Global Scientific JOURNALS

GSJ: Volume 10, Issue 9, September 2022, Online: ISSN 2320-9186
www.globalscientificjournal.com

International Trade: "Strategies, Opportunities and Challenges for Multinational Companies"

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Abstract
This paper aims to discuss the strategies, opportunities and challenges of international trade for multinational companies across different countries. It shows how they cope up with the risk and issues of dealing with current situation of international trade. The significant challenges involved in managing international trade and how the multinational companies trade their business with the use of a plan, and adherence to new rules and regulations in foreign trade are discussed. This study elaborates the general information about currency rates, language barriers and politics that causes the complexities in international business. Also, the contribution of technology in the growth of international business is discussed. It has a broad coverage of various issues involved in foreign trade. Also, the impact of pandemic on the world trade that brought about a sharp decline in the international trade due to closing of borders is discussed. Lastly, we examine the pros and cons of international trade and what possible recommendations can be given to resolve the foreign trade issues and improve the trade are discussed.

Keywords: *international trade, transnational strategy, global strategy, multi-domestic strategy, language barriers, currency inflation rates and cultural differences.*

1. Introduction

International management encompasses of business in many different contexts, where the basic concept is the movement of goods from one country to another and companies are trading their products and services across national boundaries. As an international manager, one has to understand the effects on their activities through the domestic and foreign markets, countries, government, different companies and individual clients. Also, there are often contractual agreements with other companies across national boundaries for franchising and licensing of their businesses.

Within multi-domestic companies, the independent subsidiaries act as domestic firms and global operations are carried within their integrated subsidiaries. The challenge in international business is the firms that use the multi-domestic or the multinational approach. In this approach, they promote the product or services in various markets internationally keeping in mind to adapt to the cultural norms, taste, preferences and religious customs of the communities. This definitely adds on to the cost of doing business internationally as one has to respond to the local requirements of that respective region. One has to see as while doing business in a multinational environment and offering products and services in different foreign markets, what can be done to avoid modifying the product or service characteristics as it adds onto the cost and simultaneously keeping in mind to accommodate the cultural norms or customs of the markets.

Late twentieth century, Will Rogers (An American Humorist and commentator) quoted that even if you're on the right track, you'll get run over if you just sit there. Sweeney & McFarlin (2015) in response said that it is much applicable in terms of international business challenges in the twenty-first century. The global economy has emerged from worldwide financial crisis and companies and managers have successfully faced many challenges throughout the years. But we cannot predict the future. That does not mean one should not be optimistic. If the required skills, talents and actions of the people are there in international companies, then one can face the challenges in this global world. Will Rogers' words do specify that international managers have to be quick, adaptable and innovative to meet these challenges. They should be aware on how to link the cultural boundaries and how to adapt to the global competition. Although it is true and important to discuss, but considering the pace and scope of changes in today's international marketplace, it comes faster and hit harder compared to previous challenges. Competitors can rise immediately anywhere and anytime. Thanks to the technical advancement (*McFarlin and Sweeney, 2011)*.

The WTO is an international organization that governs world trade with concerned member countries who make the decisions. It reviews international trade policies and oversees the dispute settlement process. Global rules of trade provide assurance and stability. Consumers and producers know they can enjoy secure supplies and greater choice of the finished products, components, raw materials and services they use. Producers and exporters know foreign markets will remain open to them. By lowering trade barriers through negotiations among member countries, the WTO's system also breaks down other barriers between peoples and trading economies.

2. Literature Review

2.1 Key Elements for Business Expansion in International Trade

2.1.1 Immigration in International Trade

The immigration plays an important role in foreign countries for investors who have an intention to expand their business internationally. It is an important element of international business when investors expand their business into a new territory and often involves carrying new employees from one country to another. It includes the awareness of new costs, rules and regulations that exist in new country. For example, UK to China that has a huge difference in terms of regulations and culture. One has to be well equipped with the new entrant's requirements such as tax legislation, transport and visas, accommodation, living costs, and new workplaces of the country. The specific immigration rules should be accomplished upon starting the international business expansion in one country. Investors also get benefit to keep their business protected by following the rules and regulations.

2.1.2 Overseas Hiring

Overseas hiring is another topic of discussion that is required for the starting of the business. It is critical as it involves getting the right candidate to fit into the foreign market job. A good amount of investment is required to prepare the employees to adapt and adjust in a foreign environment. You want to make sure that you hire best employee onboard. Managing overseas hiring has lot of challenges. Once the hiring process is over, they have to be trained for the nature of work as well as the place. It includes cultural training before start of the work that involves how to deal with different people in a new country. One can look for fresher's so that they can easily adjust working in a different cultural environment or can have experienced one so that their experiences and learning can be invested in the business.

Overseas hiring gives greater chance of recruiting an innovative and productive workforce that are more skilled and adaptive in international market. According to report by Deloitte, almost 450 global companies were surveyed and found that company's international staff are 1.8 times more likely ready for change and 1.7 times can be leaders of innovation within a given market *(Global Expansion, 2020).* The expansion into different countries has a possibility of gaining bilingual workers (rather multilingual workers) and increasingly useful ability. They have various cultures and backgrounds carrying a new idea. This helps individuals add on to their existing education and qualifications, gain new experiences and have a multi perspective and understanding of a particular business dimension.

