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PH.D. THESIS SUMMARY

**THE NEW ARCHITECTURE OF
INTERNATIONAL ECONOMIC RELATIONS**

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2. KEY WORDS:

International economic relations, international trade, international organizations, global financial crisis, world economic order, multinational corporations, economic integration, globalization.

3. INTRODUCTION

The world we live in is constantly changing, and the change becomes more and more intense especially from the technological evolution perspective, which seems to take hold of more and more domains from different areas. From an economic perspective, technology has managed to bring economies and states closer, to determine a significant decrease in the degree of difficulty on how the exchanges between countries take place, especially in terms of the time needed in this process but also from a logistics perspective. Consequently, the international economic relations have entered in a new phase of their evolution, and their study must be adapted to the new economic realities of the present.

After World War II, we have witnessed various international events that changed the architecture of the international economic relations as it was known before this event, but the change process has not yet been finalized. The world economy stays in a phase of continuous change, we are constantly witnessing either changes that take place at national level in different countries, with low impact for the international environment, or, by contrast, events which take place at a national level but then trigger chain reactions globally, affecting many other countries and economies. The most recent example that we have also considered in our thesis is the global financial crisis from the last decade, which started in the American economy but, in short time, led to a contagion of many other world economies, which proves the strong connections that exists between the world economies. These types of events must make us aware of the fact that many times, the economic theory is often not adapted to the speed at which the economic realities that surround us change. Such experiences can be useful to develop new theories, but also to rethink the content of the existing ones, so that they are aligned to the current world economy configuration.

These things have led us to choose to investigate more this area, to point out the elements that define the new architecture of the international economic relations, through a critical analysis of the existing economic literature regarding this topic, in close connection to the events that have occurred globally in the past, and also by investigating the relevance of the existing main economic classic and modern theories. Starting with Adam Smith's theory, there have been numerous efforts to point out the reasons why states trade with each other, to highlight who benefits from trade and under what conditions, but also to determine if the state's or different

international organizations is needed, how beneficial are the protectionist practices or which are the new determinants of international trade. All these things must be analyzed by referring to the events that have marked the international economy during time, in order to be able to provide a critical opinion related to the current status of the international economic relations, and to be able to point out the direction towards which the architecture of the international economic relations is heading for in the future. We are aware that our thesis is not able to provide answers for all the questions that are currently concerning the researchers from this area, but we have tried to bring our own contribution by summarizing and debating on the existing opinions from the economic literature, by trying to identify those aspects and theories that are currently no longer valid and bring arguments in that sense, and also by trying to present our own vision regarding the current architecture of the international economic relations.

Consequently, the main objectives of the thesis are: firstly, we wanted to identify the main theories which are relevant for our analysis, to present them in their original form and to point out if they are still valid nowadays by providing arguments for the conclusions we reach. Secondly, we wanted to highlight the main characteristics of the architecture of the international economic relations from the most relevant periods in time. Due to the lack of relevant data before the 17th-19th centuries, we will focus more on the more recent periods. The main objective of the thesis was to actually present our own vision of the architecture of international economic relations from the present, and try to point out the latest trends for its future evolution.

3. RESEARCH METHODOLOGY

As the present thesis's main objective is to point out the main elements which define the new architecture of the international economic relations, there are two dimensions which we need to consider: first of all, we need to analyze different relevant indicators from the global economy during certain relevant periods of time, in order to point out the evolution of these indicators and of the volume of international trade, and secondly, we need to analyze the way in which the countries are interconnected in the process of trading, mainly the frame in which they interact and the institutions involved in this process, but also we need to consider other important players in this process, such as the multinational enterprises or any external factors which can influence the interaction between the main players of the international environment such as the financial crises or factors from the geopolitics area.

The research methodology was based on a deductive approach, from general to particular, used mostly in qualitative researches. For the inductive type approach, we have used data such as the GDP or international trade volumes for certain periods of time, trying to draw conclusions and observations by using these figures, as the final aim was to try and combine both qualitative and quantitative approaches in order to be able to state the final conclusions of the thesis.

