

Marketing Fundamentals - Individual Report

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MARKETING FUNDAMENTALS

Individual Report: Globalisation

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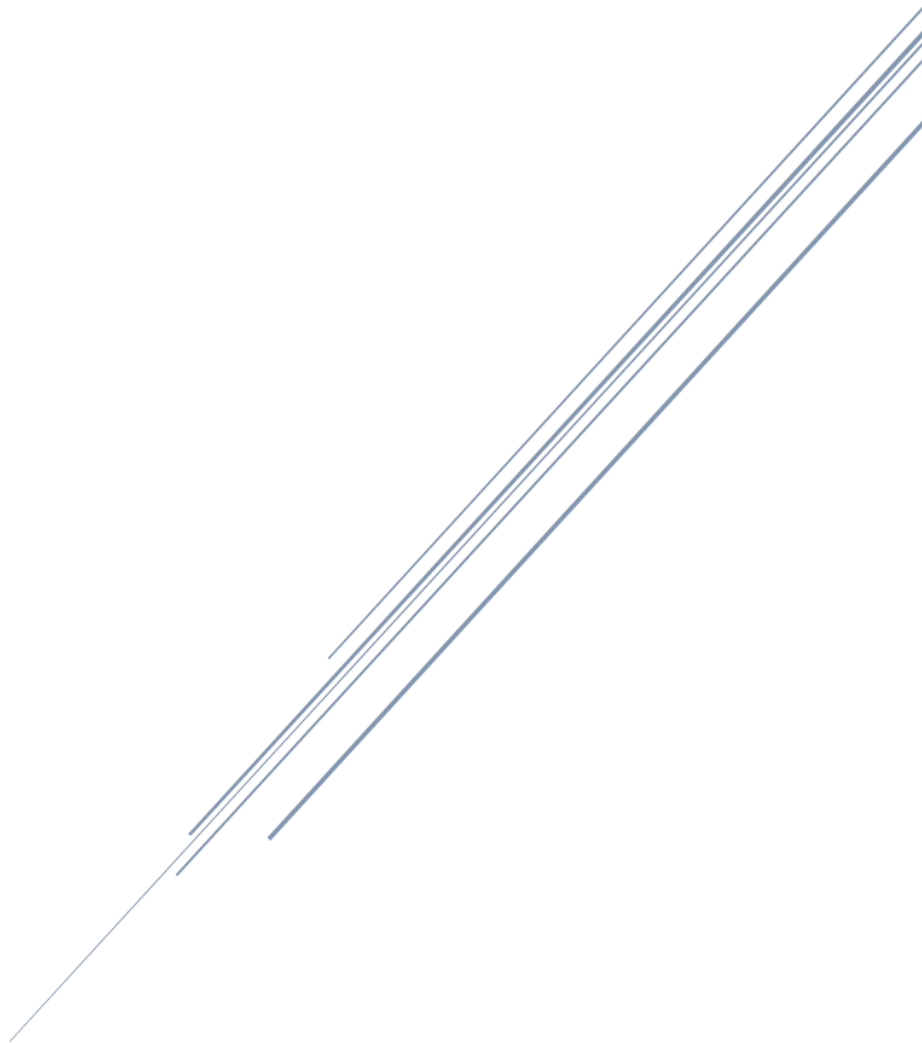


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Introduction

In this assessment I am going to talk about a global organisation and how different challenges and struggles have changed or made it harder for the organisation to work after the COVID-19 pandemic. The challenges that are going to be presented and talked about further in this assessment are global challenges that have most probably not only affected this organisation, however this is an organisation I was interested in and decided to research more about it and see how it has developed since the COVID-19 pandemic.

The global organisation that I am going to talk about in this assessment is the World Trade Organisation (WTO), as not only is mostly based on economics, business, and trade, but also it is the only global international organisation dealing with the rules and regulations of trade between countries, continents, and nations.

