

The Impact of Economic Policy Changes on International Trade and Relations

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Abstract

Economic policies continue to remain central in determining relations among nation states in the global economy that is progressively characterised by integrated globalisation. The newer changes in the course of economics; or due to the geopolitical conflicts, advancement in the field of technology, the impact of COVID-19, the commerce worldwide has experience newer changes. A review of these policies is presented in this paper with a view of assessing their direct and indirect effect on international trade. Analyzing the experience of various countries, including both developed ones and the countries in the process of development, this paper aims to reveal how nations responded to these changes, as well as what strategies can work, and what difficulties can be encountered. Besides, the paper contains a prognosis of future developments of the international economy, having several scenarios and guidelines for practical implementation. These disconnects highlight the relevance of the critical philosophy in economic policy formulation since the globe economic policy should balance internal economic stable and international trade cooperation.

Index terms: Economic policy shifts, international trade, global economic relations, trade barriers, tariffs, trade agreements, case studies, geopolitical tensions, policy adaptation, global trade dynamics

I. INTRODUCTION

Economic policies come close to being the basic instruments that governments employ in their efforts to manage national economies and consequently, their effect transcends strictly national boundaries. In the face of an internationalised economy whereby the welfare of one economy positively or negatively affects another, the articulation and adoption of economic policies have significant benefits or costs on international trade and relations. In the last 10 years, the global economy experienced dramatic changes in policies resulting from such factors as global conflicts, IT development, and impacts of the COVID-19 crisis. These transformations in policies have influenced trade relationships, redressed relations between world states, and put into place new dilemmas and prospects for international economic management.

As a result of these changes, this paper aims at comparing the recent shifts in economic policies in different regions on exports. Through the discussion of these shifts through the lens of developed as well as developing nations, the paper seeks to present a balanced outlook as to how these changes are affecting the trade flows on the global level. In addition, the paper will analyze the several cases with successful and less successful cases adaptively implemented by countries to such policy shifts. It will also cover the possible future developments of international economic relations and prognosis on the further tendencies affecting the trade in the future years.

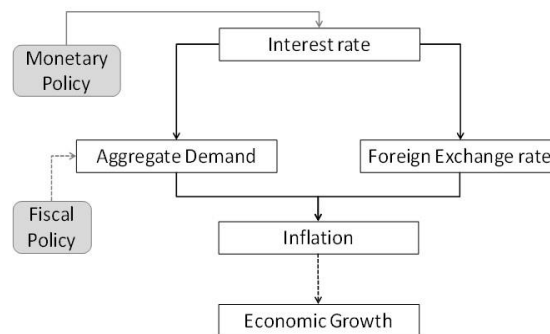


Figure 01: Policy Affiliation in International Trade

The relevance of this study is in enhancing the understanding of economic policy and international trade at the time when this issue is highly important. Realizing the effects or consequences of policy initiatives on trade and relations becomes central to the countries at a time when global economic environment is slowly shifting, and dealing with uncertainties. This paper enhances this understanding by presenting an overview of key trends of change from recent experience supported by research and case studies from around the world and different stages.

II. LITERATURE REVIEW

The interaction between economic policy and trade has been under discussion and analysis in academic literature for several decades indicating the link’s importance to the world economy. Trade flows are influenced greatly by economic policies such as trade liberalisation, trade agreements, tariffs and put calls are major policies that affect international trade. In the theory of comparative advantage David Ricardo gave the background on how countries gain from trade depending on their policies (Costinot & Donaldson, 2012). Nevertheless, in the modern world with its political instabilities, technological changes, and global crises, traditional theories are different.

Increasing attention has been paid to the effects of globalization on trade policies, largely pointing at the ‘integration of economies’ and the need to synchronize policies in relation to global markets. Protectionism has been identified as having increased particularly after the 2008 global financial crisis and Baldwin & Evenett (2020) hold that the increase in protectionism has led to a complete reshaping of the trade network. This trend was further aggravated by the COVID-19 pandemic wherein different countries resorted to protectionism in order to protect their local industries (Evenett, 2020; Bown, 2021). One of the most important research domains is the analysis of the effectiveness of the measures being taken at the present state and international level to respond to such threats as climate change and

