RECENT DEVELOPMENT AND CHALLENGES OF INTERNATIONAL TRADE IN BUSINESS

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Abstract
The present study revealed that merchandise trade volume growth rate is to 4.7% in 2017 from 1.8% in 2016 was broad based in Asia countries. The largest profit were recorded on the import side in developing economies, where trade growth surged to 7.2% in 2017 increased from 1.9 % in 2016. The imports of the combined regions increased slightly by 0.9%, partly as a result of higher primary commodity prices, which raise export revenue in resource exporting countries and allow more imports are to be purchased. The study concluded that more businesses enter international markets, Western companies will see increased competition. Because companies based in developing markets often have lower labor costs, the challenge for Western firms is to keep ahead with faster and more effective innovation as well as a high degree of automation. Environmental factors are already a major influence in the West and will become more so worldwide. Businesses must take into account the environmental impact of their normal operations. They can try to market environmentally friendly technologies internationally. The advantage of this market is that it is expected to grow more rapidly than the overall economy.

Key words: Trade, Import, Export, Trend and Growth rate.

1. Introduction
The exchange of goods or services along international borders. This type of trade allows for a greater competition and more competitive pricing in the market. The competition results in more affordable products for the consumer. The exchange of goods also affects the economy of the world as dictated by supply and demand, making goods and services obtainable which may not otherwise be available to consumers globally.

2. Recent Trends in International Trade – 2017-2018
The acceleration of world merchandise trade volume growth to 4.7 % in 2017 from 1.8 % in 2016 was broad based, driven by rising import demand across regions but most notably in Asia. The largest gains were recorded on the import side in developing economies, where trade growth surged to 7.2 % in 2017 from 1.9 % in 2016. Import demand also picked up in developed countries, albeit less dramatically, as merchandise trade growth in volume terms increased to 3.1 % in 2017 from 2.0 % in 2016. Meanwhile, merchandise exports grew 3.5 % in developed countries and 5.7 % in developing countries last year, up from 1.1 % and 2.3 % respectively in the previous year.

Although merchandise trade volume growth was stronger in developing countries for the whole of 2017, exports and especially imports of developed countries strengthened over the course of the year while trade growth in developing economies was more stable. This is illustrated by Chart, which shows seasonally-adjusted quarterly merchandise export and import volumes by level of development. Year-on-year growth of imports was considerably

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stronger in developed countries in the second half of 2017 (4.3%) than in the first half (2.3%), while growth eased slightly in developing economies (6.0% in the second half, down from 7.2% the first half). Export volume growth in developed countries also increased from 3.4% to 4.3% between the first half and second half, while growth in developing countries picked up slightly from 5.2% to 6.4%.

Figure 1: World merchandise exports and imports by level of development, 2012Q1-2017Q4 (Volume index, 2012Q1=100)

The recovery of merchandise trade volumes in 2017 was widely shared across regions but this was especially true on the export side, where North America, South and Central America and the Caribbean, Europe and Asia all recorded stronger growth. Asia and North America saw steady year-on-year growth in imports throughout 2017, whereas import growth accelerated over the course of the year in Europe (1.4% in the first half, 4.1% in the second half) and South and Central America and the Caribbean (1.5% in the first half, 6.6% in the second half).

Asia had the fastest trade volume growth of any region in 2017 on both the export side (6.7%) and the import side (9.6%) following two years of tepid expansion (Table 1). North American exports and imports rebounded strongly in 2017 with growth of 4.2% and 4.0%, respectively, after stagnating in 2016. South and Central America and the Caribbean's import growth turned positive again in 2017 with an increase of 4.0%, following three years of steep declines. Meanwhile, European trade flows continued to expand at a moderate pace, with growth of 3.5% for exports and 2.5% for imports in 2017.

"Other regions," encompassing Africa, the Middle East and the Commonwealth of Independent States, saw steady export growth of 2.3% in volume terms due to the fact that demand for oil and other natural resources tends to be quite stable in quantity terms. Meanwhile, imports of the combined regions increased slightly by 0.9%, partly as a result of higher primary commodity prices, which raise export revenue in resource exporting countries and allow more imports to be purchased. Energy prices more than doubled since January 2016, but even at nearly US$70 per barrel oil prices still remain below the US$100 level that prevailed before the middle of 2014.