The global challenges that I am going to mainly focus on are the changes in energy prices, changes in unemployment due to the pandemic and how the labour market in this global organisation has been affected directly and indirectly by the pandemic, changes in economic and financial stabilities in this organisation, the collapse of high street and lastly, the changes and decisions made by this global organisation in retaliation to the COVID-19 pandemic and how different parts of the world got affected because of the decisions, rules and regulations made by this organisation.

Stakeholders and their impact on the organisation

Starting with more information about the World Trade Organisation, as stated before, it is the only global international organisation that takes care of everything related to trade. All that this organisation is about are agreements and negotiations in between governments that rule different countries and/or nations to come to an understanding where both countries can and will benefit from trade. To put it in simple terms, this global international organisation has

been created for trade opening and to ensure that every country and every exporter and importer gets to benefit from trade.

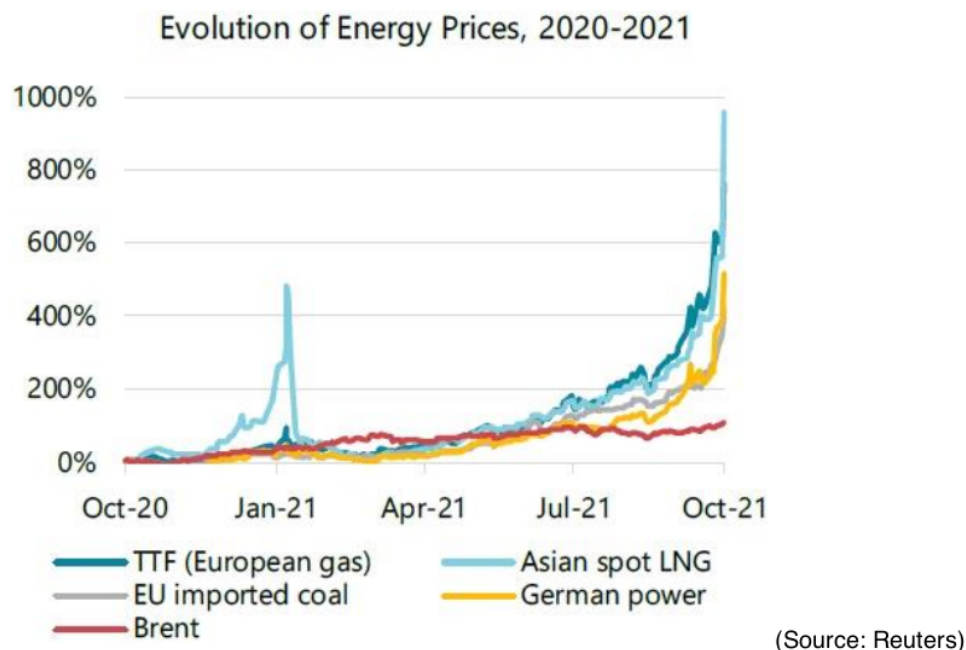
Regarding stakeholders, the World Trade Organisation is run and owned by its member governments. What this means is that the governments of the countries that take part officially in WTO gather all together to talk different ideas and make decisions about trade and how it should be done. This means different taxes and/or regulations in between countries while also banning different countries from trade or restricting them because of different political or economic reasons. The stakeholders of WTO ¹⁵ usually meet at least once every two years and meeting normally take place in Geneva, Switzerland.

Talking about the impact of the stakeholders in WTO according to ² Guy Ryder, Director-General of the International Labour Organisation (ILO), accusations ² that the 'WTO has been instrumental in powering the growth and dynamism of the global economy' which resulted in 'decent work opportunities and reduction of poverty' which is not only a good sign of the stakeholders doing an amazing job with the use of the global international organisation to improve the life standards of people in countries around the world, but also the fact that this article was posted on the 25th anniversary of the WTO, 20th November 2020, which means that after almost a year since the COVID-19 pandemic started, this global international organisation has helped around the globe. This, however, comes at a cost. While almost every country was battling the pandemic and struggling with the hardships that the pandemic has brought, economically, most countries were not doing well, so reductions in poverty and unemployment have significantly increased inflation, one of the problems we are trying to fix now, even after three years since it started rising.