If in chapters 1 and 3 we have used both approaches, in the second chapter, where we have presented and analyzed the main theories of the international economic relations area, we have used just the qualitative approach. Our scope was to extract the most relevant information from the economic literature and based on this information to formulate relevant conclusions and own interpretations where that was possible.

For our research, we have used several bibliographic sources such as different relevant articles published in national and international journals, books from the international economics area of research but also different databases such as those belonging to the IMF and WTO, or different papers and reports published by these organizations.

4. STRUCTURE OF THE THESIS

The thesis is structured in three main chapters, and a final part dedicated to the final conclusions. The first chapter is focused on a historical view of the evolution of the international economic relations. We have tried to point out the main events that defined the international economic relations during different time periods, aspects that have helped us build the current architecture of the international economic relations in the third chapter. Also, in the second chapter, we have made a summary of the most relevant theories of international economic relations in order to identify if they are still accurate in the present, but also in order to point out the importance of having a permanent process of adapting the theory with the economic realities which surround us.

In the **first chapter**, in order to be able to present the new architecture of the international economic relations from the right angle and to highlight the most important aspects that will shape it in the future, we have made a historical analysis of the international economic relations, focusing on those relevant periods for which we had available data. Consequently, after a short description of the origins of trade, we have focused on the 16th-18th centuries, period in which there was a constant increase of sea trade volumes from Asia to Europe of 1.01% per year in the 16th century, 1.24% in the 17th century and 1.16% in the 18th century, respectively increases of 1.26% in the 16th century, 0.66% in the 17th century and 1.26% in the 18th century, for Asia and America cumulated, showing basically an increase of Europe's commercial openness vis-a-vis the other continents (O'Rourke, De la Escosura & Daudin, 2008, 9). At the end of the 18th century, Great Britain became the first industrialized nation of the world, with the onset of the industrial revolution, but the causes for which this nation has managed to be the first industrialized country are still debated. Concerning the international economic relations, the main consequence of the industrial revolution was the massive increase in international trade volumes by 250% by 1914 (Lumperdean et al., 2009).

For the 19th century, considering the geographical distribution of exchanges, the main player in international trade volumes was by far Great Britain. After the Vienna Congress, Great Britain was the only colonial empire to have a true naval supremacy. In fact, Britain had, in the 19th century, a significant extension of power

in Africa. Except Germany, the other main countries keep an upward trend in trade in the 19th century and, as per the existing statistics, between 1800 and 1913, international trade per capita has increased 25 times, while world production increase per capita was only of 2.2 (Rainelli, 2004, 12). Lopez-Cordova & Meissner (2003) made an analysis of the period between 1870-1910 and reached the conclusion that the use of the gold standard has highly influenced the trade volumes between countries, in the sense that the countries which used the gold standard had a volume of trade with 30% higher than the rest of the countries, and the countries which were part of a monetary union were trading twice more one with another compared to the countries outside the union. Their conclusion was that in the period between 1880-1910 the increase of global trade can be attributed in a proportion of 20% to the gold standard. We are also in favor of this conclusion, as we consider that a monetary union will increase the openness of an economy in international trade by reducing the risks that occur due to exchange rates fluctuations, even if the flexibility of governments to protect their economies of the shocks that might occur would disappear.

The First World War determined important changes in the international economic relations – the economies of the countries that participated in the war were highly affected. The most important aspect when such conflicts occur, is that the state will direct most of its available capital in financing the military sector, giving up a significant part of the capital initially directed to producing household goods. Also, international trade was not only affected during this period by the drop in production or by the closing of the country's borders, but also by the fact that the mechanism of free price formation was deteriorated, as the state got more and more involved in the country's economy. These phenomena extended well beyond the time frame of the event. Even in the interwar period the effects of the First World War were still present in the economies.

In the interwar period, several states applied protectionist measures, determining this was different changes in the exports structure: Germany, Italy, USA and Japan have registered an increase of finished goods proportion in their total exports up to 100%, while Britain and France registered decreases in the same category down to 10% (Maha, 2013, 118). From an international monetary relations

perspective, a significant event took place during this period: the switch from gold standard to gold exchange Standard.

