

Acceptance of open markets is of great importance. But there is a growing public concern about some aspects of trade liberalization that need to be carefully studied. For those who believe that global integration is reducing costs, it would not be wise to ignore these issues. Perhaps, the answer lies in the balance between open markets and complementary policies alongside international initiatives that better manage the risks posed by globalization. However, it's the best to draw conclusions through research reviews and thus analyze the results.

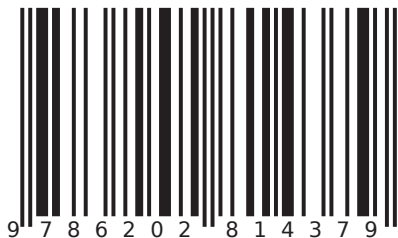


Tatjana Boshkov

Globalization, Trade Liberalization and Business Dynamism



Tatjana Boshkov is an Associate Professor and Dean at Faculty of Tourism and Business Logistics, Goce Delcev University in Stip. Her subjects of research area are: Exchange Rates, International Finance, EU Convergence, Macroeconomics.



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CHAPTER II

TRADE LIBERALIZATION AND ITS IMPLICATIONS FOR BUSINESS

The advancement of the international trade system does not require new comprehensive multilateral agreements. Countries can benefit greatly from the trade system by introducing trade facilitation reforms. In a broader sense, trade facilitation includes reforms aimed at improving the chain of administrative and material procedures involved in transporting goods and services across international borders. Countries with inadequate trade infrastructure, cumbersome administrative processes, or limited competitiveness in trade and logistics services are less likely to benefit from opportunities such as the expansion of global trade.

Companies interested in investing, buying, and selling in local markets are likely to be concerned if they already face many conflicts related to paperwork or cargo inspection of customs, outdated entry facilities, inefficient logistics, or low security of cargo and trade-financial services.

According studies by World Bank and other international economic institutions, trade facilitation reforms may increase trade flows in line with tariff reductions.⁶ For many developing countries, especially those receiving preferential tariff treatment from rich countries — reducing transport and logistics costs through trade facilitation reforms — will benefit even more through tariff reductions. Trade facilitation is not just a promise for developing countries. All countries can benefit by eliminating sources of conflict in the supply chain.

⁶ www.worldbank.org/TRADE_FACILITATION_BEYOND The multilateral trade negotiations/ tipub2466.pdf

Various trade facilitation indicators show how US performance lags behind that of other countries with which the United States competes in markets and investment. For example, the one-day progress required on average to move U.S. cargo from the warehouse to the export site and the arrival of cargo to this entry into the domestic warehouse could increase U.S. trade by about \$ 29 trillion a year. Obtaining finished products and semi-finished products, inside, around, and outside the United States with minimal barriers is vital to sustaining and increasing direct investment, reducing producer costs, and increasing consumer benefits, especially with the accelerating trend of decentralization. and with transnational production processes.⁷ When the gap is closed, then trade facilitation performance will be crucial for successful business competitiveness. Economic research supports the view that lower prices, faster logistics processes, and greater security in the supply chain mean greater trade flows. But there is no denying that the main determinants of lower prices, faster movements and greater security are better procedural transparency, less bureaucracy, greater competition in trade services and greater intensity of use of technology in customs processes.

2. The impact from trade facilitation negotiations

Trade facilitation negotiations are part of Doha's agenda, whose task is to "clarify and improve relevant aspects (related to GATT members) in order to further accelerate the movement, release of goods, including goods in transit." The task also states that due to some reforms envisaged in the trade facilitation negotiations, higher resource costs may be created. The negotiations are aimed at enhancing technical assistance and capacity building support. For the first time, even in the GATT negotiating round, there is an obligation to undertake reforms from some countries that will be a condition for other countries to fulfill those obligations regarding the provision of resources to be fulfilled.

⁷ Daniel Ikenson, 2008, "The Devilish Details of Unfair Trade Law", CATO Center for Trade Policy

The inclusion of trade facilitation and capacity building negotiations in the Doha agenda, with a positive mindset, draws attention to important issues. Simultaneously, complications are introduced that can slow down or slow down the reform process that is already being implemented voluntarily. Trade facilitation is primary and essential in the interests of the countries implementing these reforms. Observing the reforms as mutually reinforcing and related, countries may become skeptical of the benefits of reforms and reluctant to implement them. Trade assistance to developing countries can be an incentive to increase their needs for needs assessment and implementation of reforms. Trade facilitation measures are especially important today, as economists regularly identify logistics costs as a greater threat to trade than tariffs and other formal barriers. Although the scope for reform varies between rich and poor countries, each country can benefit from trade facilitation without the need for new trade agreements.

3. A development perspective and Logistics Performance Index

With reduction of tariffs and other formal trade barriers in the last 60 years, international trade has become a significant part of global economic activity. In order to benefit from the global division of labor, supply chains are moving through many countries. The capacity to move goods quickly, safely and inexpensively through the chain, is an important determinant of a successful business. Accordingly, importers and exporters are focused on reducing the costs associated with customs and other border agency procedures, excessive paperwork, bureaucracy and poor infrastructure. Countries that can maintain disagreements over the logistics environment are more likely to participate prosperously in the global economy.

Many researchers are analyzing the impacts of transport costs and indirectly related transport costs, such as time and distance, trade flows. For example, David Hummels estimates that each additional day spent on transportation reduces the US's

but also for importing materials and components.¹³ But price, time and predictability are just symptoms. They reflect other factors such as the quality and quantity of material infrastructure, the level of adaptation of high technology in logistics, business and regulatory environment, government, geography, the size of the public sector, the quality and stability of the political system. Understanding the contributions of these factors is important to determine which reforms will be mostly productive for businesses in a country. These factors vary from country to country, just as problems vary in intensity. Therefore, the corresponding reforms and the optimal order of them vary from country to country. There is no uniform approach that will allow to be implemented the same reforms that will give equal results everywhere.

¹³ 199b. Have international trade costs declined? Working paper. Chicago, University of Chicago Business School, Chicago

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