Global challenges

Starting with the changes in the energy prices, the World Trade Organisation has not been directly affected by this, however it did create major problems. As this organisation is based on trade, the exchange of energy in between countries has to do with WTO slightly, however this is not why the WTO has been affected by the energy crisis. The real reason the WTO was affected by the energy crisis is because of the changes in trade in between countries. Because the energy prices increased, it resulted in less production, therefore less products were created and due to prioritising their own countries, there were less exports and imports that were taking place, while at the same time the ones that were taking place were at very

different price levels that they should have been, mostly higher than normal, which created a disequilibrium in the trading market.

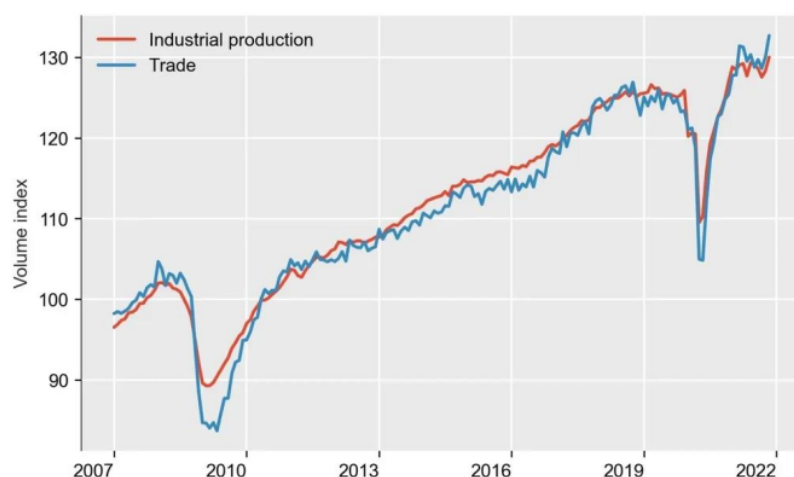


As seen in this graph, it is easily noticeable that the energy prices have boomed after July 2021, right when the pandemic was already everywhere around the world, this enforcing the point that the World Trade Organisation was indeed struggling with trade because of the energy crisis. Even if the ¹³energy services were not negotiated as a distinct sector, energy was still traded in many ways in between countries which created a major problem for many countries and the WTO as well.

Going back to the global challenges that the World Trade Organisation has been facing since the COVID-19 pandemic, I am now going to talk about how unemployment has both directly and indirectly affected this global international organisation. Firstly, because of the high unemployment rate that was created by the pandemic, there were changes in economic growth all around the world. During these periods of time, not only countries get to struggle financially, but it also leads to reduced imports and exports, meaning that there were multiple disruptions in supply chains and trade flows. Not only the rising unemployment rate led to these disruptions, as because of the pandemic and the lockdowns in place to battle the COVID-19 virus, there were multiple border closures and restrictions where movement of goods in between countries or even national trade was a hard task to do.

Secondly, because of the high unemployment rates and the economic problems created by COVID-19, some countries had to implement protectionist measures to ensure the safety of their national industries, which means that most products produced in the country were not allowed to leave, as the nation well-being in most countries in such times was prioritised. This slowly led to not only import, but also export restrictions, as the most traded products during the pandemic were medical supplies and equipment to battle the pandemic, this resulted in trade relations to be damaged if not broken in between countries.

Thirdly, because of these problems, one huge problem rose, this being the fact that multiple countries that were members of the World Trade Organisation, in this case its stakeholders, were considering this global international organisation as 'useless' and 'not competent enough' to make countries trade as they should, no matter what the world is going through at the moment. Luckily, as time passed and just before harsh judgements were about to be made, the World Trade Organisation was able to lift some of the restrictions that were in place just because of the pandemic, as this was no longer that big of a problem.



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(Source: OECD calculations based on CPB World Trade Monitor)

As clearly shown in this graph, in between the time period of 2019 and 2022, there was a massive fall in trade and industrial production, resulting in a double-digit decline in world merchandise trade in 2020. Not only products, but services as well were not properly delivered and traded in between countries because of the pandemic and because of all these reasons and problems, the World Trade Organisation was at risk of disbanding, which could have resulted in a global disequilibrium in trade.

