Changes and development trends of international and trade relations under the covid-19

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Abstract. Today's international trade development is not optimistic, but there is a trend of recovery. In order to study the specific impact of the epidemic on international economic and trade relations, The research background of this paper is the COVID-19 epidemic since 2020, and based on this background, the impact of international economy and trade is studied. Which is the important impact of the epidemic on international economic and trade relations in the future and gradually adapt to it. The research conclusion shows that the impact of COVID-19 on international economic and trade relations is beneficial and harmful in many aspects.

Keywords: Epidemic situation; International relations; Economic integration.

1. Introduction

Due to the impact of COVID-19 sweeping the world at the end of 2019, the world economic development once stagnated. Nowadays, the community of shared future and economic integration are becoming more and more mainstream. How to solve the problem of developing economy while uncontrollable epidemic exists is a difficult problem facing the world. At present, China is restricted by many factors such as the epidemic situation, and there are still many problems in the development of domestic and foreign trade. Based on the increasingly complex background of international relations in the epidemic era, combined with the theoretical analysis of international economics, this paper will study the changes in international economic and trade relations under the impact of the epidemic and the future development direction.

2. Impact of COVID-19 outbreak

2.1. Economic side

The sudden outbreak of the epidemic has put the domestic economic development on hold and cause uninterrupted trade stagnation. In the past two years, we can see that many business portals have been closed in the market, In particular, the life of the real economy is hanging by a thread ". the usual repeated blockades and isolation have made enterprises unable to operate normally, the unemployment rate has risen, and the number of unemployed people in cities has soared. Foreign trade enterprises have also been greatly affected. They are faced with many factors, such as the sharp rise in raw material costs and the obstruction of transportation and logistics. The gross domestic product(GDP) growth rate in 2020 fell to the bottom, and the GDP growth rate was slow. At the beginning of 2020, foreign direct investment fell by 10% year-on-year. "The epidemic has had the most significant impact on the global economy.

Restricted by the epidemic prevention policy, the flow of production factors among countries has been hindered, and the flow of human, material and financial resources has been forced to slow down. The continuous spread of the global epidemic and the global epidemic prevention intensity are not synchronized and interlaced, which has affected international import and export trade. Foreign demand is insufficient, supply is not smooth, and the return of funds is blocked. And then affect the development of large industrial chains such as transportation, education and tourism. Including measures such as entry control, travel ban, cancellation of large-scale events and performances, suspension of work and production in areas with serious epidemic, global economic and trade activities have been seriously affected or even declined.

2.2. Political side

As Henry Kissinger said, "COVID-19 will forever change the world order."[1]. When the relationship between the two countries is close, economic exchanges will become more frequent, and trade cooperation and development will become the norm. When the relations between the two countries are tense, economic communication and cooperation will also be reduced. Therefore, in international relations, the influence of political and cultural factors on international economic development is unavoidable. Due to the inherent differences in cultural and economic development among countries, international relations will never be stable and balanced. Everyone wants to occupy the position of maximizing interests in international relations, so while developing international relations, international contradictions are inevitable. The international pattern is seriously divided, and driven by the epidemic, it has evolved into a more complex and changeable form. The rapid development of the world economy has been forced to stop, and the international division of labor has undergone unprecedented changes. New interest disputes may arise between the two countries that had previously enjoyed harmonious relations.

Anti globalization and rampant trade protectionism. In the relatively chaotic situation of the epidemic, some developed countries in the west, proceeding from a narrow political perspective and personal interests, tried to reverse globalization and implement trade protectionism by promoting public opinion and other means, seriously trampling on international relations and hindering the development of other countries, so as to safeguard their own interests and international economic status. All countries in the world are facing the problem of shortage of anti epidemic materials. They are highly dependent on imports and cannot be self-sufficient. Promoting anti globalization measures, implementing trade protectionism and establishing trade barriers are all harmful to both the country and the international community. Anti globalization and the epidemic of the new museum coexist in a staggered manner, and they give birth to each other. This will lead to a financial crisis in the international capital chain, supply chain, industrial chain and other economic chains, which is a disorder of the international economic order. These problems existed before the epidemic crisis, and should be handled more cautiously in the current economic recovery period. The new trade protection theory put forward by Raul previsn points out that the world economic system is divided into two parts, one is a small number of industrialized developed countries that are located in the center of the economic system and occupy a dominant position in the economic system, and the other is a large number of non industrial developing countries that are located in the periphery and passively developing their economies[2]. While the central countries should open their markets to the peripheral countries, the peripheral developing countries should reduce trade protection policies, strengthen industrial development, improve the monopoly characteristics of industrial products, and strengthen the development of international trade with the central countries, which is even more critical in the current global epidemic situation.