3. Recent Development of International Trade

a) United Nations’ projection for India’s exports to do well in coming times is quite encouraging for the country. According to Asia-Pacific Trade and Investment Report 2015 recently released by United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) exports from India are expected to relatively do well in 2016 as their shipments are largely directed to advanced economies in Europe and North America that are expected to expand in the coming year.

b) Presently, India’s exports have registered a negative growth at (-) 24.3% for a consecutive tenth month. In light of the major challenges being faced by Indian exporters in the backdrop of the global economic slowdown Ministry of Commerce and Industry recently...
announced increased support for export of various products and included some additional items under the Merchandise Exports from India Scheme (MEIS).

c) Pertaining to global trade growth, WTO lowered forecast for world trade growth to 2.8% in 2015 from 3.3% in April. These revisions reflect a number of factors that weighed on the global economy in the first half of 2015, including falling import demand in China, Brazil and other emerging economies; falling prices for oil and other primary commodities and significant exchange rate fluctuations.

d) However, World Trade Organization (WTO) in its recent flagship report World Trade Report 2015 highlighted that full implementation of the Trade Facilitation Agreement (TFA) reached in December 2013 has the potential to increase global merchandise exports by US$1 trillion per annum, with developing countries expected to capture more than half of these gains. In the direction of strengthening international economic relations India has signed 18 MOUs/Agreements with Germany during the visit of Chancellor of Federal Republic of Germany to India in the month of October.

e) Signing of Trans-Pacific Partnership (TPP) Agreement by Ministers of the 12 Trans-Pacific Partnership (TPP) countries, Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States, and Vietnam is also a major development at the international level.

4. Challenges of International Trade Business

Global trade and investment or broadly, globalization, is a common market condition for all countries of the world now. However, it is not free from challenges. To be specific, there are seven major challenges to global trade and investment the world is facing now.

5. Economic Warfare

Globalization has a tough challenge against polarization and conflicting issues. The world is experiencing increased conflicts, major economic powers are seizing influence, financial sanctions are being used as a weapon, and the Internet is breaking into pieces. Therefore, the international flow of money, information, products and services may slow down.

6. Geo-politicization

Globalization is a kind of Americanization. The United States is still a dominating economy and the hallmark of the international financial system. Moreover, information age is promoting the democratization of information. It is paving the way for demanding more information and the autocrats now need to care more about public opinion. The developments of developing countries are making them more or less like America.

7. State Capitalism

The United States was a strong nation in the last quarter of the century. But now, state capitalism in a modern form is gripping many nations. This is creating new segments in the markets and destroying the uniformity expected from globalization. Now, there is nothing predominantly American or about globalization itself.

8. Lack of Leadership

Globalization will continue rapidly, but the U.S led world order is getting diminished. An inconsistent, war-ridden United States lacks the will and ability to provide global leadership. Moreover, no other country is interested in taking its place. The West is having its own problems, and allies are only interested in hedging their bets. Therefore, there is no clear and definite way for globalization to progress and it is getting distorted.

9. Power Distribution

China, Russia, Turkey, India, and some other emerging nations are getting powerful enough to dismantle the US led theory of globalization. But they lack synchronization and influence. Their values and interests are not compatible. So, a regionalized world is emerging. Americanization and globalization
are neither believed to be one and the same now nor is it preached by these power-seeking nations.

10. Weaker Underdogs

The regional economic powerhouses are getting more room to operate in today’s world. Russia is intruding in its backyard, Germany is experiencing firm control over Euro zone, and China is rapidly rising in the Asia-Pacific. These major countries are trying to consolidate power without caring for the smaller countries near them. It is a kind of ‘hollowing of the peripherals’ that is accelerating.

11. Conclusion

The study revealed that merchandise trade volume growth rate is to 4.7% in 2017 from 1.8% in 2016 was broad based in Asia countries. The largest profit were recorded on the import side in developing economies, where trade growth surged to 7.2% in 2017 increased from 1.9% in 2016. The imports of the combined regions increased slightly by 0.9%, partly as a result of higher primary commodity prices, which raise export revenue in resource exporting countries and allow more imports to be purchased. As more businesses enter international markets, Western companies will see increased competition. Because companies based in developing markets often have lower labor costs, the challenge for Western firms is to keep ahead with faster and more effective innovation as well as a high degree of automation. Environmental factors are already a major influence in the West and will become more so worldwide. Businesses must take into account the environmental impact of their normal operations. They can try to market environmentally friendly technologies internationally. The advantage of this market is that it is expected to grow more rapidly than the overall economy.

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