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Analysis and Impacts of International Trade Policies: Trends, Influencing Factors, and China's Strategic Choices in a Changing Global Economic Landscape

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Abstract

In-depth analysis of international trade policies reveals their significant impacts on global economic growth, employment, technological progress, and other key areas. However, various factors must be considered in formulating and imple-menting trade policies to avoid negative consequences. Looking ahead, as the global economy continues to evolve, there is an urgent need to further improve the international trade policy system and promote the sustainable development of the global economy. Free trade policies are regarded as the ideal path to maximize welfare for partic-ipating countries, while protectionist trade policies are often criticized as the culprit behind welfare losses. Nevertheless, when examining the intricate land-scape of the real economy, trade protectionism persists extensively, leading to a noticeable divergence between theory and practice. A closer inspection reveals that international trade policies of various countries exhibit diverse characteris-tics shaped by different historical periods, developmental stages, and volatile international environments and conditions.

Keywords

International Trade Policies; Economic Growth; the Belt and Road Initiative; Trade Protectionism

1. Introduction

International trade policies, comprising governments' laws, regulations and measures for promoting trade, play a crucial role in driving economic development amid deepening global economic integration. This paper explores the factors influencing their formulation and implementation effects.

Recent years have witnessed profound changes in the global trade pattern, with rising trade protectionism. The COVID-19 pandemic and the Ukraine crisis have further destabilized the international economic environment, increasing uncertainties for governments' trade policy-making. Meanwhile, the global economic recovery has strained supply chains, as rising fuel prices, container shortages, surging freight costs and port congestion hinder smooth global trade.

2. Literature Review

Liao Chen et al. (2025) point out that the intensification of digital geopolitical games has made international trade policies a core variable reshaping the social media ecosystem[1]. Hao Zimo (2025) argues that under the dual impact of the complex global economic situation and the rapid development of new technologies, international trade policies are facing unprecedented multiple challenges[2]. Wang Rui (2025) believes that the in-depth integration of the digital economy and the real economy, as the core driving force of global economic transformation, has a profound impact on reshaping the international trade pattern and enhancing trade welfare[3]. Shi Yujing (2025) notes that the current adjustment of international trade policies presents significant dual effects: short-term protectionist policies can provide a buffer for domestic industries but will long-term inhibit productivity improvement and exacerbate global trade frictions; moderately open trade policies are conducive to technological diffusion and optimal resource allocation, but require supporting sound social security and industrial policies to mitigate structural shocks[4]. Ji Ting et al. (2025) argue that against the backdrop of the current tax systems of major countries in the world, if the game of international trade policies expands from the field of tariffs to a combination of multiple taxes, China can effectively change the competitive landscape and gain significant competitive advantages[5]. Li Shuting (2024) points out that the trade disputes actively initiated by the United States have triggered widespread negative effects globally, while free trade has become a common consensus and core demand of most countries in the world and all sectors of society[6]. Liu Na (2024) proposes that China's international trade has maintained a strong development momentum, establishing a comprehensive export network covering the globe, which provides solid support for economic growth; this development achievement benefits from the strong empowerment of international trade and tariff policies, which not only consolidate the construction of trade infrastructure but also effectively meet the diverse needs of consumers, continuously promoting the transformation of China's economy towards high-quality development[7].

3. Development Trends and Influencing Factors of International Trade Policies

In the post-COVID-19 era, sluggish global economic recovery coupled with geopolitical conflicts has accelerated the penetration of new trade protectionism into high-tech, digital trade, and strategic industrial sectors[8]. In this process, while the trends of liberalization and regional cooperation continue to deepen, promoting the further reduction of trade barriers and the acceleration of regional economic integration; at the same time, trade protectionism has shown a phased resurgence, bringing uncertainty and challenges to the global trade environment. Behind these changes lies the interplay of multiple factors.

