

Research on the Modern International Trade and Commerce under the Current Economic Situation

Jun Pu¹

¹Center for Finance and Accounting Research of University of International Business and Economics,
No.10, Huixindong Street, Chaoyang District, Beijing 100029, China

Abstract: *In this paper, we conduct theoretical analysis on the modern international trade and commerce under the current economic situation. Two major problems in international trade disciplines: one is in the international trade theory and the contradiction between international trade policy and the second is the international trade theory and policy analysis so far cannot be effective to give guidance to the practice of the international trade. Interest creation and distribution of multiple angles of view, the political and economic analysis and introduction of employment and factors of profit distribution methods can provide the ideas for solving the problem of the previous and through the method of new institutional economics, and constantly seeking the causes of actual business activities, may provide clues to solve a problem after. Through our research, we provide the novel perspective of dealing with the issues that will be more than necessary for the development of the international trade and economy.*

Keywords: International Trade; Current Economic Situation; Commerce; Logistics Optimization and Topology.

1. Introduction

International logistics, logistics concept is cross-border refers to reasonably organize objects in the flow between different countries, which is occurred in the logistics activity of the different countries and the regions. International logistics is developing gradually along with development of international trade, is also important factors influencing the development of international trade. The rapid development of international logistics, effectively reduced transaction cost of international trade, international trade to provide a variety of convenient environment. With the further development of international trade, the international logistics continuously put forward the new requirements. The following figure illustrates modern international trade and the commerce pattern. [1]



Figure 1: The International Trade and Commerce Pattern

From the evolutionary path of service trade theory research, basically divided into two directions: on the one hand, focus on the traditional theory of comparative advantage in trade in services in the field of suitability analysis, the result of the argument is existence of comparative advantage of service trade, but key factors of comparative advantage is different so need correction model of comparative advantage. With the continuous development of international trade, the world got

a rapid development of economic globalization, global trade integration international logistics are transforming to modern international logistics. The new trade theory and the national competitive advantage theory, introducing the theory of trade in services that economies of scale and imperfect competition of trade in services of explanatory power than trade in goods, trade in services in the appropriate government intervention can change the running state of the subprime market itself, hence, the conclusion is that the comparison superiority may mislead the pattern of services trade to a certain extent of the judgment, and imperfect competition theory more in line with the objective reality of trade in services model. [2-3]

The development of service trade can not only improve the level of service industry specialization, gain economies of the scale, but also can promote the standardization and service integrated services technology to promote competitiveness of the international service industry. To deal with the mentioned issues, in this paper we conduct basic research on the modern international trade and commerce under the current economic situation. International trade due to different comparative advantages between regions when international logistics costs change in demand difference between the consumer markets, trade direction will change because of changes in the logistics cost. Product sales will be more inclined to lower logistics cost of the market. When multinational companies as well as for the factory procurement center location, logistics cost has been considered to be of more important factor.

2. The Proposed Methodology

2.1 The International Trade Risk Evaluation

The link in the risk management of international trade belong to the general risk identification risk assessment analysis, risk monitoring, risk prevention, risk control are action link. In the analysis of the risk management, risk evaluation is on the basis of risk identification, risk estimate, according to the goal of enterprise management and risk management plan, with reference to certain standards of the international trade

risk situation analysis and comprehensive evaluation of the system. The so-called risk assessment is based on the risk assessment when compared to some of the important factors. The categories could be listed as the follows. (1) Assessment of foreign trade enterprises to the international trade risk to bear ability as a whole. International trade risk tolerance with a lot of subjective color, it reflects the foreign trade body harmful consequences of risk probability and risk indicators of risk such as the comprehensive ability. (2) Determine the international trade project overall risk level. Comprehensive analysis of trade in the project of the danger and probability of the risk, with reference to similar trade risk level of the project, making evaluation on the degree of overall risk trade projects, assess overall risk level of project. (3) Determine the priority sequence of international trade risk management. International trade is far more complicated than the domestic trade, it contains the risk factors are far more than domestic trade. In a foreign trade tend to appear in a variety of risks.