When looking at the economic and financial side of the World Trade Organisation and how COVID-19 affected this organisation, we can clearly see that massive problems were present, such as budgetary constraints. To explain it more, the budgetary constraints made by the pandemic, which also lasted after the pandemic for a short period of time, led to economic downturns, which meant a lot of countries to struggle economically. As the stakeholders of WTO are member countries, the budget and financial support for this organisation was highly damaged during the pandemic with a slow recovery just after the pandemic ended and most countries were starting to recover from the economic problems caused by the pandemic. This situation resulted in changes and problems in the organisation, as many operations and activities were postponed or even cancelled, no matter how important they were. As stated, before in the introduction, the WTO stakeholders are meant to hold a meeting in Geneva, usually every two years, however this was not the case during the pandemic, and everything had to be done online, which did not impact the organisation as much, but there were multiple risks and limitations to online meeting that did not have to be there if the COVID-19 virus did not exist.

Another massive problem were delayed negotiations. As most countries needed medical supplies, equipment and many more necessary items to battle the virus, many negotiations were delayed, as there were many postponed or cancelled meetings. Even after the pandemic, this left many scars on the WTO, as many countries were starting to question whether this organisation is still worth investing in and rely on for trade to be balanced all around the world.

However, it is worth mentioning that the World Trade Organisation played a very important role, and still does, in addressing economic impacts of the pandemic and after the pandemic, which not only helped multiple countries to get back their economic and financial power, but also to be able to lower the unemployment rate and create more opportunities for job creation, which even after the pandemic many countries and this organisation needs to help to recover from the scars left by the COVID-19 virus.

Another global challenge that the World Trade Organisation not only faced, but was responsible for, was the numerous decisions and regulations put in place because of the pandemic, as this helped many countries, but also made things harder for some countries that were desperate and in need of help when it comes to trade and medical supplies.

The good part of the decisions made was promoting trade liberalisation. After many negotiations and agreements with multiple members of the WTO, many trade barriers and tariffs were lowered during the pandemic which some later remained lowered in order to ensure that trade was still taking place, much slower and less effective than before, but at least there was still trade happening in between countries.

Even during the pandemic and after the pandemic, because of these decisions and help given to countries, the World Trade Organisation was much more valued by the world, and it has gained a lot of support than during the pandemic, as not only has managed to solve many trade problems globally, but also helped certain countries that were in need of help to recover and become maybe even more powerful financially and economically than before the pandemic.

The bad part about the decisions made during the pandemic which affected the world even after the pandemic ended, was the changes in policies for the labour market and trade market. Even if the WTO only focuses on trade, because of the low levels of supply and demand, less effective and productive markets, the WTO was forced in order to boost the economy during the pandemic to make multiple changes in policies, which lowered the labour standards and made many workers unhappy, but left with no choice during the pandemic as most household in most countries were suffering economically.

Looking back at the global challenges that I have mentioned and discussed, I think it is worth mentioning that many more things happened after the pandemic, one of them being the development of artificial intelligence (AI), which it did exist before but not as powerful as it is right now.

The development of artificial intelligence was both an advantage and disadvantage to the World Trade Organisation, as it could help exponentially with trade, making monitoring of trades, looking and scanning through data and analysing this data and advancement in technology a much simpler thing, making the World Trade Organisation worry less about how trade is happening, where is taking place and how it is monitored, and it can only worry about on how countries can be helped to prosper in different ways based on trading.

To get into more detail, artificial technologies could easily streamline trade processes with can improve efficiency and productivity in many facilities, resulting in a higher rate of production and therefore more imports and exports. Not only that but the data of trade can be quickly analysed, and different patterns and trends can be identified much easier so that policy decisions can be made quicker, and no time will be wasted.

