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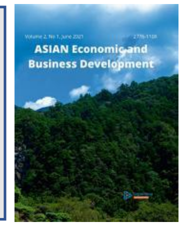

International Trade in the Era of Globalization

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Abstract

The research purposes is to determine the effect of international trade in the era of globalization in Indonesia. This research used an approach that involves descriptive and qualitative analysis. International trade is the exchange of goods and services involving economic subjects between economic subjects from a country and economic subjects from other countries. Globalization has resulted in significant growth in international trade by reducing tariff and non-tariff barriers, thereby facilitating the free flow of goods and services around the world. This led to a rapid increase in the total value of exports and imports, making international trade larger and more complex. In the era of globalization, international trade plays an important role in the economic growth of Indonesia and the world.

Keyword : International Trade, Globalization, Indonesia

JEL Classification : C01, O47, F64

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Introduction

Economic globalization has broad implications in the field of law. With the increasingly strong economic globalization, international dispute settlement is becoming more complex. Countries should adopt alternative dispute resolution mechanisms, such as international arbitration or dispute resolution through international bodies. International trade has undergone a significant transformation in the era of globalization (Chaisse & Dimitropoulos, 2021).

The phenomenon of globalization has opened the door for freer and more intense economic interactions between countries around the world. The closer connectivity between these countries has had far-reaching consequences both in terms of economic growth and the challenges it faces. In the era of globalization, international trade is the backbone for global economic growth. With improved access to global markets, nations may now import more goods and services from other nations and expand the export of their own products. Trade liberalization and the reduction of tariff barriers have been catalysts for the rapid growth of international trade (Kim, Li, & Lee, 2020).

The factors that affect international trade are production, the variety of conditions, production, and the variety of countries. Every country has different needs and preferences when it comes to goods and services. This diversity creates a demand for different products in the international market. In international trade, countries meet each other's needs and preferences through the exchange of desired goods and services. Comparative advantage in certain production allows countries to mutually benefit by trading the goods they produce well (Wulandari, Soleha, & Wulandari, 2023).

Foreign trade with export and import activities has an influence or impact on economic growth. International trade has also provided significant economic benefits for many countries. Through participation in global value chains, countries can leverage their comparative advantages and increase production efficiency. This process encourages the growth of more advanced industrial and service sectors, creates jobs, and increases people's incomes. However, the development of international trade in the era of globalization has also raised various challenges. Increased competition can disrupt certain domestic sectors, causing job losses and economic vulnerability (Yuni & Hutabarat, 2021).

Trade inequality between developed and developing countries is also a concern, as well as problems of social injustice that may arise. However, the development of international trade in the era of globalization has also raised various challenges. Increased competition can disrupt certain domestic sectors, causing job losses and economic vulnerability. Trade inequality between developed and developing countries is also a concern, as well as the problem of social injustice that may arise. In addition, environmental impact is also a concern in the context of international trade. Complex global production processes often result in negative impacts on the environment, such as environmental degradation and greenhouse gas emissions. Therefore, maintaining a balance between economic growth and environmental sustainability is an important challenge in the era of globalization (Ghauri, Strange, & Cooke, 2021).

Indonesia's economic growth is only marginally impacted by international commerce because of the slow growth of net exports and the high value of imports in comparison to exports. As a result, net exports have a negative value (Wulandari & Zuhri, 2019). International trade plays a vital role in economic growth, as exports make a significant contribution to a country's overall economic performance. There is a positive correlation between exports and economic growth, indicating that increased exports can lead to higher levels of economic expansion. This finding supports the proposed hypothesis. The higher the level of exports, the economic growth will increase. Investment, especially Foreign Direct Investment (FDI), plays a crucial role in driving economic growth. FDI has a substantial impact on economic expansion, yielding significant results that positively influence overall economic growth. FDI also has a positive relationship with economic growth. The higher the level of FDI, the economic growth will also increase.

