

IMPACT OF THE INTERNET ON INTERNATIONAL TRADE SERVICES

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Abstract: The study aims to explore the impact of the internet on international trade services like exporting and importing. The researcher has also studied the concept of e-commerce and analyzed how international trade services are affected due to the internet and e-commerce. The internet these days has not only permitted small countries and isolated countries to involve in international business, but it has also improved the ocean shipping industry to the point where we can securely and instantly do business abroad. Thus, the amount of international trade will increase through e-commerce.

Keywords: Internet, E-Commerce, Export, Import, International trade, Shipping.

I. INTRODUCTION

The internet has thrived to open many opportunities for many people, corporations, organizations, industries and even countries. The nature of the internet holds us informed and engaged with what is happening around the world every day. The internet has also made it possible for small companies to make a huge audience aware of their products and services needed. It has allowed people to work from their homes instead of expensive hi-fi workspaces. The internet has always guided many companies from local wholesalers to global conglomerates. Let's take a look at how the internet has played a major role in industrialization through the e-commerce industry.

Exporting and importing help grow national economies and increases the global market. Every country is founded with certain advantages in resources and skills. For example, some countries are rich and wealthy in natural resources, such as fossil fuels, oil, timber, fertile soil or precious metals, minerals, and gold, while other countries have deficits of many of these natural resources. Additionally, some of the countries possess highly advanced infrastructures, educational systems, economic growth and capital markets that enable them to involve in complicated manufacturing and technological innovations, while many countries do not involve in such complexity.

Imports are important for businesses and individual consumers. Countries like Ellen's usually need to import goods sometimes that are either not easily available domestically or that are available at cheaper prices overseas. Individual consumers are also benefitted from locally produced products with imported elements as well as other products that are imported into the country. Most of the time imported products give a better price or more choices to consumers, which in return helps increase their standard of living.

E-commerce can be defined as the use of the Internet to conduct business transactions nationally or internationally. E-commerce has come to take on two important roles; first as a more effective and efficient conduit and aggregator of information, and second, as a potential mechanism for the replacement of many economic activities once performed within a business enterprise by those that can be done by outside suppliers that compete with each other to execute these activities (NurayTerzi, 2011).

The internet permits companies to easily communicate with their shipping marketers. This one advancement has allowed industries and companies to avoid significant delays and has made importing and exporting a more streamlined and timely process. With electronic forms, tracking, and e-mail communication, multinational corporations can save precious time and money, ultimately passing the savings on to their clients and making business possible for many companies that would otherwise be confined to local operations.

II. REVIEW OF LITERATURE

The article “*Measuring Factors that Influence the Success of Internet Commerce*” by GholamrezaTorkzadeh and GurpreetDhillon explains the development of two instruments for measuring “means fundamental objectives” for internet commerce. The first instrument is a 5 factor, 21-item scale that measures means objectives in terms of internet product choice, online payment, internet vendor trust, shopping travel, and internet shipping errors. The survey data suggest the relative strength of product choice and online payment in the means objectives category (Dhillon, 2002). Effective use of Internet technology is considered a major determinant of competitive advantage, market penetration, innovation, technology transfer, and even management competency. The value of Internet commerce to the customer is an important construct for academics and practitioners alike. This concept can be used as a dependent or independent variable in the system-to-value chain that links Internet commerce with preceding and ensuing constructs (Dhillon, 2002).

The article “*Towards a competitive European Internet industry*” by Stijn Hoorens, Dieter Elixmann, Jonathan Cave, Man Sze Li, Gabriella Cattaneo aims to identify the key drivers and opportunities for the development of the European Internet industry, its growth and competitiveness. The study was set up to estimate the potential economic and societal contributions of the European Internet industry as well as the impacts of EU support for a Future Internet Public Private Partnership (PPP). There is overwhelming evidence that the Internet has made a significant impact on developed economies. OECD figures suggest that the Internet contributed an average of 20% to GDP growth in mature countries between 2004 and 2009, and several recent studies conclude that the economies of a number of European countries have benefited substantially from the Internet (Stijn Hoorens, 2012).

III. CONCEPT ANALYSIS

The scope for the growth of international trade in services is enormous. Although services currently make up over 60 percent of world production, they are considered for only about 20 percent of world trade. A fundamental reason why international trade in services has been restricted is that the performance of many services requires physical contact between producers and consumers, a condition that provides service provision to distant locations infeasible. New technology, in particular, the Internet, gives a medium of exchange that overcomes such historical trading difficulties for many services, efficiently reducing transport costs from infinity to virtually nothing (Weinhold, 2002).

