

International Trade in the Age of Turbulent Uncertainty, Globalization, Regionalization and Pandemic

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Abstract: *Purpose:* This paper analyzes the modern aspects of the international trade policy system in the context of the active development of integration processes in various regions, assesses the role of the WTO (The World Trade Organization) and some ways to improve its activities in accordance with modern challenges. *Methods:* The methods of comparison, synthesis, abstraction, and modeling based on available information and analytical resources were used. *Results:* The draft of the future international trade order, especially if it is based on a network of related regional and interregional trade agreements, can become increasingly practical for the effectiveness of trade relations and public confidence regarding the idea of openness and globalization. *Conclusion:* The main idea of this study is that the global regulation of international trade and the influence of turbulent currents of uncertainties at the national level can be improved with a higher degree of sustainable win-win approaches to reforming the WTO and regional spaces of trade relations.

Keywords: International trade, transformation of trade relations, WTO (The World Trade Organization), trade conflicts, regional integration, global pandemic.

INTRODUCTION

In the coming years, large-scale changes are inevitable in the development of international trade, caused to a large extent by the conflict between the USA and China, the degradation of the WTO, and most importantly, the development of integration processes in various regions and the impact of the COVID-19 pandemic on global problems of economic development in general. This paper analyzes the modern aspects of the international trade policy system in the context of the active development of integration processes in various regions, assesses the role of the WTO and some ways to improve its activities in accordance with modern challenges (Chetthamrongchai, Jermstiparsert and Saengchai 2020).

Economic studies identified the weaknesses in the basic anti-dumping provisions of the WTO that could contribute to abuse a long time ago, and instead suggested relying on the principles and criteria of anticompetitive struggle. The details of such criticisms require the improvement of the legal approaches and analytical methods of the WTO as an institution for regulating international trade.

This paper outlines some of the main directions and problems of the transformation of the WTO in the context of comparing the approaches to them. Despite the fact that world leaders have begun discussions on reforming the WTO, complete unanimity has not yet been observed. It is still unclear, even according to the WTO, what these discussions will lead to, which areas of trade promise the greatest prospects in the future, and which will require reorganization.

However, the systematic view of the authors shows that the burden of these problems was very unbalanced. The main idea of this study is that the global regulation of international trade and the influence of turbulent currents of uncertainties at the national level can be improved with a higher degree of sustainable win-win approaches to reforming the WTO and regional spaces of trade relations. This means that the draft of the future international trade order, especially if it is based on a network of related regional and interregional trade agreements, can become increasingly practical for the effectiveness of trade relations and public confidence regarding the idea of openness and globalization.

The globalization process that has unfolded in the world in recent years has come into conflict with the new wave of regionalization and the spread of the Customs Cooperation Council and the Permanent Technical Committee since 1990, which necessitated the improvement of the WTO rules to resolve

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international trade conflicts. At the end of 2019, the pandemic intervened in this process of contradictions in world economic development, which undoubtedly has a huge impact on the development of international trade.

From this point of view, one could discuss how to achieve growing interaction between the WTO and regional development institutions and the corresponding regional integration processes. Such coordination could help promote various forms of industry agreements to encourage and facilitate the development of production networks and value chains among SMEs in different countries. Coordination, cooperation, and integration in all economic and social relations and emergency crisis cases can also be of great interest to the regions.

LITERATURE REVIEW

The dynamics of the processes of world economic life was largely associated with the trade conflict that unfolded for several years between the USA and China. Now, with the advent of the pandemic associated with COVID-19, the confrontation processes, involving new areas of international trade, are acquiring new features, which threatens to spill over into the sphere of finance and security. Since the virus knows no boundaries, it causes a process of mistrust between countries.

As the world responds to COVID-19, countries, one after another, are faced with the need to restrain the spread of the virus at the cost of inhibiting the development of their society and economy. At face value, there is a trade-off to make: either save lives or save livelihoods. Kristalina Georgieva (the IMF Managing Director) and Dr. Tedros Adhanom Ghebreyesus (the WHO Director-General) unequivocally emphasize that “this is a false dilemma – getting the virus under control is, if anything, a prerequisite to saving livelihoods” (Georgieva and Ghebreyesus, 2020).

In the midst of trade tensions, intensified by the intervention of one country in the foreign economic policy of another, and growing military tensions in hot spots around the world, such international organizations as the WTO are at the center of conflicts, but are unable to fully fulfill their established functions. States compete rather than cooperate with each other, ignoring the transnational nature of this threat, as they try to minimize the negative consequences for their people and the national economies.

The rapid spread of the pandemic actively encourages discussions about the prospects of the WTO trade and economic system, as well as its impact on globalization. There is more and more evidence of how critical the dependence of the West and the world as a whole is on the supply of goods from China and, accordingly, the need to rethink the foreign policy approaches that dominated over the previous two decades of globalization. China began to play an important role in the development of the global economy; its growing importance was associated only with the status of the global producer and exporter of consumer goods, but it has also become the main supplier of intermediate resources (semi-finished products) for foreign companies. According to the UNCTAD, today about 20 percent of world trade in semi-finished products falls on China, compared with 4 percent in 2002 (UNCTAD, 2020). Whereas previously Western countries referred to the interests of national security as the main pretext for introducing restrictive measures, now the global epidemic is seemingly freeing any state from the need to look for a reasoned pretext for resolving disputed trade problems within the WTO (Primo Braga and Hoekman, 2017).