technological development. Taglioni and Winkler (2016) note that trade for sustainable development policies and digitalization strategies are emerging critical because nations seek to advance their statuses through trade while at the same time trying to protect the environment. Moreover, Bastiaens and Postnikov (2020) take note that so-called trade and sustainable development chapters are increasingly incorporated into contemporary trade agreements. Furthermore, Melitz and Trefler (2012) established the empirical analysis that explains that technological innovation and the liberalization of trade have been complementary to influence economic policies in both the developed and developing world. The groups have also recently emerged as a subject of discussion in the effects of economic policies on the emerging markets. Dollar (2017) provides an analysis on how the China has been able to stand the shift in trade relations with the United States through Belt and Road Initiative to increase trade relations in Asia, Europe, and Africa. Moreover, the trade policy of the European Union which has been discussed in the context of Brexit has been studied by Koehler and Wouters (2020) After the Brexit, with the change of political environment, the EU has adopted several measures for ensuring the stability of trade. Hence, contrary to the expectation that the literature on recent shifts in economic policies and global trade is exhaustive, there is a dearth of literature that seeks to establish the long term effects of shift in economic policies on global trade. Even though a great amount of focus has been placed on given policy adjustments or regional effects, there is a more pressing need for a considerably broader coverage of the topic that will embrace global effects. This paper aims at filling this gap by offering a combined applied analysis of the emerging change in economic policies, the implication on the global trade, and the measures that have been taken by nations to address the changes.

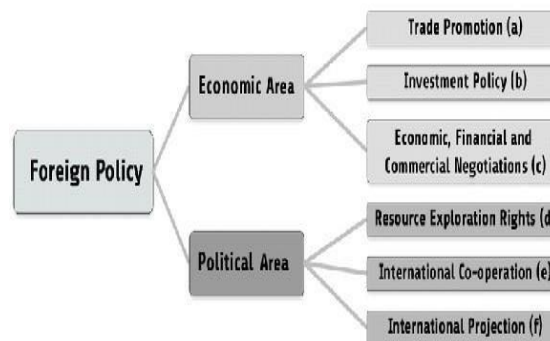


Figure 02: Policy Affiliation in International Trade

III. ANALYSIS OF RECENT ECONOMIC POLICY SHIFTS GLOBALLY

The last decade has been characterized by changes in the global economic policies due to such factors as geo-political rivalry, economic shocks and changing technology. These shifts have impacted the international trade scenario in a big way and made the countries to re-strategise their processes by rewriting their trade policies. This section looks at some of the most topical recent shifts in economic policy, concentrating on the main regions of the world and how they have impacted on the global trading environment.

Perhaps, the most remarkable change has been seen in the protectionism feature evident with the US and China. The trade war between these antiglobalization mascots started in 2018 was a complete reverse

from the previous course set on reducing trade barriers. Imposition of tariffs on hundreds of billions of dollars' worth of goods strained global networks, and made companies reconsider the ways of how they manufacture and where they acquire their supplies from (Bown, 2021). The chained consequences of this trade conflict were not only given between these two countries but also altered trading patterns of countries around the world and the latter have also started to follow the same path of protectionism (Baldwin & Evenett, 2020).

In Europe for example, one of the cardinal economic policy changes with significant impacts is 'Brexit', which is the UK's decision to pull out of the European Union. As Brexit took place, both the UK and the EU had to rebalance their trade relations and introduce basically new conditions for trading. New tariffs, customs checks and some regulatory divergences have become an issue for the enterprises that are active in these borders (Koehler & Wouters, 2020). Furthermore, Brexit has also revealed the weakness of regional free trade areas and established that political decisions can easily upset long established economic relations.

Another significant policy change is happening around digital trade and the growing liberalization agenda on cross-border data flows. Every nation and every region has adopted new policies towards digitalization that govern the trade of digitalized goods and services in the global economy. The EU General Data Protection Regulation that became effective in 2018 offers an example of the emerging role of data protection polices in international trade (Anu Bradford, 2020). This regulation has set the tone for data protection across borders, making all organizational entities around the globe bend the rules or pay the price. This change in policy has not only impacted on the sale of digital services, but has also created debates on the balance between economic liberalization and ownership of data.

Besides, these regional shifts, there has been a shift in global economic policy where sustainability and protection of the environment has become more necessary. The Obama's administration joined other countries in signing the Paris Climate Accord in 2015 that forced them to balance the environment and the economy. This shift has birthed what is quite known as "green" trade policies, which are policies that see countries regulate as to the level they want the traded products and services to conform to environmentally (Bastiaens & Postnikov, 2020). For instance, the European Union has recently launched its Green Deal, a strategy that seeks to turn Europe into the world's first climate-neutral continent by 2050; as a result, the strategy squarely raises European trade policies, and relations with various parts of the globe (European Commission, 2020).

