

THE HISTORY AND EVOLUTION OF INTERNATIONAL TRADE

Rakshit Negi,

Professor, Department of Commerce, Graphic Era Hill University,
Dehradun Uttarakhand India

Abstract

A business is any endeavor undertaken with the explicit intention of making a profit. The word "business" encompasses two eras, each with their own definition of what it means to maximize profit, prosperity, and value. The spectrum of issues pertaining to a company's portfolio in the context of growth, diversification, alliance formation, and other entry mode options is greatly increased by the maximizing target. In today's environment, expanding domestic businesses onto the global stage and fostering peaceful relationships between nations are necessities that allow us to meet our needs. This study makes an effort to analyze the crucial economic variable that is the growth potential of our economy: commerce with other countries. The current articles discuss the significance of international commerce for the Indian economy, and they attempt to investigate the link between such trade, foreign investment, and rising gross domestic product. The Karl Pearson coefficient method is used to examine the degree of association between two variables.

Keywords: GDP, GNP, FDI, foreign trade, foreign reserves, imports, and exports

Introduction

More than two hundred sovereign states have come together to form a "system" of international trade that is governed by tens of thousands of laws and agreements at the unilateral, bilateral, regional, and multilateral levels. The international commerce Organization (WTO), which has 153 members that together account for virtually all international commerce, sits atop this complex and continually developing mass of political and economic structures. 1 The World Trade Organization (WTO) was established in the wake of the multilateral talks known as the Uruguay Round as a replacement for the General Agreement on Tariffs and Trade (GATT). The WTO, like the GATT before it, was founded to facilitate more open and stable trading conditions. However, the original GATT's guiding principles have been eroded in reality. As stated in the original GATT (now known as GATT 1947) and the modified GATT 1994 created in the Uruguay Round, nondiscrimination among trade partners remains a basic concept of the World Trade Organization (WTO). However, preferential (i.e. discriminatory) practices are permitted under GATT standards, and they play an increasingly significant role in the global economic system. Similarly, non-reciprocal agreements meant to help developing nations have grown in breadth despite reciprocity's perennial importance in GATT/WTO processes for international trade negotiations and dispute resolution.

The World Trade Organization (WTO) is the most recent manifestation of multilateral attempts to foster cooperation among trade countries that date back to before World War II's conclusion. In addition to the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (World Bank), the Bretton Woods Conference of 1944 also established the International Trade Organization (ITO). The International Trade Organization was established to forestall a return to protectionism from the pre-war era and to carry further the movement toward mutual trade liberalization that had begun before the outbreak of hostilities. National policies regarding foreign investment and corporate practices were also to fall under the purview of the new institution, in addition to trade policy. When the U.S. Congress refused to approve the ITO's lofty draft charter, the organization's aspirations were put on hold. As a "temporary" replacement, the more restricted 1947 GATT pact arose, in which U.S. membership did not need ratification from the U.S. Congress.

When properly regulated, international commerce can be a powerful engine of economic development in many nations. The history of international commerce is extensive. From its earliest pre-doctrinal theoretical aspects, international trade conceptions have progressed to their present-day articulations. The ancient Greek economy relied heavily on trade. As the Mediterranean's population grew and transportation improved, traders began bringing in items from all over the world to sell in one area. Not only did the Greeks have access to previously unavailable food, raw resources, and manufactured commodities, but the export of Greek classics like wine, olive oil, and pottery served to disseminate

Greek culture over the globe (Cartwright, 2018). Economics philosophy has benefited greatly from the writings of both Plato (427-348 B.C.) and Aristotle (384-322 B.C.). Division of labor, first proposed by Plato and later developed by Adam Smith (1723-1790), was central to Smith's theory of international commerce. According to Plato, a society may benefit economically when its members specialize in different areas of production and exchange large amounts of the commodity for which they are most suited in exchange for the goods and services they need.

Literature review

UNCTAD secretariat (2017)In the past several years, international commerce has shown unprecedented and pervasive signals of weakening. However, 2017 and 2018 are expected to see improved prospects. The actual performance of international commerce in 2017 and beyond will be highly reliant on variables impacting the global economic climate, but there are considerable negative risks in these estimates. Particularly, the international community would need to confront the possibility of heightened policy uncertainty and the potential adoption of inward-looking trade policies as two of the primary issues for the revival of international commerce. In order to accelerate progress toward the Sustainable Development Goals, nations should increase their participation in and support of international commerce. The goal of any viable trade policy should be to promote not just economic development, but growth that benefits all parties involved. This means that issues of poverty, employment, food security, equality between the sexes, and environmental sustainability must be given due consideration in the policymaking process for trade-enhancing initiatives to be effective. The Sustainable Development Goals (SDGs) should be at the center of all commercial initiatives. To be effective, trade must be well-coordinated with the policies and objectives of other international organizations and United Nations agencies.