The situational transition to the current model of globalization, which finally emerged at the turn of the century, allows not being limited only to the problems of international trade in a specific situation. This approach, based on a deeper analysis of situations, the establishment of trends and factors in the development of international trade policy, contributes to the creation of a new global environment of interdependence, in which companies operate. For example, the European Central Bank (ECB) is already launching a €750 billion worth program for the repayment of private and public sector securities, calculated till the end of 2020, and thus is going to support the European economy, the growth of which is slowing down due to the coronavirus (ECB, 2020).

In short, the situations related to the development of globalization can be characterized by the following features.

1. With the creation of the World Trade Organization, a new period began in the process of globalization: the expansion of the European Union (EU) and the emergence of the euro, the emergence of new trade and economic blocs, the development of a system of trade agreements, for the formation of which the world community has spent all previous decades, the

focus on outsourcing, expressed primarily in the transfer of the main production facilities to China, and the successes in that field have demonstrated the unattainability of maintaining the economic balance of the global system through financial operations (Akhmadeev, Morozova, Voronkova and Sitnov 2019).

2. By the end of 2019, the trust between the countries of the world built by virtue of the WTO in the system of rules created to prevent trade wars was already significantly undermined. At the beginning of 2020 at the Munich Security Conference, it was emphasized that the world was becoming less Western ("Westlessness") and its organizers called on Beijing to take a responsible approach to its role as a new non-Western center of power, while emphasizing that "China will also accept the liberal values and will become a stakeholder in a liberal world led by the West" (Munich Security Report, 2020).

MATERIALS AND METHODS

This study addresses several effects of globalization, regionalization, and the pandemic in terms of a systematic approach. For a complete view of their conceptualization, the methods of comparison, synthesis, abstraction, and modeling based on available information and analytical resources were used. The information base of this study is a wide range of academic and analytical sources, including reports by the OECD, WTO, IMF, materials of a comparative analysis of expert assessments on international trade tension, grouped by the authors, as well as economic studies of academic economists on the WTO issues. Therefore, given the global economic reality, it is important to note the political-economic hybridity of the format of the authors' approach to the study of this problem.

It should be noted that the authors propose only to supplement the existing assessments of the globalization process, taking into account their impact on the socio-economic situation of the developing countries of the world. The authors believe that taking into account the impact of globalization on underdeveloped countries further expands the field for further research.

RESULTS AND DISCUSSION

Back in 1986, the German economist Klaus Schwab warned that globalization in its modern form could be

unstable. Economic globalization should take into account the interests of all members of society, based more on moral principles. However, life shows that everyone needs a "remoralization" of globalization (Davos, 2019). Three decades later, in 2020, according to the IMF head Kristalina Georgieva, since the virus began spreading around the world, there has been tremendous pressure on emerging markets that suffer from lost trade volumes, which has led to a reduction in exports and a significant outflow of capital. According to the IMF estimates, "Developing countries need at least \$2.5 trillion (€2.3 trillion) of financial resources to overcome the pandemic. Domestic reserves and borrowing in local markets will not be enough, so significant funding from the IMF, other institutions and bilateral lenders will be required" (Pavlovskaya, 2020). Today, the International Monetary Fund (IMF) is looking for a practical approach to prevent the "falling of debt" of debtor countries due to the coronavirus outbreak. The world's movement towards full globalization slowed down after the Doha Round of trade negotiations, which the WTO General Council terminated in 2006 due to controversy over agricultural trade.

It is possible that due to the instability of the globalization process, in recent years, the World Economic Forum (WEF) has also begun to lose its attractiveness. Modern international life is embarking on a new trajectory in which trade conflicts are growing, climate and environmental problems remain unresolved, moreover, digitalization entails revolutionary transformations in the near future (Korableva, Kalimullina, Zaytseva and Larionov 2018). The new US policy has a special impact on these global processes.

Thus, the idea of universal trade liberalism is faced with a tough reality, and protectionism is growing in the face of global economic instability. It is no coincidence that the USA has become the source of a new wave of protectionism today, as the American working-age population has been hit by changes in the global economy.

As for China, as is known, its economic growth at the beginning of the 21st century was fueled by large-scale capital investments, which allowed modernizing the country and reducing poverty. Currently, the country is moving to a development model based on satisfying the public consumer demand, so a slight decrease in rapid investment growth is inevitable.