3.1. Core Development Trends of International Trade Policies

3.1.1. Synergistic Advancement of Trade Liberalization and Regionalization

Countries are reducing tariff barriers and simplifying customs clearance procedures through bilateral and multilateral free trade agreements to promote the cross-border flow of goods, services, and factors of production; meanwhile, the depth of cooperation among regional economic integration organizations continues to increase, deepening intra-regional trade coordination by unifying market rules and coordinating industrial policies, further providing "regional practice" support for global trade liberalization.

3.1.2. Phased Resurgence of Trade Protectionism

Affected by the global economic downturn and the pressure of industrial chain restructuring, some countries have adopted protective measures such as tariff barriers, import quotas, and technical trade barriers under the pretext of "protecting domestic industries" and "safeguarding employment". Particularly in traditional manufacturing and strategic emerging industries, protectionist tendencies have exacerbated global trade frictions.

3.1.3. Rule-Oriented Shift Reshaping the Trade Pattern

With the deep integration of global value chains, international trade policies have gradually shifted from tariff reductions "at the border" to rule coordination and standard alignment "behind the border". For example, in the environmental field, a carbon tariff mechanism has been implemented to link trade with carbon emissions; in the labor field, labor standard clauses have been embedded in free trade agreements. Such policy adjustments based on "rules first" are redefining the competitive boundaries and cooperation thresholds of global trade.

3.1.4. Intensified Differentiation of Digital Trade Policies

Based on their respective advantages in the digital industry and data security needs, different economies have formed differentiated policy orientations: the United States advocates "free flow of data" to promote the liberalization of digital service trade; the European Union emphasizes "data sovereignty" and sets strict cross-border data supervision rules through the General Data Protection Regulation (GDPR); developing countries seek a "balance between security and development", hoping to leverage digital trade to enhance economic vitality while preventing data leakage and industrial security risks. This differentiation makes it difficult to form a unified framework for global digital trade rules, increasing the compliance costs and uncertainties for enterprises' cross-border operations.

3.2. Key Factors Influencing International Trade Policies

3.2.1. Depth of Economic Globalization and Trade Linkage Effects

With the continuous deepening of economic globalization, economic ties among countries have become increasingly close, trade exchanges have become more frequent, and interdependence has continued to rise. In this context, any minor adjustment to trade policies may have a significant linkage effect on global economic growth and employment levels. Specifically, when major economies change their tariff policies, such adjustments will not only directly affect the trade volume between the two countries but also exert a profound impact on the industrial layout and export performance of third countries through complex global value chain transmission mechanisms.

3.2.2. Driving and Enabling Role of Technological Progress

Technological progress both promotes trade liberalization and reshapes the focus of trade policies: on the one hand, technologies such as cross-border e-commerce, digital logistics, and blockchain have reduced trade costs, broken temporal and spatial constraints, and accelerated the global flow of goods and services; on the other hand, competition in cutting-edge technologies such as artificial intelligence, semiconductors, and new energy has prompted countries to safeguard their technological advantages through trade policies, forming a "technology-oriented" trade policy tendency.

3.2.3. Guiding Impact of Political Factors

The evolution of the international political landscape and changes in the domestic political environment both have a direct impact on the formulation and implementation of trade policies. On the international stage, geopolitical tensions and strategic games among major powers often serve as triggers for trade sanctions and counter-sanctions; at the domestic level, changes in election cycles, voices from industrial interest groups, and public opinion orientation have collectively prompted governments to continuously adjust trade policies, striving to strike a delicate balance among various interests.

3.2.4. Constraints of Energy Security and Resource Endowments

The uneven distribution of energy and strategic resources has prompted countries to link trade policies with resource security: after the 2022 Ukraine crisis triggered global energy price fluctuations, the European Union, due to its high dependence on Russian energy, accelerated "energy independence" through trade policies—on the one hand, imposing sanctions on Russian energy, and on the other hand, expanding energy imports from the United States and the Middle East; in the field of strategic minerals, China has set export quotas for rare earths to meet the needs of domestic high-end manufacturing, while the United States has promoted the localization of the new energy industrial chain through the Inflation Reduction Act to reduce reliance on external mineral resources. Such policies essentially aim to safeguard resource security and industrial dominance through trade means.

