

International trade and its role in economic sustainability

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Abstract:

The term trade is used to refer to the business through which goods and services are bought and sold. Trade is considered one of the branches of business. Trade may take place within a narrow scope within the local market, or outside the borders of the country. One of the parties to the trade may be people, companies, or countries. It specializes in: Trade is the process of distributing produced goods, and the term trade includes systems that are applied locally and internationally, including: legal, political, social, economic, cultural, and technological systems. The concept of trade includes all financial operations from buying and selling a specific product, and the product is often traded on an international scale between in different countries, trade in terms of transporting goods from one place to another is affected by some advantages that ensure its continuity and expansion, such as: geographical, technological, and economic advantages. Some peoples were distinguished from others by trade because of these advantages, such as the Egyptians, the Sumerians, the inhabitants of Mesopotamia, and the Arabs. And others. Trade is closely linked to civilization. Trade appeared with the urbanization of man and the expansion of his needs and not being limited to food, drink, and housing. Trade is considered one of the many means that people have used to meet their various needs, as the country cannot provide all of its needs from the local internal market, so it needs to the exchange of goods between it and other countries.

key words: International trade , economic sustainability, International trade role, The nature of international trade.

□ Introduction

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Trade is closely linked to civilization. Trade appeared with the urbanization of man and the expansion of his needs and not being limited to food, drink, and housing. Trade is considered one of the many means that people have used to meet their various needs, as the country cannot provide all of its needs from the local internal market, so it needs to the exchange of goods between it and other countries. Trade also arose due to other conditions and factors that govern the country and make it difficult for it to produce everything it needs. These factors include lack of coal, lack of wood, lack of raw materials, and climate.

Trade depends on manpower and the skills that they master. It is possible that raw materials and the skill of manufacturers are available in a country. It is possible that a country lacks these two elements while it has the skill of navigation to be a carrier of goods. A country may combine all of the elements, as the shores of the Mediterranean Sea were the center. The main trade in the world.

The first topic:

The nature of international trade and its origin

With the developments witnessed by human civilization, trade gradually developed with it. Its scope expanded to become between two or more countries, and it came to be called the concept of international trade.

The first requirement:

Historical development of international trade

The economy in primitive societies depended at the same time on production, consumption, and exchange, whether within the family or the tribe. Therefore, the family and the tribe were self-sufficient, as they obtained almost everything from exchange with other groups.

Section I:

Economic exchange among primitive groups

Primitive societies are characterized by an ancient economic system known as barter. This means that a person exchanges a commodity he has with another commodity that another person has, such as when one person gives another a quantity of cotton in order to obtain in return a certain amount of wheat. Thus, the individual can benefit from this exchange by satisfying his basic needs or other needs.

But the development of human societies, the increase in population, the abundance of human needs, the expansion of the scope of specialization, and the division of labor among individuals led to the creation of a surplus for them, which made them exchange goods and services with the productive surplus of other societies or other individuals. With the introduction of money, the concept of barter or exchange changed, and the economic process turned into pure buying and selling, and this affected the social relations resulting from economic exchange that were widespread among others in primitive societies.

Section II:**Economic exchange in contemporary society**

In the non-exchange natural economy, products are distributed and consumed directly by the producers without being subject to exchange. The natural economy was the predominant character in ancient economic societies. These societies, in which the natural economy prevailed, lived in conditions of self-sufficiency. As for the commodity economy and goods, it means... It has an exchange economy, as the products in this economy are not often consumed by the individuals who produce them, but rather are subject to exchange with the products of others, and through the exchange of products, the satisfaction of various needs is exchanged instead of satisfying the needs directly, as is the case in the natural economy and as It is noted that the commodity economy that prevails in modern economic societies, where most products are subject to the process of exchange in the market.. This is why today's forms of exchange, such as barter and gifts, have declined and money has become the most important thing today.

One of the most important forms of economic exchange in the modern era is internal trade and foreign trade (or international trade), and the latter is the subject of our research.

The second requirement:**Domestic trade and international trade**

In theory, there are not many differences between international trade and domestic trade, but in practice international trade is always more complex and includes many details that are not present in trade when it is carried out locally within one country.

Trading internationally requires more time, more costs and more procedures when compared to domestic trade. You need to transport and distribute products to other countries, and this means more costs for transportation and shipping of goods, in addition to taxes and fees that are imposed on transporting products outside the borders, and this means more costs and more procedures that require more time.

Section I:

Points of difference between international trade and internal trade

- The division of the world into independent political units.
- Differences in monetary dealing units between countries of the world.
- Variation in the availability of production factors between one country and another.
- Different beliefs and economic systems from one country to another.
- Different degrees of economic growth from one country to another.
- The nature of international markets differs from their national counterparts.

Section II:

The concept of international trade

If we want to define international trade briefly, we can say that it is a set of international behaviors that depend on the exchange of products, goods or services between different countries and on an international, cross-border scale, in order to secure the needs of different groups of societies in those countries by investing the surplus of the countries' products and exporting them to other countries. It needs this surplus, and thus the surplus is exchanged according to the international trade system.

International trade constitutes a significant proportion of the revenue of the majority of countries around the world, and enables these countries to better exploit their resources by taking advantage of the surplus of their various products and resources, as they export them to other countries that have a shortage of these products, goods or resources, and the return is financial. Or other goods and products that the first country lacks but that the second country possesses. In short, it can be said that international trade is a form of exchange between countries.