In the interdependent world, protectionism has risen unprecedentedly. Over the past year alone, the WTO member countries introduced some 137 restrictive trade measures in the form of tariffs and duties in the amount of at least \$588 billion, which is 7 times more than a year ago. The WTO Director-General Robert Azevedo states that “increasing trade restrictions are at risk of becoming a new norm in the world trade in the near future,” “the growth of protectionism and the uncertainty it creates could jeopardize the global economic recovery and provoke jobs and consumer prices growth problems in the world” (Nan and Xiaojing, 2018).

It should be noted that a global wave of such restrictive measures has also occurred in the trade diplomacy of the past decades, in both developed and developing countries. There is a well-known statement on the growth of protectionist sentiments of the World Bank President Robert Zoellick to the G20 leaders that they should not “give in to the desire to make statements on protectionist measures, whether related to trade, stimulating domestic demand or state financing and repurchasing companies and banks. Economic isolationism can trigger a downward spiral of events similar to those that we observed in the thirties” (Sumlenny, Koksharov and Zavadsky 2009).

Modern economic interpretations of the forms, manifestations, and consequences of protectionism have become much broader and, in the authors’ opinion, not at all stable. Foreign trade instability in the world can be represented as the following scheme (see Table 1).

It seems that when considering the consequences of an increase in protectionism in international trade, the following main aspects should be considered:

- a particular complexity of the current round of protectionism lies in its atypicality. Increasingly, protectionism is expressed in indirect forms of its implementation, for example, subsidies,

stimulating buyers of domestic products, market packages, public procurement, and so on. This makes it difficult to assess its scope and countermeasures;

- currently, protectionism broadly covers such economic instruments for the functioning of the world economy as exchange rates, forms of state regulation of foreign investments and labor market mobility, etc.

It should be noted that new types of protectionism are increasingly encompassing the developed countries. This happened, first of all, because of the trade warfare between the USA and China and the billion-dollar cross tariffs that countries have introduced against each other. Now the tariff warfare is temporarily suspended, but still far from the final resolution; however, the damage from it has not been very significant yet. The trade warfare between the USA and China and the tough stance of the USA regarding confidence to the WTO come at a time when the structure of world trade has changed (Pangestu, 2019). International trade has experienced three major structural changes since the 1990s (Leblond & Viju-Miljusevic, 2019): the first change is the outstripping growth in trade in services; the second is that in the context of the intensification of the international process of labor division, intermediate goods (semi-finished products), rather than finished goods, are becoming more and more traded. Finally, with the digitization of the economy, goods and services are increasingly being sold in a digital rather than physical form. As a result, international trade agreements began to reflect these changes, so one can say about third-generation free trade agreements.

In the context of the trade war with the United States, expensive imported goods also rose in price due to the depreciation of the yuan. The parties agreed not to introduce new duties or raise existing ones, while the Chinese party, in turn, promised to significantly increase purchases of American goods. By the way,

Table 1: The Conditions of Uncertainty Change the View of International Trade: The Main Aspects of the Manifestations of Intrusive Relations (the Authors’ View)

Trade uncertainty in the system of international relations					
protectionist tools are becoming more diverse	trade tensions between the USA and China and between the USA and the EU	the global economic slowdown, falling oil demand amid the global pandemic	foreign trade instruments become instruments of pure policy	the WTO transformation issues and anti-globalist sentiments are particularly popular	trends towards fragmentation (regionalization) of the world trade

China not only acts on the world stage as the largest exporter of goods and importer of raw stock in the world but also is the largest automobile market and supplier of tourists to many countries. Thus, China has greatly benefited from its membership in the WTO in 2001 and, being now a global factory, is expanding its domestic market, improving the quality of products and services, and strengthening environmental requirements for industrial enterprises.

Today, trade relations between the USA and China actually support about 2.6 million jobs in the USA in a number of industries. Since in China the middle class will obviously continue to grow rapidly over the next decade (it is estimated that by 2026 the number of Chinese middle-class consumers will exceed the entire US population), American companies have significant opportunities to use this new and profitable customer database to increase employment and economic growth. Economic data show that countries that closely cooperate with China outperform those with less integrated trade relations with China, and this trend will obviously continue (Oxford Economics, 2017a).

It seems that the prospects for the development of China's foreign economic relations are largely associated with further reforms of its national economy. In particular, materials from Oxford Economics, prepared in 2017 for the US-China Business Council, emphasize that reforms in China are necessary to realize potential benefits (US-China Business Council, 2017). It is noted that the changing cost structure in China is a shift from investment in manufacturing and infrastructure to the sphere of circulation in connection with the growth of consumer spending and services of Chinese buyers, which provides American firms with a huge opportunity to market their products. First of all, for the growing middle class of Chinese consumers.