Global economic integration is the inevitable trend of world development, the objective choice of social productivity development and the inevitable result of scientific and technological progress. Economic globalization has provided a powerful driving force for the world's economic development, promoted the flow of capital and cultural progress. With the concept of a community with a shared future for mankind, it is more important to promote the integrated development of the world economy and break the zero sum game and binary opposition thinking in the context of the global epidemic. At the ending of 2020, the International Monetary Fund predicted that the world economic growth rate would be - 4.4% in 2020, which was the world's worst economic recession since the great depression[3]. The impact of the pandemic and its accompanying secondary shocks on countries is not uniform, which has obviously affected the strength structure of the international economic system. China is the first country to resume economic development after the epidemic, with strong survival and decision-making capabilities. The economic recovery after the resumption of work has not only improved its international status and influence, but also promoted the development of global economic integration.

2.3. Society side

The epidemic has a great negative impact on tourism, catering, commercial transportation, exhibition and other industries. Although the role of these industries in the overall economic framework is not dominant, due to the influence of the industrial chain, it will have a corresponding impact on the primary and secondary industries, so as to arouse people's attention to food safety and affect consumption.The impact on the manufacturing industry cannot be underestimated. Although the impact of the epidemic on the manufacturing industry does not seem great at present, it will spread to the manufacturing industry through the blocking of demand, the inhibition of consumption and the impact on the service industry.

The oil industry is facing a decline in oil prices, which has had an impact on other industries such as tourism and transportation. The COVID-19 pandemic has also had a devastating impact on air traffic. Due to the implementation of traffic restrictions, the number of flights has been greatly reduced. Last but not least, due to the lack of tourists, tourism is another sector affected by the epidemic, which affects other economic sectors[4].

Disturbance of epidemic situation to social order is inevitable. For example, since the outbreak of the epidemic in 2020, the UK has not paid enough attention to this virus and regards it as a special flu. The public is not satisfied with the epidemic prevention measures taken by the health department and government agencies, but sticks to personal freedom and universal immunization, which eventually leads to the uncontrolled epidemic and the increasing death toll. The political environment, medical system, employment, education and social equality of British society have been impacted to varying degrees[5].

The sequelae of COVID-19 involve multiple systems such as respiration, circulation, nerves, digestion and psychological cognition, with different durations and severity, which seriously affect people's physical and mental health and social development[6].

3. New trends of international trade development

3.1. Economic sides

3.1.1 Transformation of transaction form

The implementation of social distancing, blockades and other measures in response to the COVID-19 epidemic has restricted the development of face-to-face real industries and promoted the integration of big data, the Internet and traditional foreign trade industries. Consumer digital demand has increased significantly, increasing the use of Internet streaming media such as online shopping, social media and teleconference. This has led to a substantial increase in business to consumer(B2C) sales and business to business(B2B) e-commerce trade[7]. Among them, the online sales of household necessities and food are particularly obvious. The global nature of covid-19 and its impact on e-commerce may encourage countries to strengthen international cooperation and further formulate and improve existing digital trade policies. This includes reducing the transaction costs of digital payment, expanding the service scope of e-commerce, and improving the delivery logistics means in response to the epidemic environment, so as to improve international trade channels, bypass the real economy, and transform to a digital platform. In the post epidemic era, international digital trade will continue to grow, trade structure will be gradually optimized, and China's international trade system will undergo major changes. However, Due to the excessive demand for e-commerce, opportunities are accompanied by a series of challenges. For example, the inability to control product prices, the imbalance between supply and demand, and the increasingly serious problems of product security and network security. The external environment is complex, the digital divide is unbalanced, and the unified rules of international digital trade are not yet perfect. With the rise of trade protectionism, restrictions and barriers on International Digital Trade on the grounds of national security have emerged in an endless stream.

3.1.2 Changes in the status of primary products

Change in the supply status of primary products. At the beginning of the outbreak of the epidemic, protective masks and alcohol disinfectants, which were originally ignored, became scarce resources that could not be bought by pharmacies in the streets. This year, when the epidemic became the norm, the city wide isolation of Shanghai for more than two months made canned fruits and vegetables, which were usually used to, an important resource that needed to be broken every day. All kinds of abnormal economic behaviors have caused us to reflect. Medical protective products and basic foods like this are primary products, and it is too late to prepare for a rainy day, but it is too late to make up for it. As the world's factory with the most complete industrial categories and the highest production efficiency, China's supply of primary products is not a difficult problem, and it has spare no effort to send epidemic prevention resources to other countries. In the post epidemic era, ensuring the supply of primary products is a long-term strategic task. It must base ourselves on the domestic and international markets, integrate the two resources, and take the initiative in the international trade pattern.

