General Assembly Second Committee

Economic and Financial Committee ECOFIN

Topic: A

Globalization and its impact on developing states

Topic: B

Trade as foreign policy rule

Message from Chairperson:

Distinguished delegates,

I Zarmeen Mushtaq the Chair of ECOFIN and Tayyaba Mustafa, ACD of the committee are honored and privileged to welcome you all to join this committee at NUML Model United Nations 2014. During the committee sessions we will tackle the global issues which have long term impact on the economy of a globe as a whole.

The topics have to be taken a look by professional and technical eye while doing research. But there is nothing to be worried about. The purpose of this study guide is to help you in getting a direction of which areas are to be covered in research of the respective topics.

We expect hard work, vast research and efforts of all delegates to establish a sound and plausible draft resolution. The past experience does matter, but proper preparation will help you to understand the stance of a country. Remember! The biggest diplomatic mistake in Model United Nations is failure of understanding your stance. The delegates besides covering the topic areas on broader level, must also research about the foreign polices of their countries, their diplomatic ties with other countries and talk in the best interest of their nation along with focusing upon global interests.

With impartiality, professionalism and friendly way, we will be guiding you not only during committee sessions and socials in NUML but also for your preparation of future MUNs. Our purpose is not only to conduct the current committee session but to polish you for future MUNs. So you can feel free to discuss anything at anytime to like to.

You will be judged on the basis of your diplomacy skills, your capacity of maintaining the decorum, the reflection of preparation and research in the debates, quality of your dialogues with other delegates, your professional behavior and your stance. We wish you good luck and we hope this will be the best committee of NMUN'14 that will come up with comprehensive draft resolution.

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1. About ECOFIN:

1.1 Establishment:

The Economic and Financial committee known is ECOFIN is the second committee out of six committees of United Nations General Assembly. It came into existence after Second World War in 1945. The committee met for its first session in London in January 1946. Since then the committee meets once in a year for 4-5 sessions.

1.2 Mandate of committee:

Discussing economic issues, of growth and development with regard to macroeconomic aspects, international policies, external debt sustainability, security financing for sustainable development, poverty eradication, globalization and interdependence are among the key mandates of this committee.

1.3 Limitations:

Just like the other GA committees, ECOFIN can only propose the solutions and can put forward the recommendations in the draft resolutions. The mandate of the committee does not allow imposing or implementing any decision. The authority to the implementation of the decision is to be taken by Security Council.

Moreover, depending upon topic under discussion in the committee, ECOFIN has to coordinate with other committees such as UNDP, UNEP and UNODC etc for tackling the concerned issue. Moreover it also has to collaborate with international organizations such as WTO, IOM, ILO GMG, IMF, WB etc.

1.4 Current Issues under Discussion:

In current times the committee is focusing upon solving deadlocks and problems of developing and under- developed countries (UDCs) to achieve sustainable economic development for Post 2015 Millennium Development Agenda. Moreover the committee is deeply involved in restructuring and recovery of aftermaths caused by economic and financial crunch of 2008.

1.5 Representation and Voting:

ECOFIN is open to all 193 member states and each of them has equal right of representation and voting. Though the resolutions adopted by committee are not enforceable but they carry the will of the international community. ECOFIN regularly updates its working methods and practices to carry deeper dialogues and debates. This includes streamlining of the agenda and question time session with secretariat officials after the report on certain issue is presented.

1.6 Resolutions:

The resolutions presented in this committee have a support of greater bloc of nations than IMF, WTO and World Bank. Though these organizations have greater impact and are more active than ECOFIN around the globe but their voting constituencies are smaller as compared to ECOFIN. Moreover, despite the lack of monetary leverage the resolutions in ECOFIN dedicate the policies of IMF, WTO, World Bank and other active bodies.

2 TOPIC A

Globalization and Its Impact Developing States

2.1 Introduction to Globalization:

There is no universally accepted definition of globalization. However, it is referred to a large commercialization process leading to rapid exchange of goods, services and capital between countries. With development of infrastructure, telecommunication, commerce governance and media the process has accelerated and has given birth to economic interdependence. Some basic aspects of Globalization identified by International Monetary Fund (IMF) are trade and transactions, capital and investment movements, migration and movement of people and the dissemination of knowledge.