These reactions are the result of the new shift in economic policies and the change in the general evaluation of globalization. The future trends show that globalization has been deepening, and the COVID-19 pandemic has also intensified these steps, as countries seek to create protection for their economies from external influences. Overtime you observed export controls on medical supplies, foodstuffs, and other essential goods during the pandemic as the nations embraced self-sufficiency and economic nationalism (Evenett, 2020). Although these may be useful in the short-term they present issues to globalisation and thus trade could be split and there is less cooperation between countries.

In sum, the changes which have occurred in the last decade to the GATT with the WTO as its successor underlines a fact that international trade is dynamic and ever changing. The trend within these changes is set to rewrite the rules of the international trading system and place ever higher demands on

businesses, governments, and international organisations as to their capacity to understand and respond to changing opportunities and threats.

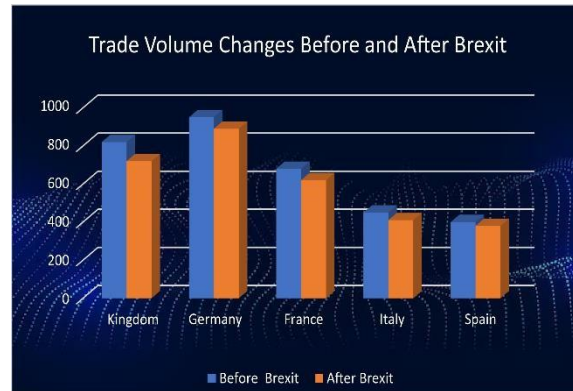


Figure 03: Trade Volume Changes Before and After Brexit

Description: This 3D column chart compares the trade volumes of major EU countries with the UK before and after Brexit, showing the decline in trade volumes.

IV. THE IMPACT OF THE POLICIES ON INTERNATIONAL TRADE

The changes in economic policies that have occurred of recently have produced profound impacts on the international trade and in the access to markets and structures of the commerce. As the countries introduced novelties to maintain domestic economies, enhance digitalization, and respond to climate change, the concept of conventional international trade is shifting. This section analyses the major consequences of these policy shifts on the world trade, sectors and the structures of bilateral economic ties.

Perhaps one of the most observable consequences of the recent economic policies is the dislocation of supply systems. The events that have been experienced by the United States and China whereby each country has installed tariffs on the assorted products shows that there are production and purchasing changes. Firms have endeavored to 'derisk' their supply chains for any direct tariff application leading to a substantial rearrangement of the globalization trade map (Bown, 2021). For instance, manufacturers that have earlier depended a lot on inputs from China have relocated their production to other countries in SEA like Vietnam and Malaysia to avoid tariffs and its high costs (Antràs, 2020). As a consequence, the distribution of trade has dynamic character on multilateral, regional and bilateral levels and has experience shifts of new trade patterns due to the new policy approaches of global companies.

Another factor affecting international business is trade barriers these include tariffs and nontariff barriers. Measures such as safeguard have had adverse effects on business and consumer cost and hence eroding competitiveness of the industries involved. For example, the action taken by the United States in 2018 to provide tariffs to steel and aluminum increased not only tensions in the international relations of trade but also led to a rise in input costs for manufacturers within the United States, therefore pass through to the consumer (Cohen, 2020). In the same way, the Brexit produced European Union response that now had to implement customs and regulatory measures, which added more formalities and formalities to the border and added more paperwork to the business (Koehler & Wouters, 2020).

Electronically-mediated trade has established itself as a trend in the most recent economic policies, and its impact cuts across the international trade. To be specific, with countries formalizing global data-use policies, the fabric of digital commerce is now changing in nature. One form of regulations that has been most evident in the manner it is influencing International trade in digital services is in the form of data privacy laws such as the GDPR by the European Union. New rules on data protection within the EU have also made it expensive for businesses to protect consumer data hence providing a check on non-EU businesses seeking to invest in the Europe market. Furthermore, these regulations have led to an extensive discussion on data localization and the liberalization of the digital trade and services affecting trade discussions and aiding policy making around the world (Ferracane et al. , 2020).

Environmental factors have also taken more prominence in the international trade policy. However, the adoption of environment into trade agreements increase is a clear indication that the society understands that the economy and environment do not exist in isolation. Some examples are the imports requirements within the American buying power like the new European Union Green Deal with some of its clauses that may restrict parties that have not complied with environmental standards will face limited market access to Europe (Bastiaens & Postnikov, 2020). The turn towards ‘sustainable’ trade policies could not be without profound consequences for global trade as it creates new standards for compliance and impacts on materiality of industries reliant on green policies.