2.1.3 Global Payroll of Employees/Workers

Hiring employee overseas or expatriating employees to work in foreign countries is totally different in terms of payroll. Setting up expatriate employee's salary is an important element in international business. It can be challenging as it does not only involve deciding the payroll based on employee's skills, experience and qualification, but other factors like exchange rate and living costs need to be considered too. Companies can opt for outsourcing to support their employees by using a global payroll service. The other option is to manage payroll in-house. Companies can offer full package to employees with yearly contract without additional overtime or other benefits. The free tickets, accommodation, transport and free foods somehow can be offered to overseas employees *(Global Expansion, 2020).*

2.2 Strategies of Multinational Companies in International Trade

The main focus of any international business strategy is in the imports and exports market. Although in this case, trading businesses possibly remain in its country of operation without formulating or putting branches in other countries. Based on global-negotiator dictionary, moving on international business can be done in three ways: multi-domestic, global, and transnational strategy.

2.2.1 Multi-domestic Strategy

The international trade is the strength of a robust global economy and a business associate helps open a country's businesses to new markets. The strong effect of international trade on economic growth is overwhelming. Those who have not yet embarked the international business strategy, need to see the benefits for expanding globally. They need to understand how to choose the right market, develop the right regional plan, be aware of the legal implications of international trade. Every business owner needs to consider these aspects in formulating their strategy *(American Express, 2020).*

The multi-domestic strategy focuses on advertising and commercializing their goods based on local market. The companies must understand the culture of various local markets and entry into those markets shall be based on the demographics of that particular area. In this approach, advertising and presentation is needed to appeal with local sensibilities and looks where the products are actively marketed. You need to match your goods exactly with the local culture though it's quite costly on the front-end. The companies using multi-domestic strategy has less efficiency as they emphasize more on responding to the needs of the local markets.

2.2.2 Global Strategy

Most of the global trade to be successful should start with a high-quality and unique product. Existing business owners in global trading have strong offerings and they have an established name in the market. Hence, proper planning to introduce a new product can give us an advantage which can lead to a massive difference in trade in abroad. Extensive market research is needed to look for market opportunity globally. Finding out who are the international and domestic competitors available in a new country, and assessing product demand that makes it valuable to build an international operation is what is needed to be carried out in market research. Also, one has to see the supply-chain management and logistics when entering into global trade. Whether you are exporting goods directly or instructing overseas manufacturers to deliver the goods to new areas, robust supply chain must be built as much as possible to ensure your partner can support the shipments to international clients. Failing to provide the orders can result in negative outcomes in the business *(American Express, 2020).*

One also cannot ignore the legal considerations. Compliance with international trade law involves three things to consider as the set of rules and regulations. First, the domestic laws of the home-based country, second the laws of the new country where an investor wants to establish a business and finally the international laws of global trade. Frequently, these three sets of standards are the requirements to adhere to business plan in global trade and are legally complied. It is advisable to hire a local assistance in the country when planning to export. In the international trade, most often local partners are required as per country jurisdiction. The strategic partnership helps guide your business expansion and deal with the challenges in doing your business in a brand-new location. They are more aware and can even forewarn the changing situations *(Weil, 2019).*

If the company is focusing on its business in its home market, then its strategies outside its home markets are clearly international. For example, a dairy company keeps on selling its excess milk and cheese supplies to other countries. This strategic focus is still directed to their home market *(Lynch, 2018).* South Korea adopted international and global soft drinks strategy by mixing both the global brands such as Coke and Sprite and the local brand Pocari Sweat (*Figure 1*).

Apple iPod is following the same strategy everywhere in the world. You can see the billboard advertising in North America but this same board can be seen anywhere in the world (*Figure 2*). When it comes to global strategy decisions, one might consider as to how much local variation if at all needed might be considered for a brand (*Lynch, 2018*).

Figure 1: Mixing global and local brands.

Figure 2: *Apple billboard in North America*

Another area of concern might be whether to undertake any branding at all. Branding is a cost to the company. It might be better to manufacture products for other companies than undertake the expensive branding. Apple iPods are made in China with the Chinese company manufacturing to the Apple specification. and avoiding the expense of building a brand. But faces the risk that Apple might not renew its contract with the Chinese company, which might then be a serious issue for the Chinese company (*Lynch, 2018*).

Make sure to see the local resources available that helps you with the international trading and getting operations smoothly running. They offer various tips and tools and sometimes even financial help in the new country to look out for and establish yourself in the new markets. In any international trade, strong team or staffs need guidance in order to bring a successful business to a new market. Getting the right talent is essential for successful international rollout.