The overall impact of globalization in the whole world is more in an imbalanced form. For example, in 2010 the value of total merchandise exports from all countries of the world was $15 trillion out of which the share of developed countries was 54 percent and remaining share was of developing countries. Till mid-2008, private capital flows towards developing countries showed a swift fall until tentative recovery began, however the situation reversed again in mid of 2009 and 2011 when developing countries experienced another surge having long term effect on their economy.

Between 1990 till date, the migration rate has increased too ten folds and till the year 2013, 232 million people have migrated. For developing countries it was a brain drain; however one of the biggest advantages of migration was foreign remittances which contributed to 10% GDP on average in 21 developing countries. However, if we talk in absolute terms the income gap between developed and developing countries have widened by $35,700. Developing countries have strong link between GDP and employment. With fast globalization employment has been reduced overall by 9%. The major reason is that with technology advancement the man power requirement has reduced around the globe.

2.2 Problem Statement:

Where globalization has done well to the economy of international community at the same time developing countries suffered due to the wave of globalization. They faced imbalances in their economy, disparity of wealth, brain drain and capital flight, poverty and unemployment. The result was various cyclical economic and financial crises in developing countries which to some extent also had impact on developed countries.

2.3 Objectives of globalization:

(i) Achieving and sustaining macroeconomic stability;
(ii) Promoting openness to trade and capital flows and reducing berries;
(iii) To provide necessary infrastructure.

2.4 Positive Effects of Globalization:

Globalization has various positive and negative impacts. Some Expanded flows of commerce across borders as a result of globalization have many benefits. They provided profits in the form of GDP growth and increased per capita income, efficiencies to achieve economies of scale, lower unit costs of goods, increase in variety of goods available to consumers, well-developed infrastructure, creation of jobs, and expansion of industrial zones leading to sustainable economic development. Transparent production technologies and economically efficient management strategies have become accessible through open markets, trade and investment in a better way. However, globalization must mean more than simple sterile process of expanding markets. The focus must be on incorporation of shared future benefits of globalization.

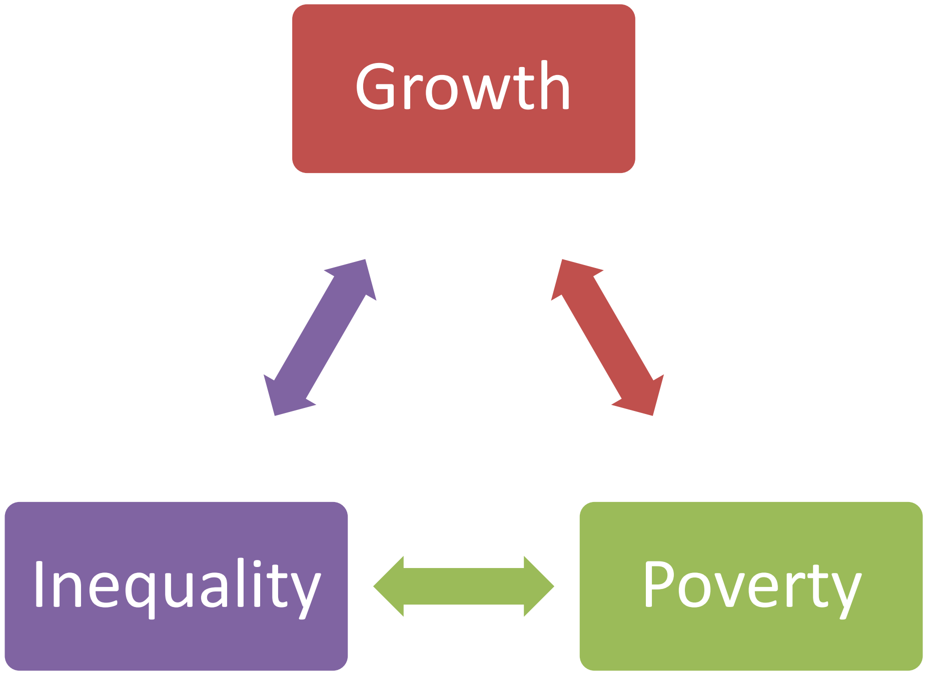
2.5 Negative Effects of Globalization:

Rapid globalization is bringing resource depletion and environmental degradation. Inappropriate patterns of consumption and production and growing of consumers have put greater pressures on the natural resource base which is barrier in achievement of economies of scale. Where globalization is a tool of profit generation, it also led to 5-10 per cent loss in global GDP due to depletion of resources.

