

CURRENT TRENDS IN INTERNATIONAL TRADE MANAGEMENT

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ABSTRACT

Since its inception, international trade has proven to play a substantial role in the economic development of countries. Both reality and economists of all times, from the classical to the modern, have confirmed that free trade by states is a key factor in world economic growth. The activities involved in international trade led to the establishment of economic relations between countries, through which they are encouraged to manifest their potential and increase their efficiency, therefore, it can be seen that countries that open their borders and participate, in particular, freely, at international trade flows, regardless of the level of development, they have something to gain. This paper proposes the development of a broad framework of the general situation of international trade, but also the analysis of future perspectives, through an appropriate contribution, manifested by combining the aspects of specialized literature with elements of statistical analysis.

KEYWORDS: *commerce, development, globalization, sustainability*

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1. INTRODUCTION

Since the middle of the twentieth century, there has been an intensification of global trade, states are encouraged to adopt free trade and move from a closed to an open economy, identifying in trade a huge potential for economic growth. In this context, a new phenomenon, called globalization, is emerging, which determines an expansion of the participation capacity of countries, from all over the globe, to the economic circuit and the world market (Bădărău, 2017). The international space becomes the arena for the transaction of transactions of goods and services of colossal values, from various countries and various regions with different levels of development. This leads to a number of new trends in the evolution of international trade.

Both in terms of dynamics, structure, geographical orientation and trade policies, trade has gone through a series of stages that have started the various trends in trade. There are new forms of trade, new catalysts for increasing demand for products and services, new offers and, at the same time, new risks, becoming indispensable the need to study the emerging trends and their implications on the future evolution of international trade (Sampson, 2016).

The aim of the paper is, therefore, to determine these trends, the factors that led to their shaping, by analyzing the various graphs and tables and highlighting current and future trends in the evolution of international trade. The analysis makes it possible to determine and understand at what point in

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the evolution of international trade, what changes have occurred over time, what influencing factors are currently emerging and what impact all these trends have on the health of the world economy. Emerging in response to the need to implement rules in the context of expanding trade relations globally and the trends of some countries imposing trade restraint measures, world organizations have undergone an extensive process of evolution to ensure fairness and cooperation in trade the development of international trade (Yang et al., 2021).

2. DYNAMICS OF INTERNATIONAL TRADE

International trade as a whole is the main flow of the global economic circuit. Analyzing the four groups of components that are subject to trade or those that are exported for trade, the all-encompassing and universal nature of international trade is increasingly visible (Cai et al., 2021). Analyzing the factors that caused, within the dynamics of international trade, these significant changes, we note that, influenced by them, the structure of trade flows is an important reorganization globally, both in terms of geographical reorientation and trade composition (Coelli & Moxnes, 2021). These factors are: the technical-scientific revolution; transport development; advances in telecommunications and informatics; changes in the global division of labor, especially in the industrial sphere as a result of the modernization of this field in developed countries; shaping the economic integration of states; changes in the structure of trade policies; globalization of financial activities and markets at a fast pace (Haller & Dămăceanu, 2015).

In this chapter, the main elements of the dynamics of international trade are brought to the fore. In this sense, as an element of originality, a comparative study of the trade in goods and services over several periods is carried out, emphasizing at the same time what can be successfully implemented in the coming years.