2.2.3 *Transnational Strategy*

Firms that are adopting transnational strategy are simply conducting their business activities across international borders. In this strategy, investments are made in overseas operations and assets while connecting them in every country where the company is operating its businesses (*Saxena, 2020*). It represents the overall or centralization in benefits that are seen in global strategy. Along with it, it also tries to respond to the local demands. The transnational strategy improves the firm efficiency and tries to balance or adjust to local preferences in a certain country. For example, fast food chains like McDonald's and KFC adopted same brand names, core menu items around the world. The firms make some compromises to meet the local tastes of the markets. For example, in France the fast-food chain McDonald is selling wine and it make sense to McDonalds because it's a central part of French diet.

2.3 International Trade Opportunities

2.3.1 Increased revenues

One of the top advantages of international trade is that you will able to increase your number of potential clients. Each country you include to your list can be a possible prospective way of new business growth and increased revenues. In 2020, according to FedEx Trade Index which is conducted by Morning Consult shows in national survey of US involving 1,000 small business leaders engaged in global trade as they're growing faster and more employees were hired. Almost 82% of small businesses believed that increasing trade will improve the overall US economy. These businesses are adopting e-commerce to reach out to more consumers.

2.3.2 Benefits from currency exchange / fluctuations

In international trade, investors can benefit from currency fluctuations. Suppose you are exporting goods and US dollar rate is down, it will be favorable for your business to export more because of currency exchange rate or even conversion rate *(Martinuzzi, 2018).* For example, you are doing business in Japan and Yen (Japanese currency) is stronger against the U.S. Dollar. If you convert your business profits of Japan against U.S. weak dollar rate, it means more dollars you keep at your business in your US head office. Similarly, in recent case of BREXIT, the risk related to currency fluctuations should be managed because based on the exchange rate fluctuations even the slightest movement in exchange rate can be a significant profit or loss for your business *(Cahill, 2017).*

Even in logistics, although most businesses of export use freight forwarders to manage transport of their products, still one should ensure that all the costs in transporting goods have been considered and then see the commercial viability of the business opportunity *(Cahill, 2017)*.

2.3.3 Trade in goods and services

International Trading involves both trading in goods as well as trading in services. Majority of international trade deals with goods (merchandise) while services still have a lower share compared to trading of goods. Over the years, trade in goods and services has seen an exponential growth except for the period of COVID-19 that led to an economic downfall in the year 2020.

According to the statistical report by UNCTAD (2021), trading in goods was at its peak in 2019, but fell down to US$ 17 trillion in 2020. It was a decline of 7.4%. However, the situation has improved once the borders have been opened after the pandemic. Even for the services, if we look at the statistics (figure 3) there was a sharp increase from about US$ 2.5 trillion to about US$ 6 trillion from 2005-2019, but later fell down in 2020 due to the effect of COVID-19. Overall, there was a 12 percent decline in trading of goods and services in 2020 compared to 2019. But after the pandemic, things are improving and recovery in exports in goods by 22.4% and 14% in services, respectively are being anticipated. According to latest report of UNCTAD, there has been an increase of about US$ 1 trillion in the first quarter of 2022 compared to the first quarter of 2021.

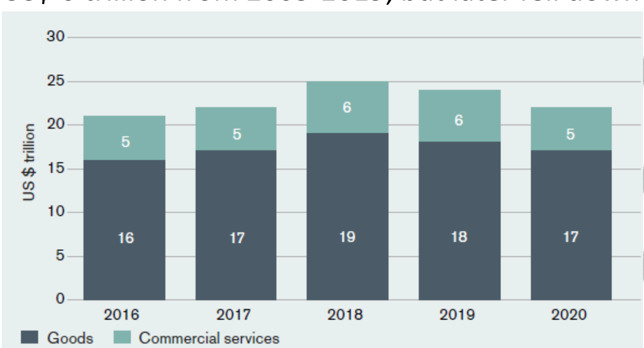


Figure 3: Values of World Trade in Goods and Services
Source: WTO-UNCTAD in cooperation with ITC and UNSD.

As per the latest statistics of World Trade Organization (2020), China has a record of World's top exporter followed by USA and Germany. The three countries gain more impressive flow in global trade.

Companies when engage in international business activities definitely contribute to the growth of international trade. There are significant opportunities for the small and medium enterprises also. According to World Bank, they represent more than 90% of businesses and account for more than 50% of employment of workers in most countries. Policy makers should come up with facilities that benefit not only the larger firms but also for these SMEs in the growth of global trade.

2.3.4 Increase in Job Opportunities

Globalization tends to create opportunities in all countries for the people to seek jobs due to availability of resources and growing number of industries (*Amadeo, 2021*). Job opportunities available to people across national boundaries help them reap more financial benefits. The increase in immigration has given people an opportunity to work in other nations and develop themselves socially too. Proven that rise of foreign investment countries has led to the development of both industrial and local cities and thus creating more job opportunities (*Islam et al., 2019*).

2.4 Impact of International Trade in Business

According to the Library of Congress (*n.d.*), the impact of global markets on international business has led to an increase of many competitions and challenges between companies and the global markets. The companies are experiencing different challenges in terms of price and costs of products and services, providing quality goods and services, enhancing the production using technology and other aspects. Firms focus on to produce their products and services in lowest cost with high quality services to successfully cope up in the global market trends.