According to Millennium Ecosystem assessment report 60% ecosystem is used in unsuitable manner, but if the population dependent upon natural resources in improper manner will be abstained from doing so, they will lose their livelihood, leading to additional increase in unemployment. Unregulated and illegal domestic and foreign direct investment in forestry and agriculture can lead to deforestation and unsustainable harvesting practices, giving huge loss to economy.

Despite of the fact that globalization has potential of accelerating economic growth and development through its positive integration into the world economy, the transfer of technology, and the knowledge transfer, the impact of globalization on poverty reduction has been uneven and marginal in regions like sub-Saharan Africa (SSA).

The two main transmission channels of globalization i.e the 'growth' and 'distribution' interact dynamically and dramatically over the time to produce a complex **growth–inequality–poverty** triangular relationship.



Further, Effects of globalization on the also depend critically on the nature and pattern of the integration process of economy. An industrialized country has larger positive externality so it experiences a faster growth rate, while a country having initial comparative advantage in 'non-dynamic' sectors may experience low equilibrium trap.

2.6 Measuring globalization:

Globalization is usually measured by the volume of international trade, inflow and outflow of capital, migration level, payment system, multinational industries (MNCs) infrastructure, and the overseas holding of assets. These factors are not just indicators but also refer to the elements contributing to the success of globalization.

2.7 Asian Crisis due to Globalization:

Though globalization generates wealth, it can also it take away. The true example of that is Asian crisis of 1997, which had its impact worldwide, for two decades. It was reported as world's fifth serious economic and financial crisis rooting its long term economic effects even in America and Europe. In developing countries where the nations are traditionally rigid, globalization is perceived to be a threat than opportunity.

2.8 History and Current Situation:

The world economy has just begin to recover from its slowdown in 2001.That was amplified and accelerated by the burst of the information and communication technologies followed by equity and investment bubbles in the developed countries along with continuing geopolitical uncertainties since the attacks of 11 September 2001.

With the notable exception of China, India and some economies in transition, in last couple of years a substantial number of developing and developed countries and economies in transition, experienced a decline in GDP and per capita. Unfortunately the first few years of the new millennium have observed disappointing development for the majority of developing countries and greater setback for a number of them. Still global recovery is forecasted to accelerate. However, the overcapacity created by excessive investment in late 1990s, especially in the information and communication technologies sector, kept on increasing dampening effect on the business investment necessary to sustain the recovery. Under the current situation however, few developing countries are expected to return to their desirable longer-term path of growth in the upcoming years.

2.9 Impact of Globalization on Developing Countries:

Developing and developed countries have their own concerns of globalization. Developing countries are relying more on external debt rather than direct foreign investment as a result the conditions imposed upon them are doing harms than good.

Moreover, they fear that besides their support to the labor standards, environmental protection and human rights, many of these countries are wary that they are just a smokescreen for greater protectionism in the richer countries. As a result they are scared that negligence to the implementation of principals due to scarce resources will impose economic sanctions upon them.

The globalization wave has profound effects on labor market and employment situation of workers around the world leading to inequitable distribution of wealth and economic and financial crisis in developing countries. Strongly pro cyclical responses to economic shocks have also led to exaggerated boom cycle in many developing countries that have made it difficult to achieve long term globalization goals.

Developing countries are also reluctant to support the Global Compact initiative because many of them believe that the principles selected contain biasness in favor of developed countries. The greater concern to developing countries are the behavior of monopolies by conglomerates and MNCs, the need for foreign corporations to contribute to the government revenues in the form of taxes, and a sharing of technology.

When globalization is taken in terms of migration, the major concern of the developing states is brain drain and capital flight which further weakens their economy. Due to scarcity of natural recourses people prefer to move from developing countries to developed countries which results in loss of human resource as well.