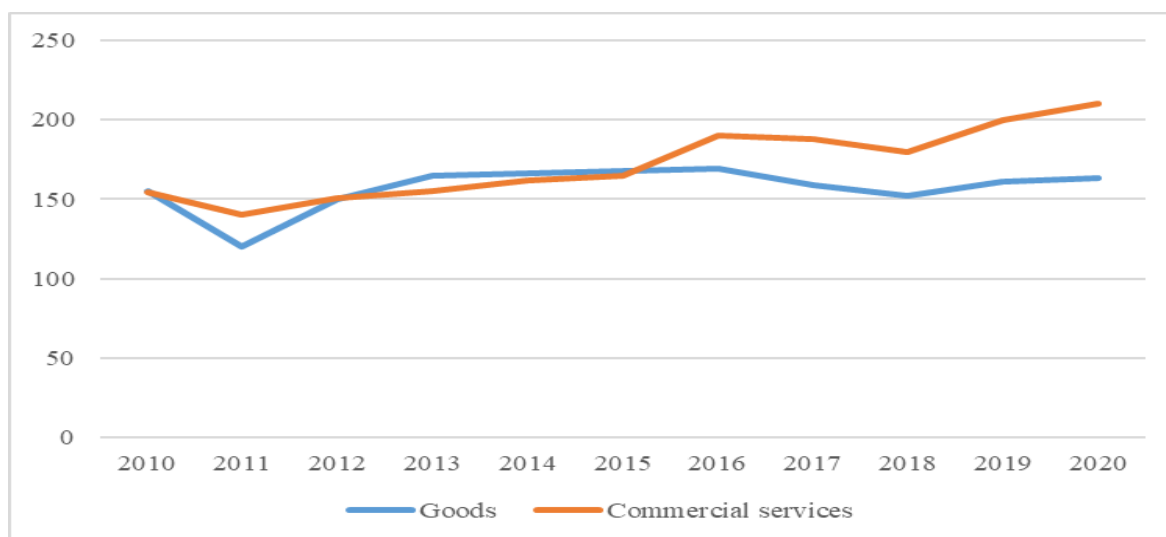


Figure 1. Comparative increase in the value of world trade in commercial goods and services (2010-2020)

Source: adapted from World Trade Report (2020)

Analyzing the evolution of the value of world trade in commercial goods and services during the years 2010-2020 (Figure 1), no significant differences are found between the two types of registered values. The value of both goods and services is growing more or less uniformly in world trade. Between 2008 and 2009, due to the manifestation of a large-scale global crisis, international trade suffered a considerable decrease in volume by about 20%.

Between 2012-2016, the annual growth rate of international trade decreases considerably and registers values well below 3% (Table 1). Given that in the period 2000-2010 international trade registered an annual growth rate of about 8%, it can be seen how strongly this side of the world economy is affected not only in the crisis period but also in the post-crisis period.

In addition to the manifestation of this phenomenon, in the period 2012-2016, there is a significant decrease in the dynamics of international trade flows in relation to world GDP, which decreases significantly and reaches a ratio of 1:1 in the post-crisis years, this report continuing to decline and extinguish the odds of 0.6:1 in 2016.

Table 1. Volume of exports and imports of goods (in%, in the period 2017-2020)

Country or area	Volume of exports				Volume of imports			
	2017	2018	2019	2020	2017	2018	2019	2020
The whole world	3,1	2,2	1,4	1,7	2,3	2,5	1,9	2,1
Developed countries of which:	2,1	1,8	2,1	1,0	0,0	2,8	3,4	2,7
Japan	-1,5	0,6	-1,0	0,3	0,3	0,6	-2,8	-0,3
United States of America	2,6	3,3	-1,1	-0,2	0,8	4,7	3,8	3,6
European Union	1,9	1,6	3,3	1,2	-1,0	3,2	4,1	2,8
Savings in transition	2,1	0,6	1,0	-1,6	-0,4	-7,9	-20	7,3
Developing countries	4,4	2,5	0,6	2,8	5,5	2,8	1,1	1,2

Source: adapted from Trade and Development Report (2020)

Although the increases registered in 2014-2018 are important, the effects of the economic crisis are still felt in the recovery trend. At the same time, at the end of 2019 and the beginning of 2020, the manifestation of the COVID-19 pandemic determines new changes in the structure of world exchanges of goods and services, by reducing the weights and diminishing the emerging recovery trend. By reducing the growth momentum of world trade and imposing new protection measures, it is inevitable that, in parallel, there will be declining trends in traditional imports and exports of various categories of goods. Therefore, there is an increase in sales of goods online, which is a highly effective alternative.

In shaping future trends in international trade, there is a need to analyze the impact of the Internet, which has led to considerable changes in the structure of trade in the last two decades, through its dynamics. The Internet has been an important technological factor that has left its mark on the evolution of international trade and has contributed substantially to its expansion in the online environment.