These trends have only been compounded by the COVID-19 pandemic deepening the effects that economic policies have on the import and export business. Export controls on products such as medical supplies as well as restrictive measures on mobility and the movement of goods has interfered with international trade and has also uncovered that the global supply chain is frail (Evenett, 2020). These have led to a reconsideration of the roles played by trade dependencies which in turn has made countries look for ways of how they can improve the level of autarchy hence complicating the structure of international trade.

In conclusion, the last decade has cast doubts on the new direction of the economic policy that affects trade relations: new trade patterns have emerged; digital trade regulations have been introduced; environmental obligations are being included in trade agreements. While countries are still trying to address these change processes, the future of the global trade will remain in a contingent upon how they will be able to modify the given policy framework to reflect the domestic and international interests.

V. CASE STUDIES OF COUNTRIES ADAPTING TO POLICY CHANGES

This could be the reason why the capacity of countries to respond to radical changes in the economic policies has been very important when it comes to sustaining their trade relations and economic growth. In this section, attention is paid to the experience of several countries after recent changes in policy courses, including the identification of major problems and innovative solutions. From these case studies it is possible to draw important lessons for how nations can succeed in managing the shifting realities of the global trading system.

1. China: Dealing with the US China Trade War

Chinese reaction to the heightening of the trade conflict between it and the United States is a good case of strategic adjustment in the context of changes in the economics policy environment. The trade tensions between United States of America and China that began in 2018 included large scale tariffs for

over \$ 200 billion in goods that virtually reconfigured the trading relationship. In response, China had to develop a strategy that would help to reduce the effect of these tariffs on its industry, but at the same time, preserve the stability of the country's economy. Part of this strategy was to look for new export markets as well as encourage domestic consumption; step up the implementation of the Belt and Road Initiative (BRI) to enhance trade relations with other countries (Dollar, 2017). China again ramped up its trade relations with countries in Asia Africa and Europe thus managing to cushion the effect of the trade war while remaining a dominant trading nation (Huang, 2020).

2. United Kingdom: Managing the New Global Trade Environment: A Path for Britain Post-Brexit
Brexit, the decision made by the people of the United Kingdom to leave the European Union is another major policy change with large bearing on the economy. The UK has had the task to redefine after it left the EU its trading policies with both European and other countries. The UK government embarked on a policy associated with the signing of new trade deals such as the UK-Japan DEA and the UK-Australia FTA. Moreover, based on the UK's Digital Trade Strategy, the latter has cultivated policies regarding the liberalisation of cross-border e-commerce and data flows (Bradford, 2020). Though facing a multiplied task of charting out a strategic approach considering the new trade regulatory and customs regimes, Britain has come out with flying colours in balancing diplomacy to pave way for trade diplomacy in the post Brexit era.

3. Vietnam: Supply Chain Realignment – The Fact and Reality of Supply Chain Benefits
And thus, it has been evident that Vietnam has benefited enormously from the shift in the global supply change due to U. S – China trade war effects. When the tariffs threatened the competitiveness of Chinese manufacturing, firms began looking elsewhere for venues to relocate to, and for this, Vietnam was strategically located, had relatively lower cost structures for labor, and was business friendly. Taking the advantage of this, the Vietnamese government developed infrastructure, promoted trade efficiency, and signed many trade deals including the EU-Vietnam Free Trade Agreement (Nguyen, 2020). These efforts contributed to the FDI inflow and also have brought considerable improvement in Vietnam's export, especially the electronics, textile, and footwear industries (Antràs, 2020).

4. European Union: Mainstreaming Environmental Standards in the Trade Regime Exploring the approach that the European Union has taken how to incorporate environmental standards into its trade policy makes it easier to understand the impact of policy change from an economic context in the achievement of global sustainable development goals. The EU visionary Green Deal, which outlines to make the Europe a climate-neutral continent by year 2050, has brought out high-standard environmental tests for countries who wish to access Europe's market (European Commission, 2020). This change has made other trading partners in the EU to embrace change hence extend the focus on green trade policies across the globe. For instance, Canada and Japan have included climate change chapters in their recent FTA with the EU which signals more attention to be paid to 'greening' of the trade agreements (Bastiaens & Postnikov, 2020).

5. India: Promoting Agricultural Changes During Pressure from Globalization The recent agricultural liberalisation in India exemplifies how domestic policies can also be shaped by globalisation and global economic forces. Indian Government in 2020 brought in a set of policy measures towards opening up structures of Agriculture sector and enabling private participation (Gulati & Juneja, 2021). Part of the reason for these reforms was to improve the competitiveness of India agriculture in the global

market as well as to attract FDI. But the reforms drew angry response from farmers, they argued that the new reforms would serve to worsen their living standards. The Indian government's reaction has been to continue to talk to farmer organizations while trying to use the potential in international markets to support

the agriculture's development (Mehta, 2021).