The more the economic systems integrate and become interdependent on each other, it will create many positive impacts. Thanks to technology that within less than a year, new products are quickly introduced in the market and offer numerous benefits to the business activities. Further, once the company is able to expand their business to the global market, it will build good image and reputation among consumers and good impression towards organizations *(Naghi and Para, 2013).*

To further enhance international trade, there has to be further decline in trade barriers and investment barriers. The impact of globalization in international trade has definitely caused many barriers to decline. The Foreign Direct Investment (FDI) occurs when a firm decides to invest in international business activities in other countries. Barriers are like putting high tariffs on the imports of manufactured goods or services. Perhaps, tariffs are important in industry of trade as it used to protect the domestic industries from the foreign competition in business. Countries join together and try their best to reduce trade investment barriers across the nations. It has been proven that all countries benefited because they can easily trade and invest in this way (*Islam et al., 2019*).

Economists generally report that trade does provide benefits to all the economies involved in trading. Trade is basically one of the important factors that brings changes in employment, wages and distribution of income and thus improving the overall living standard. Also, the role of technological advances cannot be ignored along with the impact of trade.

Trade mainly comes from exports and imports of goods and services, and domestic and foreign manufactured goods. The GVCs or global value chains and the industry trade for importing and exporting goods has also significantly increased trade. The foreign value added in goods and services or share of the value of goods that was imported for further production shows that about 28% of the content on average of global exports (Figure 4). The foreign value added on exports of developed countries average accounts for about 31% results of their exports.

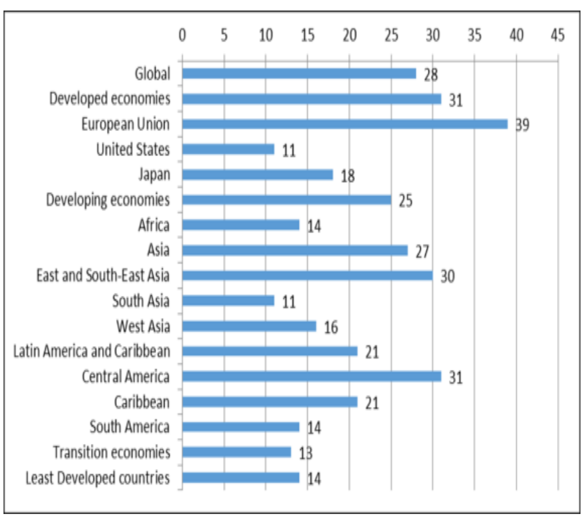


Figure 4: Share of Foreign Value Added in Exports, by Country, 2010 (In percentage shares)
Source: UNCTAD-Eora GVC Database

The foreign trade helps to increase capital formation of every nation. It tends to provides stimulus for investment and tends to raise the capital formation. The increasing returns in global markets can be upscale in foreign trade. It also helps to increase income with more efficient resource allocation in international trade. Moreover, foreign trade results in large scale production due to access to foreign markets and will be profitable with more advanced techniques in production.
The emerging countries become part of international production networks, supply chain, and continuously expanding their trade by manufacturing into services. For example, the European business to outsource functions like data processing and customer service to African countries or even to Asian countries. In 2015, European country highlights the positive impact of international trade. As to mention it that helped reduce poverty in emerging countries such as China with strong records in globalization a growth in GDP per capita from US$ 949.18 in year 2000 till US$ 10,500 in 2020. It creates great opportunities for emerging companies to join in a large market in other nations. Brazil was known for its strong agriculture sector with larger markets in soy and beef for export in the world *(EMI, 2015)*.

2.5 Challenges in International Business

2.5.1 Language Barriers

When you start to expand your business in foreign markets, it is obvious that you have to deal with a foreign language since every country has its own language to communicate with. Although English has become the most common language to be used in foreign businesses, still one cannot ignore the challenges one faces when working in a foreign environment due to the local language. There are language barriers that we come across in the world of multinational business that causes a problem in communication. People in the companies have face-to-face meetings and conference calls and often the unspoken language makes hard for them to understand clearly their ideas and feelings. There is a possibility of misunderstandings leading to irritation and often cause huge mistakes. It is essential to address the issue and at early stages of business it should be planned and resolved *(Burman, 2017)*. Getting familiarized with different languages specially focusing on the ones with which you have closed ties is recommended. Learning new languages will help them to create vast business networks and to step forward in the world of business. Then technology has a major role to play to reduce language barriers by having various translation programs and also having multilingual websites.

Cote (2020) mentions in her article that language is very important to consider when you engage in international business. Investing in interpreters can help into business to continue operate their business smoothly. Some product messaging may translate into another language in such a way that it may lose its meaning. The language spoken in the respective country can change the entire meaning and make it challenging for the company. A good example cited was for the luxury car brand Mercendez Benz. When they launched in China, they chose to have a similar name to 'Benz' as 'Bensi' and it meant "rush to death" in Mandarin Chinese. Of course the company had to change it to adapt it into Chinese name and then they chose 'Benchi' that meant run quickly, speed or gallop.

