

Applying international trade concepts simulation and economics

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International trade involves business transaction among parties from different economies and globalization has facilitated it. Issues that parties must consider before venturing into international trade, however, exist around the type of trade. One of the issues around international trade is the legal environment in which it exists and operates. Being conducted by parties from different countries and owing to the fact that each country has its domestic rules for trade regulations, international trade is subject to the different rules that may be conflicting, or may exist in one jurisdiction and not the other. Consequently, parties to an international trade require a globalized perspective and an approach that can manage the complex regulatory environment of international trade. The diversity challenge also extends to culture that require cultural sensitivity, cultural awareness, and collaborative measures for effectiveness. These issues are however absent or are less significant in domestic trade environments. International trade regulations also form another issue in the trade because of required compliance. Parties must therefore have knowledge diverse regulatory frameworks (Selivanova, 2011). Economic environment is another significant issue that surrounds international trade. Factors such as an economy's gross domestic product, "inflation, per capita income, and disposable income" are significant to viability of a business in an economy and in comparative analysis to determine the best economy to conduct business in or with which to conduct business (Singh, 2009, p. 43). Political environment is another issue affecting international trade, includes factors such as stability and perception towards foreigners, and determines a country's level of

attractiveness to investors. Availability of technology and of resources is another issue surrounding international trade. A party to international trade will therefore consider these factors before making a decision to venture into international trade and on which location to target.

References

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