

## ECONOMICS

**Discuss the influence of international organisations and contemporary trading blocs and agreements in promoting globalisation.**

---

There are varied outcomes brought by the influence of international organisations and contemporary trading blocs and agreements. These can both be seen to hinder the progress of globalisation and also promote it. Organisations such as the World Trade Organisation (WTO) , the international Monetary Fund (IMF) as well as multilateral and bilateral agreements influence the progress of globalisation in different ways, but these all effect it though trade.

The WTO is a powerful organisation that facilitates the sorting out of trade disagreements between countries, but also has the role of implementing and advancing global trade agreements. This is undoubtedly the most effective organisation in encouraging the development of globalisation. The WTO is able to set standards and obligations to regulate trade and make it as fair and equal for countries to participate in the global economy. When a country or nation feels that it is being negatively effected by another nation because it is not cohering to the WTO's trade obligations it can undergo dispute resolution. This feature of the WTO helps to ensure that nations can get along with each other in terms of trade and they are all acting without intent to disrupt another nation. If the nations can resolve their dispute it will ensure that they can continue to have a healthy relationship through trading with each other. The WTO gets its status as a powerful organisation as it has the power to enforce its obligations and regulations, although this is true it does have some difficulty when dealing with larger nations which brings questions about the influence it has on the progress of globalisation when dealing with these nations.

Another way in which the WTO assists globalisation is through leading conferences and holding rounds of talks such as the Uruguay round and the Doha round. Most of these talks revolve around setting agreed upon standards that will reduce trade restrictions and protectionist policies. Although some are not as successful as others it manages to bring together nations which have similar ideas about increasing globalisation and it starts many agreements. These rounds link some nations and these nations in turn can choose to meet up again (as in the case of the Cains group) to discuss further ways in which sectors of trade can be freed up. These rounds are effective in creating an aware and global community which can increase the level of globalisation through negotiations and agreements.

The IMF is another important institution which helps to ensure globalisation continues to progress through a number of ways. A major way in which the IMF does this is through its structural adjustment policies. These conditions are issued before a country will be given assistance by the IMF, be it financial assistance or economic advice assistance. In these policies it is often required that the country which they are assisting open up their markets before they get help. The IMF is successful in promoting globalisation as it can essentially control some countries (who need assistance) government policy, through this they can make the policies reflect the IMF's goals of free trade of goods and services and the free movement of finance and capital through the world market.

The trading blocs or preferential trading agreements established by nations can be seen to hinder the process of globalisation and yet at the same time establish it. This is because it give some preference to free trade of goods and services but it restricts who may access these goods and services and in turn excludes some nations. It has been said that these trading blocs can act as "stepping stones" or "stumbling blocks" to global free trade and it has also been said that these cause "regionalism" rather than globalisation. These agreements effect the member countries in different ways and the exclusion that they create has detrimental effects on world trade. This is very true and can be seen in a number of multilateral preferential trade agreements such as in the European Union. In this agreement there are around 27 member nations that span across the European continent. This closed trading bloc has resulted in high trade growth in Europe which positively has effected its members as they can sell their

goods and services to a wider market and can gain a wider range of tariff free resources. The downfall to agreements such as this one come to outside members more than included ones. Non-member countries experience extremely high tariff exposed goods which lead to a low demand of their product. They cannot establish themselves within the EU without being a member nation or by producing a portion of their good within a member country. This limits the effectiveness of trading blocs which are bilateral and multilateral as there becomes exclusion of some countries which doesn't result in globalisation.

In conclusion, the use of international organisations and preferential trading blocs are both negatively and positively effecting globalisation. This can be seen through analysing some trade agreements and the roles of organisations.