2.1 Emerging economies- new centers of power in the world economy

It is known that countries participate in world trade, to a greater or lesser extent, depending on various characteristics such as: product competitiveness, resource ownership, economic potential, level of development and economic growth strategies implemented (Costinot et al., 2019). Since its inception, world trade has been significantly dominated by highly developed and industrialized countries. In the twentieth century, however, there is an increase in the degree of participation in international economic exchanges of emerging and developing countries. Globalization has led to the expansion of the participation capacities of countries, from all over the world, to the economic circuit and to the world market (Gorodnichenko & Svejnar, 2010).

The increase in the share of revenues resulting from the practice of international trade in the GDP of countries and the expansion of business partners, there is an intensification of flows and an increase in the importance of international trade in various parts of the globe. Transactions in goods and

services, cooperation between states, regional integrations, specific trade and financial flows, are strongly influenced, positively or negatively, by the policies promoted by states at both economic, legislative, political, and social or cultural levels. Advances in communications, information technology and transport, as well as a broader shaping of global specialization, have contributed substantially to boosting economic relations (Perla & Tonetti, 2021).

The object of relations, over time, influenced by various similar factors, has experienced an increasing diversification of its structure, in this sense outlining various mutations in the forms of monetary exchanges, materials or various activities. Changes in the structure of exchanges between different partners, geographical areas or countries, with the ability to be repeated, have been called international flows. The totality of the flows that outline the object of the economic exchanges between the entrepreneurs, the operators and the economic agents from different countries form the world economic circuit. We note that the main trade flows at international level have been consolidated and are mainly geographically oriented towards countries with a high degree of economic development (Ji & Dong, 2022).

Figure 2, which shows the share of different groups of countries, by level of development, in the structure of international exports of goods shows the tendency to increase the share of emerging economies and developing countries, given the slowdown in economic growth developed.

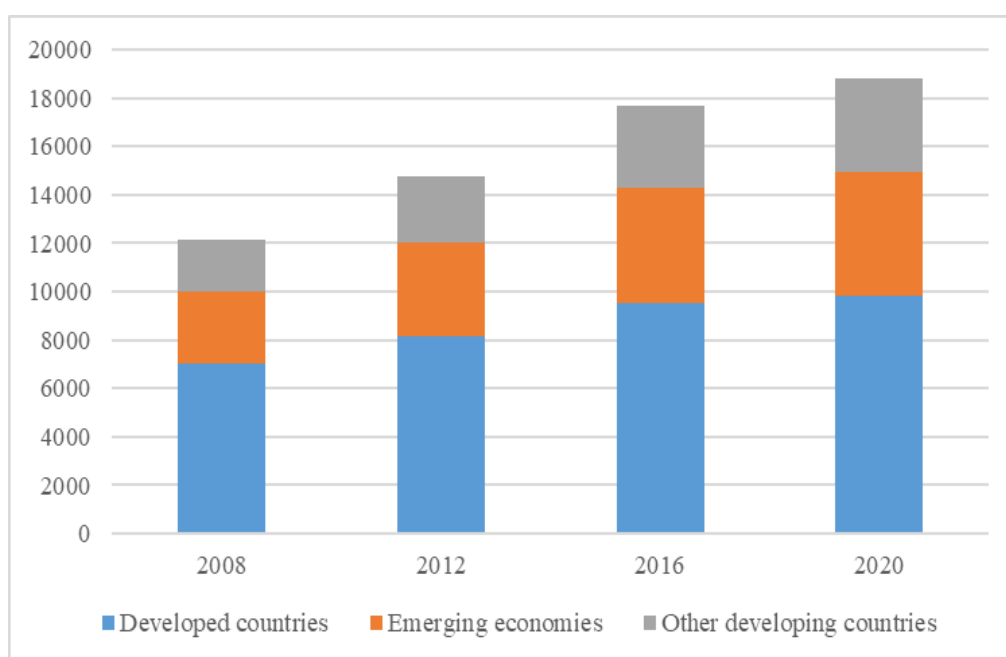


Figure 2. Evolution of world exports of goods according to the level of development of states (in billions of USD, 2008-2020)