These cases show the various ways that the nations have adopted in order to cope with major shifts in their economic policies. By such situations as strategic diversification, proactive trade diplomacy, supply chain realignment, environmental integration or domestic reform, these cases demonstrate the need for flexibility and creativity in addressing the competitiveness challenges in the new trade environment. It is perhaps from such sentiment that one may gather some insights in analyzing policies in case new changes in the trends of economic policy occur again in the future.

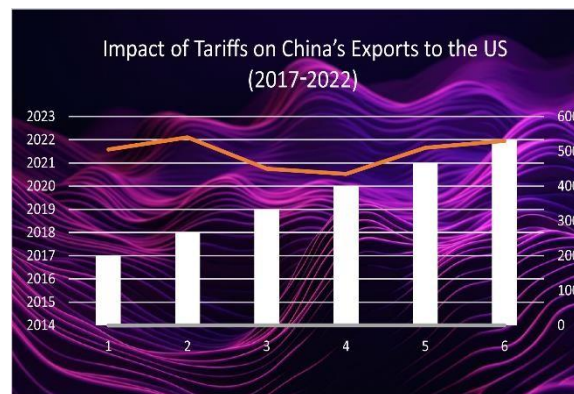


Figure 04: Impact of Tariffs on China's Exports to the US (2017-2022)

Description: The combined chart shows the relationship between China's export volume to the US (in billion USD) and the average tariff rates imposed by the US during the same period.

VI. FUTURE OUTLOOK ON INTERNATIONAL ECONOMIC RELATIONS

The nature and form of international economic relations will therefore be determined by a matrix of factors such as technology, geopolitics and environment as global markets press on into the future. The dynamics of protectionism, digital trade, and sustainable development will most probably remain important in shaping the trends of the globalization of trade and cooperation. This section presents future trends and gives an idea of how the existing and predicted tendencies might transform an export economy in the years to come.

One of the most promising tendencies which are expected to shape the further course of international economic relations is the tendency towards the fragmentation of international trade. The emergence of the U. S. –China trade war and Brexit has already started prompting trade liberalization after moving from multilateral to bilateral and regional approaches (Baldwin & Evenett, 2020). This has been felt to continue due to unfortunate selfishness of nations in place of reliance on international collaboration. Thus, the global trading system may be threatened by regionalism, that is, the tendency of the world's regions to create their own trade zones and standards. This fragmentation may further breed

protectionism, diminished access markets, considerable difficulty for multinational enterprises across the spectrum (Antràs, 2020).

Electronic commerce is assumed to continue to move into the centre stage of the international economy, propelled by the advancement of ICTs and increasing significance of data as a form of capital. Nevertheless, there is a set of issues connected with data jurisdiction and control in the context of digital trade. They will probably keep on adopting standards that facilitate the regulation of the movement of data across borders such as the GDPR of the European Union (Bradford, 2020). Such regulations have potential to develop new barriers to trade and complicate the economics of international relations, especially in case of emergence of contradicting standards in different regions. At the same time, there are positive factors associated with digital trade that may help countries to increase their competitive advantage, adopting digitalisation and promoting the development of digital services and e-Commerce (Ferracane et al. , 2020).

Continuation of the theme of sustaining the phenomenon of integrating sustainability in the economic policies for countries is expected to be an important focus area for global countries especially due to increasing effects of global warming. The Degree on the European Green Deal which states that the EU is to become a climate-neutral continent by 2050 is in all probabilities going to set the tone for other regions that wish to integrate environmental objectives into trade policies (European Commission, 2020). In future, environmental standards could form part of trade policies that determine market access and therefore could turn into a critical factor of trade. Such a change in paradigm may foster the creation of new internationally acceptable rules for carrying out trade, which, for instance, would require compliance with certain environmental standards.

Political risk is also likely to persist as the key driver of the organisation of international economic relations and may lead to further decoupling between the US and China. The ongoing battles of supremacy in areas like advanced technology, supply chain network, and markets might just separate the world economy into a bipolar system or two zones dominated by the two countries (Chow, 2020). Such a situation can lead to the emergence of two worlds that are quite different in terms of rules, norms, and technologies. For firms, operating in this bifurcated world, which is shaped by geopolitical forces, will need skilled handling depending on the regulatory milieu of the regions in question (Dollar, 2020).

