



The Factors that Affecting International Trade

Haorui Guo(✉)

Qingdao New Channel Training School, Qingdao 266000, China
2438471065@qq.com

Abstract. International trade refers to the exchange of goods and services among different countries. International trade is important because countries rely on other countries for the import of goods that can't be readily found domestically. If a country specialises in the exports of goods, it may have more supply of certain raw materials than there is demand in its own markets. The purpose of this paper is to discover the factors that affect international trade. I will investigate from different angles and use a lot of real examples to prove it. After my study of related events, I found that the factors that will have impacts on international trade can be divided into human factors and natural ones.

Keywords: trade · goods · human

1 Introduction

To solve this problem, I looked up relevant data from three aspects: Diplomatic relationships between countries, disputes over energy and war, and the impact of natural disasters. This article will find out the factors that affect international trade, which will provide a clear direction for those who are not proficient in business knowledge.

International trade is an important way for different countries to use and allocate resources in a more comprehensive way. In the history of China, the earliest official international trade started when Zhang Qian went to the Western regions as an envoy [1]. He opened up the channels of trade between Han Dynasty and various nationalities in the Western regions, enriched the geographical knowledge of Chinese people, expanded their geographical vision, and directly promoted the material and cultural exchanges between China and the West. Exquisite Chinese handmade products, such as silk, porcelain and lacquerware, were spread to the West. Walnuts and western music, dance and acrobatics were also introduced into China, which further diversified China's development. At the same time, along with the development of trade between the two countries, the four great inventions of ancient China were also spread to the West, which played a positive role in the developments of science, technology and the culture of Western countries. It also proves that international trade has a positive effect on those countries.

In the two thousand years since Zhang Qian's mission to the Western regions, there have been many peaks and valleys in international trade. In the 14th century, due to the development of European maritime industry and the emergence of the compass, Western European countries began to be obsessed with foreign maritime exploration. During this

period, the famous Magellan fleet completed the first circumnavigation of the world. However, I think the most important thing is that the Portuguese navigator Da Gama crossed the Cape of Good Hope and reached India, which opened the maritime trade route between the East and the West [2]. The international trade between the East and the West reached a peak, and the goods and science and technology of other countries were transported back to their own countries through the two routes of the sea, so as to promote the all-round progress of science, technology, culture and economy of their own countries. Also because of the first and Second World Wars, most countries in the world were caught in the flames of war, international trade received a huge impact.

In my opinion, in the process of international trade, countries are not only simply trading commodities, but also playing an economic role in promoting the diplomatic relations between countries. In the early 15th century, Zhu Di, Emperor Cheng Zu of the Ming Dynasty, ordered Zheng He, the eunuch of the three Treasures, to set sail to the Western seas [3]. During this process, Zheng He's fleets made friendly visits to Southeast Asian countries and offered selfless help to some countries. He conducted friendly exchanges with them along the way, imparting advanced production techniques and spreading advanced Chinese ideas. After reviewing a large number of documents, I have come up with a number of reasons that have a key impact on the country's trade.

2 The Diplomatic Relations Between Countries

International trade is an important diplomatic relationship between different countries, which can allocate and use resources in all aspects. The diplomatic relations between countries determine whether international trade can be carried out normally. For example, China is a big manufacturing country with sufficient human resources, but the United States does not. Due to different concepts, the human resources of the United States are very expensive, so the United States places a large number of factories in China, uses the human resources of China to produce products, and then ships the products back to the United States, then sells them all over the world. This is undoubtedly a very successful international trade way. In the double cycle, the international cycle is essential [4]. The advantages of China's industry can be reflected and got its value only by participating in the international cycle of the global market. Chinese manufacturing accounts for a very high proportion of global manufacturing output, but it is impossible for China's domestic market alone to absorb such a large amount of output. It must be exported abroad to participate in international trade. However, in recent years, due to different policies, Sino-US trade frictions have occurred. As a result of this negative change in diplomatic relations, the trade volume between China and the US has declined, and the US has begun to restrict the export of some cutting-edge technology products to China and take irrational measures such as unilateral tax increases [5]. However, in the process of friction, normal people did not care too much about the friction, and the sales of some ordinary commodities did not decrease between the two countries. But some scientific and technological enterprises were affected.