Communication plays an important role in international business and how the language is spoken in home country may be very different from the approach used by business overseas. Investors should recognize how these language barriers can hinder the communication relating to people speaking different languages. In US and Germany, people use to speak loudly in sharing ideas in their common communication. Compare it with Japanese people who speak more softly with a passive voice when talking to colleagues (*Rebecca, 2019*).

2.5.2 Cultural Differences

Besides the language which is unique to its own country, each country has its own specific cultures that consists of traditions, holidays, art, foods and social norms within a group of people. When you are expanding your business it is important to enrich or learn about the cultures of different countries. Observing and understanding their cultures will help develop your emotional intelligence and respect that are necessary to carry a business successfully. Example, the cultural differences of US and Spain on daily working hours. In United States the working hours are from 9:00am to 5:00pm, while in Spain they work in breaks from 9:00 am to 1:30pm and will resume again at 4:30pm till 8:00pm. They take rest after lunch which is common practice in many European and Mediterranean countries (*Cote, 2020*).

Even different attitude is found in different culture towards business. For example, Sweden believes in social equality and therefore will have a flat organizational structure with more of informal communication. On the other hand, in Japan, there is high level of respect for seniors according to their customs and traditions and one can see that in their clearly defined organizational structure (*Figure 5*). This can be challenging to define roles especially when you are working with multicultural teams (*Rebecca, 2019*).

Firms that are involved in international business must cope with these potential barriers such as the cultural differences of various countries. It will provide a range of business expertise when you understand cultural differences and help you overcome the business-related problems. Mainly three areas of a business are affected by cultural differences – the organizational hierarchy, communication and etiquette of people. By recognizing and understanding that how it could affect your business will help prevent on misunderstandings with foreign clients and colleagues at workplace *(Smith, 2021).*

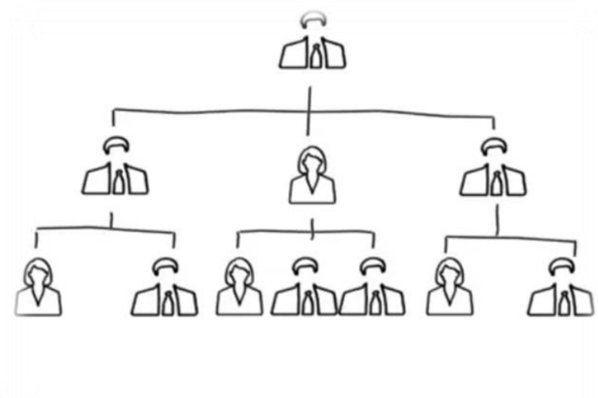

Different cultures have different attitudes to organisational structure

Figure 5: Organizational Structure

2.5.3 Currency Exchange Rates and Inflation Rates

In international business, one has to keep an eye on the currency exchange rates. The fluctuations in exchange rates can turn a profitable deal into a loss. The role of US Dollar plays an important role in international business as most of the transactions are dealt in American Dollars. The value of a dollar currency in other country have different varying rates based on the relative value between the nations currencies. Example, the exchange rate between US dollar and Japanese Yen is 1USD = 132 Japanese Yen. That means to buy 1 USD you have to pay 132 Japanese Yen. Factors like the relative supply and demand of the currencies causes a fluctuation of the currencies. One has to be familiar with the currency exchange rates between the countries while entering into a deal to see if it is worth for the amount of goods and services for the business transaction. Inflation is a rise in prices causing a decline in purchasing power over time. Goods become more expensive during inflation. Countries where there is high inflation, their goods become more expensive and less competitive compared to countries with lower inflation. One has to see these factors while dealing in international trade.

2.5.4 Difficulties in times of need

International business is appealing and has its own set of issues and challenges. One of these is when difficulties in time of need to pursue your business and yet the country will decide to cut off because of unexpected war. For example, the results on rivalry between gulf nations can cause of fluctuation of crude oil prices that impacted economy and depleted the foreign reserves of the country. Monopoly probably happens to business to control price of product and exploitation of importing country can be replaced of exporting country. For example, a crude oil country can decide not to provide oil to every nation and the country holding the crude oil will get to decide to raise prices or to lower prices to certain levels and making competition difficult.

According to OECD (*n.d.*) regarding trade and environment, the effect of climate change on trade comes on weather events that make disruptions in the businesses. The supply, transport and distribution chains infrastructure become more vulnerable due to climate change. It gains negative results that almost around 80% of international trade in volume experienced in output losses or decrease of global trade.

2.5.5 Subtle difference of Foreign Politics, Policy, and Relations

Any decision made by one country's' political leader/party can affect the entire world business. It is influenced by labor laws, raw material costs, taxes, educational systems, transportation, and infrastructure. It is advisable to closely monitor the country activities or news related to business trends. For example, China decided to subsidize Chinese dairy farms and it would impact the dairy farmers in nearby countries. Subsidy means support given by the government to help reduce the cost of production and then can keep the selling price low. In this way, Chinese dairy farms will produce a surplus of dairy products and expand their markets in nearby countries.

