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**Final term Assignment**

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**Iqra National Umiversity.**

**Question no 1**

**Please discuss the historical background of General Agreement on Tariff & Trade & the objectives for which it came into being?**

**Answer:**

General Agreement on Tariff and Trade (GATT):

The General Agreement on Tariffs and Trade (GATT) is a legal agreement between many countries, whose overall purpose was to promote international trade by reducing or eliminating trade barriers such as tariffs or quotas.

Historical Background of GATT:

It was signed by 23 nations in Geneva on 30 October 1947, and took effect on 1 January 1948. It remained in effect until the signature by 123 nations in Marrakesh on 14 April 1994, of the Uruguay Round Agreements, which established the World Trade Organization (WTO) on 1 January 1995.

It was signed on 3 October 1947 in Geneva Canton, Switzerland.

Objectives:

By reducing tariff barriers and eliminating discrimination in international trade, the GATT aims at:

1. Expansion of international trade.

2. Lack enforcement power.

3. Increase of world production by ensuring full employment in the participating nations.

4. Development and full utilization of world resources.

5. Handle trade dispute.

6. Raising standard of living of the world community as a whole.

**Question no: 2**

**Briefly, describe the historical background of NAFTA by discussing the main objectives & functions of it in detail?**

**Answer:**

North American Free Trade Agreement (NAFTA):

The United States commenced bilateral trade negotiations with Canada more than 30 years ago, resulting in the U.S And Canada Free Trade Agreement, which entered into force on January 1, 1989. In 1991, bilateral talks began with Mexico, which Canada joined.

NAFTA Established free trade area.

Three nations pledge to promote economic growth through tariff reductions and expanded trade and investment.

History of NAFTA:

It was establish in 1984 by President of America George H.W. Bush and Canadian Prime Minister Brian Mulroney

A Canadian and U.S free trade agreement was concluded in 1988, and NAFTA extended that agreement’s provisions to Mexico. It was negotiated Between American, Canadian president and Mexican president agreement on the pact was reached in August 1992, and the three leaders signed it on December 17.

Objectives:

1. Establishment of free trade mentioned in the agreement.
2. Goods and services are able to move into the market, without any limitation between partners.
3. Prices of gods and services should be determined by the supply and demand in the market.
4. This is the kind of the environment that NAFTA aims to create for the nations that are the part of the agreements.

Functions:

1. Eliminate trade barriers in various service sectors belonging to its member nations.
2. Reduce high Mexican tariffs and help to promote agricultural exports.
3. Assist firms spanning the three nations to bid on government contracts.

**Question no 3(a)**

**For what purpose the ASEAN was built? Who are the members of it & what milestones it has achieved till now in the context of the regional & economic development of its members?**

Answer:

ASEAN Definition:

ASEAN is the Association of South East Asian Nations. It promotes the economic growth of 10 countries located south of China. That include;

1. Malaysia
2. Cambodia
3. Brunei
4. Vietnam
5. Thailand
6. Laos
7. Myanmar
8. Singapore
9. Philippines
10. Indonesia

Purpose of ASEAN:

ASEAN's purpose is to form a common market similar to the European Union. The ASEAN Economic Community was established in 2015.﻿ It is working toward free movement of goods and services, investment and capital, as well as skilled labor. It will also create common standards in agriculture and financial services, intellectual property rights, and consumer protection.﻿ These are all necessary to attract foreign direct investment and promote growth. AEC has identified 611 measures it must implement to achieve its goals. Almost 80% of these measures have been completed.

Milestone Achieved:

China, japan, Korea, Australia, New Zealand, India are working towards as economic community.

They have worked for visa free tourism in the region between ASEAN member’s states.

Movement of people within ASEAN has significantly increased since its inception. This year Thailand has had an influx of around two million people from Myanmar, Cambodia and Vietnam. Malaysia had three million estimated migrant workers from Indonesia, Philippines and Myanmar. Singapore frequently relies on professionals from Malaysia and Indonesia. Such movements have brought about closer cooperation and people-to-people connectivity among ASEAN countries, although issues about to legalizing migrant workers remain a challenge.

**Question no 3(B)**

**Write Short Notes on:**

**A Free Trade Area**

**B Custom Union**

**C Common Market**

**D Economic Union**

Answer:

1. Free trade Area:

A free-trade area is the region encompassing a trade bloc whose member countries have signed a free trade agreement (FTA). Such agreements involve cooperation between at least two countries to reduce trade barriers, import quotas and tariffs, and to increase trade of goods and services with each other.

1. Custom Union:

A customs union is an agreement between two or more neighboring countries to remove trade barriers, reduce customs duty, and eliminate quotas. Such unions were defined by the General Agreement on Tariffs and Trade (GATT) and are the third stage of economic integration.

1. Common Market:

A common market is a formal agreement where a group is formed among several countries in which each member country adopts a common external tariff. In a common market, countries also allow free trade and free movement of labor and capital among the members in the group. This trade arrangement is aimed at providing improved economic benefits to all the members of the common market.

1. Economic Union:

An economic union is one of the different types of trade blocs. It refers to an agreement between countries that allows products, services, and workers to cross borders freely. The union is aimed at eliminating internal trade barriers between the member countries, with the goal of economically benefitting all the member countries.