2.10 Region specific examples:

South Asia has witnessed a growth miracle in the past five years. The growth rate has been exceptional by any standard though in passed they faced various crisis It appears that the three aspects of globalization are well managed in South Asia by various techniques adopted to eliminate negative effects of globalization. Though South Asia was under great crisis after 1990 but it managed to recover. The recovery was contributed by the number of factors. Particularly critical are trade, foreign capital flows, and economic management. South Asia’s foreign trade has grown considerably over the last decade, which has contributed to rapid growth.

If we see the example of East Asia, they managed to come out of crisis by exporting their goods to developed countries. However, South Asia did not have much benefit out of trading goods. Hence they expanded their service industry in developed countries like USA, UAE, and Australia etc. About 50% of GDP of South Asia is contributed through services rendered by India, Pakistan, and Bangladesh, Sri Lanka and Nepal and developed countries.

Similar to this most of the most studies of Latin American cities are facing problems of inequality, poverty, fragmentation, polarization and exclusion after the wave of globalization. In Latin America the socio-economic segregation is done on the basis of income group. As a result, schooling of children, public space, and employment are all based upon income based classification. So with rapid globalization resulting in increased poverty the poor and lower income class people find their place nowhere in Latin- American societies.

“In 1975, the ratio of per capita income in the richest developed countries (high-income OECD countries) to income in China was 24 to 1. In 1995 the ratio was brought down to 8.7. During the period 1975-95, China’s income increased almost 10 folds, while in high-income countries per capita income increased 3.5 times. On the one hand, Sub -Saharan Africa’s income in 1995 was less than double its level in 1975, leading to a widening in the gap vis-à-vis industrial countries. In fact, this gap rose significantly (almost doubled) in the 20 years since 1975.” (Assessing the Impact of One Aspect of Globalization on Economic Growth in Africa, Mina N. Baliamoune, October 2002)

2.11 Implications:

As most of economists believe that increased openness to international trade and foreign capital promotes economic growth, there are plausible arguments that support the fact that the benefits may require threshold levels of income and human capital just as the developed countries have. However, for achieving common global interests, there is a need to restructure the economy and reframing the design of globalization.

There is lack of unanimously accepted global frame work to govern globalization. Comprehensive set of rules are required to make it beneficial for both developed and developing countries. There is a need to design policies for globalization process to reduce the negative aspects and enhance the positive aspects of globalization. The commercialization of environmental services for example, watershed protection, climate change mitigation, biodiversity conservation is an emerging market which can be considered as opportunity that can meet the need of global demand for improved environmental management.

While discussing the impact of globalization on developing countries, the role of Government, MNCs (multi-national corporations), NGOs, international communities must be kept in mind. Various UN bodies and international organizations such as the United Nations Environment Programme (UNEP), the United Nations Development Programme (UNDP), United Nations Centre for Human Settlements (Habitat), International Telecommunication Union (ITU), the International Labor Organization (ILO), the International Civil Aviation Organization, (ICAO), the International Maritime Organization(IMO), Global Migration group (GMG) can also play vital role in making globalization process systematic.

There is a need to incorporate concept of global partnership and acceleration in bi-lateral and multi-lateral dialogues. UN Global Compact (UNGC) initiatives should be supported by developing countries for promoting positive impact of globalization.

2.12 What should the final resolution address?

The draft resolution should address that what are the main adverse effects of globalization on developing countries? What role Government, international community, UN agencies and international organizations play to increase the positive effects and reduce the negative effects of globalization? The resolution should also incorporate a global frame work to govern globalization.

3 TOPIC B

Trade as Foreign Policy Rules

3.1 Introduction:

While international trade has been present for centuries, however its history, economic, social, and political importance has increased from recent centuries. The main reasons are rapid industrialization, advanced transportation, globalization wave, the growth of multinational corporations (MNCs), and outsourcing.

Every country has its own trade rules as part of foreign policy. However, these policies are formulated to achieve to objectives. First to reduce trade barriers between countries and second is to maximize the trade benefits such as, GDP.