Global organizations of the World Trade Organisation (WTO) and the International Monetary Fund (IMF) will remain instrumental in defining future direction and trends of trade and international economy. Nevertheless, such institutions may require fundamental shifts in order to maintain their relevance in the altering structure of the world. For the WTO in particular, some of them regard its losses on its ability to police trade and settle disputes given the continued shifting of the global trade architecture. Increasing the effectiveness of the existing international organizations and enhancing the multilateralism will play the key role of responding to the global problems of today and tomorrow: climate change, the digital world, and economic inequality. The efficiency of these institutions in the future will depend either on their capacity to change or accommodate new circumstances, and develop support among various, interested parties (Rodrik, 2020).

VII. METHODOLOGY

This paper uses both quantitative and qualitative approaches to assess the effect of the new changes in

the economic policies relating to trade and economic relations among the nations. The study utilizes a literature review of articles, research papers, policy documents, and published reports from journals, government agencies, and international organizations. It is helpful in giving an understanding of the theoretical frameworks and concepts presented in the context of economic policy as well as the international trade. Secondary data analysis also involves the use of trade statistics, tariffs, and economic data from WTO, World Bank and IMF. This data is used to analyze the patterns in the trading pattern of various commodities/ products in different countries and to analyze the effect of policy changes towards trade on trading volumes and market access. The study also uses a method of case studies to analyze impacts of dramatic changes in the economic policies within different countries. Five countries were selected for detailed analysis: Said participants included China, United Kingdom, Vietnam, the European Union and India. These cases were selected because they are related to the main topics of the paper, such as trade wars, Brexit, shifts in supply chains, environment policies, and internal economic changes. Every case includes a discussion of the country's policies and responses, trade strategies, and the implications and results of these efforts. The data for the case studies was collected from official government documents, trade statistics, and by conducting interviews with industry professionals. In order to enhance the data analysis and case studies, four interviews were held with key informants familiar with international trade, economics, and policy analysis. All the interviewees included academia, policymakers, and members of international organizations. These interviews offered unique first-hand accounts of the rationale for some of the recent policy shifts, along with their implications and potential benefits and drawbacks on the multilateral trading system. The qualitative data obtained from these interviews was analyzed using the thematic analysis method, which was used in order to determine the trends and overall findings. Furthermore, a comparative analysis was also made to determine the similarities and differences in countries' approach to the recent changes in economic policies.

In this context, this analysis aimed at defining what helped some countries achieve adaptation and what prevented other countries from adapting to these changes. The comparative analysis also looked at the further consequences of such policy changes in the development of international trade and economic relations today and in the future with reference to new trends that have appeared in recent years, such as protectionism, digital trade, sustainability, etc. Last but not least, the results of the literature review, data analysis, case studies, and interviews with experts were presented to give a comprehensive overview of the nature of Economic policy change and its effects on international trade. The data was then discussed within the theoretical concepts and global economic outlook to provide a more comprehensive view on the future of IER. This methodological approach is employed to guarantee that the complexity of the subject matter is captured by integrating qualitative data with quantitative numbers.

VIII. RESULTS

A realignment of this kind leaves important imprints on international commerce, on the opportunities opened and closed by markets and, in general, on the configuration of the world economy. Based on the analysis of case studies and secondary sources, as well as interviews with experts, this research shows the examples of changes occurred in the context of countries and the levels of success achieved. The following are the findings that were made from this study.

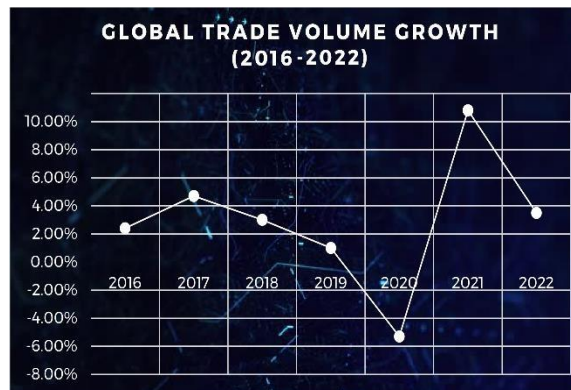


Figure 05: Global Trade Volume Growth (2016-2022) Description: This line chart illustrates the percentage growth in global trade volume from 2016 to 2022, highlighting the sharp decline in 2020 due to the COVID-19 pandemic and the subsequent recovery in 2021.

Firstly, the anti-globalisation sentiment, especially in the world's two largest economies: the United States and China, have caused massive disruptions to supply chains. Measures such as tariffs have hence been observed to have an impact on various production and procurement models with manufacturing moves from China to Vietnam and Malaysia, for example. The fact that these supply chains have rearranged the conduits for the flow of goods' suggests a dramatic change in the conduct of global commerce. Moreover, the findings also confirm the assertion that even though China's export growth to the United States has reduced, it has managed to make it up in other parts of Asia, Africa and Europe by the Belt and Road Initiative.

