

INTRODUCTION

In this research, the Author focuses on the analysis trends reshaping international business theory and policy. According to the foreign trade policy theory, further trade liberalisation and improved framework policies would increase trade and promote growth. It must be emphasised that openness to trade is associated with higher incomes and growth and there is the necessity for the new approaches towards trade cooperation within the forces that are currently reshaping international business. The introduction of the new models of foreign trade policy and trade interests indicates the importance and innovativeness of the research. First of all, it must be underlined that the specificity factor is crucial in the new theoretical terms in demand for trade policy. The low specificity of factors means that factor returns are equalised throughout a region's economy. On the other hand, some factors are stuck in their present uses; therefore, factor returns are not equalised throughout a region's economy but are industry specific.

It is important to underline that a few companies are responsible for a major share of the world trade and the rise of global supply chains. On the one hand, these companies should support regulatory harmonisation across different Preferential Trade Agreements (PTAs) in order to lower trade costs. Differently, they might also resist harmonisation – and encourage specific non-tariff measures – in order to prevent new competitors from entering markets. The previous statement partly explains the persistence of regulatory divergence, and it also suggests that the political economy of regulatory convergence may be more critical and more complicated than it is sometimes suggested, especially in the conditions of the rise of the global supply chains.

It suggests that the multilateral trading system will need to adjust to developments in trade and the trading environment. The key to the trade developments within the broader socio-economic context is especially the rise of the global supply chains, the general shift of trade power away from the West towards Asia. The international trade in the XXI century has been strongly affected by the force of the economic crisis. The changes are visible in the growing importance of international trade to national economies and domestic groups within those economies, in the closer linkages between trade and other international issues. Realistic point of view is the essential trends in the global

trade regime during the economic crisis. The growing interdependence has led to increased competitiveness and greater inclinations to resort to strategic trade policy.

The general theoretical approach will be of broad interest to economists interested in international issues as well as to political scientists. The primary method applied in this research is a method of scientific study. Institutional method, comparative method, and the documentation method applied in this research. Additionally, the methods of deductive and inductive forecasting were also applied.

The trade policy plays a vital role in the maintenance of both economic and political liberalisation. Weakened has, the impact of multilateral trade agreements on the processes of liberalisation of international trade in the framework of the WTO and increased the importance of bilateral agreements and regional agreements. This point of view is significant for the theory and practice of contemporary international business.

The effects mentioned above include mostly static from international trade in goods, services and factors of production, while the latter entails dynamic growth effects. Significant static and dynamic efficiency gains could be reaped through further multilateral trade liberalisation while global welfare gains from regional agreements are more limited due to trade diversion.

The necessity for companies to organise their supply chains across different countries has led to a demand for regional agreements that cover more than preferential tariffs. The harmonisation of investment standards and rules, intellectual property and services have become a standard part of the new trade agreements. The differences among companies involved in the trade are also crucial for future development. The conception that arises from the trade is that even if many companies are indirectly involved in the trade-related activities, only relatively few are exporting or importing and these companies tend to be larger and more productive than others. Such companies also have a role in technology advancement and the diffusion of know-how through supply chains. It should be emphasised that free trade in itself is not responsible for economic growth, but more significant are the determining macroeconomic stability and increasing investment.