3.2 Background:

During the World War II when there was economic depression prevailing worldwide, 44 countries signed the Bretton Woods Agreement; the purpose of the agreement was to prevent international trade barriers that could create global economic depressions.

The agreement set up rules which were to be followed by the countries entering the pact. Moreover, institutions and organizations were formed to regulate and govern the international political economy. As a result organizations such as the the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development which was later divided into two institutes, World Bank and Bank for International Settlements were established. These organizations started their operations in 1946 after enough countries ratified the agreement.

The purpose of the Bretton Wood agreement was to provide free trade and open borders to strengthen the interests of the nations worldwide. Further the institutions were created to make the system more systematic and organized. These institutes were the intermediaries to settle the payments between countries through various financial instruments.

3.3 Ongoing Situation:

Currently, the Doha round of World Trade Organization negotiations which is semi-officially known as Doha Development Agenda aims to lower barriers to trade around the world and to revise the trade rules. The main focus of these negotiations is to make trade more favorable for developing countries. Though these talks have faced a divide between developed countries represented by the G20, and the major developing countries, but they are a positive step towards promotion of trade facilities. The mandate of Doha Development Agenda includes negotiations including agriculture, services, intellectual property rights etc.

3.4 Problem Area:

As mentioned earlier that every state has its own trade policies. However, these policies have two common factors. First is to act in best interest of the country itself and second is to ease the trade between countries. However, there are some common issues which are associated with international trade. These issues are:

1. Intellectual property rights
2. Tariff
3. Smuggling,
4. Trade sanctions

3.5 Intellectual property Rights:

Intellectual property rights are for ownership of ideas, including literary and artistic works which are protected by copyright, inventions that are protected by patents, signs for distinguishing goods of an enterprise i.e. Logo of a corporation, protected by trademarks and other elements of industrial property.

Intellectual properties rights are recognized in law and are considered essential for economic growth. With rapid globalization of technology and skill and the fast development of emerging economies has increased the importance of IPR. However, the protection of intellectual property rights (IPR) has become one of the most contentious issues in global commerce.

- Several trends and practices have made IPR very critical these days. With technology transfer and accelerated capital movement, IPR has gone both valuable and vulnerable at the same time with in developed countries and between developed and developing countries.
- The adoption of new business methods and the introduction of new software, such as Napster’s file-sharing program have threatened entire industries. This is also making the existing IPR regimes to obsolete.
- Some IPR are controversial, such as patenting of the genetic materials.

The major problem is that when it comes to protection of property rights, developed and developing countries have their own interests. The countries having no interest in protecting IPR are those countries that imitate the products and are intended to do the same in future too. Though an agreement TRIPS administered by WTO is an agreement providing minimum standards for IPR. TRIPS is to be implemented in all countries regardless of the economic stability.

IPR violations cause job and revenue losses in developed countries. For example, counterfeiting is one of the most prevalent forms of IPR violation. According to the Federal Bureau of Investigation (FBI), 5-7 percent of world trade is in counterfeit goods. It’s worth is about $500 billion. According to U.S. Chamber of Commerce, Counterfeiting losses, costs 750,000 American jobs and $200-250 billion loss of revenue for American businesses each year. China is accused of a violation of IPR but it is itself a primary victim of loss of revenues. According to one estimate, sales of counterfeits in China have been approximately 8 percent of Chinese GDP. Still 15-20 percent of all Chinese brands are victims of counterfeits.

In the Special 301 list published by the OUSTR in 2005, the following countries, which are placed on the priority watch list, are accused of rampant use of pirated copyright materials.

China	$2.5 billion
Russia	$1.7 billion
Brazil	$931 million
Mexico	$870 million
Italy	$795 million
South Korea	$696 million
Canada	$486 million
India	$464million

(Report for Asia Business council, 2005)

3.6 Tariff:

Tariff is the tax imposed on imports. The General Agreement on Tariffs and Trade was concluded by member states in 1994. The purpose of GATT was to reduce the tariff and promote trade. Tariff is considered as one of the trade barriers. Regarding issue of tariff, developing and developed countries have different concerns. Developed countries have foreign trade comprising of more exports than imports. So they want lowered tariff imposed by importing countries to boost their exports. While developing countries have greater imports than exports. The emerging market countries are in attempt to bring self sufficiency; as a result they impose heavy taxes and duties on imports. Tariff not only discourages the imports but is also source of government revenue.

