



Adjustment of Trade Policies under the Background of Economic Globalization

Rui Pan

Adam Smith Business School, University of Glasgow, Glasgow, Scotland, G12 8QQ, UK

Abstract: Economic globalization, with aspects like trade liberalization, production internationalization and financial globalization, challenges traditional trade policies. Traditional protection policies' limitations in tariff and non-tariff barriers are prominent. Trade policy goals need to shift from protecting domestic industries and trade balance to enhancing competitiveness and optimizing resource allocation. Countries are adjusting trade policies. Trade liberalization deepens (e.g., tariff cuts, customs simplification), they engage in regional cooperation (sign agreements and adjust domestic policies), and use strategic policies for emerging industries and trade frictions. These adjustments impact domestic economies (industry, employment, income) and international trade (volumes, directions, industrial chains). Studying these adjustments helps understand the trade pattern evolution, enables countries to formulate policies, and emphasizes future policy adjustment in emerging fields and global cooperation for sustainable development.

Keywords: economic globalization; adjustment of trade policies; trade liberalization; regional economic cooperation; strategic trade policy

1. Introduction

Economic globalization profoundly transforms the world economy's operation and patterns, with IT development making the world more interconnected. Multinational corporations create global industrial chains by extending production and sales across countries. Driven by multilateral systems like the WTO and regional trade agreements, trade barriers decrease, and global flows of goods, services, capital, and technology accelerate[1]. Trade policies' importance for a country's economy and international status grows, impacting domestic industries, employment, income, competitiveness, and global influence. Studying trade policy adjustments under globalization is crucial for understanding international trade trends, country policies, and addressing trade challenges, with significant theoretical and practical value.

2. The connotations and characteristics of economic globalization

Economic globalization means the increasing integration and interdependence of national economies, and the global flow and allocation of economic elements.

In trade, countries are more involved in international trade, with cross - border trade in goods and services expanding. It covers various areas from traditional products to services like finance, telecom, and entertainment. International trade breaks domestic market limits, giving producers and consumers more options.

The internationalization of production, with multinational corporations as key players, is also an important part. They disperse production processes according to cost, resources, and market access. For instance, a product may be designed in one country, get materials from others, and be assembled elsewhere to optimize resource use and cut costs.

Financial globalization, featuring free capital flow among countries, is another part. The international financial market is highly integrated, with financial institutions doing global business. It brings investment capital but also financial risks due to contagion effects[2].

Economic globalization has multiple characteristics. Information technology's rapid development is a notable feature and accelerator. It cuts information and transaction costs, enabling enterprises to access global market information, communicate globally, and manage supply chains better. E - commerce platforms let small - and medium - sized enterprises join international trade.

The growing importance of multinational corporations is also a characteristic. They are the main drivers of economic globalization, with strong economic power, advanced technology, and global networks. They impact host countries' economic policies through investment and operations, influencing local economic development and industrial structures.

3. Challenges of economic globalization to traditional trade policies

Economic globalization has increased global economic integration. Traditional trade policies relying on tariffs and quotas to protect domestic industries are less effective. High - level protectionism may lead to retaliation from trading partners and disrupt the global trade order, like a country's high tariffs on imported automobiles may trigger similar responses on its exports.

The internationalization of production has complicated product origins. Multinational corporations spread production across countries, making traditional origin - based policies like customs duties insufficient[3].

Also, economic globalization has brought global value chains. Different production stages occur in different countries. Traditional policies focusing on final - product trade can't fully reflect countries' real economic contributions in the value chain, challenging their fairness and rationality and requiring a new framework.

4. Main directions and measures of trade policy adjustment in various countries

In the direction of trade liberalization, many countries actively participate in bilateral and multilateral free - trade - agreement negotiations. By reducing tariff barriers and decreasing or eliminating quota restrictions, they aim to expand market access and promote the free flow of goods and services. For example, in some free - trade areas established between countries, the trade within the areas enjoys extremely low tariffs or even zero - tariff treatment. This not only stimulates the growth of the trade scale but also enables enterprises to seek the optimization of resource allocation in a broader market.

In terms of rule-making, countries pay more attention to integrating with international prevailing rules. They actively participate in the rule - making and reform processes of international organizations such as the World Trade Organization (WTO), ensuring that their trade policies comply with international norms while also striving for more say in emerging fields. For instance, in the field of digital trade, with the rapid development of the digital economy, countries are making efforts to promote the establishment of unified digital - trade rules, including the formulation of rules related to cross-border data flow and the taxation of digital products[3].

In response to the complex global value chains, countries adjust their policies to better integrate into and upgrade their positions in the global value chains. On the one hand, they increase investment in education and skills training to cultivate high - quality labor forces that meet the needs of high - end manufacturing and service industries, thereby attracting high - value - added production links. On the other hand, through policy guidance, they encourage domestic enterprises to increase investment in research and development and innovation, improving the technological content and competitiveness of products. For example, by providing research and development subsidies and tax incentives, they prompt enterprises to move up to the high - end in the global value chains.

In the balance between trade protection and national security, some countries adopt appropriate protection measures in key industrial fields. When ensuring national security, protecting the infant - industry stage of specific industries, or responding to unfair trade practices, they implement measures such as anti - dumping and countervailing investigations. However, they also try to avoid excessive protection that may lead to trade wars. These measures are aimed at protecting domestic industries from the impact of unfair competition while safeguarding the strategic security interests of the country.

5. Impacts of trade policy adjustment

Trade policy adjustments have profound and multifaceted impacts on economies and global markets.

On the positive side, trade liberalization policies promote global resource optimization. By reducing tariffs and quotas, countries allow resources to flow freely based on comparative advantages. This enables high-efficiency regions to expand production, enhancing global productivity. For instance, developing nations with abundant labor can attract labor-intensive industries, creating jobs and driving economic growth.

Policy adjustments in rule integration and emerging sector regulation help create a more transparent and predictable international trade environment. Countries participating in rule-making processes ensure that trade regulations are fair and consistent, benefiting long-term business planning. For example, unified digital trade rules can accelerate technological advancements and foster innovation, boosting global economic growth.

In the context of global value chains, policy changes encourage countries to upgrade their industries and capture higher value-added activities. By investing in education and innovation, nations can move from low-value manufacturing to advanced sectors like R&D and design, enhancing their economic competitiveness.

Regional cooperation policy adjustments strengthen collective economic resilience. Agreements like RCEP promote intra-regional trade and investment, leveraging economies of scale and stabilizing supply chains, which is crucial for navigating global economic challenges.

However, trade policy shifts also pose challenges. Protectionist measures aimed at safeguarding national security can lead to trade disputes, disrupting international trade and harming both domestic and foreign businesses. Additionally, domestic industries may face adjustment pressures during economic transitions, potentially causing unemployment and social instability.

In summary, while trade policy adjustments can drive economic growth and innovation, they also require careful management to mitigate potential negative impacts on industries and social stability. Balancing liberalization with protectionism is essential for sustainable and equitable global trade.

6. Conclusion

Economic globalization has driven profound trade policy adjustments, with trade liberalization, regional cooperation, and strategic policies becoming main trends. These changes impact domestic economies (industrial structure, employment, income) and international trade (volumes, directions, global industrial chains). Future adjustments in emerging fields like climate change and digital trade are needed. For climate change, trade and environmental policy synergy is crucial, possibly leading to new tools like carbon tariffs for green trade. In digital trade, policy focus will be on data flow, IP protection, and digital services. Global economic interdependence emphasizes the importance of trade policy coordination among countries. Effective global governance framework coordination is essential for common development and global economic sustainability.

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