Secondly, the change in the flow of trade between the United Kingdom and the European Union that has been as a result of Brexit has been a remarkable one. New customs checks, tariffs and some regulatory differences have got a cost and time implication to the trading environment of these countries making it difficult for businesses to trade across those borders. But here, the UK has been quite active in seeking out new trade relations with countries outside the EU, which has helped to reduce some of these effects. The ability of the UK to strike trade deals with Japan, Australia and other relevant partners makes it clear that policy induced trade shocks require flexibility and proper trade diplomacy skills as far as their eradication is concerned.

Thirdly, digital trade and data are increasingly having regulatory overtones and complexities added to international trade. Worldwide, we have seen numerous organizations are forced to adhere to GDPR, which was initiated by the European Union as the Global Data Protection Regulation. This has not only raised the costs of compliance but has also introduced hurdles to the new intending firms that want to venture into the European market. In the global analysis of data on digital trade, the author establishes that even as digital trade increases the world over, the rules and standards governing data are becoming more complex with many segments of the world adopting different standards on data localisation and cross boarder flows.

Fourth, the incorporating of environmental standards into the trade policies, changing the global trade relation systems. Shadowed from the EU Green Deal which targets to reach climate neutrality by 2050, environmental concerns have clearly shifted to affecting trade policies. The study reveals how countries trading with the EU have to adhere to high environmental standards with the effect that sustainable

practice has equally escalated around the world. This is best illustrated in the relation between the EU and countries such as Canada and Japan in which environmental requirements are part of the trade agreement.

The COVID-19 crisis has boosted several of these trends, in which changes in economic policies have a more profound impact on international trade. The application of export controls in the critical goods and restrictions in the mobility of people as well as products, has strained the vulnerabilities of the global supply chain. The findings of the study indicate that in the future there is a visible tendency that countries turn more attention to become more independent of world suppliers, which can result in a more fragmented and protectionist environment in the future.

All in all, this study proves the hypothesis that recent economic policy changes influence the IT mainly and largely. Globalisation of supply networks, new trends in digital trade, and integration of environmental criteria and the effects of the COVID19 pandemic are new trends in the formation of the configuration of trade. Thus, with countries still grappling with these changes, flexibility to the policy changes will be vital for stabilize and sustain economic development.

IX . DISCUSSION

Thus, the results of the present investigation underscore how deep and complex the effects of the new shifts in economic policies on the international trade and world economy are. This is thus evident through existing policy changes that have been fostered by innovations in technology, geopolitical tensions, and concerns in the environment, which have added the new dynamics into trading systems. In this section, the spotlight is turned to understanding these findings in light of the existing literature – with the aim of discussing the implications for the trends in the global trading environment, as well as continuously analysing the potential future course of events that might face policymakers and companies.

Perhaps one of the biggest trends identified in the quantitative results is the emerging protectionism and the consequently growing splintering of globalisation. The trade conflict between the United States and China demonstrates the impact of protectionist measures that distort long-standing practices in Commerce and leads to changes in industries' networks of production. This deviation from multilateralism toward bilateral and regional trade liberalization can be classified as the manifestation of rogue globalization in which countries tend to act in their own self-interest. This approach could also produce some advantageous economic results for some countries in the short term at the same time it threatens the stability and efficiency of the globalization trading system. The change in supply chain structures that is caused by attempts to evade tariffs, and by dependence on certain states, defines the value of flexibility and diversification in the modern world trade policies. But this trend also forms new threats, because it makes the trading relations more complex and uncertain compared to the classical, bilateral relations between two companies.

It also focus on the ever evolving dynamics of trade in digital goods and services, and data in the formation of the global economy. Using the data from the given resources, it is possible to note that the process of globalization and the development of new technologies stimulate the need for cross-border data flows regulation. GDPR, the General Data Protection Regulation pertaining to the E. U's territory exemplifies how data laws pave ways to international trade by making cross-border compliance

imperative or face being penalized. Of course, this shift in regulation creates many questions about the relationship between the ownership of data and the integration with the economy. Although GDPR has been effective in safeguarding the consumer right to privacy it has been criticized for its protectionism that hampers non-European firms from the European market and could slow down the growth of new entrants into the European digital market. Currently, digital trade regulations have not been standardized, but rather are specialised in various territories; thus, while conducting international business, one has to abide by several and contradictory rules.

