



Research Topic: The Impact of COVID-19 on International Trade

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Abstract. International trade has been seriously affected by Covid-19 during these years. In this work, we detailedly introduce the basic definition of the international trade process and its relevant domestic and foreign laws. Besides, we mainly talk about some parts of the international trade that can be hugely affected by Covid-19 in countries and the means of measurement that can be implemented.

Keywords: International Trade, Covid-19, laws, transportation, measurements, economy.

1 Introduction

International trade has existed since ancient times. In modern times, because of the Covid -19, it seriously affects different portions of society. About this topic, there are already some existing essays with a large amount of data and findings relating to the Service industry, transportation, tourism and so on. However, some of the findings surround a very particular point occurring only in special conditions that may not so holistic to carry out with the whole international trade. So, in this work, by searching resources and collecting data roundly, we thoroughly explain and study a series of studies on international trade from definition to impact to solutions. For example, the details of the trading process, the diverse regions' laws, and the effect on both representative countries which are America and China.

2 International Trade Process

There are usually ten procedures within international trade [1]:

- Quotation
- Order
- Payment
- Preparation of goods
- Packing

- Customs clearance
- Shipment
- Transportation insurance
- Bill of lading
- Settlement of foreign exchange.

2.1 Price Quoting

Several conditions about the products are needed to be settled at the first. Such as quality grade, specifications, models, special packaging requirements, the number of products purchased, delivery period requirements, transportation, etc.

Some commonly used for quotations: fob "ship delivery", and "cost-plus freight", cif "cost, premium plus freight" and other forms. Goods ordering:

After negotiation and approval, both parties need to sign the Purchase Contract.

In the process of signing the Purchase Contract, the commodity mainly models, quantity, quantity, price, packaging and other specific contents are discussed. The Purchase Contract is written after the agreement. Usually, the purchase contract is executed in two copies with the official seal of the company, and one copy is kept by each party.

2.2 Payment Procedure

Choice: It shall be implemented by the contract.

2.3 Packing

Packaging forms can be different. (For example, cartons, wooden boxes, woven bags, etc.).

General export packaging standards: packaging according to the general standards for trade export.

Special export packaging standards: export goods according to customer requirements.

2.4 Customs Clearance Procedures

It determines whether a deal can be ongoing.

At present, there are four main links in China's import and export commodity inspection work:

Acceptance of inspection: inspection refers to the report of foreign trade relations to the commercial inspection agency for inspection.

Sampling: onsite inspection and identification.

Inspection: Review the contract.

Issue certificate: Being handled by a professional operation

shipment: According to the contracts.

2.5 Transportation Insurance

The most common types of insurance are marine cargo insurance, inland and air mail insurance and freight insurance. Of these, marine insurance is subdivided into three types: security insurance, water damage insurance and all risks insurance (a.r.).

The scope of liability of safety insurance includes a total loss of cargo caused by natural catastrophes at sea; total loss of cargo during loading, discharge and transshipment, slaughter, contribution and salvage costs due to marine damage; total and partial loss due to reefing, grounding, sinking, collision, flooding and explosion.

Water damage insurance. The scope of liability covers not only the perils listed in the security insurance but also the risks of natural catastrophes such as inclement weather, lightning, tsunamis, floods, etc.

2.6 Bill of Lading

The bill of lading is the document used by the exporter to sign and collect the goods of the importer after the export customs clearance procedures and the customs release.

1. Exchange settlement.

(Export Control Law of the People's Republic of China - International Trade Law Network

How do individuals do international trade? What is the process of international trade? 2021)

3 Relevant International Laws

Convention on International Trade of Goods: United Nations Convention on International Trade of Goods-Vienna (...) [2,3]. International Convention on the Transport of Goods: The United Nations Convention on the Transport of Maritime Goods-the Hamburg Rules(...) [4]. International Payment Convention: The Uniform Cheque Law Convention-Geneva (...) [5]. Convention on Foreign Trade Management: The World Trade Organization Agreement-Marrakesh [6]. Convention on Trade Dispute Resolution: The Convention on the Recognition and Implementation of Foreign Arbitration Awards — New York [7].

3.1 Domestic Laws

Domestic Legislation on the Sale of International

Trade Goods: The Contract Law of the People's Republic of China

The Maritime Law of the People's Republic of China (Figure 1-3).