Jeyarajah, Saravanamutthu. (2021).The focus of this research is on the development and use of international trade ideas by different countries. To examine how various academics' contributions to the field of international commerce have developed through time, a literature review approach was used. There have been substantial shifts in the underlying assumptions of international trade theories throughout time. New trade models depict and seem to provide a better explanation of the current global trade patterns in the dynamic world, notwithstanding the continued validity of classical and neo-classical trade theories.

Dorobat, Carmen Elena. (2015).Beginning with the pre-doctrinal contributions of Greek philosophers and scholastic theologians and progressing through the ideas of the early schools of economic thinking, this study traces the evolution of international trade philosophy all the way up to the current day. I trace the lineage of thought back over the past two centuries to demonstrate the development of our understanding of the factors that influence international commerce and the justifications for state involvement.

Burnete, Sorin & Pilasluck, Choomta. (2015). Since the dawn of the industrial age, there has been an undeniable connection between globalization and pressing social and ecological problems. While the rise of industry signaled the end of economic stagnation, it also marked the beginning of man's inevitable conflict with the natural world. Concurrently, industrialization paved the way for an explosion in international commerce, which is largely to blame for the worsening of environmental conditions and the erosion of social protections. The harmful consequences of human activity on environment became increasingly apparent once trade barriers were removed in the early decades following World War II, and subsequent regulation was spurred by globalization. Paradoxically, despite the environmental damage that has already been done, international commerce today seems to be an effective means by which filthy production, which is still prevalent in many nations across the globe, may be reduced. The goal of this article is to investigate the historical roots of the current environmental crisis in international commerce.

Vladimirova, b A. (2020). For decades, researchers have utilized network analytic techniques to study the development of international commerce and significantly expand our understanding of the dynamics of export and import flows. However, even in scholarly publications, the many issues with international trade statistics are seldom discussed. This research is an attempt to contribute to a conversation taking place in the historical community on the potential hazards of data preprocessing and its quality assessment prior to developing network models.

Research methodology

The data used in this study came from previously published works such as books, journals, articles, research papers, and the internet. The study's primary goals are to (1) examine the dynamics of the Indian export market and (2) examine the correlation between exports and GDP. The authors of this paper investigate the link between increased GDP, increased international commerce, and increased foreign investment. The Karl Pearson coefficient method is used to examine the degree of association between the variables.

Data analysis

Table-1 Analysis and Interpretation

YEAR	FDI	TRADE	RESERVES	GDP	GNP
2000-01	1.07	2.03	1.97	2.34	2.32
2001-02	1.86	2.09	2.64	2.47	2.45
2002-03	1.28	2.55	3.61	2.57	2.55
2003-04	1.00	2.93	4.90	2.78	2.76
2004-05	1.46	3.75	6.19	2.97	2.94
2005-06	2.45	4.56	6.76	3.25	3.23
2006-07	5.63	5.71	8.68	3.56	3.53
2007-08	9.86	6.55	12.37	3.90	3.88
2008-09	14.28	8.40	12.83	4.16	4.13
2009-10	12.31	8.45	12.59	4.51	4.48
2010-11	9.73	11.42	13.61	4.91	4.86
2011-12	16.51	14.65	15.06	5.24	5.20
2012-13	12.19	16.34	15.88	5.48	5.45
2013-14	14.75	19.05	18.28	5.74	5.67

Table-2 Correlation analysis

Correlation between foreign trade, Foreign reserves and FDI with Economic variables						
Particulars	FDI		Foreign trade		Foreign reserves	
	GDP	GNP	GDP	GNP	GDP	GNP
'r' Value	0.916222	0.917048	0.974199	0.973367	0.981192	0.981383
Result	Very strong positive	Very strong positive	Very strong positive	Very strong positive	Very strong positive	Very strong positive
Null hypothesis	Rejected	Rejected	Rejected	Rejected	Rejected	Rejected