Issues to do with sustainability in the environment have become equally paramount in the formulation of economic policies and particularly those relating to international trade. Include but not limited to the European Union's Green Deal, these demonstrate show how environmental objectives are being included in trade policies. The demand that the trading partners should observe environmental requirements is an element of the more general trend of so-called green trade in which the conformity with specified environmental criteria is made a condition for access to markets. This shift poses some risks and opportunities for countries and businesses engaged in international business as will be discussed below. On the one hand, it promotes the transition to more sustainable patterns, which adds to the solving of the global problem of climate change. At the same time, it can help build trade barriers between the countries that do not have a proper ability or funds to abide by these standards, which in its turn contributes to the intensification of regional disparities.

Some of such factors include the following:

Many of these trends have been fuelled by the COVID19 pandemic, thereby magnifying the effects of changes in economic policies for international trade. The export controls, restriction of movement of goods and the call for 'import substitution' underscore the weakness of global supply chains and the difficulty of managing a global catastrophe. The pandemic has exposed the vulnerabilities of global supply chains, and Scheve and Slaughter have noted that countries and businesses have looked for ways to address these issue and build up the resilience of supply chains. But such a transition to completely self-made economy has its drawbacks associated with protectionism and its effects on the global cooperation ongoing in the world.

Based on the above-discussed analyses, several important recommendations for policy-makers as well as companies can be presented. For the policymakers there is the issue of balance between the national interests and international relations. Thus, again though the protectionist measures seem to work for some time and help to provide certain benefits it threatens the multilateral trading system and would probably lead to the emergence of the world economy split in an unpredictable way. Another challenge for policymakers is the structural impact of Digital trade regulations and environmental standards for sustainable development and innovation hence should not be over regulated. To the businesses, the study has implications with respect to flexibility, adaptability, and diversification as strategic orientations in doing business in the current global trade system. It also means that businesses need to adapt to the change in policies on the part of the state – this can be through varying supply chains or investing in a digital environment, or switching to more environmentally friendly processes.

As such the future of International Economic relations as seen in the future of trade partnerships will depend on the condition of the countries to respond to these changes as well as embracing the principles of cooperation and sustainability. In the context of everchanging global economy there is a growing

demand for policies that are inspirational and progressive and that deal with the issues of protectionism, digitization and environmental protection. Through appreciating these trends, it becomes easier for policymakers and businessmen to foster a sustainable, equitable and stable world economy.

X. CONCLUSION

It is equally important to note that there have been dynamic shifts in the international economic relations and trade system over the past decade. This paper has also shown that the factors such as a growing protectionism, emergence of digital trade, integration of environmental standards, to mention but a few factors, and the effects of COVID-19 pandemic have continued to alter face of the international trade. Precisely these policy changes have compounded the trading environment, which has now become much more fragmented, and often assertively unilateral, particularly with national interests. Despite these changes posing what might be seen as risks they present possibilities for positive evolution in the ability to continue to innovate, to enhance ways in which the system as a whole can become sustainable and the reshaping of the trading networks of the globe.

Therefore, the evaluation of contemporary changes in the economic policies indicates that nations have exploited multiple tactics to address such new realities. Starting from China's Belt and Road Initiative, right up to the UK and its trade diplomacy after Brexit or Vietnam as a beneficiary of SC repositioning until the EU's initiatives towards green trade, the various approaches adopted by nations all over the world show how differently countries have maneuvered according to change in conditions at the global level. These examples reveal the need to be agile and to think ahead, and to work with partners across the borders in managing the new challenges of the trade world.

Finally, the vectors for the further development of international economic relations remain protectionism, digitalization and sustainability in the future. Elements of economic nationalism and globalization also threaten to rise further, which may become a concern as to the global economic order. But at the same time there are policy opportunities opened by digital trade and confronting climate change that also create the prospects for countries to redesign their economic policies in ways that sets them greater potential for better, more sustained, future growth. Thus, the capacity of the countries to reconcile these factors – national self-interest with the global partnership, economic development with the mitigation of environmental impacts – will define further evolution of the international trade.

Politics and enterprise must accept the new conditions of unpredictable shifts in policies that are characteristic of globalization as well as the necessity of developing strategies that would effectively address these shifts. For the policymakers, it means the economic policies which can be not only effective in meeting the internal demands, but also suitable within the framework of the worldwide initiatives towards the sustainable development and the creation of a digital economy. For businesses it hence calls for constant embracing of flexibility, diversification and sustainability so as to survive in this new world market.

Thus, the contemporary changes in economic policy point to the conditions of a new phase of globalization and opening up of new opportunities to increase the volume of exports. In this way, nations can take advantage of the emerging new structure of the world economy and, at the same time, promote a more favorable evolution of the world economy system.

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