One of the most important milestones in the evolution of international relations is marked by the financial and monetary conference of the United Nations, held at Bretton Woods in 1944, where the creation of the International Monetary Fund was decided, and then, in 1947, the General Agreement on Tariffs and Trade was signed. One of the main causes for the creation of the International Monetary Fund was the fact that, due to the low level of trade volumes in the interwar period, the countries made several devaluations in order to promote their exports, and so there was a strong need to create an international institution which should monitor the international monetary system and to promote the elimination of restrictions in the area of exchange rates used for trading and to ensure the stability of the exchange rates.

Also, in 1976, at the conference held at Kingston, Jamaica, the decision to demonetize the gold was taken, issue which was already raised by several countries considering the new international context. Basically, the gold was not user anymore as a monetary standard or as a means of payment, this being seen as a new reform of the monetary system which actually began in 1973, when the gold convertibility of the American currency was suspended, and so the dollar entered into the free float system (Ciobanu, 1997, 161). If we look at things from the commercial relations perspective, the demonetization did not have the best consequences in that field. Following the adoption of the floating rate system, an episode of global market instability has been triggered, where risks were being transferred to trade relations.

An important event from the last century was the creation of the first international organization which had the role of promoting the development and liberalization of free trade, namely the World Trade Organization, which was the successor of the General Agreement for Tariffs and Trade. During GATT's existence, there were several negotiations rounds, with the scope of implementing tariff reduction or to help eliminate or reduce some of the existing tariff barriers. Hence, the main objective of GATT was to ensure the creation of favorable conditions for trading between countries. In other words, GATT served in creating an international discipline for applying the commercial policy measures, a premiere in the history of

international economic relations. Besides the creation of different instruments of commercial policy, GATT also promoted a high transparency level for the commercial policy measures taken, condemning unfair competition by creating an antidumping code but also by applying non-discrimination principle to member countries by applying the most favored nation clause.

Economic integration is also a topic that could not be excluded from our analysis. We have referred to this by taking one of the most relevant examples, the case of the European Union. The unanimously accepted view of the theory of economic integration is that it has become a subject of self-analysis when Jacob Viner's paper «The customs Unions Theory» appeared in the 1950s. Viner was mostly focused on the early stages of integration, considering that international economics, in particular integrated economic state formation is lying about what he calls «creation of trade» versus «hijacking» or «perverting trade» (Andrei, 2012). The EU is today one of the most important players of the international trade, and its role in the architecture of the international economic relations can't be neglected.

The financial crises that took place in the last decades are an element that was also taken into account in the current thesis. The high levels of inter-dependencies which exist among the different countries of the world are reflected, among other things, during these types of events when the contagion phenomenon is manifested. The imports and exports of one country can easily change their volumes depending on the macroeconomic decisions taken by a government. In Thailand's case, due to the intervention of the central bank on the exchange rate, the accelerated investments caused a significant increase of consumer expenditure, leading to the increase of imports and wages, resulting further in the decrease of the competitiveness of the exports of the country and in the worsening of the crisis that followed. The contagion phenomenon is highly dependent on the market financial integration level – the higher the level of integration is, the higher the contagion level will be for that country. This was actually the case of Thailand, as a result of the early liberalization of its financial markets.

In the **second chapter** of the thesis, we analyzed the main theories of international economic relations, starting with the classic theories. We reached the conclusion that the evolution of these theories was in close connection to the

economic realities of the times in which they were created, and that there was always a need to rethink the existing theories and adapt them as per the changes in the economy. From the classical theories, we have analyzed the mercantilist theory, Smith's theory of absolute advantages, David Ricardo's competitive advantage theory and the H-O-S model, but also some of Karl Marx's contributions. All these initial explanations from the classical theory had the purpose of building a solid base of the more modern theories of international trade. Although they are often criticized, their conclusions must not be ignored – on the contrary, they should be considered in every research effort and their relevancy should be further discussed, as it actually happened once the new theories appeared. Still, most of them can't be considered as being applicable nowadays, the main argument being that they lack certain elements which are indispensable in today's global economy, or due to the fact that they were built on some very limited premises.