However, since economic reforms in China have slowed in recent years, the question arises on the extent to which the Chinese government will provide foreign companies with a national foreign trade regime and hence wider access to the Chinese market. For example, foreign insurance companies are guided by the process of further liberalization, which would allow them to offer their participation in the insurance business, as well as in pension funds for new well-to-do Chinese families who now live outside their country, where state jobs and pensions were guaranteed. Thus, the liberalization and openness of the Chinese economy are decisive factors in the ability of American companies to realize the potential benefits in foreign

economic relations with China (Oxford Economics, 2017b). Of course, a separate important problem of China is a low level of protection of intellectual property, and it is one of the most "pirate" states. True, recently China has been strengthening its legal and law enforcement systems for protecting intellectual property, and in recent years the country has revised and strengthened the legislation on trademarks, introduced a punitive compensation system, revised the law on protection against unfair competition and simplified the process of revising patent laws and copyright law.

Twenty years ago, most multinational companies simply wanted to establish production facilities in China, "but now the geography of demand is completely different, now they are considering China as the final market, and it is the main driver of consumption in the world". According to the Chatham House Institute of International Relations, wealthy Chinese have expanded global demand by \$3 trillion: if in 2010 their consumer spending amounted to a little more than \$2 trillion, then in 2017, it was already 5. The Chinese buy a third of all luxury goods in the world and spend more than \$120 billion a year on this (Kalmykov, 2019) and only the USA can fill this entire consumer niche.

As mentioned above, a phase of uncertainties and foreign trade tensions is currently underway, where one of the main threats to the world economy is the protectionism policy of some countries. The head of the International Monetary Fund (IMF) Christine Lagarde during her speech in 2018 at the University of Hong Kong announced an increase in uncertainty in the macroeconomics due to the geopolitics of several countries and noted the need to accelerate the implementation of economic reforms around the world. "There is an urgent need to conduct them, because uncertainty has increased significantly: from tension in trade relations to increased financial and budgetary risks and a more uncertain geopolitical situation" (Lagarde, 2018).

A further mutual increase in import duties will negatively affect the development of the global economy, and trade disputes will lead to changes in global supply chains. This rhetoric a la "we will increase duties to force someone to do something" may become aggravated in the future, and the world will be in a situation of increasing customs taxation of goods turnover. As a result, many companies will have to rethink their development plans, as changes in global

Table 2: The Volume of Redirected Export Flows by Individual Countries as a Result of Higher Customs Duties by the USA and China (in \$ billions) (Countries to which the Redistribution of World Trade Flows will bring the Greatest Benefit in the Export of their Products)

countries	due to increased duties by China (in \$ billions)	due to increased duties by the USA (in \$ billions)	share of redirected exports in the country's total exports, %
EU	20	70	0.9
Mexico	9	19	5.9
Japan	8	21	2.3
Canada	5	17	3.4
South Korea	6	7	2.1
India	2	8	3.5
Australia	2	8	4.6
Brazil	1.5	8	3.8
Taiwan	2.5	7	2.5
Vietnam	2	4	5

supply chains will negatively impact economic growth and job creation (Gates, 2018). The implications for the entire international trade system will be extremely negative.

Due to increased import duties, US companies are cutting purchases in China, and vice versa. They have to look for a replacement for suppliers of goods and components, which allows other countries to increase exports. Table 2 shows the volumes of these export flows of countries, the technological and economic development of which allows replacing the products of American and Chinese firms.

Compiled and grouped by the authors based on the UNCTAD materials according to "Key Statistics and Trends in Trade Policy 2018/Trade Tensions, Implications for Developing Countries"

As can be seen from the table, the tariff war forces companies to look for new suppliers and contractors in other countries. The increase in US customs duties will be accompanied by a decrease in Chinese purchases down the production chain – because they themselves buy components, mainly from neighbors in the region. According to the UNCTAD report, the "domino effect" will cost Southeast Asia \$160 billion in lost revenue (UNCTAD, 2019).

Thus, many developed countries as a whole began to pay more attention to domestic problems. Accordingly, the question arises, how will this affect their positions in global trade? Thus, the EU is arguing with the USA about trade duties, and although in the community duties are higher on average, the USA

isolates its procurement markets. It should be noted that the USA still enjoys the privilege of the dollar (due to flexible refinancing rates and currency mechanisms, being able to buy more goods than it produces in the long run). These countries also criticize the WTO rules, which were negotiated between 1986 and 1994, because at the present stage, it can offer little on the problems of digital services, data protection, or climate warming. The WTO practically does not provide the opportunity of applying measures in relation to countries that establish government subsidies in support of their exports (for example, China). Therefore, negotiations in these areas are also relevant being the only right way. In the modern conditions, the EU, the USA, and other countries of the G20 seek to develop concrete proposals for the protection of their common values.

China, actively investing in European high-tech companies and actively promoting its Silk Road project, unlike the USA, has a long-term strategy for decades to come. This is a great advantage of China, and in a review by the Institute for Economic Research in Germany, it is noted in this regard that "if the EU and the USA do not protect their own values – for example, free competition or data protection, then there will be a greater risk that China will impose own standards and rules to other countries" (Orth, 2019). Against the background of tensions and a preponderance of the national interests, negotiations continued to revise previously reached agreements, for example, the free trade agreement between the USA, Mexico and Canada (NAFTA, now USMCA). Post-Brexit uncertainty remains regarding future trade relations between the UK and the EU.