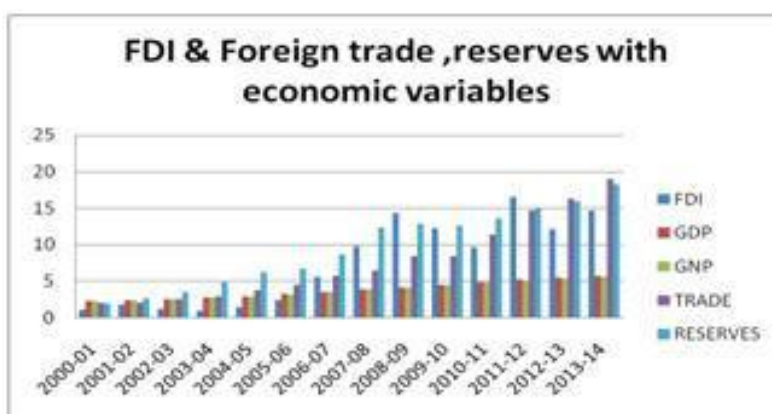


figure -1

Gross domestic product and gross national product are widely accepted international standards for gauging a country's and the global economy's health, and both tables one and two reveal statistical analysis showing a significant correlation between foreign trade, foreign reserves, and foreign direct investment with these economic variables. Using a correlation coefficient test, we find that there is a significant positive link between FDI, reserves, and exports.

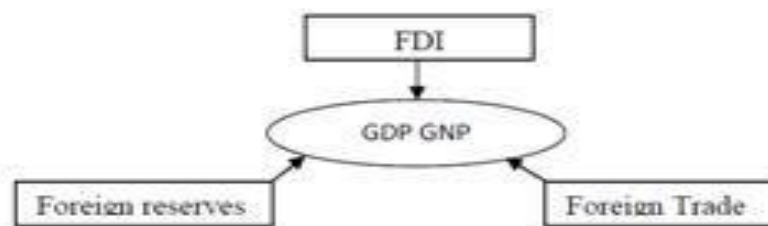


Figure 2 Relationship model

Relationship model: Investment from abroad has a favorable relationship with GDP growth and gross national product. There is a 0.91 association between these two factors. Next, international trade and economic indicators have a robust positive association. There is also a favorable relationship between various foreign reserves. That all Economic indicators are significantly correlated with international commerce and investment shows that the null hypothesis must be rejected.

Table-3 Top countries Export, Import, India’s Total exports and imports (in lacks)

Rank	Top countries Export, Import			India’s Total exports and imports		
	Country	Export	Import	year	exports	imports
1.	China	41,592.79	280,089.01	2016-17	184,942,875.55	257,766,559.22
2.	U S A	174,707.11	90,872.79	2015-16	171,637,804.58	249,029,808.12
3.	U Arab Emts	109,479.77	83,333.57	2014-15	189,634,841.76	273,708,654.84
4.	Hong Kong	56,836.02	41,391.08	2013-14	190,501,108.86	271,543,390.74
5.	Saudi Arab	18,230.87	77,226.36	2012-13	163,431,828.96	266,916,195.69
6.	Korea	15,777.19	63,785.41	2011-12	146,595,939.96	234,546,324.45
7.	Germany	30,809.03	47,798.93	2010-11	113,696,426.38	168,346,554.76
8.	Switzerland	3,378.06	72,893.93	2009-10	84,553,364.39	136,373,554.76
9.	Indonesia	12,783.12	60,632.91	2008-09	84,075,505.87	137,443,555.45
10.	Australia	14,612.07	49,246.94	2007-08	65,586,352.18	101,231,169.93

Top ten countries: Table 3 displays the top ten nations from which India receives and sends goods. The top 10 nations account for 44.56% of exports, 32.23% of imports, and 49.22% of overall commerce. China ranks first in terms of overall exports and imports, with 41,592.79 lacks and 280,089.01 lacks, respectively. The United States ranks second with rs.174,707.11 lakhs in exports and rs.90, 872.79 lakhs in imports; the United Arab Emirates ranks third with rs.109,479.77 lakhs in exports and rs.83,333.57 lakhs in imports.

Total exports: The total imports and exports between 2007-08 and 2016-17 show an upward trend in both directions. The country's total exports in 2007–08 were 65,586,352.18, while imports totaled 101,231,169.93; in 2016–17, those figures were 184,942,875.55 and 257,766,559.22, respectively; this upward trend in exports is encouraging, suggesting that the country is taking a productive approach.

