

# *The Challenges and Opportunities of International Trade in the New Era*

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**Abstract:** This research delves into the challenges and opportunities in international trade in the new era, analyzing literature on trade protectionism, globalization, global supply chain restructuring, and the digital economy's emergence. It discusses opportunities arising from the digital economy, regional economic integration, and green trade, using CNY/USD exchange rate data from 2022 to 2024 for analysis. This research significantly contributes to future international trade, offering both theoretical and practical insights.

## **1. Introduction**

With the acceleration of globalization, international trade is experiencing unprecedented challenges and opportunities. The purpose of this study is to explore in depth the far-reaching impact of new era features, such as the rise of the digital economy and the transformation of the multilateral trading system, on international trade<sup>[1]</sup>. By analyzing these emerging trends, this paper aims to reveal how they are reshaping the landscape and rules of international trade, providing policymakers and academics with insights to better navigate the future direction of international trade.

### **1.1 Research Background**

In the tide of globalization, international trade has experienced unprecedented development and change<sup>[2]</sup>. Since the end of the 20th century, with the rapid progress of information technology and the deepening of global economic integration, the face and structure of international trade have undergone fundamental changes. In particular, the rise of the digital economy has brought a disruptive impact on traditional trade patterns, and digital transactions, e-commerce and cross-border data flows have become new growth points. This digital trend accelerates the digital transformation of global supply chains, facilitating the simplification and efficiency of trade processes. At the same time, the multilateral trading system is also facing major challenges and changes. From the reform of the World Trade Organization (WTO) to the rise of regional trade agreements, the rules and framework of international trade are being redefined. These changes are aimed at addressing new challenges emerging in the process of globalization, such as trade imbalances, intellectual property protection, and the digital economy. These new era features not only bring new opportunities for international trade, but also bring unprecedented challenges. Therefore, it is particularly important to study the global trade pattern and multilateral trade system in order to better understand and cope with the new

situation of international trade under the background of globalization.

## 1.2 Research significance

Exploring the challenges and opportunities of international trade in the new era is of profound significance for understanding the changes in the current global economic pattern and their impact on international trade. First, an in-depth study of these challenges and opportunities can provide policy makers with decision-making references and help them formulate more effective trade policies and strategies, thus promoting the healthy development of international trade. Secondly, this study provides a new research perspective and theoretical contribution to the academic community, which helps deepen the understanding and application of international trade theories. Finally, at the practical level, the study of the challenges and opportunities of international trade in the new era can also help enterprises better grasp the changes in the international market and develop effective cross-border business strategies. To sum up, an in-depth study of the challenges and opportunities of international trade in the new era is of great significance both in theory and in practice, and will provide useful enlightenment for promoting the healthy development of international trade and the cross-border operation of enterprises.

## 1.3 Research objectives and problems

In today's increasingly integrated global economy, international trade is standing on the threshold of a new era, facing a series of unprecedented challenges and opportunities. This study aims to explore in depth the new dynamics of international trade during this transition period, with the aim of achieving the following specific objectives: (1) Revealing the impact of digital economy on international trade: how to affect traditional international trade patterns and structures has become the primary goal of this study. (2) Analysis of the changes of the multilateral trading system: the multilateral trading system is undergoing profound changes. This study will examine the implications of these changes for international trade rules and practices, including the progress of reform of the World Trade Organization (WTO), the rise of regional trade agreements such as the Trans-Pacific Partnership (TPP) <sup>[3-4]</sup>. (3) Exploring new opportunities and coping strategies: exploring how countries and businesses can take advantage of these new trends to boost trade growth and economic development.

Through the above, this research aims to provide new perspectives and solutions to the problems encountered in the deepening of international trade theory and practice, and provide guidance for policy makers, enterprises and scholars to better navigate in the changing global trade environment.

## 2. Literature review

### 2.1 PRISMA for Literature Review

The Systematic Literature Review (SLR) <sup>[5]</sup> method, chosen for its objectivity and replicability, systematically identifies, evaluates, and synthesizes literature using defined criteria related to international trade challenges and opportunities. This approach, highlighted by Mengist for its analytical rigor, offers advantages such as reduced bias and enhanced research integrity, distinguishing it from traditional reviews by adhering to explicit guidelines for transparency and replicability. Data for this SLR is sourced from the WOS database, employing specific search keywords and methodologies detailed in Table 1.