The disadvantage of the artificial intelligence for the World Trade Organisation is that this global international organisation mostly focuses on trade and promoting policies and most decisions are made based on human labour, encouraging industries to use human labour so that more products and services can be provided for trading, which most companies now demand AI-driven labour, making it easier and cheaper to produce, but it will increase the rate of unemployment, meaning that there will be a huge increase in productivity and efficiency while lowering the costs, resulting in a boom in supply, while the consumers without jobs will result in a decrease in demand, therefore disrupting the equilibrium in the economy.

As the World Trade Organisation is not like a typical business or organisation, it does not have market strategies. It does have something very similar to market strategies, but these are seen more like ruling strategies that help not only the organisation itself but its stakeholders as well, in this case member countries that needed help, especially during the pandemic and after the pandemic ended.

However, this global international organisation does have strategies, but they are more focused on controlling a market rather than competing in a market, in this case the trading market and how everything should work. Some of these strategies have to do with the organisation and its stakeholders, as they are the ones that get to decide and put in place different rules and regulations based on data monitored.

Talked about before in this assignment on how the World Trade Organisation has faced multiple challenges and was very close to its end, it must be mentioned that without WTO, the world would be in a much worse place than it is today. Without rules, regulations and decisions to be put in place by governments of countries that have been and still are successful in many sectors, the trade market would probably not succeed, or if it did it would have been at very high prices, where mostly rich countries could benefit from and there would be no help for the developing countries in this world. This can be seen very clear right after the pandemic as after the need of medical supplies, multiple other trades took place to maintain an equilibrium in the world.

Going back, one more challenged that is mentioned in the introduction is the collapse of high street, which it did not directly affect the World Trade Organisation as it is an international organisation that deals with the global rules of trade between nations, however there were

already lots of implications for various industries from the World Trade Organisation in response to the collapse of high street.

One way the WTO will address this issue, even if not affected directly, it would be to hold a meeting with its stakeholders to respond to these changes by engaging in different discussions and decisions to address the emerging related issues about e-commerce, digital trade and retail trends, which at the same time could be an opportunity for the World Trade Organisation to play both sides of trade, traditional and digital, which would help global trading.

A similar problem that has not directly affected the World Trade Organisation after the COVID-19 pandemic would be green marketing. Green marketing refers to promotions held by companies to advertise products and services based on their environmental benefits and how sustainable they are. Lately, most countries have been setting different regulations and rules that imply the use of more environmentally friendly products and services, encouraging recycling and helping the environment, which could help the WTO extend its range of trades as long as there are changes made in the way trade works now.

Thinking about how trade could be made more environmentally friendly is a bit complicated, as a global international organisation, it is rather difficult to ensure an environmentally friendly trade that could end up being thousands of miles away. Not only that, but for such long distances there has not been yet found a way to transport goods without the use of planes, which so far, no research has been done to create a sustainable and environmentally friendly way of using planes.

Personal recommendations

In my own personal opinion, the only thing the World Trade Organisation should do is to maintain this global international organisation safe and working. To achieve this, multiple regulations and rules must be implied not for trade, but for different governments around the world where the stakeholders are from and ensure that no matter how hard the times, in this case the COVID-19 pandemic, the WTO should not be put at risk just because of some difficulties no matter how bad they are, as this organisation has managed the trade for many years in between nations and has managed to maintain an equilibrium in the world, helping

all the countries equally and ensuring that all trades are made fair and both parties get to win.

One last thing that I should add to this organisation is to try it and make it broader, not necessarily have more stakeholders, but listen to more opinions and consider more decisions before doing something, so that this organisation will not get as close as before to get disbanded.

Conclusion

In conclusion, the World Trade Organisation is not your typical organisation where different products are produced and then sold, however this is a global international organisation which takes care of almost all the nations and countries in the world when it comes to trade. This organisation might not get affected directly by some problems that have happened after the COVID-19 pandemic, but it did face some of them with quite a lot of difficulty, but fortunately managed to overcome them and maintain peace in the world of trade.

It is worth mentioning that without the World Trade Organisation most countries would have had suffered a lot during and after the pandemic if the right measures were not to be taken in time, such as transporting medical supplies and equipment from different countries in order to ensure the safety of all the countries and their people, no matter rich or poor.

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