Study on the Construction of International Trade Risk Management

Liuyuan Tan
Tianjin Maritime College, 300350

Key words: international trade; risk management; problems; measures

Abstract: With the continuous development of social economy and the arrival of an era of economic globalization, the international relationship has been gradually strengthened and the trend of international trade has also become increasingly prosperous. The connection between Chinese enterprises and foreign enterprises has been gradually strengthened. In the course of economic globalization under the background, the risk of international trade is gradually strengthened. International trade is faced with opportunities and challenges. China must constantly recognize the management of international trade risks and take corresponding measures to manage risks. This article will analyze the international trade risk management and put forward the corresponding management measures.

1. Introduction

With the advent of the current economic globalization, the international relations have been gradually strengthened, the international trade has also become increasingly prosperous, the links between countries have been strengthened, and the development of enterprises has gradually converged with the development of social market economy. The economic development has brought about the development of enterprises in the context of such a social development, it is necessary to make full use of the current international development situation and recognize the importance of international trade risk management [1]. With the development of economic globalization, the factors of production keep flowing around the world and the scale of development of enterprises is also constantly expanding. The development of enterprises needs to fully understand the existence of national trade risks and take effective measures to avoid risks.

2. Relevant Contents of International Trade Risks

2.1 Background Analysis of International Trade Risk

The main body of participation in international trade risk are mainly enterprises. Enterprises engaged in international economic activities will face a lot of economic risks, and these risks will affect the development of enterprises and the operating efficiency of enterprises. The risks of international trade mainly include: (1) policy risks, a lot of trade policies will be formulated in the international trade, the main risk of the policy is the aggravation of the trade frictions among countries, and in a complicated trade environment, trade relations also have a great relationship with the political systems of various countries. Economic globalization promotes the liberalization of world trade. [2] (2). Exchange rate risks / risked in the international market trade, various foreign exchange policies are constantly changing. The international political situation and the economic situation lead to the instability of the exchange rate of all countries. The actual income of the enterprises is also affected by the exchange rate. An unavoidable risk of current international trade, (3) transaction risk, international trade, the price of trade terms will also affect the interests of enterprises, due to the cultural differences there are some differences between different countries in the interpretation of the terms, of which the risk will affect the actual economic efficiency of enterprises.

2.2 Importance of National Trade Risk Management

At present, with the continuous development of the social economy, the linkages between the
globalized economies are gradually strengthened. The international environment facing China's foreign trade enterprises is increasingly complicated, the international risks are gradually increasing, and the market environment for consumer goods is constantly changing. Influenced by the international environment, some enterprises have suffered heavy losses and the number of closed-down enterprises has been gradually increasing [3]. For the development of China's foreign trade, we need to strengthen the prediction and control of international risks. For foreign trade enterprises, we need to fully understand the international market environment, enhance our own risk identification and prevention and control, and promote the orderly development and operation of enterprises.

3. Status Analysis of International Trade Risk Management

Lack of a certain risk management awareness. For the development of foreign trade enterprises, facing a great international risk, foreign trade enterprises need risk identification, prevention and control as an important part of business management. However, there is still a big flaw in the risk management awareness of foreign trade enterprises. Only blindly expanding the market scale and developing overseas markets do not correctly recognize the existence of risks.

The way of risk management is not perfect. At present, China's foreign trade enterprises risk management is lagging behind, there is no perfect risk management mechanism, the lack of effective awareness of risk management, the corresponding rules and regulations are not perfect, including the effectiveness of credit management tools is relatively low, the market economy environmental and cultural environment is not well understood, make it is difficult to effectively identify and avoid risks for enterprises.

4. International Trade Risk Management Measures

As for international trade risk management, which is mainly aimed at improving risk management, we must do a good job in managing international trade risks from the aspects of risk information collection, risk control and risk transfer. Measures should be taken in the following aspects.

4.1 Establish Risk Awareness, Collect Information

For the current development of foreign trade enterprises, we need to establish risk awareness at all times. This is also an important basis of conducting international trade transactions. We should establish risk awareness, pay attention to the collection of relevant risk information, help enterprises to correctly identify the types of risks, recognize the risks the probability of effective measures can be taken to prevent and control risks. (1) To continuously to improve the information exchange platform, enterprises need to strengthen ties with their counterparts and establish a cooperative relationship of the development of the enterprise. The two sides should exchange information and exchange information on the external market environment and trade conditions. Communication and cooperation between enterprises can effectively realize the communication and exchange of information, use the cooperation of enterprises to obtain the relevant risk information about international trade, and can take measures to prevent and control it scientifically. Enterprises should, based on their own business development, combined with their own business characteristics, for different product types, through the investigation of the environment in foreign markets, which can fully to understand consumer preferences to the market and market supply and demand of products, when we fully understand the market environment and market atmosphere, will we be able to better promote the enterprise's grasp of the international trade environment and atmosphere as an important basis for circumventing market risks. (2) To broaden the channels of risk investigation. For foreign trade enterprises to better grasp the risks of the market environment, they need to constantly broaden the investigation channels into market risks, obtain risk information about multiple sources and fully grasp the risks of the market. First of all, we can get the information resources from the bank to know the partner's information level and the recent exchange rate change
in the host country. We can also make a comprehensive investigation into the creditworthiness of the partner to know each other's credit level.

4.2 Improve the Relevant Risk Management Mechanism

For the development of foreign trade enterprises, we need to constantly improve the enterprise's risk management mechanism and control the risks at any time. For foreign trade enterprises, we need to be prepared to guard against risks at any time. We need to take some technical measures to control risks. Minimize the risk as far as possible, can reduce the risk of harm [4]. (1) Perfecting the risk monitoring mechanism of enterprises. In order to be able to develop better, enterprises need to continuously strengthen the monitoring of risks. The monitoring of risks by foreign trade enterprises mainly analyzes the risk factors and risk events in the operation and management of enterprises, strengthen effective risk control and risk control measures in a timely manner to prevent the continued development of risk events, effectively monitor the risk losses and improve the technical management of risks, and mitigate the corresponding losses and harms. (2) Improve the supervision mechanism of enterprises. At present, with the continuous expansion of the scale of foreign operation of foreign trade enterprises and the continuous emergence of diversified management products, the mode of operation of enterprises is gradually changing. The supervision and management of enterprises needs to be strengthened so as to resist the intrusion into various risks. Enterprises need to continuously strengthen business oversight mechanisms on business processes which need to be implemented in accordance with the relevant system [5].

4.3 Continuous Innovation of Risk Management Tools

For the management of international trade risks, we need to constantly innovate and manage means that can transfer risks in time and reduce their own losses. For foreign trade enterprises, we need to continuously strengthen the transfer of risks. (1) Export credit insurance, such insurance can bear part of the credit risk and political risk of buying a house overseas, to ensure that the goods exported by the enterprise can safely reach their destination; (2) bank guarantees issued from the export transaction, companies can request to the bank for deferred payment guarantee, foreign trade enterprises can choose according to the type of business for their own letter of guarantee, to maximize the protection of their own interests.

5. Conclusion

To sum up, in the current international trade, risks cannot be completely avoided. Through the effective control and transfer of risks, the losses suffered by the enterprises can be mitigated and the risks can be controlled within a certain range. For the participating international organizations trade enterprises need to strengthen the control of enterprise risks at all times, analyze the problems existing in the management of international trade and enhance their risk control capabilities.

References