Table 1: Query and refinement used for data collection

NO.	Search Query	Result
#1	TS="trade"	412,677
#2	TS="trade" AND TS="international trade"	29,385
#3	TS="trade" AND TS="international trade" AND TS="challenges"	1,432
#4	TS="trade" AND TS="international trade" AND TS="challenges" AND TS="opportunities"	216
#5	#4 AND #3 AND #2 AND #1	216

After the above selection, 216 of the most relevant literatures were selected. In the literature screening stage, this study set strict inclusion and exclusion criteria. The inclusion criteria mainly include original research, reviews, expert opinions and policy papers relevant to the topic, while the exclusion criteria include: literature not in English, not available in full, and not relevant to the research topic in 2020-2024. After screening, we read the full text of the selected literatures and extracted data, systematically collected and sorted out the authors, publication time, research methods, sample size, main results and conclusions. After a screening process, 40 articles were selected for full download and publication, covering the period from 2020 to 2024. As shown in Figure 1 and Figure 2, the publication and citation information of these literatures is filtered out.

## 2.2 Results

A thorough literature review in international trade reveals diverse research themes, ranging from technological innovation and economic globalization to sustainable development and social inclusion. These studies collectively enhance our understanding of international trade's multifaceted impact on global economic and social welfare. Key findings include the crucial role of Internet technology in trade development policies, the challenges faced by Arab immigrant trade through intelligent technology, and the positive influence of trade on inclusive, sustainable agricultural development. Additionally, research by Zahoor delves into deglobalization and trade protectionism's effects on global value chains. Significant contributions from Matlhola and Chen highlight the complex dynamics of trade, from the donkey hide trade's impact on biodiversity to the role of greenhouse operations in food security. Further, Liu and Mukherjee explore digital trade services and Indo-Russian economic relations, respectively, emphasizing the need for policies that evolve with technological progress. Suarez shed light on the ethical considerations in the wildlife trade, underlining the importance of sustainable, inclusive trade practices. These studies advocate for adaptable, inclusive, and sustainable trade policies to meet the challenges of globalization, promoting economic growth and environmental protection.

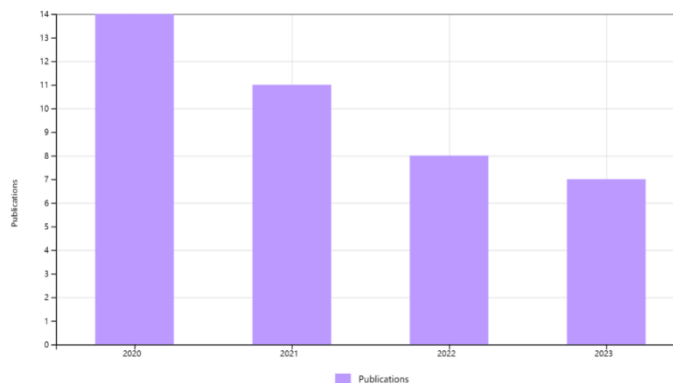


Figure 1: Times Publications

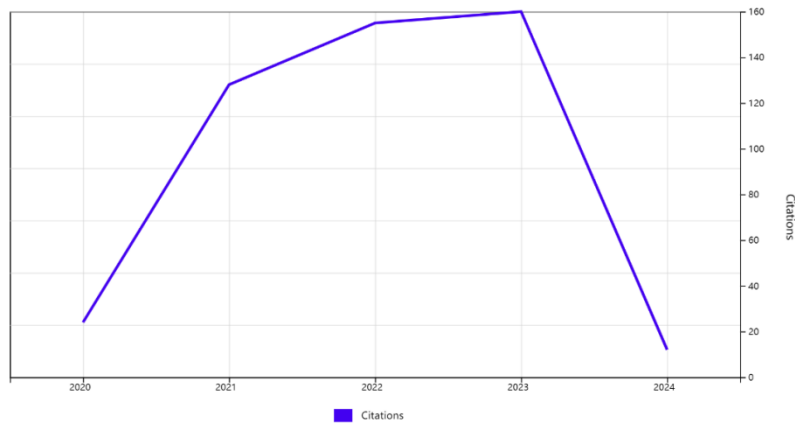


Figure 2: Times Citations

### 3. Challenges of international trade in the new era

In the new era, international trade is facing a series of unprecedented challenges, which not only affect the global economic landscape, but also redefine the rules and framework of international trade<sup>[6]</sup>.