Literature Review

International trade is trade between economic actors of one country and another, either in the form of goods or services. Some of the economic actors involved in international trade are residents, export and import companies, industrial companies, state-owned companies, which can be identified from trade transactions (Evenett, 2019).

In the realm of international trade, countries engage in both import and export activities. Exports refer to the sale of goods and services produced by one country to another, while imports involve the acquisition of goods and services from foreign sources. Put simply, imports are the goods and services a country purchases from other nations When a country acquires goods or services from abroad, it is considered as an import for the country that receives the goods or services (Tsymbal, Moskalyuk, Gromenkova, & Chaban, 2023).

The ratio between exports and imports with national income is an indicator in international trade, and the higher the ratio of exports and imports to national income, the more open the economy is considered. A more open economy means that the country tends to depend on international trade for its economic growth and development. In this context, larger exports indicate that the country is successful in selling a lot of goods and services to other countries, which contribute to national income (Safi, Wahab, Zeb, Amin, & Chen, 2021).

The theory used in this study includes the theory of mercantilism. According to Mercantilism, the main goal of international trade is to create large export surpluses or positive trade balances. The belief was that a country's wealth could be measured by how much gold and silver it owned. Therefore, the state should work on increasing exports and limiting imports in order to obtain more gold and silver. This theory believes that the government has a central role in regulating and controlling international trade. Governments should be active in issuing trade and industrial policies that support mercantilist goals, such as providing subsidies, granting trade monopolies, and regulating currency (Jeyarajah, 2020).

Exports refer to products and services produced within a country and sold to other nations, while imports are goods and services produced overseas and sold domestically. Net exports can be determined by deducting the value of imports from the value of a country's exports. Numerous factors influence a country's exports, imports, and net exports (Ginting, Hutasoit, & Peranginangin, 2021).

Research Methods

This research used an approach that involves descriptive and qualitative analysis. Descriptive research is defining descriptive research as research that acts as a mini-research whose purpose is to analyze social events by looking at various variables that are interrelated with one another. Descriptive analysis to objectively describe the nature and magnitude of variable characteristics, which are also a source of product information on various matters in research, industry, and government (Kemp, Holowood, & Hort, 2018). In this study the secondary data sources used were books, e-books, journals, articles, which are directly related to the topic of research discussion, namely related to International Trade in the Era of Globalization. Data collection techniques with combined non-numeric data from accredited sites such as Google Scholar, Science Direct, Sinta, etc. Data analysis uses analysis of phenomena related to the research topic

(Habsy, 2017). Data analysis techniques through the method of analysis of literature studies by presenting the results and available facts and then obtaining a correlation between the conclusions that have been obtained from literature sources.

This study uses a literature study method, namely regarding descriptive analysis according to the research topic. The data analysis technique is through the exposition method by presenting the available data and facts and then obtaining a correlation between the data that has been obtained.

Result and Discussion

International trade is the exchange of goods and services involving economic subjects between economic subjects from a country and economic subjects from other countries (Li, Kim, Lang, Kauffman, & Naldi, 2020). This economic subject includes individuals who are citizens, companies involved in export and import trade, companies in the industrial sector, companies owned by the state, as well as government departments involved in economic activities. International trade involves interactions between two or more countries that complement each other through exports and imports. This phenomenon can be observed through an analysis of the trade balance, which reflects the amount of goods and services exported and imported between these countries. Overall, international trade is a relationship that exists to fulfill the economic needs of these countries.

This international trade also affects economic growth, this is evidenced by the existence of export and import activities. Economic growth can be increased when a country increases its exports to other countries, because this will generate foreign exchange and profits that contribute to economic development. This is evidenced by BPS data from 2018 to 2022. Even though the export value from year to year, although in 2019 to 2020 there has been a decline in export values, in 2021 to 2022 the export value has increased. This proves that Indonesia is trying to increase the value of exports so that economic growth in Indonesia continues to rise.