4. International Trade Policies Under Various Economic Contexts

4.1. International Trade Policies in the Era of Economic Globalization

Economic globalization depicts a trend where economic activities among countries and regions around the world are increasingly intertwined and interdependent. In this process, multiple channels such as trade exchanges, capital flows, technological transfers, and service cooperation have jointly woven a closely connected global economic network, integrating the entire world into an indivisible whole. Trade protectionism has altered the economic competition landscape between developed and developing countries, affecting the global economic order[9]. With the free cross-border flow and optimal allocation of production factors, the global economic system has evolved into an increasingly coordinated and interactive organic whole. As a hallmark and core trend of the contemporary world economy, economic globalization has reshaped global economic patterns profoundly. However, rather than eliminating trade protectionism, it has fostered the constant emergence of new trade protectionism. As a result, international trade policies have grown more intricate, covert and diverse. Against the backdrop of deepening global economic integration and interdependence, trade friction risks have risen stealthily, with trade protectionist tools continuing to innovate and multiply.

Thus, we must closely track the evolution of international trade policies and their driving factors. Only in this way can we accurately follow globalization's pulse, tackle its challenges effectively and seize its opportunities fully.

The knowledge economy, centered on knowledge as the core driver, coexists with economic globalization today. It has driven international trade policies toward high-end fields, with increased emphasis on technology, environmental protection, social impacts, security and health factors.

Developed countries use trade policies to control high-tech exports for competitive advantages and raise technical, environmental and health standards for imports, hindering developing countries' exports. They have embodied the knowledge economy's core—innovation—in policy-making. Meanwhile, trade protectionism with more knowledge elements, higher professionalism and technical complexity has raised international trade thresholds.

Thus, in the knowledge economy era, countries must improve product knowledge intensity, increase R&D investment to boost competitiveness, and deepen international cooperation to promote sustainable global economic development.

4.3. International Trade Policies in the Low-Carbon Economy Era

As As a core practical approach to sustainable development, the low-carbon economy seeks to drastically cut reliance on high-carbon energy and curb greenhouse gas emissions. It achieves this by integrating strategic initiatives such as technological innovation, institutional reform, industrial upgrading, and new energy development, thus balancing economic growth with ecological protection.

In the long run, the low-carbon economy is critical to human survival and a commitment to future generations. It promotes global adoption of low-carbon practices, maximizing economic value while minimizing resource use and environmental harm through sustainable production and lifestyles.

The boom of the low-carbon economy has reshaped economic structures and expanded market systems. Beyond traditional markets (subsistence, production, labor, capital, technology), the carbon trading market has emerged as a key component. This innovative market has introduced new elements like carbon tariffs into international trade policies, bringing both vitality and challenges to global trade governance.

In essence, the low-carbon economy represents an innovative development paradigm and drives trends in international trade policy. It compels nations to factor in carbon emissions and other environmental concerns—alongside traditional trade elements—when making trade decisions, fostering the green and sustainable development of the global economy.

4.4. International Trade Policies in the Post-Crisis Era

In 2011, the global economy entered the post-crisis era. This era concept does not indicate that the crisis has ended or become a thing of the past, but rather refers to a relatively stable and steady operating state after the crisis has eased. This so-called "stable" state is a relative concept compared to the period when the crisis broke out. In fact, the deep-seated root causes of the crisis have not been fundamentally eliminated, and many uncertain factors affecting the stable operation of the world economy still lurk. Once new fluctuations and disturbances occur in the economic field, the crisis may resurface, triggering a new round of severe economic shocks and psychological panic among market participants.