#### 3.1 Trade protectionism and anti-globalization

In the current global economic scenario, the rise of trade protectionism and anti-globalization sentiments significantly influences the dynamics of international trade <sup>[7]</sup>. Research by Hu examines the balance between globalization and protectionism, revealing how countries may adopt protectionist measures like trade barriers and higher tariffs to strengthen their economic position, albeit at the cost of the fluidity of international trade. Garcia-Perez present a longitudinal study that shows a trend towards a more hierarchical trade network, highlighting the difficulties smaller economies face in maintaining trade relations, particularly outside of connections with the largest global economies. This trend reflects a move towards unilateral policies and a reduction in commitment to multilateral trade agreements and international cooperation, mirroring the anti-globalization sentiment.

#### 3.2 Global supply chain restructuring

The restructuring of global supply chains, significantly impacted by COVID-19 and other factors, has highlighted their fragility and the need for resilience <sup>[8]</sup>. The pandemic-induced disruptions have prompted companies to reassess their supply chain strategies, emphasizing the need for more reliable and adaptable models. This includes diversifying supplier networks, enhancing local production capabilities, and integrating advanced logistics technologies to mitigate future disruptions.

Research in this field underscores the importance of various strategies for bolstering supply chain resilience. Camur, Ravi emphasize the crucial role of precise forecasting in logistics operations to manage risks effectively. Den Nijs advocate for collaborative mechanisms to improve pandemic response, while Rapciewicz and Chakraborty stress localized production and the strengthening of supply chain resilience, respectively.

#### 3.3 The rise of the digital economy

The digital economy's ascent, fueled by technological advancements and evolving business models, significantly alters traditional trade patterns and catalyzes global economic growth. The proliferation

of digital technologies underpins emerging business activities like e-commerce and digital marketing, fostering the expansion of cross-border digital trade. However, digital fragmentation, marked by the disparity in digital capabilities between developed and developing nations, poses challenges. This gap risks exacerbating economic inequalities and obstructing the integration of less developed regions into the global digital economy, affecting their global competitiveness.

Addressing digital fragmentation is crucial for the digital economy's sustainable development, necessitating enhanced digital infrastructure, skill development, and international collaboration to foster inclusive growth. Research by Stojkoski underscores the unique characteristics of digital goods trade, while Riccaboni contrast the network structures of digital and traditional trades, highlighting the diminished role of geographical distance in digital transactions. Heeks discusses "unfavorable digital inclusion," emphasizing the need to tackle digital inequalities, and Alhazmi explore the socio-economic dimensions of digital fragmentation, including privacy concerns.

#### **4. Opportunities for international trade in the new era**

In the new era, there is great potential for international trade opportunities, mainly involving technological innovation, trade mode transformation, regional economic integration, green trade and sustainable development. These opportunities not only provide new ways and possibilities for enterprises to expand the market, but also inject new vitality and impetus into the growth and development of the global economy.

##### **4.1 Technological innovation and trade pattern change**

The integration of digitalization and artificial intelligence into international trade marks a transformative era, driving innovation and reshaping trade dynamics. The proliferation of digital technologies facilitates the expansion of e-commerce and digital trade, transcending traditional geographical limitations. Artificial intelligence further revolutionizes trade, with Zeng demonstrating AI's potential in financial trend prediction and Hu showcasing its efficacy in enhancing trading decisions. These advancements not only streamline trade processes but also empower businesses to innovate, understand market trends more accurately, and tailor strategies for competitive advantage. As technology continues to evolve, it heralds a future of digital and intelligent trade, promising a more efficient, transparent, and inclusive global trading system.

##### **4.2 Regional economic integration**

In the context of international trade in the new era, regional economic integration has significantly become an important engine to promote development<sup>[9]</sup>. Regional trade agreements and economic integration play a pivotal role in international trade, effectively reducing trade barriers, facilitating trade liberalization, and fostering global economic cohesion. These agreements expand trade scale, enhance trade efficiency, and promote a stable, transparent investment climate, bolstering investor confidence and economic growth. They also fortify economic ties, enabling resource, technology, and market sharing for regional development. Studies, such as those by Huang, Herath, and Sada, affirm the positive impact of such agreements on trade dynamics and member states' prosperity, despite global trade tensions.