Source: adapted from World Trade Report (2020)

The manifestation of the global crisis has once again demonstrated the fragility of the world economy in the face of shocks. The years 2008-2009 demonstrated the dependence of the growth of emerging and developing economies on the developments of developed countries (Popa, 2013). Globalized synchronized increases and decreases through various financial, monetary and trade links have had a strong impact on emerging economies (Grossman & Helpman, 2018). In the post-crisis years following, the so-called emerging economies has been a considerable jump in exports of goods and services as a result of the considerable increase in demand during this period. Developed countries that have been hardest hit by the crisis are slowing their pace of participation in world trade by focusing their efforts on mitigating the effects of the crisis (Shu & Steinwender, 2019).

In 2017, there is a significant increase in the GDP of emerging and developing countries, mainly due to the economic stabilization and consolidation of the Russian Federation and China, as well as the dynamic growth of developed economies.

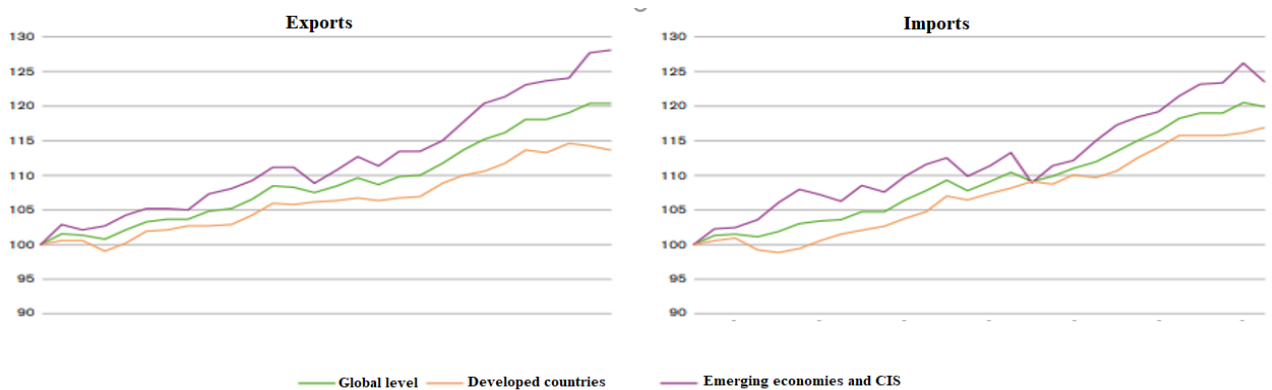


Figure 3. Volume of imports and exports of goods registered globally by countries with a different level of development (in%, 2014-2020)

Source: adapted from World Trade Statistical Review (2020)

In the last quarter of 2018 there is a decrease in the volume of world exports by about 0.1%, and the volume of imports by about 0.5% (Figure 3). There is a considerable decrease in the volumes exported and imported by developed countries in the period 2012-2018, compared to emerging economies and countries belonging to the CIS group have experienced significant increases over the last decade, although they have also known some decreases, mainly in the last quarter of 2018.