In the post-crisis era, this concept has dual connotations. On one hand, it means that the global financial crisis has shown a temporary easing trend at present, seemingly having passed the most critical stage; on the other hand, it also warns that the world economy has not yet significantly escaped the negative constraints of the financial crisis, potential risks in the financial system still exist, and the financial crisis may break out again at any time. When the shadow of economic recession looms, governments of various countries usually tend to adopt trade protectionist policies in an attempt to shift the economic crisis they are facing to other countries. However, such trade protectionist measures are likely to trigger trade retaliation from other countries, thereby triggering a trade war. Once a trade war breaks out, it will significantly spread the destructive power and influence of the economic crisis like a domino effect, leading to the continuous deterioration of the economic crisis.

Therefore, entering the post-crisis era, it is particularly urgent and crucial for us to be highly alert to the negative impacts of the crisis on international trade, closely monitor its profound shaping of the direction of international trade policies, and take targeted measures to respond. At the same time, we should also clearly recognize that the post-crisis era does not mean the disappearance of trade protectionism. In this stage, the tension and conflict between trade liberalization and protectionism will continue to exist, which requires us to more cautiously balance and coordinate the relationship between trade policies and the liberalization process, so as to inject strong momentum into the steady recovery and sustainable development of the global economy.

5. Analysis of International Digital Trade Policies

5.1. Privacy Protection Policies

In 1995, the European Union rolled out its landmark Data Protection Directive, which mandates that EU citizens' personal data cannot be transferred to non-EU countries lacking effective data protection measures, unless under special circumstances, so as to safeguard personal data and regulate cross-border data flows.

As early as 2012, the U.S. demonstrated its focus on data privacy protection via the U.S.-Korea Free Trade Agreement. Beyond defining digital products, tariff rules and non-discriminatory treatment, the agreement laid out principles for cross-border information flow in digital trade as well as Internet access and usage, aiming to standardize information circulation in the digital trade landscape. In 2018, California enacted the California Consumer Privacy Act (CCPA), compelling enterprises to disclose to consumers details of the personal information collected, including its type, purpose, usage methods and sharing recipients, to enhance consumer privacy protection. Additionally, the U.S. signed the Trans-Pacific Partnership Agreement (TPP), requiring signatories to ensure global data free flow on the premise of protecting transaction parties' personal information privacy. For its part, China has also formulated relevant legislation, such as the 2017 Cybersecurity Law of the People's Republic of China, which imposes restrictions on cross-border information flows.

5.2. Policies on Cross-Border Free Flow of Digital Products and Services

Japan highly values the liberalization of cross-border flows of digital products and services, maintaining a policy of minimal restrictions on investments in telecom and ICT digital enterprises to foster an open environment for industrial development and international cooperation.

The EU also embraces high liberalization, with restrictive policies limited to specific sectors like computers, telecommunications and information security. The U.S.-Japan Digital Trade Agreement of September 2019 further underscores shared stances on digital trade liberalization by mandating data free flow as a prerequisite for future digital trade and prohibiting tariffs on cross-border digital products and services.

5.3. Localization Policies for Digital Products and Services

China's 2017 Cybersecurity Law explicitly mandates that key business departments of enterprises comply with data localization policies, to strengthen domestic data security controls, mitigate cross-border data flow risks, and safeguard national cybersecurity and personal information.

In November 2017, the EU adopted the Digital Europe Strategy to facilitate digital trade cross-border transactions, opposing disguised digital trade barriers and mandatory data localization measures.The U.S. has imposed stringent localization management on digital products, setting up a dedicated authority to conduct economic security audits on incoming foreign-funded enterprises. Audits cover core aspects including impacts on domestic enterprise development, national defense capacity and infrastructure status, to comprehensively evaluate potential economic security risks.