Due to technical problems, Chinese enterprises had to import some high-end scientific and technological parts from the United States, but the changes in Sino-American relations made it difficult for Chinese enterprises to do so. They have no choice but to

speed up independent research and development, which is very fatal for some small and medium-sized enterprises. As they do not have sufficient funds for research and development, some of those companies have to go bankrupt or undergo transformation. For large enterprises, this is also a big issue. They put a lot of money into the research and development of parts, however, because they don't have high-end parts for production, the capital chain of the enterprise has received a huge challenge. Of course, the impact is not only on Chinese enterprises. The continuous trade friction between China and the United States has also stimulated the patriotic mentality of some Chinese people. At the same price, they are more inclined to buy goods from Chinese enterprises, which makes the sales of some American enterprises decline and forces American enterprises adjust their strategies passively. In addition, the "Sam" incident in South Korea in 2017 made Lotte Group products boycotted by the Chinese people [6]. Fewer and fewer people went shopping at Lotte Mart and even less Chinese companies cooperated with Lotte Construction Group, which is responsible for real estate projects. Not only Lotte Group, but also many Korean companies in China were suddenly hit by unprecedented impacts in the Chinese market. Korean products were removed from all the supermarkets in China, no matter large, medium or small ones, and also most Chinese companies announced that they will never cooperate with Korean brands. In addition, the number of Chinese tourists to South Korea also dropped significantly, and duty-free shops began to lose money accordingly. Under the strong resistance of the Chinese people, South Korea's export trade to China suffered extremely serious damage. For the diplomatic relations between countries, there is neither permanent cooperation nor permanent hostility. Under different positions, countries formulate policies based on their own interests. The content of the policy largely determines whether the international trade can proceed smoothly.

2.1 The Impact of Energy and War on International Trade

Energy is the foundation of the development of modern society. It is the source and power of all social activities. As the foundation to support social development, it is also the basis of human social economic activities, through every link of economic development. Energy can be divided into renewable resources and non-renewable resources. The development and price of energy also determine the growth of international trade. In the Song Dynasty, ocean ship unearthed in Quanzhou, it can be found that the main driving force is wind power. In the absence of human means to use fossil energy, wind power is the only energy to be used in maritime trade. Later, with the continuous progress of human society, they began to learn to use fossil energy, among which oil is replaced by wind energy to become the main energy of ocean navigation. With the continuous development of science and technology, the importance of oil is becoming more and more prominent.

At the end of the 20th century, several conflicts broke out due to some objective reasons, among which the Gulf War is the most famous [7]. The US-led coalition launched the military action against Iraq in order to restore Kuwait's sovereignty, independence and territorial integrity. After the war, Iraq suffered international sanctions and crude oil supply was interrupted, which made the international oil price rise sharply, which also caused some bad effects on the development of international trade. But for every rise comes a fall, and the price of oil plummets in times of economic recession. But the impact

of energy on global trade is less severe than that of war. War is a word of disaster, often accompanied by a large number of casualties, the displacement of countless people, and the degradation of commerce. After World War I, international trade shrank by about 40 percent, and even at the start of World War II it did not fully return to its pre-war prosperity. However, crises are usually accompanied by the arrival of opportunities. As the war continued, oil and ammunition products were in demand by all countries involved in the war. Precisely at the beginning of the First World War, the United States strongly supported the development of military enterprises and vigorously exported arms products to European countries to meet the war needs of all countries. This led to the rapid economic development of the United States, industrial progress, because of the devastation of war in Europe, a large number of goods can not be manufactured, can only be imported from the countries that did not participate in the war to buy. As a result, the rapid economic growth of the United States during the First World War surpassed Europe and became the first economy in the world, which also maintained the development process of international trade to some extent, which made all countries see the huge benefits brought by international trade and made more merchants see the advantages of national trade, which made them more willing to participate in the international cycle and do business in the global market.

2.2 The Impact of Natural Disasters

Human beings are powerful, have become the masters of the earth by smart thoughts and actions. But we are also weak, no mention in the face of natural disasters. Such as earthquake, tsunami, typhoon, virus, and so on. These can easily destroy us even the whole world. The novel coronavirus emerged in late 2019 and ravaged the world [8]. At that time, in order to control the virus, almost all the governments around the world began to encourage people to reduce unnecessary going out, essentially in China. In order to reduce the spread of the COVID 19, the Chinese government takes very strict action to prevent public activity, such as asking everyone to stay at home during Chinese New Year, wearing masks all the time, and canceling all international travels even local ones. That made an important contribution to the control of the epidemic somehow, because of the reasonable policies of the government. However, the epidemic has caused great harm to international trade. Quite right enterprises have to stop production because of the epidemic, and many international transportation companies have gone bankrupt due to lack of orders and broken capital chain.