Electronic commerce or e-commerce assures to be an innovative change in the way that trade is currently treated. The methods and ways of doing business are changing rapidly and the amount of business conducted on the internet is rising and will continue to achieve. E-commerce denotes both an opportunity and a threat to international trade and the environment. Currently, there is no tangible data to support either position. In addition, there are no rules or regulations that are specifically intended for environmental issues in e-commerce. Organizations that are accountable for monitoring and implementing international trade policies and practices such as the World Trade Organization (WTO), European Union (EU), the United States Department of Commerce (DOC) and non-governmental organizations (NGOs) have only just started to study the impacts of e-commerce or have yet to review all of the issues that are involved. E-commerce will, in the near future, change not only the way trade is handled, but will also change the volume of goods traded that exists between countries. E-commerce is also changing the way of manufacturing and distribution systems, product design, and the relationship that exists between the producer and consumer. Whether or not the effects of these changes will be positive for developed and developing countries is yet to be determined. The evolving changes to the current trading volume could have a negative effect on some international environmental goals such as sustainable development.

The usage of electronic means and the internet can make the process of beginning and doing trade a lot easier, faster, and less expensive. Gathering information is an expensive activity when it involves obtaining information across national borders. In fact, these costs can be so high that they can be considered a substantial limitation to trade. Identifying the right supplier, specifying the product’s requirements and quality, adjusting the price, arranging deliveries and marketing products is also very costly. With the internet and e-commerce applications, a whole range of these activities can happen without involving buyers and sellers in close physical proximity. In this respect, the internet will most likely promote trade much in the same way as raising other trade barriers would. Thus, it is the volume of international trade that will likely increase.

The advancement of technology has aided international business. Millions of people across the world use the Internet to do several things starting from research to purchasing products online. The Internet is extremely affecting almost all businesses and trade. Therefore, many firms are including the Internet for many of their activities. One impact for e-commerce is to strengthen the competition and produce benefits to consumers in lower prices and more choices.

The increasing developments of information and communicational technologies in recent years have evolved diversely, lots of service trades have gradually been delivered from real to virtual world. The main characteristics of these technologies i.e., “compression of time and place” has removed many geographical and time limitations in the physical world and has offered unique opportunities in the guidance of individuals and companies in order to do their transactions quick and fast, less time, beyond geographical borders, and time limitations. So it can be stated that the Internet has provided a suitable opportunity for all the countries in domestic and international exchange services. Also using the Internet helps in eliminating market intermediates and this, in turn, lowers down prices drastically and finally it leads to the rise in competition. Internet, therefore, enable the regional companies to offer their products and services overseas and thus overcome one of the important world competition obstacles facing countries. So, in the present era, one cannot ignore the impact of the Internet on international service trade.

International trade was earlier not feasible for a lot of countries in the world. However, with the capacity to communicate with investors and customers worldwide, many small countries have been able to expand their businesses and industries worldwide. The shipping world was already making great paces toward making international trade reality for smaller and smaller businesses when the internet began making it feasible for these businesses to actually make use of these services.

The Internet is drastically expanding opportunities and possibilities for business-to-business and business-to-consumer e-commerce transactions across borders. For the business to consumer transactions especially, the internet sets up a potential revolution in global commerce: the individualization of trade. It gives consumers the capability to conduct a transaction directly with a foreign seller without traveling to the seller’s country. The Internet allows sellers to put their storefronts, in the form of Web pages, in front of consumers all over the world. Technology has developed the consumer marketplace to an unprecedented degree.

IV. CONCLUSION

Business and industrialization have boomed over the last few decades. The internet these days has not only permitted small countries and isolated countries to involve in international business, but it has also improved the ocean shipping industry to the point where we can securely and instantly do business across the world through e-commerce. Thus, the volume of international trade will increase through e-commerce. The countries exposed to imports from high-income economies will profit from knowledge spillovers. E-commerce can also have a significant impact on international trade in services. In addition, electronic commerce is also expected to, directly and indirectly, create new jobs as well as cause job losses. New jobs and opportunities will be generated in the information and communication technologies sector, while the indirect creation of jobs will occur via increased demand and productivity. The net employment gains and losses will depend on the demand for certain skills.

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