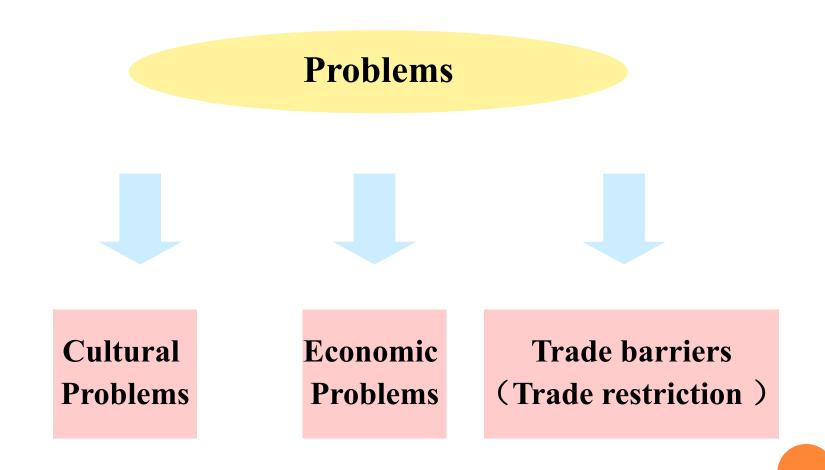
Section Two Problems Concerning International Trade (国际贸易遇到的问题)



What is the difference between international trade and domestic trade?

International trade is in principle not different from domestic trade as the motivation and the behavior of trade parties involved in a trade.

The main difference is that international trade is typically more costly and complicated than domestic trade, and special problems may arise, which are not normally experienced when trading at home. The reason is that trade between foreign countries will have the peculiarities such as differences in language, culture, currency, risks, technical specification for goods and requirements as well as tariff barriers such as customs duties, exchange restrictions, fixed quotas and other tariff barriers, and complexity in documentations, transportation and insurance.





SectionTwo Problems In International Trade

- 1) Cultural problems
- 2) Economic problems
- 3) Trade restriction (Trade Barriers)

1) Cultural Differences

- (1)Language: the different languages used in different countries create a barrier in such communication while people are doing foreign trade business.
- (2)Religions: it is an important part of any society's culture and can have a significant impact on business operations.

Major Religions: Judaism, Christianity, Buddhism, and Islam

(3) Customs and manners

2) Economic problems

- (1) Exchange rate:
 - Global financial markets unfortunately do not have a universal currency. The conversion rate is determined every business day in international money markets.
- Exchange rate is the price of a country's currency expressed in terms of one unit of another country's currency.
- Foreign exchange system in China

2) Economic problems

- (2) Extra costs:
- Ocean Freight
- Packing Cost
- Marine Insurance
- Cost of Documents
- Others

3) Trade restriction贸易限制 (Trade Barriers贸易壁垒)

A trade barrier is a general term that describes any government policy or regulation that restricts international trade. Most trade barriers work on the same principle: the imposition of some sort of cost on trade that raises the price of the traded products.

(1) Types of trade barriers

A. Tariff barriers 关税壁垒

Tariff is duty or tax levied on a specific commodity when it crosses national boundaries. A tariff barrier is a general term that describes any government policy or regulation that restricts international trade.

Import duty and export duty

Web sites

- www. mofcom. gov. cn 商务部网站(行业频道、即时频道、数据频道)
- 海关百搜网
- http://www.chinainout.com中国进出口网
- http://www.chinainout.com/news/全球资讯 中国进出口网
- www.cecf.com.cn 在线广交会站点
- www.chinamarket.com.cn中国商品交易市场
- www.teckfair.com.cn 中国技术出口交易会站点
- www.chinainvest.com.cn中国招商站点
- http://www.alibaba.com 阿里巴巴 全球最大的电子商务网站
- http://www.bosslink.com 全球商会 全球最大的免费B2B网站
- http://www.ebay.com Ebay C2C电子商务
- http://www.made-in-china.com 中国制造网 电子商务网站

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B. Non-tariff barriers(非关税壁垒)

In addition to tariffs, countries also use other methods to make import more difficult. These methods, collecting no tariffs, are called non-tariff barriers.

1.Quota

In international trade, a government-imposed limit on the quantity of goods and services that may be exported or imported over a specified period of time.

