

CHAPTER 24 : Factors contribute globalisation

1. What is globalisation

It is often defined as the growing integration (ie. Combining things so that they work together) of the world's economies.

- Goods and services are traded throughout the world.
- Many people are able to live and work in a country of their choice.
- High interdependence between countries. Eg. Financial crisis impact around the world.
- Capital flows freely between different countries. Eg. British can invest money in USA.
- The sharing of technology and intellectual property (eg. Intangible assets (patents, copyright, brandname))

However, Some countries still have limitation of globalisation. Eg. Tariff / limit number of immigrants

2. Trade liberalisation : the reduction of trade barriers and the role of the world trade organisation.

- Trade liberalisation means free trade agreements help to encourage trade between nations. Increase in international trade maintains the process of globalisation.
- World Trade Organisation (WTO) established in 1995, replacing GATT (General Agreement on Trade and Tariffs) WTO has 164 members and employs over 600 people including lawyer, economists, statistics and etc.

Aims of WTO

1. Trade negotiations : aims to reduce or eliminate trade barrier through negotiation.
2. Implementation and monitoring : WTO employs various councils and committees. They manage and monitor the application of the WTO's rules for trade in goods and services and intellectual property rights.
3. Settling trade disputes: WTO's procedure for resolving trade disputes is vital for enforcing the rules and making sure that trade flows smoothly. WTO also appoints independent expert to make judgements about disputes after arguments from both sides have been presented.
4. Building membership : WTO encourages new members to sign up.

3. Factors contribute globalisation

- 3.1 Politic changes
- 3.2 Reduce cost of transportation and communication
- 3.3 Increase significance of global (multinational) corporations
- 3.4 Increases investment flows
- 3.5 Migration
- 3.6 Growth of the global labour force
- 3.7 Structural change

4. Impact on businesses of globalisation

Advantages	Disadvantages
<ol style="list-style-type: none">1. Access to huge market2. Lower cost3. Access to labour4. Reduce in taxation	<ol style="list-style-type: none">1. High competition in the market2. The power of MNCs globalisation3. Interdependence4. Exploitation