International trade becomes freer and more intense. Countries that have international market access will find it easier to export or import to other countries (Qi, Chan, Hu, & Li, 2020). In this era of globalization, economic trade has become the main weapon for Indonesia and the world. Because in this era of globalization, technological advances are a factor in the development of international trade. However, international trade in this era of globalization also has its own challenges, the existence of intense competition between countries has caused several sectors to reduce the number of workers, this has resulted in reduced employment opportunities because workers have been replaced by technology.

Globalization has resulted in significant growth in international trade by reducing tariff and non-tariff barriers, thereby facilitating the free flow of goods and services around the world. This led to a rapid increase in the total value of exports and imports, making international trade larger and more complex (Sibangilizwe & Jeffrey, 2019).

The development of information and communication technology has also played an important role in changing the way international trade is conducted. With the internet and digital technology, companies can establish business relationships globally, conduct transactions online, and access international markets more easily. This opens up new opportunities for businesses to expand their market reach. In this context, companies can use the internet to find business partners in different countries, run online marketing campaigns, and sell products globally through e-commerce platforms (Ahmed, Nathaniel, & Shahbaz, 2021).

Information and communication technology also enables companies to obtain market information more quickly and accurately, as well as monitor inventory and delivery of goods more efficiently. In addition, advances in technology have also driven innovation in logistics and transportation, making it easier to ship goods around the world (Li, Wu, Cao, & Wang, 2021).

Companies can use an integrated supply chain management system to track the movement of goods from producers to final consumers, optimizing efficiency and reducing costs (Haji, Kerbache, Muhammad, & Al-Ansari, 2020). However, it should be noted that although globalization and technological advances have brought significant economic benefits and business opportunities, there are also challenges and negative impacts that need to be managed. Some of these include economic inequality, intense competition, labor issues, and environmental impacts. Therefore, it is important for countries and business people to implement policies aimed at maintaining balance and sustainability in international trade.

Globalization continues to drive change and innovation in various sectors around the world, which in turn can help make human work easier. Thus, globalization has had a positive influence in accelerating development and facilitating various aspects of human life (Furr, N., Ozcan, P., & Eisenhardt, 2022).

One of the most obvious impacts of globalization on international trade is the freedom of international markets. The international market is a place where different nations from across the world engage in transactions for the purchase and sale of products and services. The international market provides an opportunity for companies that have already met the needs of consumers in the domestic market to expand their business and reach customers in a wider market share. Several countries also look at the international market without considering whether the company's production has reached the target or not, because they see big opportunities in the international market (Kim, Li, & Lee, 2020).

The international market is a consequence of the process of globalization in the economic sector, which results in ease of export and import activities. In the modern era, exports and imports between countries are one of the positive results of globalization. Export and import activities provide various benefits for a country, including increased income, product introduction in global markets, job creation, and production expansion. Import activities also have benefits in maintaining price stability, facilitating the supply of raw materials for production, and meeting the demand for goods and services that are not produced in that country. In addition, export and import activities also form close cooperation between countries (Tursun, Tuychievich, & Murotovich, 2020).

Conclusion

Export is the process of selling goods and services produced within a country to parties abroad. In this case, the product or service is made or produced domestically, but is intended to be consumed by consumers from other countries. Meanwhile, imports are purchases of goods and services produced abroad and then brought into the country to be consumed by the people of that country. In essence, exports refer to goods and services sent abroad from a country, while imports refer to goods and services brought into the country from other countries. Between the economic subjects of one country and the economic subjects of other nations, there is an exchange of commodities and services known as international commerce. This economic subject can be an individual, company, or other economic entity. Exports, which include providing products and services to other nations, and imports, which involve acquiring goods and services from other nations, are two examples of these exchanges. International commerce is crucial to Indonesia's and the world's economic progress in the age of globalization. Technological advances and easier access to international markets have enabled countries to increase exports and imports of goods and services.

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