Regarding the new theories, we pointed out which were the new aspects that were considered compared to the classical ones or what are their arguments against the classical theories. Mihail Manoilescu brings an original contribution by showing that at the base of international trade is not only the quantity of work but also the quality of work, measured by productivity. His argument was that, in international trade, for reaching a level of equivalent exchange values, the agricultural countries had to provide a higher amount of work than the industrial countries, the latter exploiting the agricultural countries. Manoilescu's effort can successfully be placed among other important modern theories, the main argument being that his theory was actually applied in Brazil, and through the Manoilescian model of industrial development, the country managed to significantly increase the country's economy. The Leontieff paradox actually reduced the optimism level provided by the classical theories, by switching from the qualitative side of the study of international trade to the quantitative side, meaning the study of the structure of national economies and the interdependencies between the branches of each national economy. Basically, Leontieff has set the base for the empirical researches, among which the attempt to modernize the H-O-S model: Kravis theory (1956), Linder's theory (1961) and the theory of Grubel and Lloyd from 1975, regarding the industrial trade.

Paul Krugman was mainly focused on the analysis of international trade under imperfect competition, and the standard model of international trade was built by

using four main relations (Pralea, Maha, Bălăţescu, 2006, 122): the relation between output limit and the relative supply curve, the relation between relative prices and demand, determining the global equilibrium with the help of the relative supply and relative demand, and the influence of the exchange ratio on the welfare of nations. In the international trade model based on monopolistic competition, Krugman brings into discussion intra-branch trade and inter-branch trade, as part of international trade, out of which only inter-branch trade reflects the comparative advantage, the intra-branch trade being determined by the economies of scale, thus not reflecting the comparative advantage (Pralea et al., 2006, 124).

Porter's contribution is also an important one for our analysis, especially from the new perspective it brings concerning the competitive advantage of nations. Porter manages to combine several relevant elements for defining the competitive advantage of nations, which include market segmentation, products differentiations, technological differences and scale economies. In order to explain why some nations have success in certain industries and which are the implications of these for firms and national economies, Porter states that, in order to have a successful development of the competitive industry, the political, institutional and economic environment of a nation play an important role.

The economic theory in the area of international trade reaches a new level, which is more elevate and adapted to the present times. The new theory brings new concepts and ideas such as the differentiation of products in the exchanges between countries, the intra-trade concept, the role played by human capital and labor qualification in the structure of the export of a country, or the advantages some countries possess due to their capacity for innovation, and the new definition for competitiveness. All these things are absent from the classical theories but they are essential for drawing the current architecture of the international economic relations.

In the **third chapter**, we have identified the main pillars which define the new architecture of the international economic relations. The first step, was to analyze the global economic environment after the beginning of the global financial crisis from the last decade. From a global GDP perspective, in 2009 there was a decrease of 5.4%, and from an international trade volume perspective we also noticed a decrease in trade levels for 2009, global trade decreasing by 12% in, compared to 2008.

There are several studies in the economic literature that have the intention of making a correlation between the global financial crisis that occurred in the last decade and the main changes of trade volumes. The intersection between the macroeconomics area and international trade has had some parts that were not studied closely before the financial crisis (Bems, Johnson & Yi, 2012, 29). The changes in trade volume were not a cause of the financial crises – the macroeconomic imbalances were caused by asymmetric trade shocks before the crisis: for example, the rise of China and of other emergent economies has increased the demand for machinery in Germany, while for the Southern European countries these emerging economies were competitors on the export market (Kren, Edwards & Hove, 2015, 29). If we check the first two biggest economies of the world by GDP level, we can see that the commercial deficit between the US and China has increased from an insignificant value in the 80s to approximately 225 billion dollars in 2009, measuring almost of the total US deficit. In their study on export dynamics of the EU member countries during the global financial crisis, Kren et al. (2015) reach the following conclusions: the crisis had direct effects only on the intensity of the exports of EU members, and almost no impact on the number of products traded or on the number of export destinations, but during the crisis and the period that followed the increase of exports was highly affected by the GDPs of the countries of export destinations; secondly, the rise of GDP of the exporting country also generates the increase of exports of that country, showing this way significant side effects of supply of goods in addition to the obvious effects of increasing demand; thirdly, high unit labor costs deteriorate the international competitiveness, reducing export margin growth (Kren et al., 2015, 45). Bems et al. (2012) mention that trade policies, such as protectionism, did not play an important role at the beginning of the crisis when, although there have been various changes in trade policies that affected certain individual sectors or commercial partners, there has been no overall increase in tariff or non-tariff barriers (Bems et al., 2012, 2).