3.7 Smuggling:

3.7.1 Human Trafficking:

One of the major concerns of international trade is smuggling specially when it comes to human and drug trafficking. Human trafficking and smuggling of migrants is considered as high-profit and low-risk business. Those criminals, who organize such crimes and earn profit from it, have very limited risk of punishment. Human trafficking represents an estimated $32 billion of international trade per annum, of the illegal international trade estimated at $650 billion per annum.

Child labor, forced labor, sex trafficking are few forms of smuggling. An international agreement under the UN Convention against Transnational Organized Crime (CTOC) came into force on 25 December 2003. Before that in 2000 Trafficking Protocol was adopted by UN which has been signed by 117 countries and ratified by 154 parties.

It has been reported that there are 127 countries of origin, 98 transit countries and 137 destination countries for human trafficking. Bangladesh; Brazil; Bulgaria; China; Columbia; Czech Republic; India; Kazakhstan; Latvia; Lithuania; Morocco; Nepal; Nigeria; Pakistan; the Philippines; Poland; Romania; Slovakia; Sri Lanka; Ukraine; Uganda; and Vietnam are countries with high rate of human trafficking.

Besides human trafficking, debt bondage, trade of porn material and DVDs, the illegal drug trade, the illegal arms trade, and other illicit activities are part of smuggling.

3.7.2 Trading of porn material:

Porn industry started flourishing at its peak by the mid of 1970s. Porn objects are being traded in a bulk on trans-national level. In 2006 Worldwide Pornography Revenues by Country were reported as, China ($27.40 billion), South Korea ($25.73 billion), Japan ($19.98 billion), United States - US ($13.3 billion), Australia ($2.00 billion), UK ($1.97 billion), Italy ($1.4 billion), Canada ($1.00 billion), Philippines ($1.00 billion), Taiwan ($1.00 billion), Germany ($0.64 billion), Finland ($0.60 billion), Czech Republic ($0.46 billion), Russia ($0.25 billion), Netherlands ($0.20 billion), Brazil ($0.10 billion).

Since 1988, the Coalition has worked against trafficking and related forms trade and commerce of porn objects. Convention for the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others, also called the 1949 Convention requires all member states to penalize those who are involved in such activities and enforce preventive measures. This convention is ratified by 73 countries.

3.7.3 Debt bondage:

Debt-bondage or bonded labor is a particular kind of forced labor in which a debtor offers their labor or the labor of their family members as collateral to a creditor in exchange for the advance of a loan (UN Supplementary Convention on the Abolition of Slavery 1956: pg. 42).

However, with capitalist economic structure the debt bondage is also operated through work recruitment and trafficking fees, prostitution of labor's family members, child labor, wage free work etc. 32.6 million debt-bonded labors are working worldwide. Bonded-labor accounted for about 18% of the annual revenue accrued from the average slave.

Debt bondage is more in developing countries where agriculture is the main livelihood. The trend is more in South Asian region e.g. According to ASI analyses, estimates that there are about 10-15 million bonded labors in India. One major problem is the substantive barrier to enforcement of anti-bondage legislation as they are is either subjected to local or national corruption.

3.7.4 Illegal arms trade:

Illicit arms trafficking enhance civil wars, contribute to sky-rocketing crime rates and feed the arsenals of the world's worst terrorists. Amongst all the illicit trade of small arms and ammunition is of major concern. It contributes to 60-90% of the death caused by conflicts. Unlike weapons of mass destruction, the small arms and many light weapons are used by legitimate military, law enforcement bodies, and are also used for sporting and recreational purposes.

The top four arms exporting countries and their revenues per annum are:

United States	$18.55 billion
Russia	$4.6 billion
France	$4.4 billion
United Kingdom	$1.9 billion

In 2006, UN General Assembly passed a resolution called Arms Trade Treaty. The purpose of the treaty is to stop the illegal smuggling of illicit small arms and ammunition. Firearms Protocol, the Programme of Action on small arms is amongst the few commitments made by UN for control of small arms and weapons.