One year after the outbreak of COVID-19, there is still great uncertainty in the global outlook. Although the continuous promotion of vaccines has boosted people's mood, the emergence of mutant strains and the increasing number of deaths have aroused people's concern. The recovery process of different countries and departments is divided, which reflects the different impact of the epidemic on countries and departments and the different policy support they receive[8]. The future economic prospects depend not only on the results of fighting viruses and vaccines, but also on the effectiveness of economic policies implemented under high uncertainty to mitigate the long-term impact of this unprecedented crisis.According to the world economic outlook in April 2021, the world economy began to recover in 2021. Both developed and developing economies recovered to varying degrees as shown in the figure below[8]. The world economy is adapting to COVID-19.

3.2. Social sides

After the outbreak of the epidemic, with the development of time, the increasingly recurrent epidemic has gradually become the norm. People's attitude towards the epidemic is no longer the panic and fear at the beginning.The news media should also calm the public's mood, and should not attract attention and public opinion.Affected by the epidemic, the relationship between man and nature and between man and society needs to be reconsidered. The society is composed of human beings. People's value orientation may change, and the number of people who enjoy themselves in time gradually increases. The epidemic has made social relations more united, and most citizens will obey the command in order to fight against the epidemic.New changes have taken place in urban governance affected by the epidemic, and more epidemic related policies have been introduced. The society is gradually adapting to the epidemic era[9].

3.3. International relation sides

The epidemic has impacted the supply chains of most industries in the world. The development of international trade has slowed down and the cycle has become longer. Thus, multinational enterprises and governments of various countries are forced to change the direction of development, disperse risks in the supply chain, and emphasize that core technologies are capable of self-sufficiency, especially in sensitive areas with high development potential, such as medicine and food, and important energy, which grasp the lifeline of the country. This change will lead to the formation of multiple economic systems and production networks, which will have a far-reaching impact on today's foreign trade industry, which is deeply involved in international division of labor, has high product complexity, has a long supply chain, and is highly dependent on international logistics networks and multinational technologies. It will also bring new opportunities and challenges to the international economic situation. The theory of comparative advantage put forward by David Ricardo shows that every country should supply certain products through specialized production, and meet its domestic demand through international trade in the fields where it is relatively weak[10]. Although

this economic theory has its limitations, it is still applicable to the current international situation. Every country should participate in trade.

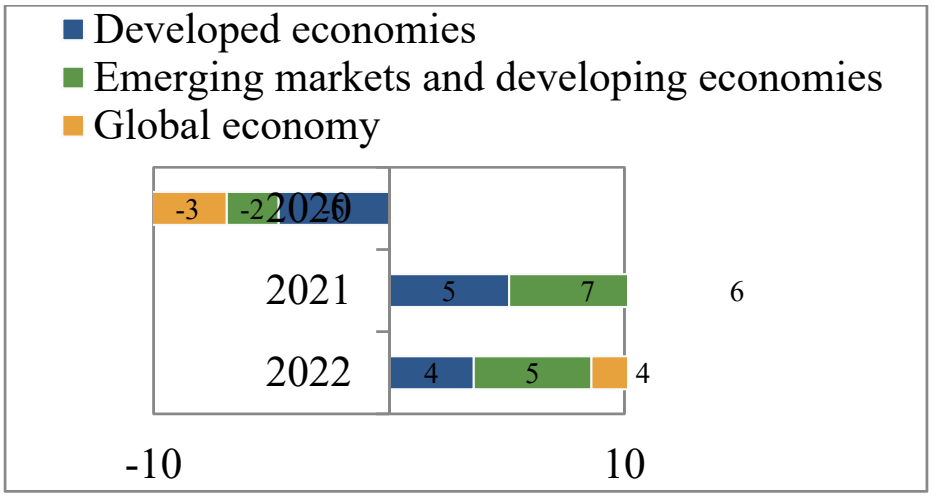


Figure 1. Economic Growth Forecast Chart

4. Conclusion

Summing up many of the above reasons and discussions may lead to conclusions. The impact of the epidemic on international economic and trade relations is significant and irreversible, not only in the economic aspect, but also in social relations, international relations, etc.

The present era is in the midst of great changes not seen in a century. This is not only the great situation China is facing, but also the great situation the world is facing. COVID-19 is like a sudden test, testing not only China but also the world. The epidemic has had a major impact on international traditional trade, but the online cultural trade in the digital era has ushered in a spring. The international economic situation in the future will undergo many major changes, and these changes will also bring many opportunities and challenges. How to seize these opportunities and meet these challenges is an important way for China to develop its own economy and improve its international status. The future trend of international trade is bound to be towards cooperation and development, which is still the current international trend. In the current situation of the epidemic, it is unrealistic to just cling to the self-sufficiency of small-scale peasant society. Only by opening up the country, opening up the economy, interdependence and cooperation can we tide over the difficulties together.

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