##### **4.3 Green trade and sustainable development**

In the context of international trade in the new era, green trade and sustainable development have significantly become an important trend to promote development<sup>[10]</sup>. Amid growing environmental

concerns, green trade and sustainable development are increasingly prioritized by governments and businesses, driving the growth of international trade through eco-friendly technologies and industries. Global policies incentivize the shift towards green sectors, such as clean energy and low-carbon technologies, to mitigate climate change and pollution. Research, including Dutta, Mirzaee, and Axelsen, underscores innovative approaches in sustainable trade, from algorithmic trading frameworks integrating ESG principles to green bond trading via distributed ledger technology.

## 5. Data analysis and discussion

This research utilizing data from INVEST.com on RMB to USD exchange rates from January 1, 2022, to February 19, 2024. It examines the impact of rising trade protectionism and anti-globalization, the vulnerabilities in global supply chains revealed by events like the COVID-19 pandemic, and the disruptive force of the digital economy on conventional trade practices. Conversely, the study delves into the transformative potential of digitalization and AI, the opportunities stemming from deeper regional economic integration exemplified by the Regional Comprehensive Economic Partnership (RCEP), and the promising avenues of green trade in alignment with Sustainable Development Goals<sup>[11]</sup>.

### 5.1 Analysis of the challenges of international trade in the new era

The analysis of exchange rate data, particularly the slight fluctuations observed in the CNY/USD rate from 0.1393 on January 21, 2024, to 0.1390 on January 28, 2024, offers a nuanced insight into the interplay between global economic dynamics and currency valuations. These minute variations, though seemingly trivial, could potentially signify the underlying influences of global economic policy uncertainties or the advent of trade protectionist measures. Such movements, albeit modest, might, over an extended period, encapsulate the broader ramifications of anti-globalization tendencies permeating the international trade landscape. Furthermore, the observed stability of the CNY/USD exchange rate at 0.1390 from February 4, 2024, to February 18, 2024, might be indicative of a gradual recalibration within the global supply chain ecosystem. This steadiness could be construed as the market's adjustment to initial perturbations and uncertainties, possibly heralding a phase of relative tranquility and predictability. It suggests an ongoing process of restructuring and fine-tuning within global supply chains as businesses and nations navigate through and adapt to the evolving terms of trade and the reconfiguration of supply network paradigms.

### 5.2 Analysis of the opportunity of international trade in the new era

Analyzing the historical CNY/USD exchange rate data provides insights into international trade's evolving landscape, reflecting the interplay between technological innovation, regional economic integration, and sustainable development. Exchange rate fluctuations may mirror the digital economy's influence, where technologies like blockchain enhance trade efficiency and reduce costs, potentially affecting currency values. For instance, a rising demand for Chinese goods due to digital advancements could manifest in the CNY's appreciation. Furthermore, regional economic initiatives like RCEP might bolster intra-regional trade, impacting currency valuation and indicating positive effects of economic integration on member states, including China. Additionally, the global shift towards sustainability, emphasizing green trade, could attract international collaboration and investment, potentially improving currency stability and appreciation <sup>[12]</sup>.



## 6. Conclusion

In the new era, the international trade environment is facing complex challenges and opportunities jointly shaped by factors such as rising trade protectionism, global supply chain restructuring and the rapid development of the digital economy. Through literature review and comprehensive analysis, and analysis of historical CNY/USD exchange rate data, combined with international trade theory, this study reveals the profound impact of these challenges and opportunities on international trade flows and currency values. While trade protectionism and supply chain uncertainty have weighed on global trade, technological innovation, the process of regional economic integration, and the emphasis on green trade have also opened up new areas of growth for international trade. This complex situation requires countries and companies to be flexible in their strategies to adapt to the changing global trade environment. Future studies need to further explore the fundamental changes of digital technology on trade patterns, the impact of regional integration on the economies of member countries, the implementation effects of green trade policies and effective strategies to deal with trade protectionism, so as to provide a more scientific basis for international trade policy making and corporate decision-making. Through these studies, we can better understand and respond to the challenges and opportunities of international trade in the new era, and promote the healthy and sustainable development of global trade.

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