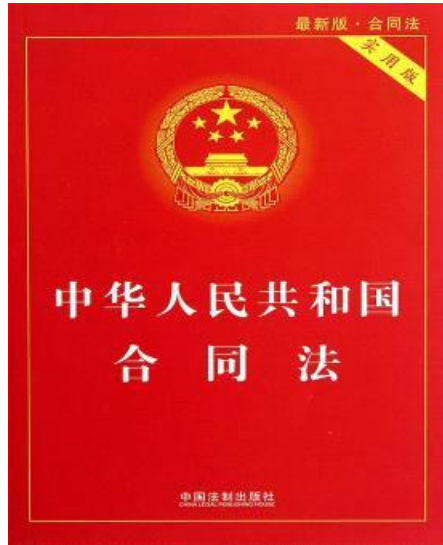


Fig. 1. Contract Law of the People's Republic of China.



Fig. 2. Customs Law of the People's Republic of China



Fig. 3. Maritime Law of the People's Republic of China (Export Control Law of the People's Republic of China - International Trade Law Network, 2021)

4 Analysis of International Trade Situation (Different Countries)

4.1 Example: Trades between China and America

In the current context, China and the United States are interdependent and complementary. Currently, China is the United States' third-largest trading partner and export market and the fastest-growing foreign market for the United States; the United States is China's second-largest trading partner, largest export market and second-largest source of foreign investment. Trade continues to increase year after year. China mainly exports labour-intensive products to the United States, such as apparel, textiles and footwear, and imports small quantities of capital- and technology-intensive products, such as precision machinery, aircraft and fertilizers. China takes full advantage of its low labour costs, high quality and low prices for medium- and low-quality products, while the United States has the advantage of a high level of technology.

4.2 Friction

As the trade surplus has widened, trade friction between the two sides has increased, especially in the wake of the financial crisis. And the scope of the friction has expanded from manufacturing to various industries.

5 Data Resources

5.1 Brazil

Market forecasts in the periodic bulletins published by the Central Bank of Brazil are more pessimistic than those of some international institutions. The International Monetary Fund expects economic activity in Brazil to decline by 9.1%, while the World Bank expects a recovery of 8% this year. The Bank of Brazil expects the Brazilian economy to contract by 6.4% this year. In any case, the sharp drop-in economic activity will affect the country a year from now, while the economic recovery is expected to be stronger. By early 2020, Brazil's annual economic growth rate will be around 2.3%. Despite the COVID-19 pandemic, Brazil continues to record a positive trade balance [8,9] (Figure 4).

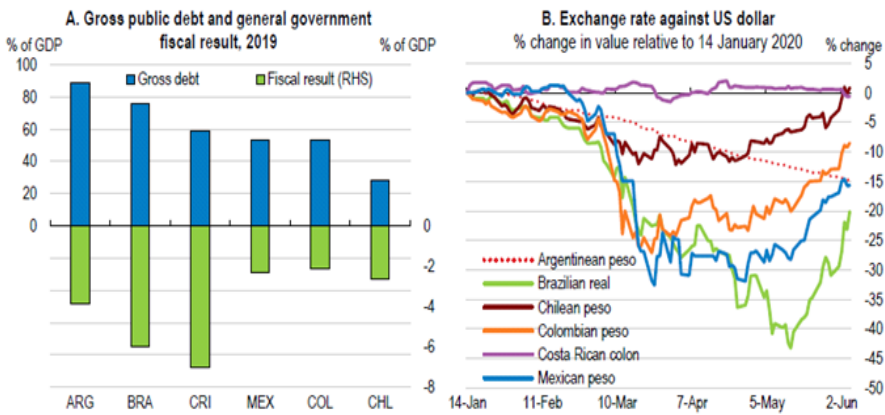


Fig. 4. Fiscal space is limited in major Latin American Economies and currencies have lost value. Source: IMF; National Treasury of Brazil; Thomson Reuters.