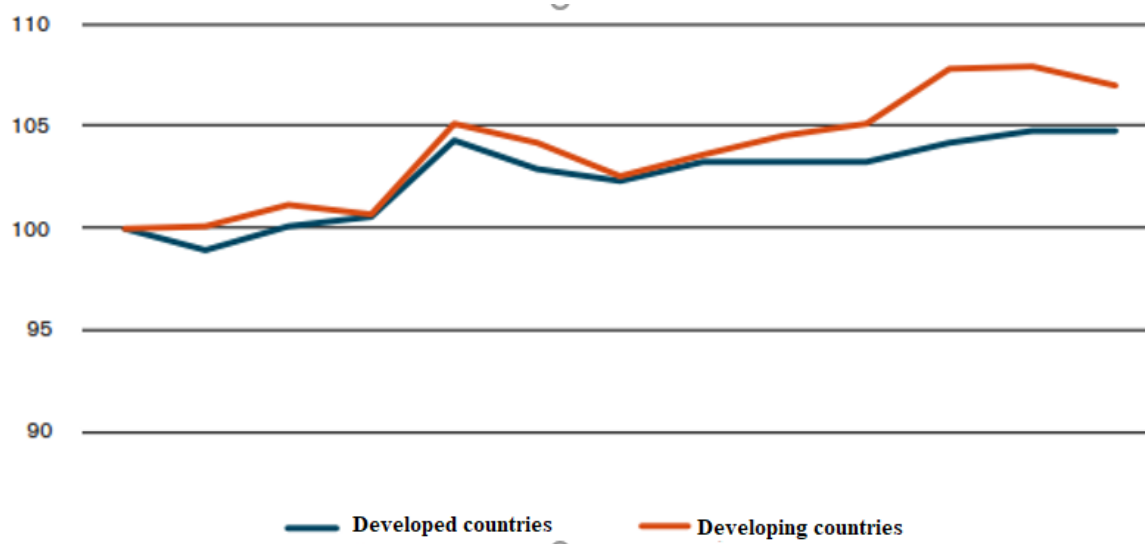


Figure 4. Increase in value added in services (% of GDP)

Source: adapted from World Trade Report (2020)

Among the main factors that have influenced and determined the economic expansion of emerging countries (and CIS members) in terms of increasing the share in the structure of international trade in goods and services are: the economic integration of countries and the gains from trade rising prices, technology and the growing volume of foreign investment.

At the same time, another determining factor in increasing the performance of countries has proved to be trade in goods and movements in oil prices. The decrease that is registered by the emerging economies at the end of 2018 is related both to the decrease of oil production and to the reduction of prices in the given period, implemented in accordance with the agreement signed by the Russian Federation within OPEC.

3. CONCLUSIONS

From its first records, trade has experienced various developments, being influenced by a multitude of factors that have acted directly or indirectly on the trajectory followed, highlighting, in this way, various trends. Over time, trade has proved its importance in the growth and development of states, gaining an international dimension. From this point on, trade begins to be perceived by nations as both a means of meeting domestic demand and a means of enrichment. The formation of a free world market has been a huge step towards this goal, which has also brought with it a number of challenges with a significant impact on trade, both on the dynamics, structure and geographical orientation of trade.

From the transition of countries to a closed economy to an open market economy, international trade has experienced significant growth in terms of dynamics. Trade liberalization, made possible both by the desire of states, the favorable situation and, mainly, by the action of organizations (GATT, WTO), offers the possibility of the emergence on the international arena of new players, states that, until then, had a minimal influence in this regard. Exports and imports of goods are increasing, the supply of goods is diversifying, the supply of services is growing rapidly, there is a trend of innovation, and economic relations are beginning to be established between countries, based mainly on cooperation.

It can be anticipated that globalization will continue to be a factor in the evolution of international trade, leading to various trends such as: intensified global competition due to the possibilities of increasing penetration on the world market of various companies and countries, considerably reducing the distance between economic partners from different countries, expanding the possibilities for development and growth of developing countries, increasing diversification of products and services offered, intensifying the migration of companies to different markets and intensifying trade, together with increasing trade policies and increasing tensions between countries. Liberalization, combined with globalization, has thus allowed for an unprecedented expansion of trade. Developed countries, once major exporters of goods and services, are increasingly giving way to emerging countries.

The intensification of trade generated by trade liberalization has led to the need to establish an institution to deal with their regulation and supervision. Thus, the GATT is created, followed by the WTO, the main purpose of which is to ensure favorable conditions for global trade and to reduce disparities between states. To this end, subsidies are granted to developing countries and various trade policies are applied to encourage non-discriminatory trade. Although the organizations manage to reduce the number of tariff measures imposed by the states, in an appreciable way, there is a substantial increase in the number of non-tariff barriers to trade. At present, it can be seen that international trade is experiencing a number of trends with a not very positive impact on it. Taken together with the possibility of shaping a new global crisis, given that the world economy has not fully recovered from the effects of the previous crisis, a decline in trade dynamics, an increase in trade policies, possible protectionism and the need to create or WTO restructuring.

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