Foundations of Foreign trade: There are three basic tenets of international commerce. International trade systems, international trade acts, and the primary players in international commerce are the first, second, and third, respectively.

Foreign Trade actors: Governments of both the importing and exporting countries, international economic organizations, suppliers, multinational or global enterprises, etc., all play a role in international commerce.

Foreign Trade actions: Actions involving international commerce include of things like trade policies, entrance terminology, limits, obstacles, legal framework, geographical considerations, etc.

Foreign trade system: The financial system, currency system, and global economic institution integration are all part of the international commerce system.

Qualitative Analysis of International Trade Impact on Growth Vietnam Economy

From a theoretical perspective, it has been suggested that qualitative analysis via channels be used to generate broad conclusions regarding the effect of commodity exports on economic growth.

International trade with aggregate demand of the economy

The contribution of exports and imports to GDP growth, as well as the contribution of balanced trade to GDP growth, both show that exports and imports are playing an increasingly important role for economic growth as a component element of aggregate demand.

To begin, the recent years have seen a marked improvement in export performance, which has had a favorable impact on GDP growth and helped to lower the net international trade imbalance. The economic collapse that hit Vietnam in late 2008 necessitated this function. While consumer spending and business investment are down, exports are rising, which is helping to pull the economy out of its rut.

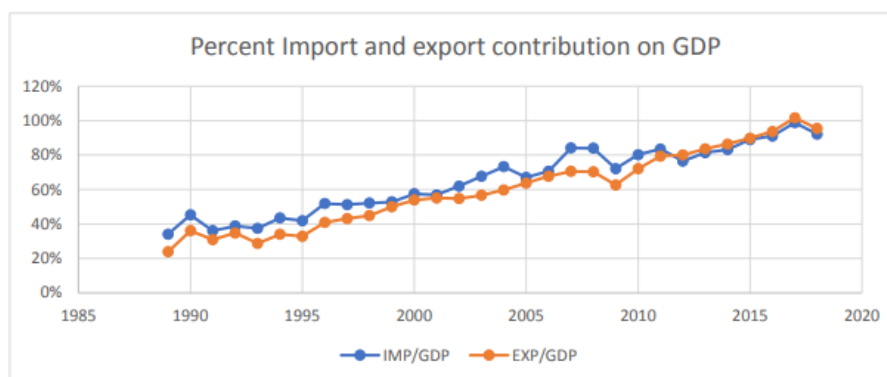


Figure 3 Percent Import and export contribution to GDP

This looks to have both short-term and long-term beneficial effects, as some exporters have boosted output in response to rising demand. This is good news for companies looking to strengthen the supply side of their operations and grow over the long run. The National Assembly and the Government's 2018 export growth objective was easily surpassed by the actual rate of increase in exports in 2018. The expansion of exports has had a notable impact on GDP growth, job creation, and income for farmers. In addition to boosting exports, Vietnam has also become adept at regulating its imports in recent years. As a result, imports of products required for domestic production and consumption, as well as imports of items imported for processing and export, have surged, while imports of goods requiring restrictions have slowed. Almost often, 90% of imports are items used in manufacturing for export and necessary commodities, while fewer than 7% are from the category of goods that are discouraged for import. A more stable economy and more robust foreign currency reserves are benefits of a trade surplus. As the global and regional environment has become more complex and uncertain, notably as a result of the trade war between the United States and China, the tendency of trade protectionism has grown. In 2018, exports grew at a healthy clip (particularly when compared to 2017's record-breaking performance; exports totaled more than \$215 billion). There seems to be long-term benefits as well as immediate ones from this outcome; as demand rose, some exporters responded by investing in capacity expansion, creating an enabling environment for further supply-side improvements and growth.

International trade with labour force

Indirectly addressing unemployment is another positive side effect of exporting and importing. Millions of people and different workers involved in exporting goods, agricultural products, textiles, footwear, handicrafts, and other goods have found employment and improved incomes as a result of export, import, and FDI, which is always two to three times higher than the growth rate of the GDP. Factories producing major exports like textiles, clothing, footwear, electronics, and wood goods generally employ more people than they have space for. Despite the continued trend of labor reduction in most non-exporting/importing firms during the 2008 economic slump, the number of workers in exporting enterprises has remained and is expanding again. It reflects the effects of the financial crisis and rising inflation in Vietnam, as well as the fact that exporters have responded better than non-exporters to the newfound competitiveness in the market.