International trade has been present in the life of different societies and civilizations since ancient times, and its importance has increased significantly with the development of the economic,

living and life systems of societies. International trade has become of great importance in recent years and has appeared in different forms, patterns and methods.

Section III:

Advantages of international trade

Countries and societies that have a strong international trade system always have this reflected in their economies and therefore have strong economic systems as well, and the results of this matter appear in the following:

- International trade provides various goods and products to consumers, even if their country does not own these products directly, by importing them from abroad. Thus making various goods, products and services available to consumers in local markets.
- International trade achieves efficiency in the distribution and marketing of products and goods, and also plays a role in improving the quality of those products due to increased competition when products are abundantly available in the markets.
- Improvement of economic efficiency in society, as institutions' returns from international trade increase, profits increase, and spending increases on developing these institutions as well as the products and services provided, and even creating new types.
- International trade makes commercial enterprises less vulnerable to financial and economic risks and crises, since they operate in more than one market and country, and therefore an event in one country or market will have a limited impact on the widespread enterprise.
- International trade allows a high degree of competition between different institutions, companies, and brands that compete with each other in different markets and countries to obtain the largest share of the market, and thus this competition leads to a race between those entities to provide the best form of products, as competition takes place over quality, prices, and other characteristics. Many, which reflects positively on the consumer.

- International trade contributes to improving the economies of countries and societies, by creating more job opportunities and securing new markets to export surplus local production, in addition to significant financial returns.

These are some of the most prominent and important benefits of international trade and the benefits that can result from them for countries and societies, as well as institutions and commercial entities that carry out international trade activities between countries and different markets.

The second topic

International trade trends

The structure of international trade is affected by several trends, which are:

□ First direction:

It was founded by the economist Adam Smith; The global fragmentation of labor leads to countries specializing in providing specific products, and depends on their circumstances, which constitute an absolute productive advantage for them. Smith considered that international trade depends mainly on absolute expenses. That is, countries' exports of goods consist of all goods produced with the lowest absolute expenditures, while commodity imports consist of all goods produced with the highest absolute expenditures.

□ The second direction:

It was founded by the economist Ricardo; Because he saw that the trend of absolute expenditures can only be applied in internal trade, and it is not possible to use it to explain the structure of international trade, Ricardo was keen to establish a rule known as relative expenditures, which indicates that international trade depends on the difference in the relative costs of products; Merchandise exports constitute all relatively superior goods, while merchandise imports constitute all goods produced before the highest relative expenditures are provided.

□ The third direction:

It was founded by economic thinker Michael Porter. Through his formulation of the rule of competitive advantage, which focused on developing Ricardo's rule of comparative advantage; In order to use it to express the excellence of a country in producing a specific product based on modern productive elements, such as: human resources, capital, technology, etc. Accordingly, international trade in goods is determined based on the nature of the country's specialization in producing and exporting products based on acquired advantages. While commodity imports that the state cannot produce are classified as elements of competitive advantage.

□ The Fourth direction:

He is the one who relied on competitiveness; It refers to the capabilities of countries to provide the needs of international markets while maintaining the development of citizens' livelihoods.

The first requirement

International business relations

International trade relations are divided into two types:

- Local business relations:

These are trade operations that take place within one country, and between individuals who have legal or natural personalities, and all local legal provisions of commercial law apply to these commercial relationships.

- Global trade relations:

These are the advanced and complex trade operations compared to local trade. It is concerned with international openness to the trade sector, and this leads to resorting to new markets in various countries far from the country in which the project or business was established. This type of trade relations is considered an antidote to the closure of the economy in on itself, and it also encourages the achievement of integration, development and support of international trade movements.

The second requirement

International trade and its impact on sustainable development

There is no doubt that international trade constitutes a powerful enabling tool for achieving economic development. Studies support this view with strong evidence that greater participation in international trade can stimulate economic growth, which in turn is a necessary condition for achieving broader development results. By linking global markets with producers and consumers in developing countries, trade - through both exports and imports - provides a critical channel for the flow of funds, technology and services needed to further improve productive capacity in the agricultural, industrial and services sectors. These, in turn, are necessary for the structural transformation of economies. An example of this is the development path pursued by developing countries in East and South-East Asia during the past decade and the beginning of this decade. There is a fundamental factor behind the rapid economic growth achieved by these countries, which enables these countries to enhance their competitive production and export capabilities, first in the agricultural sector and the textile/clothing sector, then in the labor-intensive manufacturing sector, which sometimes quickly transformed into high-tech industries such as Electronics industry. The growth achieved by these countries thanks to exports was the result of strategic trade openness, as well as the adoption of policies that complement the power of trade as an enabling tool, with its effects on economic and social development. The World Trade Organization expects international trade to grow by 2.4% during the current year 2017, and by up to 4% in 2018. The organization says that the weak performance during this year is largely due to the slowdown in emerging markets, as there was no significant increase in imports last year.

Conclusion:

Finally, there is a strong positive relationship between free international trade and growth, as international trade liberalization positively affects the general level of social well-being and the

availability of various goods, products and services to consumers in local markets. It also plays a role in improving the quality of those products, which improves economic efficiency in society. International trade allows a high degree of competition between different institutions, companies and brands that compete with each other in different markets and countries to obtain the largest share of the market.

Finally, international trade contributes to improving the economies of countries and societies.

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