The global health crisis has been a worldwide issue that surprisingly affects the international trade business. We have all been a witness to it recently. The whole world has witnessed the negative impact of COVID-19. Trade is necessary to keep life moving. International cooperation must keep trade flowing. We can focus on four things First, improve transparency on trade-related policy actions. Second, keep supply chain flowing that will support especially health supplies and food. Third, the unnecessary export restrictions and other trade barriers have to be reduced. Fourth, even the crisis is at its worst, government support must immediately be available and ensure to serve the public interest and avoid market distortions *(OECD, 2020).*

3. Methodology

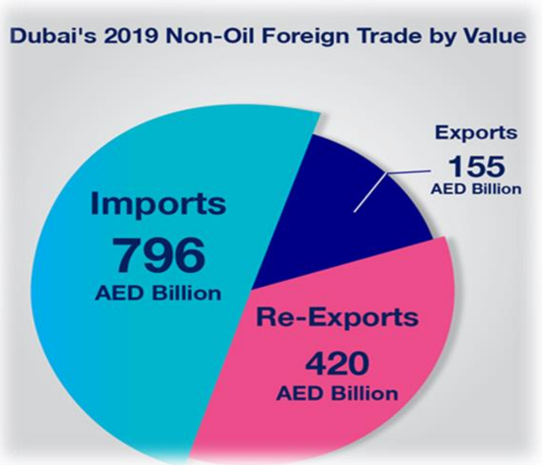
This paper adopted data gathering and analysis of existing literature review. To be able to explain the international management aspects, the study focused mainly on the global international trade. The existing literature review has been the emphasis to collect data and articles related to the international trade in multinational companies. Also, graphs and figures were depicted based on the trends of the previous and current international trade strategies, opportunities and challenges. Various studies and articles have been adopted with particular views and context in international trade.

4. Findings and Discussions

4.1 Findings

The study enumerated concepts of business tasks in international trade. Several information was gathered to illustrate the functions and requirements of global trade market among countries.
McFarlin & Sweeney (2011) mentioned that global economy trends can't predict on what are the future of business trade. Considering the pace and scope of changes in today's international marketplace, it is really challenging to know what will happen next. The downfall of international trade due to the pandemic is an example of the same. So many factors are responsible for the expected and unexpected changes happening in the international trade.

Take the case of UAE for instance. See the graph below (*Figure 6*) regarding the non-oil foreign trade of Dubai's imports and exports by value where it gains an excellent output in both imports and exports in 2019. The UAE was on positive growth among Middle-East countries and known as the top exporters in U.S.A. This economy openness to international trade business became a



location and a gateway in all regions to create a business opportunity. The UAE foreign investors are required to have UAE national sponsor and its ownership is limited to 49% on its business and 100% ownership is allowed to investors in UAE Government sectors. Though, UAE has liberal trade regime, number of conditions and limitations are also set to foreign investors. UAE adopted a GCC common tariff and customs duties. Tariffs has been revised constantly, custom duties to import goods is 5% which includes agricultural products and pharmaceuticals and rate is 50% on alcohol and 100% for tobacco products *(export.gov, 2019).* The UAE's trade regime now is imposed with low tariffs and few non-tariff barriers to trade and to achieve the solid growth prior to global crisis.

Figure 6: Government of Dubai's: Trade Statistics 2019

Challenges in UAE economy were observed due to pandemic and also they experienced a decline in oil prices in 2020. The cases of COVID-19 were more than 1 million till date and more than 2000 deaths. The Government and concerned authorities enacted stricter policy to limit the spread of virus in the country. As part of national epidemic, the UAE control planned to impose wide ranging travel restrictions and other gatherings and arrangements in government offices. This was a huge setback as much of their business comes from the tourist industry. Although, things are returning back to normal when in October 2020, UAE authorities start issuing visas to foreign visitors and investors despite of pandemic *(IMF, Policy Tracker, 2021).*

The government of Abu Dhabi announced the reduction of various government fees and penalties in the tourism and hospitality sectors since July 11, 2020 that new package worth AED1.5 billion in cost to certain fines of government and tax reimbursement to hotels and restaurants and banking facilities. To support local economy, additional AED 500 million was allotted. Other Emirates trading policy were adopted to serve as measures to support trade and businesses and provided an edge to sectors that were heavily affected from the covid-19 pandemic.

Another neighboring country of United Arab Emirates is the Sultanate of Oman. The Sultanate of Oman has been recently recognized as an innovative hub in the region and preferred for destination of national and international entrepreneurs. The OTF (Oman Tech Fund) was created to promote the technology in business with a total capital of $150mn. to invest with micro-funds and global VC funds. The foreign trade of Oman in 2020 coming from Africa, America, Asia, Gulf countries and Europe with total of RO14,889bn. against total imports of RO 9.38bn. Again, Oman faces a lot of challenges in 2020 not fully recovering and economic slowdown since 2014 till 2017 due to low oil prices *(The World Bank, 2020).* Aside from the many investors, businesses are still experiencing dual shocks of COVID-19 whereby firms have been forced to close because of Oman being unstable and changeable policies including lockdown in the borders. Trading was totally affected and it's a problem to export and import goods in many countries.