3.7.5 Drug Trafficking:

Drug trafficking is not only common with in the countries' boundaries but also outside the region. Amongst all the drugs being smuggled, Cocaine and Opium are most traded. The major producers of Cocaine are: Andean countries (Colombia, Peru, and Bolivia). It is exported to North America, Western and Central Europe via Africa. Heroin produced in Afghanistan enters Pakistan from where it is transported to final destinations in Europe, South-East Asia, South Asia, Africa and Russia.

Trade of opium doubled between 2005 and 2009. Produced in Afghanistan, opium is trafficked to neighboring countries of Pakistan, Iran, Tajikistan, Turkmenistan, Uzbekistan and then entering Europe, Russia and the rest of the Asian countries. According to a UN report the global drug trade generated estimated revenues of US $321.6 billion in 2003. It is equivalent to GDP of US$36 trillion a year which is nearly 1% of total global trade. The major issue to combat drug trafficking is that in some countries it is criminalized while in others it is decriminalized. For example, there are certain drugs considered soft and are decriminalized. Similarly drugs are decriminalized in Portugal, Norway, Brazil, Colombia, Mexico, Canada, US etc.

3.8 Trade Sanctions:

Sanctions are the are measures not involving the use of armed force that are imposed upon countries in situations of international concern, such as the grave repression of human rights by any member state, the use of weapons of mass destruction or their delivery to other countries, or armed conflicts. Economic sanctions include various forms of trade barriers and various restrictions on financial transactions.

Most observers believe that economic sanctions are not a successful policy instrument. In different time sanctions against Italy, South Africa, Israel, US, Egypt and Libya did not bring any fruitful results and these sanctions clearly failed. The sanctions upon Soviet Union, Iran, Portugal and Poland modified the behavior but the reason behind this was not the trade sanctions. One of the reasons why the trade sanctions did not bring a positive outcome is because the economic conditions become worse and the country losses their welfare as well.

The Western embargo on Iranian oil has been ongoing since the early 1980s. The sanctions imposed on Iran had been due to various reasons. The government of former President Mahmoud Ahmadinejad not only failed to achieve any economic growth during 2010, 2011 and2012, but that the economy declined during those two years by about 5.4%. According to the study, the inflation rate reached around 45%, and not 37% as claimed by Ahmadinejad's government. The study also found that the previous administrations had created 140,000 new jobs over eight years and not 7 million as they had claimed.

Sanctions imposed on US during 1993-96 deprived U.S. businesses from participating in almost $800 billion of exports. When Iraq invaded in Kuwait, economic sanctions were imposed to it and were lifted in May 2003. The economy declined by an estimate of 40%. Iraq's rate of inflation ran in the triple digits and living standards lowered half of their pre-war level. Trade sanctions are debatable as according to some countries they are useful instrument while the majority of cases show that trade sanctions bring no achievement of objectives and only lead to collapse of economy.

3.9 International Treaties:

Free Trade Agreements (FTA) is a pact of US with Australia, Bahrain, Chile, Colombia ,Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, & Nicaragua, Israel, Jordan, Korea, Morocco, Canada, Mexico, Oman, Panama, Peru and Singapore is meant to reduce trade barriers. On January 1, 1994, the North American Free Trade Agreement between the United States, Canada, and Mexico (NAFTA) entered into force which now links 450 million people for the trade of goods worth $ 17 trillion. Similarly CAFTA (Central American Trade Agreement) was concluded between US and Rica, Dominican Republic, El Salvador, Guatemala, Honduras, & Nicaragua. WTO, GATT also serve the purpose to enhance trade and minimize the barriers.

3.10 What is needed to be addressed?

Though the international trade has been increasing with globalization but the contemporary issues of violation Intellectual Property Rights, piracy, tariff concerns of developed and developing countries, smuggling in terms of human and drug trafficking, transaction of porn material, debt bondage, illegal arms and ammunition and trade sanctions are hitting the global economy by its full power. These issues are needed to be discussed and a proper policy is needed to be transformed to get maximum economic benefit out of the international trade.

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