In 2010, once the global economy was starting to recover after the crisis, the volume of the foreign direct investments was still at a level with 15% lower compared to the period before the crisis. For the first time, the economies in course of development managed to absorb about half of global FDI inflows, with multinational corporations contributing significantly to the development of underdeveloped nations

by increasing investment levels and production facilities in these countries. Even if there were concerns that protectionist measures might rise in the period following the financial crisis, this did not happen.

Considering all the above mentioned characteristics of the global economy from the last years, we have reached the conclusion that, in order to define the new architecture of the international economic relations in present, we need 5 main elements: first of all, we had to define the main actors of international economic relations from the present, and also the interdependencies between them, as these have been changing over the last decades. Secondly, we pointed out some relevant aspects with regards to the trade between countries. The new technological era has made different mutations on the goods and services markets, mutations which can influence the category of goods subject to trade but also the ways of trading between countries. Thirdly, we had to analyze the role of the international organization today, a role which suffered several changes in time, referring mostly to the WTO. Next, we had to investigate the role of the multinational corporations in order to have a better understanding of the global economy. Also, from an economic integration perspective, there was the need to comment on the recent events that involve the EU members, in order to see if such a model is still a successful one and can further influence the architecture of the international economic relations.

Based on the analysis of the first 10 countries in the world after the GDP level, compared the situation from 2006 versus 2016, from the BRICS group we noticed some important changes: the ascensions of China and Brazil, and also the appearance of India in the top 10 global economies. China and India are currently serious competitors for the developed economies of the world, from a growth level perspective, but also due to the potential they have in the next decades, some predictions mentioning China on the first place, followed by USA and India. For the EU members, the immediate evolution is extremely important for the future of the group. It is possible that a success of the Brexit might lead to the break-up of the EU, or, by contrary, if the Brexit proves to be a bad move for the UK, it might determine the Eu to become stronger.

Regarding the WTO, in our opinion to be a member of this organization is still a great advantage for the countries, although we can notice that the multilateralism

promoted by WTO is slowly losing ground among the members. There is a visible increase in preferential, regional and bilateral agreements, fact which is in contradiction with the principles promoted by WTO. A study by Kohl, Steven and Garretsen from 2016, which analyzes the way in which the different types of trade agreements promote a higher degree of trade liberalization, concludes, throughout an empirical research that the type of agreements promoted by the WTO contributes to a higher liberalization of trade, compared to those agreements that are not promoted by WTO (Kohl, Steven & Garretsen, 2016, 113). This proves that the trade agreements promoted by the WTO are aligned to the main objective of the WTO, namely to promote a higher liberalization of international trade. We consider that the negotiation function of the WTO should be improved in time, the process should be simplified and the important decisions should be taken in a reasonable amount of time so that the result of these negotiations do not end up like those from the Doha Round, losing their level of relevance.

Multinational corporations are still an important component of the international economic relations, but it is possible that the comparative advantages searched by these companies in their strategy of internalization of their activity to become harder to get, especially in those emerging economies where human rights violations are frequently detected, such as the case of Apple company, or similar cases from the Asian economies. A better regulation is desired in order to prevent such cases, but also a strong financial international legislation would be useful in the area of the multinational's activity. Furthermore, once the emergent economies grow, so does the labor cost, so this advantage which is also a reason for the international localization of multinational enterprises could become jeopardized in the future.

We have also analyzed the concepts of regionalization and globalization, as we see these concepts in an part-to-whole type of relation, due to the fact that regionalization can't be isolated from the global economy, considering the existing interdependencies between countries. Because of these connections, regionalization contributes effectively to globalization, making it impossible to be treated separately. The current stage of regionalization considers less the gains or misappropriations from trade, and more the aspects that refer to scale economies, product differentiation, efficiency gains, with the aim of establishing free trade areas, regarded as ways of determining global competitiveness in trade (Ciurcanu, 2005, 87). From this

perspective, the regional integration can become a first step in the direction of globalizing the world economy.