Although the WTO remains an important institution for resolving disputes, it can no longer provide fair trade conditions for all participating states in the current trend for conflicts in trade interests. The problem of an institutional reform of the organization at the expert level has been discussed at least over the past decade and a half, but it has still not gone beyond the scope of academic research and discussions. The GATT system has been functioning, although not without some flaws, for 72 years, and no one can guarantee that the reform will not do worse. The emergence of new free trade agreements in the 1990s and early 2000s forever changed the dynamics of the WTO as an arbiter of the world trade (Hufbauer & Cimino-Isaacs, 2015). The situation was noticeably radicalized due to the protectionist policies of the new American administration and the trade wars “with the whole world” initiated by it.

It seems that the USA is extremely subjectively formulating “national security considerations” in obvious isolation from the existing international rules. The 25-percent import duties imposed on a number of Chinese goods shook the rules of the World Trade Organization. Based on the prevailing tensions in the trade sector, a number of leading international economic experts are sure that the US administration periodically unbalances the world trading system by imposing various kinds of duties against a number of countries (mainly the economies of China, Russia, Turkey, Mexico and, in particular, the EU countries).

Unlike the USA, China has a strong position in the development of international trade, adhering to the basic principles of the WTO. According to Xinhua information (russian.news.cn, 2018), the reform of the WTO involves asserting the status of the multilateral trading system as the main pillar of order, and key issues that threaten the existence of the WTO should be addressed as a priority. It is important to provide special and differentiated opportunities for members from developing countries and regions. It is necessary to respect the various models of economic development that are implemented by the WTO members.

The PRC objects that individual members, through the nomination of new categories and formulations, attempt to “substitute notions” and initiate a “fresh start”, bringing confusion and denying the credibility of the multilateral trading system. On the other hand, some developing countries are actively making efforts to participate in global value chains, while for other

countries, the main problems relate to the modernization of value chains (de Oliveira, 2017). However, international trade for African countries did not bring the expected results, it will not be able to stimulate economic growth in the ECOWAS countries, but at the same time, regional trade associated with the creation of value chains in each country can become a driver of growth (Tinta, 2018). In order for an outside world strategy to have a much greater impact on economic growth, a country must change its trade structure by moving from the exports of raw stock and semi-finished products to high value-added goods (Keho, 2017).

However, today the differences between developed and many developing countries, including the Asian region, no longer look as obvious as a quarter of a century ago when the WTO was created, and therefore the mentioned point of view, in the authors’ opinion, is incorrect. On the whole, the East and the West seemed to swap places: “Just ten years ago, Europe and the USA were the main propagandists of free trade, and now trade liberalization is beneficial primarily to developing countries in Asia. This is due to a marked strengthening of the economic power of the region’s countries, and the fact that over the past few years, developing countries have reduced tariff barriers and in many cases have already reached the level of developed countries” (Sumlenny *et al.*, 2009). Academic economists and politicians describe the emerging world in various formats. The world also includes regionalism and regional institutions, which form cooperation in the regions. According to Acharya, “the task of building global economic relations does not mean a universal approach; rather, it makes us recognize the diversity that exists in our world, seek a common language and resolve conflicts” (Acharya, 2014). Nevertheless, Acharya admits that “more coherent regional international organizations can replace American globalism, which is in decline” (Acharya, 2018). Currently, the Asian countries that have used the WTO platform to liberalize trade regimes are actively resorting to the mechanism of integration agreements to improve their export conditions.

It is clear that certain flexibility in the implementation by developing countries of the WTO rules should be maintained, but specific mechanisms for their implementation are also needed. The issue of transforming the decision-making system will apparently become especially difficult at a certain stage.

The consensus mechanism that has been in force at the GATT/WTO for more than 70 years, today in the context of 164 member countries, has become a clear brake on the development of reasonable decisions. However, abandoning it will not be easy, too, and this, perhaps, is one of the main challenges of the beginning reform of the WTO.

Based on the G-20 results (Argentine, 2018), a statement was adopted calling on all countries to “urgent need to discuss current developments in international trade tension and ways to improve the WTO to address current and future challenges” (WTO, 2018). The communiqué of the meeting is considered the first step to establish a consensus on trade issues and the multilateral trading system at major global summits (International Studies Quarterly, 2014).

Currently, the WTO is actually not able to make decisions, largely due to the position of the USA, in particular, a decision is being blocked related to the proper functioning of the appeal commission, which consists of seven members and considers the appeals of countries on trade disputes. The Committee on International Trade of the European Parliament notes that the World Trade Organization is in crisis and requires reforming, “the rules and processes of the WTO must urgently be reviewed to keep its activities relevant and effective”. Three areas of its proposed reorganization are envisaged: “norm-setting and development” of the global trading club; the WTO regular meetings and transparency of decisions; dispute resolution. With regard to “norm-setting and development”, the EU calls for the preparation of further norms for toughening the WTO rules regarding state subsidies to exporters and the establishment of new rules for eliminating barter for services and investments, including in the field of mandatory technology transfer, as well as for a detailed analysis of targets set out in the framework of the UN sustainable development goals to identify the role of trade policy in their implementation (ICTSD, 2018). To increase the efficiency of world trade in recent years, the WTO has adopted such important documents as the “Agreement on Trade Facilitation, Abolition of Export Subsidies for Agricultural Products”, and the Addendum to the “Agreement on Information Technologies”. The formation of a new architecture of the world economy, caused by the processes of globalization and the accompanying crisis shocks of the last decade, requires the search for new approaches in the development of a model of multilateral regulation of trade and integration relations.