International trade financing is provided by the importer or the exporter and import and export bank settlement business related financing or credit facilities. The essence of which is the bank in the settlement business service for the import and export business, according to the need to provide customers the extension of international settlement services. [4]

2.2 The International Trade Finance

International trade finance refers to the enterprise use the all kinds of trade measures in the process of trade and financial tools to increase cash flow mode of financing. International trade finance is based on a real trade background, relying on the international settlement on the basis of finance business, and common loans, trade financing are the "self-liquidating" strong business, a trade background and source of repayment, and short-term, repeatability quick turnaround with the bright business characteristics such as liquid features. [5]

Small and medium-sized enterprises due to restricted by the size of the funds, capital chain is in a state of the relatively nervous all the time, the efficiency of financing requirements is stronger. Traditional working capital loans require Banks to loan companies, financial index, the basic situation of the development prospects and financing situation, credit record, many aspects, such as collateral or can guarantee unit strict investigation, examination and approval process complex, often occur, such as bank approval to complete enterprise has not need financing situation. The middle of banking business is still in its infancy stage, the future development space is very large. Ways, from the bank of international settlement as a pillar of the intermediary business products is conducive to expand the core intermediate business income. Banks should establish business relations for the customer file, according to the customer's business ability, the counterparty resources and the customer credit evaluation of the performance of its credit rating. For Banks, the customer's credit record is very important, customers in bank's international trade settlement and financing business records can provide banks with the specific resources, therefore should hold more customers to deal with international trade financing business credit history, rather than mainly according to financial statements reflect the operating performance of customer to choose.

2.3 The International Direct Investment

International direct investment and international trade has become an important link to the article of world economy, constitute two important to promote the development of the post-war economy wheels. The post-war world economy development practice has proved that the international direct investment as a kind of international production factors flow, not only there is no place of international trade, and greatly promote development of international trade, and in regional structure, product structure. Medium multinational company international production and trade is internal transfer price, transfer price is mainly depend on the business competitive strategy of multinational companies and internal management needs, in a certain extent, is not affected by market supply and demand, and the market price. It can in some cases, the transfer price is not equal to, but far higher or lower than the cost, even have no direct contact and cost, thus has strong artificially. Real close ties between the Chinese investment and international trade lead to cross effects of investment and trade policy measures, namely the trade policy measures for investment or measures for trade in more and more important role. The current international debate on the trade related investment measures, and the problem should be brought into the world multilateral trade talks is also an important and crucial manifestation of this trend.

3. Final Conclusion

In this paper, we conduct theoretical analysis on the modern international trade and commerce under the current economic situation. From the point of research progress of international service trade theory, the applicability of the research focuses on the traditional comparative advantage theory analysis and applied research on new trade theory. Research features are: premise condition is different from the mainstream theory, the determinants of comparative advantage is more complex, and pay attention to combination of technology, international competitiveness and trade in services, but never out of the mainstream trade theory based analysis framework, and with strong political and economic analysis of color. Our research proposes the novel paradigm which is meaningful.

4. Acknowledgement

This research is supported by the National Social Science Fund, "Research on Risk Warning and Emergency Management Mechanism after the International Financial Crisis". (11BGL047)

References

- [1] Manova, Kalina. "Credit constraints, heterogeneous firms, and international trade." *The Review of Economic Studies* 80, no. 2 (2013): 711-744.
- [2] Wagner, Joachim. "International trade and firm performance: a survey of empirical studies since 2006." *Review of World Economics* 148, no. 2 (2012): 235-267.
- [3] Baier, Scott L., Jeffrey H. Bergstrand, and Michael Feng. "Economic integration agreements and the

margins of international trade." Journal of International Economics 93, no. 2 (2014): 339-350.

- [4] Melo, Oscar, Alejandra Engler, Laura Nahuehual, Gabriela Cofre, and José Barrena. "Do sanitary, phytosanitary, and quality-related standards affect international trade? Evidence from Chilean fruit exports." World Development 54 (2014): 350-359.
- [5] Zealand, Statistics New. "Global New Zealand—International trade, investment, and travel profile: Year ended December 2013." (2013).