5.2 Singapore

The impact of coronavirus disease on Singapore's economy in 2020 is significant. The hardest hit is businesses that rely on international travel, such as air transport, accommodation and other tourism-related sectors. Consumer-oriented sectors such as retail trade and food services also generally fared poorly. Wholesale trade in export-oriented industries, such as manufacturing, was also affected by the decline in external demand and supply. Chain operations were disrupted, while domestically oriented industries, such as construction and real estate, were affected by the negative effects of the recession. However, as the economy grows, demand for online sales and services increases. In summary, MT has again lowered its GDP growth rate for 2020 and forecasts Singapore's economy to grow from -4.0% to -7.0% to -4.0% (Figure 5).

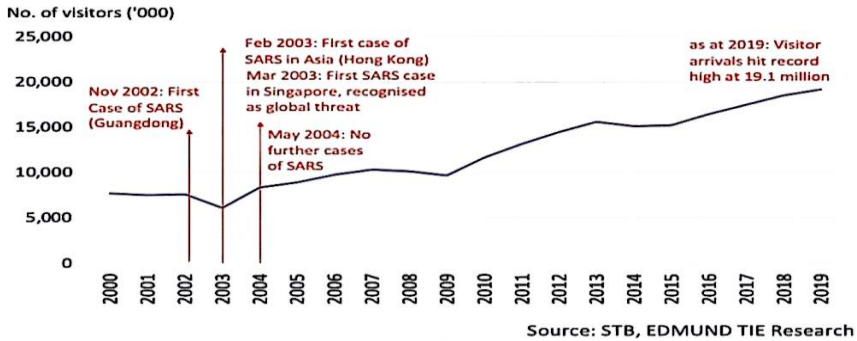


Fig. 5. International visitor Arrivals (IVA) to Singapore, annually. Source: STB, EDMUND TIE Research

6 The Impact on Various Sectors of the Port and Shipping Logistics Market

1) International Shipping

Due to the impact of COVID-19 and the postponement of the Chinese New Year, the freight rate of shipping companies decreased significantly, and they have increased their shipping capacity. As a result, shipping space in some areas was scarce and market rates increased, putting pressure on the costs of foreign trade companies [10].

2) International Air Freight

Due to the outbreak, most international flights have been cancelled or their designated passenger flights between China and other countries have been significantly reduced, while only a few airlines have maintained cargo flights. Domestically, the delay in the resumption of factory work has affected delivery time, and intercity towing services have also been profoundly affected. Air cargo exports from Shanghai alone are expected to drop 30% from the first day of January 2020 compared to the same period last year [10].

3) International Railways

As a result of the epidemic, the total number of China-Europe freight trains was reduced by more than half in February, with only a small number of special trains remaining. Railway companies are expected to gradually resume operations by the end of February and rail export volumes are expected to gradually recover. Eastbound import trains were relatively unaffected, and overall capacity remained between 7% and 80% [10].

6.1 Impact on Foreign Trade Factories

According to a recent survey of a sample of foreign trade factories in various regions of China, the situation was bad as a result of the epidemic. Seventy per cent of the factories did not resume work and had no stocks available for export. Only 23% of the

factories exported their products. According to the resumption of work in Shanghai's foreign trade factories, about 40% of the companies will resume work or work from home from February 10, and another 40% plan to resume work on February 17. By February 24, almost all companies will resume full or partial work. As for shipments, a few companies will be able to resume shipments by the end of February, most will begin shipping starting in early March, and a few will not ship until the end of March. Even if shipments resume, only a few companies will be able to fully resume normal levels, most may only resume 50-70% of normal shipments, and a few think shipments may only reach 20-30% of normal levels [10].

The impact of COVID-19 on the Transport and logistics industry (I) _ Shipping, 2021) (Analysis of the impact of COVID-19 on transportation and Countermeasures, 2021) (Impact of COVID-19 on the shipping Industry, 2021).

6.2 Malicious Trade barriers to Restrict Imports

In its trade with many developed countries, China has a large surplus in trade in goods. Some maliciously exclusionary developed countries have purposely erected a series of trade barriers to avoid the impact of similar Chinese products in their markets. Notably, during the epidemic, many developed countries also seized the opportunity to make a big deal out of green trade, often citing a serious disconnect with the environment as a reason to restrict imports of Chinese products, taking the opportunity to squeeze market share from targeted products. Although the WHO Director-General has stated that restrictions on travel and trade from China are not necessary at this time, many governments, airlines and companies have already imposed restrictions. Despite the WHO Director-General's announcement that no restrictions on travel and trade into China are recommended, many mainstream countries have imposed restrictions on flights and entry into China to prevent the further spread of the virus. Such restrictions can indirectly lead to delays in contract performance and damages for affected companies, while termination of contracts by the other party can result in direct losses and quarantine efforts at airports and ports can lead to stranded cargo and increased warehousing, storage and demurrage costs for ships [11,12].