Quotas (配额): export quotas and import quotas

Export quotas

出口配额可以分为自动出口配额voluntary export quotas (被动配额passive quotas) 和主动配额active quotas

- (1)被动配额(自动出口配额),是指由于进口国对某种商品的进口实行数量限制,并通过政府间多、双边贸易协定谈判,要求出口国控制出口数量,从而出口国对这类出口实施数量限制
- (2)主动配额,是指国家为保证出口符合国民经济计划的要求,对部分重要出口商品实行的一种出口配额管理。出口配额可以通过直接分配的方式分配,也可以通过招标等方式分配

Import quotas:

进口配额按限制的严格程度可分为绝对配额(Absolute Quota)和关税配额(Tariff Quota)。前者是指某些商品进口数量或金额达到进口额度后,便不准继续进口的配额管理;后者是指在某些商品进口数量或金额达到规定的额度后,继续进口便需提高关税的配额管理;关税配额不绝对限制商品的进口总量,而是在一定时期内对一定数量的进口商品,给予低税、减税或免税的待遇,对超过此配额的进口商品,则征收较高的关税或附加税和罚款。

进口配额还可以按照实施方式不同,分为全球配额(Global Quota)、国别配额(Country Quota)和进口商配额(Importer Quota)三种形式

2.Import license(进口许可证)

An **import license** is a document issued by a national government authorizing the importation of certain goods into its territory. Import licenses are considered to be non-tariff barriers to trade when used as a way to discriminate against another country's goods in order to protect a domestic industry from foreign competition. Each license specifies the volume of imports allowed, and the total volume allowed should not exceed the quota.

3. Foreign exchange control (外汇管制)

This barrier intends to control import by limiting the access to foreign money that is needed for imports.

4. State monopoly of import and export (政府垄断)

With this form of barrier, import and export are restricted by giving exclusive authorities of import and export to only a limited number of (state) companies.

5. Government procurement policy (政府采购政策)
This policy stipulates that governmental organizations
must use local products unless some conditions are met.
For instance, *Buy American Act 1933* says that the US
government must buy American products unless the
domestic price is on average 25%(from 6% to 60%) higher
than foreign prices. There are similar regulations in
Japan.

Buy American Act was revised in 1954,1962 and 2017

7.Technical standards (技术标准)

This is a method of import control that is widely used and heatedly argued about. By using technical standards that foreign exporters are not familiar with or have difficulties to meet, the volume of import is controlled.

8.Health & sanitary regulations (健康卫生法规)

These regulations can also discourage imports, especially when the regulations imposed by the importing country are different from that of the exporting country. Technologically, to meet the of the regulations might not be easy at all.

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9.Packaging and labeling regulations (包装、标签规定)

These regulations represent still another barrier. Importing counties can have sophisticated regulations regarding packaging and labeling in terms of sizes of letters. Languages used and orders in which different languages are used. Such packages are more commonly found in multicultural countries..

B. Non-tariff barriers 10.Minimum price (最低价格)

Minimum price is the lowest price set by an importing country for imported goods. There could be a ban on imports or extra taxes on imports below the minimum price

-- New barriers

There are other forms of non-barriers and countries are continuing to create more.

- (2) Reasons for trade restriction
- A. To be less dependent on foreign countries Many countries want a diversified economy to be less dependent on foreign countries both economically and politically.

- (2) Reasons for trade restriction
- B. To protect vital industries

It is crucial for countries to protect their vital industries, which are closely related to stability and economic development. For instance, during 18th-19th centuries, Britain's production cost of cotton products was greater than China's and India's, but Britain protected and continued its textile industry. Right after the Second World War, Japan's cost of steel industry was greater than that of the US. Now the US's cost of steel production is bigger than Japan's. Yet neither of them has allowed free competition in this crucial industry.

- (2) Reasons for trade restriction
- C. To protect infant industries

There is an infant industry argument which maintains that a new industry needs to be protected until the labor force is trained, the production techniques are mastered and the operation becomes large enough to enjoy the economies of scale and to be able to compete in the market. It is not fair to let an industry in its infant stage to compete with a mature industry.

- (2) Reasons for trade restriction
- D. To protect domestic jobs

Domestic jobs need to be protected from cheap foreign labor, especially for labor-intensive industries such as textile industry, since employment is crucial to a country's stability.

E. Pure political reasons

There have been always examples that some countries refuse to do business with other countries because of political reasons.