6. Endogenous Changes in International Trade Policies

In The core goal of trade policies is to achieve social and income equity, with trade protection measures as a key means. Trade policies are products of interest group games and balance. Influential trade groups can leverage resources to prompt governments to formulate favorable policies, with their strength depending on free-riding control costs and group size. Imported goods significantly impact domestic import-competing sectors, where producers are more likely to gather for lobbying to safeguard interests and influence policies.

Trade protectionism restricts global trade freedom and undermines the stability of the global industrial chain[10]. While harmful to the export sector, these effects are indirect and concealed, as the export sector struggles to control member free-riding costs, limiting its opposition to protectionist measures. This explains why trade protection mostly takes the form of import restrictions rather than export promotion. For consumers, imported goods account for a small share of total consumption, leading to low sensitivity to trade policies. The harm to their interests is slight, and the large group size makes collective action costly and free-riding hard to control, resulting in complex and ambiguous attitudes toward trade policies.

7. China's Strategies for Participating in the Adjustment of the International Trade Policy System

7.1. Actively Promoting WTO Reform

Amid the complex global economic and trade environment, uncertainties impede development. As the world’s second-largest economy, China takes concrete actions to safeguard the multilateral trading system and global trade stability.

China prioritizes cooperation with developing countries, addressing their key needs via joint industrial parks, technical training and trade facilitation. This mutually beneficial cooperation enhances their capabilities, boosts their global trade voice, and consolidates the multilateral system.

China also expands multilateral cooperation with Western countries by seeking common ground. It promotes trade liberalization, strengthens two-way investment, and improves dispute settlement to stabilize the global value chain.

In the 2023 WTO dispute settlement reform, China, with Brazil and India, opposed weakening developing countries’ special treatment. On agricultural subsidies, it advocates fair rules, restricts developed countries’ excessive subsidies, safeguards developing countries’ food security, and its proposals gain wide support.

7.2. Vigorously Advancing the Implementation of Regional Trade Agreements

In the global value chain era, China needs to grasp the core of the second-generation international trade policies and advance regional trade agreements. It should deepen existing agreements like RCEP, accelerate trade and investment liberalization, simplify customs clearance via digital technology, and promote technological innovation and factor allocation optimization. Meanwhile, China should push for other bilateral and multilateral free trade agreement negotiations, align with "second-generation" trade policies, and seek accession to CPTPP and DEPA to enhance its voice in international economic and trade rule-making.

In RCEP implementation, China has refined rules, such as launching self-service printing of origin certificates (shortening processing time to minutes) and establishing a customs clearance facilitation mechanism, with a over 20% year-on-year increase in 2023 clearance efficiency with RCEP members.

China is advancing CPTPP accession negotiations, completing comprehensive benchmarking in 2023 and rolling out targeted reforms in intellectual property protection (revising Patent Law), environmental standards (carbon emission trading measures), and labor rights protection (improving Labor Contract Law), laying a solid foundation for accession and demonstrating its commitment to deepening reform and opening up.

7.3. Continuously Deepening the Construction of the Belt and Road Initiative

As a responsible major country, China should adhere to win-win cooperation, integrate into the global value chain, and boost global economic stability. It needs to advance the Belt and Road Initiative through infrastructure, industrial and trade cooperation with partner countries, to drive local development and optimize global industrial layout. Amid the volatile international situation and COVID-19 response, China should act on the common values of mankind by sharing anti-pandemic experience and enhancing technical cooperation, building a more resilient global value chain. Meanwhile, it should optimize resource allocation with partners to diversify the value chain system and avert disruption risks.

7.4. Accelerating Institutional Opening-Up

To cope with the volatile global trade landscape amid the system reconstruction, China should speed up institutional opening-up through three key measures:

Advance domestic institutional innovation, aligning border-related policies with global value chain development to achieve cross-policy coordination.

Strengthen international rule coordination, establishing a mechanism for integrating domestic and foreign rules to boost China's influence in global trade governance.

Pursue opening-up with an eye to global value chain fragility, integrating digital, green and secure trends to build a more resilient multilateral trading system.

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