Since October 2000, US-China Relations Act enacted granting Beijing trade relations with United States and for China to join the WTO in 2001. Between 1980 and 2004, China's trade rose from $5bn. to $231bn. The US has Mexico and then Canada as its second and third biggest trade partner. In Sec. 421 of US-China relations act (Action to address market disruption), it is mentioned that President can take action to address market disruption due to Chinese product that are being imported by United States. It is noted that if such increased quantities can cause or even threaten to cause a market disruption to domestic producers and those of competitive product, this provision will be applied asserting increased duties and import restrictions on such products to the extent the President seems necessary to prevent/ remedy the market disruption. The international trade between China and United States was the 3rd largest goods export market by 2019. But the US and China have engaged into trade war since 2018. And then the pandemic arrived. United States realized that it is not enough to rely on importing goods from China during the time of pandemic considering how to survive without importing goods. US started to find their own way to produce goods that is possible for them to build on their own.

Many dimensions to pandemic have affected international trade. A study done by Liu *et al.* (2021) explained that the economic activities controlled by the government during pandemic had a greater effect on the imports of the country compared to the direct health impact of the pandemic. The pandemic delivered a shock in both supply and demand sides (*Baldwin, 2020*). Although, China's economy began to recover and grew to 2.3% in 2020 (*Liu et.al., 2021*).

According to DMCC from 2019 to 2020, global retail market grew by 4.5% and e-commerce market rose to 18%. In the retail industry, e-commerce has helped stimulates trade between countries as it makes it convenient and ease of availability to reach the market. Government currently is prioritizing investments in the digital infrastructure and people with digital skills are needed for development and to drive trade for economic growth through the 2020s. By investing to current technologies, it will reduce trade costs and possibly increase efficiencies in the global trade. World Trade Organization analyzes and sees the connection of international business/ trade with technology. Today many countries with open trade use advanced technology in order to adopt the innovative business transformation of economy. It will result to high employment rates, labor, and competition policy to reach the challenges of global trade (*Lynch, n.d.)*.

4.2 Discussion

4.2.1 Pros of International Business Trade

4.2.1.1 Business Expansion

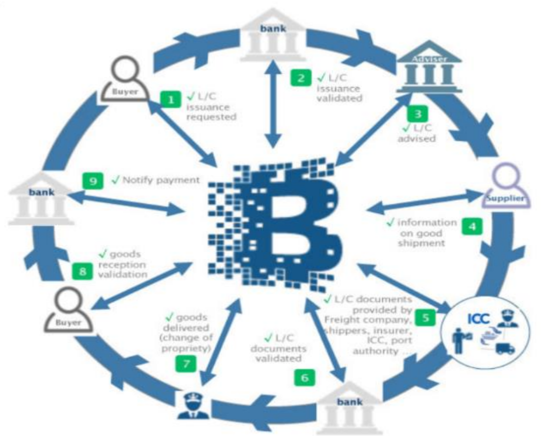
In terms of business expansion, the exporters in international trade have been productive compared to companies that only focus on domestic trade. Importing and exporting opportunities project better deals to distributors. It improves localization, fosters greater relationships with customers and achieves overall growth and sustainable profit. Moreover, there is a chance for global connection with partnership companies and expand the business trade.

4.2.1.2 Fewer competitors in international trade

Though competition in business is inevitable, doing business internationally expands competitors but are less compared to local level competition. For example, in 2019, US exports were $2.5 trillion and 11.7% of this was contributed to gross domestic product (GDP). The US manufactured goods are for internal consumption only and are not meant for exports. A huge number of states in the US challenges exporters to allocate more products and services with a maximum profit *(Amadeo, 2021).* In some countries, the foreign trade restrictions are set in business and specific acceptance of product and services has been filtered including policies to grant the import and export of goods with quality output. The needs of a country will depend on the quality and efficiency of product or services offered.

4.2.1.3 Ease to foreign trade with Technology Advancements

Communication was a big issue due to the pandemic, particularly meeting clients personally was difficult for the business trade. However, with the use of technology, it was easy to communicate and even transactions were conveniently managed in foreign trade, hence, keeping global business active. Blockchain is a type of distributed ledger technology that has an excellent impact on the global trade supply chain. Dubai Chamber of Commerce and Industry launched the blockchain technology to accommodate the import and export global trade issues related to high costs of trade and lack of security and transparency *(WEF, 2018)*.



The use of technology in foreign trade are inextricably linked. Due to continuous innovation in developing and using technology, many countries have become connected and it serves as a means of business transactions for many areas such as transport, electronic payment and online communication and have helped spur international trade.

Figure 7: Blockchain Based distributed ledger technologies features
(Source: WEF, 2018)

4.2.2 Cons of International Business Trade

4.2.2.1 Miscommunication have impact in business expansion and profitability
Language is a challenge to investors most particularly in foreign trade industry. Most distributors experience communication problems for example, label of products is not clear and is often not easy to understand. Company offices also struggle in a multi-cultural management, especially for staffs and workers who speak only their local language. Though technology is present to any country to ease the translations of language, still it is not guaranteed that translations will be delivered accurately and in the relevant context at all times.