5. CONCLUSIONS

The main objective of our thesis was to highlight those elements that form together the new architecture of the international economic relations, by reporting to the changes of the international environment that took place in the past, but also by considering the classical and modern theories from this area. We considered necessary to combine these two perspectives because, due to the high level of changes in the global economic environment from the last years, the economic theory must be reconsidered and reanalyzed, as these changes seem to affect more and more the international environment.

If we refer to globalization, we can see that currently the relationship between states is mainly manifested with the help of economic levers and that international trade is one of the main elements that defines globalization. From an international trade perspective, we noticed that, during the last century, a number of steps were taken to have a greater opening of economies towards international exchanges, one of the actions in that direction being the GATT and the creation of WTO, and their activity ever since.

This necessity to promote free trade can also be found in the classical theories, but they are not adapted to the current economic realities of the global economy. Although for the periods in which these theories were published they brought new and relevant elements for the trade theory, in current times their applicability is limited. Smith, for example, doesn't explain the reasons for which countries are involved in trading relations and starts from the premise that the technological advantages of a country have unlimited duration. Ricardo's major theory straiten is that his theory is unifactorial, based on labor, but also that his theory involves an equal distribution of the gains and losses between countries. Labor is again the only productivity factor and the competitive advantage results from the productivity differences. As a conclusion, there are several elements for which the classical theory is not accurate anymore nowadays, and we can mention here the simple premises that there are only 2 countries involved in trading, and only two factors of production considered, namely labor and capital, and also the market is characterized by free competition and an international immobility of production factors.

The neoclassical theories, represented in our analysis by the H-O-S model, bring some relevant contributions for the theory of international trade, this model becoming a reference for future studies made by other authors. The greatest achievement of this mode is that it managed to bring together the issue related to a more rational combination of the production factors with international trade, thus significantly expanding this research area. Still, should we approach the relevance of this model today, we need to point out its major limitations, one being the fact that it does not take into account a series of essential factors such as the existing gaps of the global economy, the state intervention in the production and trade activities, especially by using a protectionist approach.

The new theories of international economic relations bring in discussion several aspects that were not included in the classical theories and leave aside their premises such as the existing of perfect competition on the market. Still, we noticed in the second chapter that these new theories tend to be focused on particular elements which define the new architecture of the international economic relations, rather than giving a wider insight. The classics have provided general theories, trying to explain the overall nature of trading, whereas the new theories focus on providing more detailed explanations on particular topics, depending on the level of development of the countries which are trading, on the types of products that are traded or different other criteria.

We could not identify any modern theory that would include all the components that define the present architecture of the international economic relations, and such a theory would probably be very difficult to create, especially due to the fact that there are several factors that need to be taken into account, factors that can't easily be measured or studied, such as the impact of regulations in international trade, the influence that international organizations have on trade, the impact of globalization or economic integration in international relations or even the impact of multinational enterprises in global trade, especially due to the complex global production networks that are present all over the world. All these elements have been treated separately in the thesis.

Once the gold exchange standard was implemented, there was the need to have international organizations, initially having the role to provide economic advice and to

