hurdles like tariffs, subsidies, bureaucracy etc which created a challenge for trade. Countries find it challenging to have a successful trade as the tariffs were quite high. There were two different league of trade use to take place where a country was dominant on other country. It was also observed that due to high tariff rates, countries also backed out of trade. But since the inception of World trade organization, things have changed significantly and countries are trading without any worries. No tariffs is helping out the countries to look for new partner around the world. They are searching for more stable partner who can help them grow. It has been observed that trades are taking place at rapid pace and they are looking for more productive trade. This is a new era of trade which is backed by international trade law and is helping out the globalisation.

Understanding the importance of international trade law

One of the major advantages of international trade law is that it involves an organized way of trade. There are certain policies and agreement which has to be followed. If one looks back in the early 19th century, one can witness a lot of one-sided trade. Poor countries or emerging economies were not having advantage in trade as they were not dominant like developed countries. In the early 19th century, one can see a lot of trades that favoured the strong countries and that weak countries did not get much benefit. It would not be wrong to say that the current international trade law has made sure that no countries faces issue of feeling neglected in a trade. The current trade is more of a free trade where countries come together and share a common platform and get benefitted. The investment in developing economies have also increased due to international trade law as the barriers have been removed. The accessibility is quite high in the present scenario and that is one of the things which provides stability to small countries.

The integration of national economies into the global economic system was one of the most important events of the past century. This process of integration, often called globalization, has been realized as a significant increase in international trade. Over the past few centuries, the world economy has experienced continuous positive economic growth, so looking at changes in trade is another interesting perspective on GDP. By 1870, global exports accounted for less

than 10 percent of world production. Today, the value of exported goods is almost 25% worldwide. This shows that during the last hundred years of economic growth, world trade has grown more than proportionately.

One can see development taking place in African countries and there are lot of investment done in African countries by European companies. This is just possible due to international trade law as they are the one who have removed the barriers for trade outside home countries. One can see an American multinational company setting up their business in different continents and that is due to international trade law. People in Asian countries and African countries are now able to use the services and product of foreign companies. It would be fair enough to say that globalization is at peak due to trade law as now products are easily available and one can choose product from a big range. Another thing which has been observed is the increase in options for the customers. Customers have wide range of options now and this is a big benefit for them. Earlier, foreign products were available for high prices but now things have changed and customer can get the foreign products at very affordable prices.

Improvement in relationship of trade

One more thing which has changed with the implementation of international trade law is the fact that countries relationship have also improved. When a company from a particular country look forward to invest in a new country and set up a market in that country then there is improvement in the relationship between both the country⁵. Company provides labour in that country and there is room for new job opportunities. It has been observed that new country where investment is made looks forward to help out the company and provides them concession in taxes. They make sure that the company does not face any challenges and they try to strengthen their relationship as well. It would be fair enough to say that the difference between the countries is going down due to this trade agreement and they are looking forward to cooperate with each other. This is one of the advantages of implementation of international trade law.

Job opportunities and GDP

When a foreign company looks forward to invest in a new country or try to establish themselves

⁵ Hofmann, C., Osnago, A., & Ruta, M. (2019). The content of preferential trade agreements. *World Trade Review*, 18(3), 365-398.

in a new company then there are multiple opportunities for the host countries. The investment from outside companies helps in increasing the GDP of the country and also help in boosting the country economy. One can see many Asian countries whose economy have strengthen as there has been foreign investment in there country. This is one of those things which is helping out the countries to develop. It would be right to say that international trade law has created an environment where companies are moving ahead with a common aim. The economies of the country is improving and that is one of the strong financial aspects of international trade law. When the company sets up their business in a new place then they also provide job opportunities to youth of that country. Job opportunities has helped the countries to establish themselves and make sure that they are providing needed opportunities to the local people. It can be said that foreign investment of a company is a win-win situation for both the company and country. There is local development through foreign investment and that is key for successful development for a country.

Impact of trade law on India

In today's worldwide financial framework, nations trade not as it were last items, but moreover middle inputs. This makes a complicated organize of financial intelligent that cover the total world. Globalisation has moved forward the Indian economy by moving forward remote saves and speculations⁶. It has opened up entryways for the development of companies as unused advances are coming to the country. India got outside coordinate venture, exchange of innovation, expanding choice for Indian customers, and modern jobs which diminished unemployment in India⁷. So, ready to say that the affect of Globalization on the Indian economy is both positive and negative. Globalization is when businesses begin working internationally. Globalisation in India started with the LPG changes of 1991 and its affect can be felt in numerous ways nowadays⁸. The LPG changes expressed that the government's control over the economy through liberalization, privatization, and Globalization. The economy was open to remote players.

⁶ Arora, S., & Squier, C. (2019). Areca nut trade, globalisation and its health impact: perspectives from India and South-east Asia. *Perspectives in public health*, 139(1), 44-48.

⁷ Rana, R., & Sharma, M. (2019). Dynamic causality testing for EKC hypothesis, pollution haven hypothesis and international trade in India. *The Journal of International Trade & Economic Development*, 28(3), 348-364.

⁸ Faisal, S. M. (2021). Overview of the ARIMA Model Average Crude Oil Price Forecast and its Implications on the Indian Economy Post-Liberalization. *International Journal of Multidisciplinary: Applied Business and Education Research*, 2(2), 118-127.

Conclusion

Based on the above discussions, it can be said that international trade law has proved to be an impactful force in the current state of the world. The biggest impact of international law can be witnessed in globalization as one can see a lot of movement across the nations and companies looking for new market. One of the biggest thing about this international trade law is that now countries can have a quality trade and there are no barriers in front of a country or company when they are looking to settling their business in new countries. World trade organization has provided a way to countries through which they can look for a safe trade. One can see a good trade relationship between a developed country and developing country. Import and export have become equal now and there is no difference between countries as well. It has provided a way for developing and struggling economies. Companies from developed countries are now looking forward to invest in the new market and that is beneficial for both the parties. Country gets a new global partner and investment and that helps them in stabilizing their economy. On the other hand, company is getting new market where they can set up their business and can look forward to go. One more thing about this new trade law is that it provides a lot of varieties to the customers. Foreign products are now easily available in a domestic market and that has made the market more competitive. The competition is helping the customers and also making sure that they are getting possible products.

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