In order to avoid external infection, governments have many controls on international trade. Goods imported from abroad need to be disinfected several times in the port, and placed in the port for more than one or two weeks to make sure that there is no germs before being allowed to enter the country. This is very bad for the timeliness and quality of commodities. Many commodities are given up for export because there is no way to preserve for a long time and cannot be disinfected, which impacts the diversity of international trade commodities.

In addition to export commodities, international tourism is also an important branch of international trade [9]. International tourism is a major driving force for economic development. Tourism is the world's largest employment sector and one of the major tax paying industries in some tourism-oriented countries. With the popularization of the

Internet, people begin to have a high expectation of exotic scenery and always want to go abroad to see the outside world. This change in people's thinking has led to the emergence of a number of travel agencies and some small airlines, which specifically target people who want to travel abroad to make plans, so that tourists can visit the beautiful scenery of different countries more completely. However, due to the outbreak of the novel coronavirus epidemic, the international tourism industry has also encountered a cold winter. Countries have adopted mandatory quarantine, traffic control, suspension of visas, closure of ports and other measures to seal countries and cities, and the movement of people has been greatly restricted. The United Nations World Tourism Organization estimates that the number of global tourists will drop by 20 to 30 percent in 2020 from a year earlier. This will affect not only travel agencies, but also airlines, which have high costs. Aircraft have regular maintenance, every flight to a certain hour or number of takeoffs and landings, the airline to carry out a comprehensive inspection and test of the aircraft, even if the defects found and timely repair, to ensure the reliable operation of the aircraft [10]. Many small airlines have gone bankrupt due to the lack of orders, and even some large Chinese airlines have seen their profits turn into losses.

3 Conclusion

In general, there are many factors that affect international trade. At some times, the same influence may bring different changes to the development of international trade. International trade is an activity that would never disappear. It is an efficient way to help human beings to allocate resources more correctly and reasonably. Countries that are open to international trade tend to grow faster, innovate, improve productivity and provide higher income and more opportunities to their people. Open trade also benefits lower-income households by offering consumers more affordable goods and services.

References

1. In Lianhai j, Ji Lianhai. (2023) comments on the Chinese script. biography of Zhangqian and Liguang. Lijiang Publishing House, Guilin. pp. 487-491
2. Felipe Fernandez-Armesto, Eila M.J. Campbell (America), (2023) Article History of Britannica. <https://www.britannica.com/biography/Vasco-da-Gama>
3. Mark Cartwright (America). (2019) The Seven Voyages of Zheng He. <https://www.worldhistory.org/article/1334/the-seven-voyages-of-zheng-he/>
4. IMF Staff. (2001) Global Trade Liberalization and the Developing Countries. <https://www.imf.org/external/np/exr/ib/2001/110801.htm>
5. Peizhi Wang, Shuqing Pang and Gangli. (2019) Business and Management Research. In 4th International Conference on Financial Innovation and Economic Development (ICFIED 2019) Sanya. volume 76. <https://www.atlantispress.com/article/55914132.pdf>
6. Center for Strategic and International Studies (United States). (2021) Terminal High Altitude Area Defense (THAAD)
7. Rebecca Grant. (1998) AIR & SPACE FORCES MAGAZINE" The Epic Little Battle of Khafji. <https://www.airandspaceforces.com/article/0298khafji/>
8. Domenico Cucinotta and Maurizio Vanelli (America). (2020) WHO concluded that the current COVID-19 outbreak can be described as a global pandemic. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7569573/>

9. Arendse Huld. (2022) China Relaxes Provisions on Foreign-Invested Travel Agencies and Care Homes. Posted by China Briefing Arendse Huld. <https://www.china-briefing.com/news/china-relaxes-provisions-on-outbound-chinese-tourism-and-care-homes/>
10. OECD. (2022) Policy Responses to Coronavirus (COVID-19). COVID-19 and the aviation industry: Impact and policy responses. <https://www.oecd.org/coronavirus/policy-responses/covid-19-and-the-aviation-industry-impact-and-policy-responses-26d521c1/>

Open Access This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