Looking back, it can be noted that the WTO dispute resolution system over the entire period of its existence has been an incredible test for the functioning of the international trading system. Previously, it functioned largely under the American pressure, and with its fall plunged into a web of uncertainty. Despite the fact that the WTO is both an organization and at the same time a set of legal documents, it does not have a functioning legislative body. Countries recognize unforeseen gaps in the legal provisions of the WTO, especially when negotiators could not make any legislative corrections to clarify the rules of its functioning, while the WTO judges inevitably made mistakes. As a result, the Appeal Body came under unrealistic pressure to resolve ambiguities. Perhaps the goal of the reorganization is simply to expand the US political space for access to legal remedies.

In connection with the transformation of China into the world’s largest exporter, the USA over time expanded the use of trade remedies for protection against Chinese exports. Therefore, the US fears are related to the fact that the WTO rules may limit the use of their discriminatory means of trade in relation to Chinese exports. At the same time, Japan balances the risks and opportunities associated with China’s economic recovery, involving China in a series of joint economic cooperation processes. In addition, Prime Minister Abe supports the WTO reform to restore the rule-based international economic order (Kawai, 2019). The US is particularly concerned about China subsidizing its exports and its inability to protect intellectual property; all this negatively affects the opinion of many WTO members about its activities (Bown and Keynes, 2020).

By the end of 2019, the 25-year-old WTO dispute resolution system has disintegrated. It is described in the West as a dysfunctional system, when the USA dealt with politically problematic imports using voluntary export restrictions, and increasingly resorted to unilateral policies to solve trade problems. However, the WTO is still a compromise institution of systemic interaction between the rest of its members and the USA. Although the creation of the WTO resolved some concerns about American unilateralism in the short term, its dispute resolution system was fuzzy and unstable.

The higher tariffs imposed on bilateral trade between the USA and China over the past two years are an important factor in the weakness of global demand, the development of trade and international

investment. The First Phase Agreement between China and the USA, signed in January 2020, is seen by the OECD as a long-awaited event that should help mitigate some of these consequences. However, China's commitment to acquire an additional \$200 billion in goods and services in the USA between 2020-2021 (compared with the base indicator of 2017, amounting to about \$180 billion) will not be easy to fulfill without distorting third-party trade, and bilateral tariffs remain significantly higher than two years ago (OECD, 2020a). According to the head of OECD Angel Gurría, while the first phase of the US-China trade deal was welcomed at the end of the last year, trade disputes are still too common. "Trade tension has already cost us more than 1% of global GDP growth – let's get rid of it" (Wallace and Cranny, 2020).

In general, according to OECD calculations, according to the first phase of the Agreement between China and the USA, global GDP growth rates will decrease in 2020 and 2021 compared to measures implemented over the past two years by about 0.1 percentage points per year. However, at present, due to the unstable state of the oil market and the development of the coronavirus, the degree of this recovery remains uncertain. Summarizing the above analytical and forecast components, the main problems of the development of international trade seem to be as follows:

- Trade and investment tensions remain high and may spread further. The prospects for a further trade agreement between the USA and China, which could eliminate all remaining tariffs imposed over the past two years, are uncertain.
- Bilateral trade conflicts between the USA and Europe may also spread.
- Failure to achieve a quick settlement of the current violation of the WTO dispute resolution procedures will clearly exacerbate the uncertainty of global trade policy. It is of particular concern that trade and investment restrictions can be used as leverage in negotiations on taxing global corporations and in solving other issues not related to trade.
- What happens if trade negotiations between the UK and the EU fail? The UK will face the prospect of trade with the EU in accordance with the basic rules established by the WTO. Britain says it does not intend to use Brexit on equal

terms to undermine the EU labor, social, environmental, or government subsidies, and indeed it often has higher standards than those set by Brussels (The Economist, 2020). The possibility that a formal trade deal will not be agreed remains the risk of a decline in foreign trade between Britain and the EU and a source of further uncertainty. The UK not only breaks up with its largest trading partner, but also does so when its largest partner, the USA, seems to be moving towards protectionism (Mendoza, 2017).

- There is a situation with delays in the supply of equipment, which is largely either completely manufactured in China, or depends on the supply of components from it. IT business is more likely to be among the most affected sectors of the economy (Gapotchenko, 2020). The current situation in the modern world as a result of the COVID-19 pandemic will undoubtedly have a huge impact on global problems of world development, and even more so, in relation to international trade.

