Globalization

Globalization is the interaction and integration between people companies and governments driven by international trade and international investments.

Effects on:

Environment

Culture

Political systems

Economic development

Human physical well-being in societies around the world

Globalization is not new one example for this is the Silk Road which connects China and Europe in the Middle Ages.

## The WTO

World Trade Organization

Is an organization for liberalizing trade.

You can say it is a forum for governments to negotiate trade agreements and it operates with a system of trade rules to sort out trade problems.

They have contracts with nearly all nations on the world for binding the governments to keep their trade policies within agreed limits.

These rules have to be:

Transparent

Predictable

Reproduce able

## Transnational Corporations (TNC)

Also called multinational corporations (MNC) are companies which make inwarded investment.

Inward investment means that companies build a shop or factory in other countries.

They come mostly from more economically developed countries and invest in less economically developed countries.

More economically developed countries:

Europe

USA….

Factors attracting TNCs:

Cheap raw materials

Cheap labor supply

Good transport

Access to Market where goods are sold

Friendly government policies (less taxes)

## Positive Impacts of Globalization

* Inwarding investment helps counties by new jobs
* Wealth/ foreign currency to local economies when buying local resources products and services
* Mixing of people and cultures for enabling more sharing of ideas experiences and lifestyles
* Make people aware of events in far-away parts of the world
* Make people aware of global issues

## Negative Impacts of Globalization

* Mostly in the interests of the richest countries like Europe and the USA
* No guarantees that the wealth from inward investment will benefit the local community
* TNC operate in a way that would not be allowed in a MEDC (More economically developed Country)
* Industry thrive in LEDCs ( Lower economically developed country)
* because of expense of Jobs in manufacturing