

Investor

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Effects of Adjusting Trade Policies

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Effects of Adjusting Trade Policies

According to Eden (2019), multinational corporations are very crucial in product creation across the world. These corporations usually take part in trade through exports and imports. On the hand, the State Government has a set of trade policies, which ensure a productive trade. Though, the policies are subject to adjustments, which in turn disadvantage global cooperation. As a result, global trade activities are affected negatively. However, multinational corporations are able to cope with the new alliance because of their firm involvement in the global trade and financing of the economy with resources required in policymaking. America being a state with a large amount of capital and highly skilled labour, trade poses a great risk. Under President Trump's administration, Transpacific Partnership (TPP), the accord with Mexico and Canada (TAFTA and USMCA respectively) and South Korea (KORUS) were changed. The State imposition of tariff from products like steel and aluminium led to a major crisis in the World Trade Organization (WTO). The changes gave rise to the barrier of new members to be appointed in the Appellate Body and as a Director-General. Due to the increased trade deficits, the president concentrated with quid-pro-quo reconstruction rather than multinational trade. It is also valid to indicate that some policy changes like Free Trade Agreements (FTAs) offered U.S. access to fertile markets that offer preference across products and states. As a result, poverty levels in trading countries have dramatically decreased over time, leading to an increase in the world GDP.

Several economists have recently come to the limelight in offering their opinions about the long-term effects of trade and tariffs policies changes. Dr. Nicholas Lardy, an economist, suggests that the main impact will hit the manufacturing industry the hardest. This is because the country mainly relies on imports from China to successfully complete their finished products.

Bearing in mind that the tariffs on imports have increased, this will only mean that the country will suffer reduced production since importers will be discouraged. Dr. Liang Hong indicates that most multinational firms will reduce their spending due to the policies' uncertainties created. Dr. Huang Yiping, also an economist, supports Dr. Liang's comments by adding that investors will not know how to act when policies' uncertainties arise; if investors will be reluctant to invest and in turn hold their investments to avoid unanticipated losses that may arise. In general, investors' withdrawal in the global trade is a loss to all trading parties (Eden, 2019).

U.S. trade policy changes in the last 2 years affect global trade activities by multinational corporations. This has led to the increase in the cost of export activities hence lowering incentives to open affiliates in the country. The increment of trade cost also influences affiliate decisions to enter import and export markets. Besides, increased trade costs contribute to the rise in prices in the country, allowing more companies to export from the country. However, an observation of the export activities when recurring cost rise resulting from the affiliates' reduced exportation (Caldara et al., 2019). In a recent finding, it was found that exporting activities by state multinational companies led the state government to extend to more access to states those hosts American affiliates. To be precise, the research concludes that a 10% increment in US-bonds exported by American foreign affiliates resulted to a 4% point increment in duty-free rate market pass. The effect is even intense when concentration is restricted to GSP choice arrived at in countries' developments. Finally, in relation to the trade deficit that happened as a shock led to reduced unemployment. Employers enjoyed more sales and hence were able to employ additional task force.

In fact, my employer succeeded to actualize his vision of opening up branches across all states around the United States. This was made possible by the high amount of revenue that was

accrued from the high sales made once changes were made within the U.S trade, as well as tariff policies. Besides, it has to be noted that the opening up of additional branches went hand in hand with the recruitment of additional staff (Caldara et al., 2019). As a result, our organization's workforce has become highly diversified within individuals with varying cultural backgrounds. The just mentioned turn of events has made those of us that deal with human resource management within the organization to undertake refresher courses on how to successfully manage a highly diversified workforce. Economists agree that the mentioned policy changes have caused an increase in economical growth, while restriction only decreases both output and income.

References

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