In the near future, the WTO will obviously have to work hard for the new problems to be reflected in the activities of the WTO and WCO (the World Customs Organization), which have already pledged to develop a coordinated approach to support initiatives that promote cross-border trade, and to ensure that essential goods could be quickly delivered to the neediest buyers, including the least developed and, moreover, landlocked countries. Members of these organizations have already been encouraged to increase decision-making transparency by exchanging information on new trade measures adopted in response to the COVID-19 pandemic. As the latter continues to spread worldwide, governments are considering new measures to protect the health and well-being of their citizens, the WTO and WCO urge the members to ensure that any new border actions are targeted, proportionate, transparent, and non-discriminatory (WTO and WCO, 2020).

Surely, in the authors' opinion, developing countries play a small role in restoring the dynamics of world trade. The upswing will require a positive impact of reforms and support for monetary policy in India, Brazil, and Russia, targeted policies in Mexico and Turkey to stimulate sustainable growth, and a gradual recovery of commodity-exporting countries, which are prone to the slowdown in China in 2020. The main risk is that the coronavirus exposure will be longer than anticipated. If

outbreaks are more widespread in the Asia-Pacific region or major advanced economies in the northern hemisphere, negative effects on global growth and trade will be more widespread.

Potentials of the economic space of the EAEU and the CIS: systemic problems in the face of uncertainty tests. Globalization and regionalization of the world economy are currently the most important trends, complementing each other, but at the same time characterized by certain contradictions. Prior to the global financial and economic crisis, the point of view prevailing in the studies by the Russian specialists was that the development of post-Soviet integration should be based on the repetition of the experience of the EU countries with a primary emphasis on global integration, and not on the development of ties in the post-Soviet space (Kotlyarov and Levchenko, 2013).

The escalation of the trade war between the USA and China is fraught with serious risks for investment and economic growth, and the question arises, to what extent are Eurasian markets exposed to them? A generalized answer to this question is impossible, but, of course, this will affect the development of all regions and countries in the world.

At the same time, a significant slowdown in economic growth associated with trade confrontations between the USA and China may lead the EU countries, in particular Germany, to reduce demand for energy and energy sources, while Russia is the largest supplier of gas, oil, and coal for Germany. In general, the Eurozone and the European Union as a whole is the most important export market for the Russian, Kazakhstani, and Azerbaijani fuel and energy sector. So, if a too sharp slowdown in the economy causes a recession in the EU, then this could be a very painful blow for all the oil-producing countries of Eurasia.

Of course, in the beginning, from a theoretical point of view, taking into account the structure of economic relations and the extent of interdependence between the USA and China, this round of tariffs will not have a significant impact on the economy of Russia and the EAEU partner countries, as well as on the region's trade, although Russia has already been affected by protectionist measures by the USA (the introduction of duties on aluminum and steel). Today, the integration of the economy of Russia and the EAEU region into international production chains is significantly limited. As for the reaction of the financial markets of Russia and other oil-producing neighboring countries in the

CIS (Azerbaijan, Kazakhstan), they are less dependent on the inflow of foreign capital, since they have a surplus on the current balance of payments. Of course, it is necessary to speed up the process of cooperation between the EAEU – the EU, the EAEU – China, using, among other things, WTO mechanisms. Most of less significant trading countries will be forced to play the role of outside observers in trade disputes in the triangle of the USA – China – the EU. Exporters from many developing countries also fall into this category.

However, there is a threat of further escalation of the trade war and it carries significant risks: destabilization of production chains and a blow to entrepreneurial and consumer confidence can ultimately indirectly have a significant negative effect on investment and economic growth. According to Standard & Poor's, Russia, like other emerging markets, has been affected by the reaction of foreign investors, who are responding to increased uncertainty about capital outflows from riskier assets.

The EAEU member states fully support the new WTO initiative in the field of promoting investment attraction and giving priority to improving the investment climate in the countries of the region. It should be noted that the WTO membership opened to Russia access to the mechanism of upholding trade interests, which the country was already able to use to its advantage. According to experts of the World Trade Center (WTC) and the Chamber of Commerce and Industry of the Russian Federation, Russia, having entered the WTO, did not suffer any real losses or damage, and Russian companies, entering the foreign market, began to follow advanced trade standards when promoting their products. Russia has taken significant positions in the market of agricultural products and food: wheat, sunflower oil, fish products, beet sugar, confectionery, meat, vegetables, etc. Without the WTO, it would be much more difficult for Russia, as well as for many other countries, to participate in international trade in the current conditions. This is the only institution without politicization where it is possible to demand compliance with the spirit of the WTO agreements.

For the rational use of resources and the development of the integration potential of the Eurasian space, it is necessary to develop a strategy in order to minimize economic damage if uncertainties continue to grow. The advantages of the EAEU and the CIS are obvious: rich mineral wealth and energy resources, highly skilled workforce, a single huge market without

customs borders of about \$4 trillion, and a population of more than 180 million people. Within the framework of the EAEU, new tax and customs regimes have been introduced that meet the requirements of the WTO and advanced international standards. The positions of Russia and Kazakhstan are especially active in relation to the WTO system, ready to make a constructive contribution to the discussion on all issues of the WTO agenda in order to ensure the rational functioning of global multilateral trade relations.