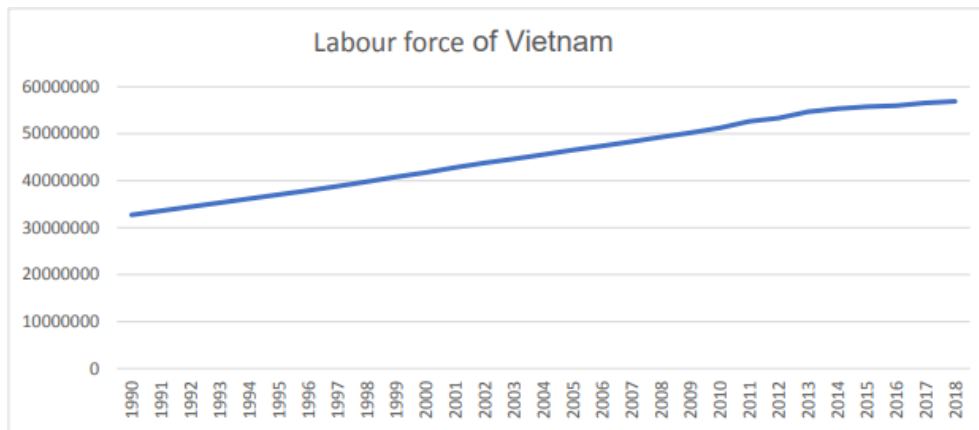


Figure 4 Labor force of Vietnam

Workers' lack of experience and expertise is perhaps the biggest problem facing the international commerce industry. Despite rapid expansion, the textile, shoe, food, and food processing sectors rely heavily on low-skilled farm laborers who are frequently only given a few weeks of on-the-job training. The quality of labor in the foreign commerce industry is also promising, despite the "double shortage" condition that currently exists in most Vietnamese firms. One of the most visible and beneficial benefits of export and import on economic development is their potential to contribute in resolving the job crisis.

Conclusion

Although this article does draw a conclusion, it is important to note that the international commerce in India is seen through a very different lens than the rest of the globe. Indian exports and imports are both brisk and dynamic. The Indian government's policy of openness has been crucial to the development of our economy. Taking into account the latest data, we must boost exports by encouraging exports and growing productive activities in the economy. Exports are the panacea for more economic autonomy and expansion.

Reference

1. Vladimirova, A.. (2020). Exploring Evolution of International Trade Networks: Overview of Data Preprocessing Issues. 209-217. 10.29003/m1812.978-5-317-06529-4/209-217.
2. Burnete, Sorin & Pilasluck, Choomta. (2015). Trade And Environment: A Historical Perspective. Studies in Business and Economics. 10. 10.1515/sbe-2015-0017.
3. Dorobat, Carmen Elena. (2015). A Brief History of International Trade Thought: From Pre-Doctrinal Contributions to 21st Century Heterodox Economics. Journal of Philosophical Economics. VIII. 106-37.. 10.46298/jpe.10677.
4. Jeyarajah, Saravanamutthu. (2021). A Survey of the Evolution of International Trade Theories. 10. 66-70. 10.9790/5933-1006066670.
5. UNCTAD secretariat (2017), " Evolution of the international trading system and its trends from a development perspective," Trade and Development Board Sixty-fourth session Geneva, 11–22 September 2017 Item 7 of the provisional agenda
6. Rajesh, P., Madhvi Sethi, & Chaudhuri, S. (2016). Changing Paradigm in Trade Theories: A Review and Future Research Agenda. Indian Journal of Science and Technology 9(46), 1-6.
7. Meini, Z. (2013). Development Process and Review of the International Trade Theory. International Conference on Education Technology and Management Science (ICETMS 2013) (pp. 277-281). China: Atlantis Press
8. Lam, T.-D. (2015). A Review of Modern International Trade Theories. American Journal of Economics, Finance, and Management, 604-614.
9. Hill, Charles W. L. (2013) International business: competing in the global marketplace, The McGraw-Hill Companies, Inc.
10. Dorobăț, Carmen, E. (2015), A brief history of international trade thought: From pre-doctrinal contributions to the 21st-century heterodox international economics, The Journal of Philosophical Economics: Reflections on