INTERNATIONAL LAW

(International Class)

International Economy

- The law governing international economic relations is one of the most important areas in which international legal rules and principles and international institutions operate in practice. This reflects the remarkable growth of the economic interdependence of the world since the end of the Second World War.

- It is still a matter of discussion among scholars what the term ‘international economic law’ exactly covers.
- The law of international economic relations in its broadest sense includes all the international law and international agreements governing economic transactions that cross state boundaries or that otherwise have implications for more than one state,

such as those involving the movement of goods, funds, persons, intangibles, technology, vessels or aircraft.

- The subject thus includes as sub-topics the law of foreign investment, the law of economic relations, the law of economic institutions, and the law of regional economic integration.
- International economic law is to a large extent based upon reciprocal international (bilateral and multilateral) treaties.

The Bretton Woods system and international economic organizations

- The modern global system of international economic regulation between states rests upon the multilateral system established by the Bretton Woods Conference in 1944.
- The two main objectives of the Conference were,

- first, to advance the reduction of tariffs and other barriers to international trade, and, second, to create a global economic framework to minimize the economic conflicts among nations which, at least in part, were held to have been responsible for the outbreak of the Second World War.

- The Conference led to the creation of the three basic international economic institutions regulating money and trade: the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (IBRD), also known as the ‘World Bank’, and later the General Agreement on Tariffs and Trade (GATT).

- The underlying philosophy of the system is the theory of comparative advantage, which had been developed by the British economists David Ricardo and John Stuart Mill by applying the market theory of Adam Smith to international transactions. It assumes that liberalized foreign trade and the corresponding international division of labour creates benefits for all participating national economies.

- The Bretton Woods system views market access and the reduction of barriers to international trade and monetary transactions as the main instruments to promote a high level of employment, to increase real income and to optimize the use of production factors.
- Communist countries refused to join a number of the Bretton Woods institutions on the grounds that they were based on a capitalist (market economy) philosophy.

The GATT

- The purpose of Gatt was to establish general principles and rules for the liberalization of international trade on the basis of a multilateral treaty by reducing customs barriers and other barriers to trade and by eliminating discriminatory treatment between states in international commerce.
- In the following forty years of GATT's existence, more than 130 states either

became formally a “Contracting Party” or at least applied the GATT rules de facto.

The most-favoured nation (MFN) clause is the central principle of GATT. It provides for non-discrimination among trading partners by requiring all GATT members to grant all other members of the Agreement treatment (concerning any tariff) as favourable, in relation to a particular “product”, as they accord to any other country.

The new World Trade Organization

- After seven and half years of protracted negotiations, the Uruguay Round of GATT was finally completed on 15 April 1994 with 111 of the 125 participating states signing the final document. The final agreement on the new WTO, accepted by 104 states, entered into force on 1 January 1995 for eighty-one members, representing more than 90 per cent of international trade.

- The WTO encompasses the GATT, the various supplementary agreements of codes and a reform of the dispute settlement system under a common institutional umbrella. It aims at integrating the GATT , the results of successive multilateral negotiation rounds and the new Uruguay Round agreements into one single legal system.

Institutional aspects

- The highest organ of the WTO is the Ministerial Conference, which consists of all member states and meets at least every two years. The General Council is the main organ between the meetings of the Ministerial Conference and also consists of representatives of all members.

Security

- -itself is a relative freedom from conflict, war and harmful threats.
- Based on power and peace.
- Security can be soft and hard
- The concept Soft Security includes: transnational rules, environment, economic, social, corruption, organized crime, aids and other health problems.

- Hard Security- is military.

Security of

- Individual
- National
- Regional
- International

Tariff

- Is a tax levied on products as they move between nations.
- Import tariff- which is a tax levied on imported products.
- Export tariff -which is a tax levied on exported products.
- Tariff may be imposed for two aims:
- 1-Protection purpose is designed to insulate

import competing producers from foreign competition.

- 2- Revenue purpose, imposed for the purpose of generating tax revenue (government).

Quotas

- Are a restriction on the quantity of a good that may be imported in any one period.

International economics

International trade relations

- Trade policies
- Loss or gain from trade
- Tariffs and quotas
- Impact of trade on the economic growth

International Monetary Relations

- Balance of payment
- Exchange rate system
- Floating exchange rate
- Fixed exchange rate

Interdependence means that countries economy depend on:

- Trade=goods, services, raw materials etc.
- Finance=exchange rate, international investment, international debts.
- Business= multinational companies, global production, product.

Absolute Advantage

- The worlds wealth is not fixed quantity
- All nations can benefit from trade by specialization
- Free trade – Liberalization
- The cost differences manage the international movements of goods.