Currently, the CIS countries practically lack the necessary facilities and innovations at resource processing enterprises and there is little diversification in industrial production. Therefore, according to various sources, they export more than 80% of their goods in the form of the first- and second-stage products, due to a faster return on investment, lower capital costs, and stable demand. Hence, there is a risk of growing economic dependence on developed countries. This fact necessitates the adoption of measures not only in terms of protecting the domestic market, but also in terms of increasing the competitiveness of products in the priority sectors of the economy. This can be achieved by jointly using all the advantages of the region with a priority orientation toward optimal justified cooperation, overcoming maladjustments in the structures and balances of national industries.

World trade needs a balance of interdependence and interests. The accumulated experience of studying the mechanism of world economic relations in the context of liberalization will definitely help learn two important lessons. First, mutually beneficial economic relations in the world should come first, and strictly regulated international trade is its most important element. Second, any gap (crisis) in the trade chain leads to unpredictable consequences. Third, the WTO now has several new problems that need to be addressed in the pandemic situation. Medical diplomacy begins to play on the WTO field and can make adjustments and be brought into trade diplomacy. One thing is clear, ignoring them will definitely be a failure.

Overall, based on the outcomes of the study, we can argue that

1. Creating a reliable domestic market to reduce its dependence on the conflicts and shocks of world trade is gaining new relevance. The coronavirus pandemic has already caused discussions about the dependence of many companies on regional integration components, which are becoming a

more reliable system for the development of a country's foreign trade. Therefore, the WTO, OECD, and IMF will have to achieve a new balance between the development of national and world markets.

2. Discussions around the strengthening of the role and effectiveness of the WTO are actively ongoing, so it makes sense to highlight the main thing. Here, it is necessary to emphasize that the beginning process of reforming the WTO cannot be simple and quick, because the list of problems is too diverse.
3. Achieving a balance between global and regional trade rules. In this case, it is necessary to solve two problems, how to achieve the necessary balance and rapprochement between global rules and institutions that operate in trade within the GATT-WTO, on the one hand, and those that arise from the numerous terms and conditions of regional and interregional preferential agreements and a possible agreement between the EU and the EAEU, on the other.

CONCLUSION

Ten years after the 2008-2009 crisis, the COVID-19 epidemic again demonstrates the vulnerability of the current international financial and economic model. Since, in general, the conceptual approach to modern trends is still unsystematic, it can be assumed that cooperation will be the best choice. Consumers have lost faith in globalization and international trade. The situation undermines some of the basic principles of the production of goods in the world in the conditions of globalization. Now companies will have to rethink the situation and cut the long links in the multinational supply chain.

In this situation, countries are trying to diversify risks and look for alternative supply options. Therefore, right now, based on an analysis of the practice of regulating international trade, the question will obviously arise on the need to initiate "new generation" trade agreements and the WTO decisions that take into account the multiple pandemic realities and the related current emergency situations. First of all, it is necessary to minimize the violation of the rules of cross-border trade in goods, in particular those that are necessary to combat COVID-19.

How will the new pandemic realities affect the development of international trade relations? So far, in

the framework of this research, the authors can consider the qualitative forecasts by analysts, and no one can say so far whether there will be more important changes, for example, the establishment of own production facilities in importing countries. The global pandemic is now another reason to stimulate fiscal and foreign trade policies. However, on the basis of logical approaches and various analytical assessments in the field of markets to the consequences of the “quarantine holidays”, the following hypothetical effects of possible impacts can be distinguished:

1. Short-term impact. It remains uncertain whether a rapid restoration of supply chains will occur, which in their operation depend on communication with customers and partners, primarily large international companies and business integrators, which are already forced to cancel their traditional algorithms, tools, and other marketing activities.
2. Medium-term impact. There are some fears that a slowdown in the global economy due to the epidemic will have a slowdown effect on the investment process. Another aspect of the medium-term effect is whether the desire of a number of importing countries to lessen their dependence on Chinese exports and the ability to diversify their manufacturing intensifies will strengthen. It is quite possible one will see more American, Singaporean, and other commercial gateways and research centers, as well as the emergence of potential leaders in high-tech in Southeast Asia.
3. Long-term effect. The growing demand for all modern high-tech products and digital technologies (platforms) and communication solutions that allow organizing work remotely in all potential market spaces will strengthen the interaction between countries in Eurasia and the development of the situation in the format of political and economic hybridity.

Based on the foregoing, one can expect a new stage of regionalization, providing for the cutting of supply chains, the transfer of production facilities closer to their regional logistics links. However, it is undoubted that the current situation in the modern world under the influence of the COVID-19 pandemic has a huge impact on the global problems of economic development, and especially with regard to international trade.

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