7 The Impact of Authoritative Department Action.

7.1 Traffic and Transport Control

Maritime transport: The arrival of COVID-19 poses a huge challenge to the entire maritime transport industry, about 90% of global trade is carried by sea. Affected by the epidemic, there is a severe contraction in demand for shipping services, coupled with dramatic fluctuations in freight rates. Thus, the economic fortunes of many shipping companies have been greatly affected [13-15].

7.2 Movement Control

In the first comprehensive analysis of travel restrictions and border closures imposed by governments last year. Implementation of these measures peaked in mid-December with more than 111,000 locations. The report lays out these developments during 2020, and it also emphasized how the government will restart liquidity in 2021 and beyond.

The Ministry of Commerce recently identified eight measures, including:

Support enterprises in the orderly resumption of work and production.

Simplify foreign economic and trade management procedures.

Strengthen legal services to help enterprises reduce risks.

We supported the development of new forms and models of foreign trade.

We will strengthen support for export credit insurance. We will actively respond to restrictions on overseas trade. Make good use of preferential policies for free trade agreements.

We will stabilize the confidence of foreign enterprises.

7.3 Gatt-General Agreement on Tariffs and Trade

The General Agreement on Tariffs and Trade (GATT) was a multilateral intergovernmental Agreement on Tariffs and Trade rules [16]. Its purpose is to eliminate discrimination in international trade by reducing tariffs and other trade barriers, promote the liberalization of international trade to make full use of world resources and expand the production and circulation of goods.

The preamble to the General Agreement on Tariffs and Trade (GATT) clearly states its purpose: the governments of the Contracting Parties consider that the relations between their commercial and economic affairs should be conducted in such a way as to raise the standard of living and ensure full employment, too secure a substantial increase in real income and effective demand. At the same time, to take maximum advantage of expanding the world's resources and developing the production of goods and exchanges to that end.

To contribute to this end through mutually beneficial agreements, substantial reductions in tariffs and other trade barriers and the elimination of discriminatory treatment are necessary for international trade. (General Agreement on Tariffs and Trade - Information sharing by AI WEN,2021)

7.4 Additional Information Relating to the Exchange Rate

There are six common and basic factors affecting the exchange rate [17,18]:

1. Interest rates. If a country's rulers raise interest rates in anticipation of higher interest rates for its currency, then inflows of foreign capital are undoubtedly attractive. As demand for the currency increases, the exchange rate will rise, as was recently expected in the United States.

2. A country's balance of payments. The balance of payments situation is the dominant factor in determining the trend of the exchange rate. Generally speaking, the

balance of payments deficit will cause the devaluation of the local currency and the appreciation of the foreign currency.

3. Inflation. It is directly related to the actual purchasing power and value of money itself. Inflation has slowed and local currencies have risen; Conversely, it falls. This may not seem obvious in China today.

- Intervention by monetary authorities. To maintain economic stability, central banks of various countries tend to intervene in the market according to the trend of their currencies, buying and selling foreign exchange to make the exchange rate change in favour of their economies.
- Market expectation psychology. This is behavioural finance. If people are optimistic about the prospects of a country's economy, the balance of payments and interest rates, they will buy a large amount of the country's currency, causing the exchange rate to rise.
- Macroeconomic policies of each country. Macroeconomic policies, especially fiscal and financial policies, have a greater impact on the exchange rate. "Double tightening" policy, currency external exchange rate rise; The other way around. (Investopedia, 2021)

8 Conclusion

The data and resources presented in this article are real and valid and reflect developments in recent years. The article indicates which parts of international trade have been affected by the coronavirus. Before the outbreak of COVID-19 in world trade, the global economy was experiencing slow economic growth and a buildup of macroeconomic risks associated with frequent trade and geopolitical conflicts between the United States and China. With the rapid growth of the world economy and the deepening globalization of the economy, international trade has accelerated significantly and entered a new period of rapid growth.

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