4.2.2.2 Currency fluctuation results
The currency rate is volatile and has an effect on competition. If there is deflation on local currency it makes cost of importing products to get more expensive and manufacturers and exporters decreased volume of exports. Foreign trade investors need to pay close attention in exchange rates and fluctuations in currencies. Selling overseas might get you a good price of your goods or services, but can become uncompetitive with a result of variations of currency exchange rates.

4.2.2.3 Politics of host countries have impact on multinational companies in business trade
Politics have different meanings and are quite different from one country to another. The government leaders of many countries have power to seize a profitable foreign business that would be benefit them or could be a threat to them. Earlier in UAE, the restrictions on business ownership were controlled. Political risk harms the operation of business due to outright war disruption in promulgating the decisions to the country which is an unpredictable condition. The unstable government policies and procedures are often hostile to foreign business imposing the new taxes and regulations and it extremely affects the international business trade.

5. Recommendation

The recent trends in international trade flows among countries and the situation post Covid-19 needs a resolution by the various governments for the countries and foreign investors involving in international trade. The following are few recommendations that may be considered for the global trade challenges:

• To foster the import and export activities in international trade one must consider the transformation and exploitation capabilities work linking trade based on a framework that varies in country characteristics. This will help to assess the importance of information links, lower communication costs and lessen the negative effect of physical distance on trade and avoid the barriers to informational flows. We all see the volume and value of international trade exchanges are growing and particularly the role of technological advancements supports cross-border trade. It helps emphasize the infrastructure development not only in production but also the movement of goods, services and people in certain regions across national borders. To improve a local credit market that empower multi-national companies that results in lowering the cost of borrowing capital for financing expansion. For import barriers it helps the companies participate in global supply chains. Many online platforms for business trade are available to use that could help the foreign investors in global trade to continuously trade their products and services, for example, to use the B2B platform as business-to-business e-commerce activities. It will enable enterprise to expand the scope of activities and makes a more convenient foreign trade transaction across regions and borders. The reliability and creativity of B2B has been proven in business trade that allows connecting suppliers and buyers with an efficient and fast way of trading by using online marketplaces.

• Since the currency rate changes in value, one can see its impact on every business that reflects currency flows. For the international business the currency fluctuations do have an impact to foreign manufacturers and distributors. COVID-19 did bring a huge fluctuation in currency rates. It is recommended to review the operating cycle of the business that help them to determine profit margins and to balance the flows of expenses and production as well as to determine what possible solutions are available in case of high currency fluctuation. Managing the currency risk in making business decisions and seeing the effects on business is vital. There is a time gap when you make a decision for your business and have to wait to see its results. During that gap, purchases and sales is happening of materials and goods, invoices are generated, their payments to be made, etc. During this time, the currencies will be appreciating or depreciating and your initial calculations based on which you took the decision might not be correct. A company must decide to implement a risk management plan to look for what is the bottom line and to handle the wild currency exchange rates and to achieve the target margin profit.

• The importance of trade costs has influenced global manufacturers in international travel and product delivery market. The policy of countries should be such that it must support foreign trade and advise to reduce trade costs. Company's international operation has seen the WTO made an action for the current global trade crisis and was primarily about trade costs reduction. During the world health crisis issue, there was a need of a strict safety measure that governments had to respond to COVID-19 solutions. The travel and borders restrictions were very important action as an initial policy response to the pandemic. However, it did bring a decline in the economic output of various trade activities across the world. Specially the international land transports got affected by border controls and drivers' unavailability due to restricted sanitary measures for COVID-19. However, foreign trade companies could shift their load from road to rail to avoid delays of exporting and importing the goods.

• Outsourcing was dominated in many companies to define tasks and manage outcome-based provisions in business. Outsourcing helps firms to move up their value chain in doing global trade into the market. It includes financial savings of client and potential solution for customers. Additionally, outsourcing services have linked to global network and it has grown to support multinational clients in international trade. Technology has definitely been a big facilitator at the time of health crisis to support the demand of clients and help to smoothly outsource the business activities.

6. Conclusion

Companies have vision and objectives to serve the customers with quality output, gain profits and move to more convenient trade to other countries. Seemingly the formulation of international trade has many variances to implement and control the flows of transactions in a market. As evident the different aspects of trading systems need to be considered when starting a plan to invest in international trade. Many sources have been used to potentially make a significant business in exports and imports of goods and services. The trade policies imposed by various governments and organizations need to be known and have to be followed as per their rules and regulations that somehow affects the clients. Further, the different cultures of various countries or if the politics of government systems are unstable will also be the contributory factors that can create hindrance in the international trade.

People in global trade need to be aware of currency fluctuations in order to achieve their expected profits. New measures and restrictions in international business have been witnessed due to the health crisis. The high level of uncertainty exists in terms of trade costs and in reality the economic status showed the trade losses due to pandemic in all nations. In both land and air transport, exporting and importing of goods and services the foreign investors must analyze which is the most suitable and profitable platform to serve customers without risk. Prices of trade costs should be in line to market value chains and production of goods. Yes, the situation did improve post Covid-19 but the world is witnessing inflation now. Not to forget, the Ukraine - Russia war has further slowed down the global economy.

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