COMPETITION IN GLOBALISATION ERA

INTRODUCTION:

Every day we hear it on the news, read it in the papers, overhear people talking about it and in every single instance the word globalization seems to have a different meaning. So, what is globalization?

At political and economic level, globalization is the process of denationalization of markets, politics and legal systems, it is the rise of global economy. Many international organizations, governmental institutions and the whole academic world discuss the consequences of this political and economic restructuring on local economies, human welfare and environment. It is one of the most important features of present world.

At a business level, the process of globalization is when companies decide to take part in the emerging global economy and establish themselves in foreign markets. They adapt their products or services to the linguistic and cultural requirements of different nations. Then, they might take advantage of the Internet revolution and establish a virtual presence on the international marketplace.

EVOLUTION OF GLOBALISATION

Two Major recent driving forces are advances in telecommunications infrastructure and the rise of the internet. In general, as economies become more connected to other economies, they have increased opportunity but also increased competition. Other factors include:

- Economic growth in countries has both increased demand for imports as well as capacity to produce exports, thereby increasing greater investment and interdependence.
- Technological Innovation is another factor for globalisation.
- Falling transport costs.
- International, as well as domestic, liberalisation of trade, investment and economic activity generally.

EFFECTS OF GLOBALISATION ON COMPETITION

Globalisation has made a tremendous effect on competition .As more and more companies are allowed to trade freely it is creating a mass competition on a larger scale. Earlier companies used to compete with other companies in that sector in a particular country but due to globalisation companies are competing on a world level.

THOUGHTS ABOUT COMPETITION IN GLOBAL ERA

The pro-globalization lobby argues that globalization brings about much increased opportunities for almost everyone, and increased competition is a good thing since it makes agents of production more efficient. The two most prominent pro-globalization organizations are the World Trade Organization and the World Economic Forum. The World Trade Organization is a pan-governmental entity that was set up to formulate a set of rules to govern global trade and capital flows through the process of member consensus, and to supervise their member countries to ensure that the rules are being followed. The World Economic Forum, a private foundation, does not have decision-making power but enjoys a great deal of importance since it has been effective as a powerful networking forum for many of the world's business, government and not-profit leaders.

The anti-globalization group argues that certain groups of people who are deprived in terms of resources are not currently capable of functioning within the increased competitive pressure that will be brought about by allowing their economies to be more connected to the rest of the world. Important anti-globalization organizations include environmental groups like Friends of the Earth and Greenpeace; international aid organizations like Oxfam; third world government organizations like the G-77; business organizations and trade unions whose competitiveness is threatened by globalization like the U.S. textiles and European farm lobby, as well as the Australian and U.S. trade union movements.

BENEFITS & ILL EFFECTS OF COMPETITION IN GLOBALISATION

BENEFITS

In this world of globalisation no one can survive independently. Every country doesn't produce everything making it necessary for it to import products from other countries. Due to globalisation there remain no barriers in international trade. Globalisation enables countries to compete with each other thereby increasing efficiency , better quality products at competitive prices. New competitors from regions around the world with flexible supply chains are effectively competing against established market leaders that have formidable brands, customer loyalty and deep resources. If that is not enough, many of these aggressive new competitors are government-backed companies with access to lower-cost capital — a real business advantage. . Other benefits from globalization include the gains from trade in which both parties gain in a mutually beneficial exchange, where the "parties" can be individuals, firms and other organizations, nations, trading blocs, continents, or other entities. Globalization can also result in increased productivity as a result of the rationalization of production on a global scale and the spread of technology and competitive pressures for continual innovation on a worldwide basis.

ILL EFFECTS

There has been a sharp increase in the extent of global cartel activity. This is probably due to the impact of trade liberalisation. Liberalisation is generally good for competition, but it tends to put pressure on firms that have traditionally dominated particular local markets without much international competition. Facing competition for the first time, some of them tend to get together with producers in other countries to divide up world markets & to agree on prices & output.

DEVELOPING A MULTILATERAL FRAMEWORK OF COMPETITION RULES

As competition is increasing day by day in this global era, there is a need to have a common international law on competition. Though many countries have framed their own competition laws but there is a need to have a common law which would help in framing rules on a single platform. A group could be formed to apply the dispute settlement mechanism to cases where a country fails to transpose properly in its legal order the principles that have been agreed in common or to react to a request for enforcement.

CONCLUSION

Concluding the above paper on competition in this globalised era, it is worthful to say that competition is a necessity. But as every coin has got two sides, so is with globalisation & competition. As of healthy competition creates a healthy global market with mass advantages, on the other hand better international competition laws need to be framed to stop firms in taking any undue advantage in this global competitive world.