grant loans to different countries. The IMF's advising activity has widened its horizons and in the 2000s was massively criticized for its involvement in the Asian financial crisis. In the financial crisis from last decade, the IMF was not able to foresee the future dangers that the global crisis brought and warn the US in a timely manner – it was mostly involved just after the event started, by providing loans and financial guidance to the countries in need. In our opinion, the IMF's role should be reconsidered in such a manner that it would be able to intervene in a timely manner in order to prevent the trigger of such events before it is actually too late. WTO and the GATT before managed to attract more and more members during the last decades. Since it was created, there was a significant degree of trade liberalization, which makes us state that the objective for which it was created has been achieved. Despite of the failure of the Doha Round, and the slow level to actually put in practice the decisions adopted in the negotiation rounds, the fact that the organization actually exists is already an extremely valuable thing in promoting free trade. Of course, if we think about the future of this organization, in order to be a successful one, the WTO's way of working needs to be reanalyzed, reconsider how the negotiation rounds take place and what can be done for the process to be more efficient and smoother, so that countries are not tempted to sign other agreements outside the organization. Multilateralism seems to lose ground more and more to bilateralism and regionalism, and the WTO, in its current status, is not able to cope to these changes. Looking at the role of international regulations, due to the mutations that took place in the balance of power of the world's economy, which was unfavorable for the strongest trading countries, the WTO's legislative implementation has become harder to perform (Ghibuțiu, 2015, 6). The question to address here is if we need more regulation or less regulation in the international trade area. If we would consider more regulation is needed, we believe that this regulation should be applied in the area of combating the economic inequality between developed and undeveloped economies, in such a manner that it would reduce this inequality level. Should we consider less regulation is needed, we would head towards a dangerous zone, which would be inclined in favor of protectionism and nationalism, an undesirable thing for promoting globalization. As a consequence, we believe that no decrease or increase in regulation is needed, but rather an increase of the quality of the existing regulations, and a practical focus on those aspects that bring the most benefits for the state members. For this to happen though, it is not sufficient for the WTO to make steps towards that

direction, the state members should also take the necessary steps alongside the WTO to reach such a goal.

Related to the role of the state in the international economic relations, we noticed that in the last years, the state's role has become more and more important. If in the last decades words like union, globalization, international organizations were sufficient to cover the architecture of international economic relations, we believe that currently the state's role has taken back its important part. The role of the state in the global economy has been defined ever since the end of the XX century as a result of the formation of the new regional economic structures, but also as a result of globalization (Mașca et al., 2011, 25). As a consequence of the creation of the new international organizations, the obvious trend would have been for the role of the state to decline, especially if we consider the states from the regional economic structures. Still, our opinion is that this happens in the most positive scenario just at the level of the emerging economies. For the developed nations, which have strong economies, we can notice a rather interventionist approach. The state has an important role in the architecture of the international economic relations also from the FDI perspective. Currently, the BRICS countries and those from the ASEAN block have managed to attract the highest level of FDI in the world, maintaining this way an increased economic growth rate. Consequently, by having attractive fiscal policies, the states can influence the level of FDIs attracted.

Multinational corporations, despite of the critics that receive, are still an important pillar of the architecture of international economic relations. As their activity on the global economic environment is intensified, they actively contribute to the globalization phenomenon, without them having to reach the point where they transform into global companies, which would have a unitary strategy regardless of the country they operate in, to sell one product at the same price and not to consider the economy specifics of each country. From an international relations perspective, the internalization of production performed by the multinational corporations has led to the invalidation of many traditional concepts on which international trade analysis is based on (Albu, Ghibuțiu, Oehler-Șincai, Lianu, Giurgiu, 2013, 51), and the global production networks controlled by these companies are constantly increasing. Due to the fact that these global production networks are currently different than the standard model in which one country imports all the needed components for producing a

product, which will later be exported, signals the need to reconsider the way that the multilateral commercial system is built, from measuring the commercial activity at global level up to the shape of the trade agreements. Multinational corporations are key elements for the evolution of the global economy, as the networks built by these so far influence a large part of the national industries throughout the world. In their evolution, multinational enterprises have managed, with the help of their adopted strategies, to change the nature and structure of the international trade flows, to facilitate the access of their products on different new markets, but also to contribute at the growth of international trade volume.

We consider that globalization is another concept that needs to be redefined in the next period, in order to be aligned to the new global economic environment. This change should consider several important aspects, such as rethinking the role of the international economic organizations, rethinking the commercial policies in order to properly reflect the need for trade liberalization, analyze closely the impact that multinational corporations have on the global trade system, but also to increase the awareness of the countries regarding the strong interdependencies that exist between them. If the mentality will be switched towards nationalist views, with limited horizons and without considering the global economy, the results will not be positive. The global economy becomes more and more complex, the stakeholders change and their number has been increasing over the last decades, but the important decisions that are taken and the mentalities that most stakeholder have, are not yet adapted accordingly.

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