

Analysis of the Current Situation of China's Export

Changfei Li*, Xiu Yang

Shandong Xiandai University, Shandong, China

**Corresponding author.*

Keywords: Export Trade, Current Situation, Sustainable Development.

Abstract: Export trade is one of the important forms of China's economic growth, and its proportion is also rising. Since the reform and opening up, the rapid growth of China's economy has attracted the attention of the world. At the same time, China's foreign trade has also developed rapidly. This paper will interpret the current situation of China's export trade, so as to better strengthen the full understanding of the current situation of China's export trade, and help China's export trade achieve good and sustainable development.

1. Introduction

China's total import and export trade increased from 0.13 trillion yuan in 1978 to 7.28 trillion yuan in 2004. In the 26 years from 1978 to 2004, China's import and export trade volume increased nearly 56 times, and its proportion in the world trade volume also increased from 2% in 1978 to 5.8% in 2004. Since then, China has become the third largest trading country in the world. Looking back at China's export situation, in 2007, China's export volume was only 9.36 trillion yuan, while in 2017, China's total export volume reached 15.33 trillion yuan, nearly doubled. Up to now, the current situation of China's export trade is embodied in the following aspects [1].

2. China's Total Foreign Trade is Growing Rapidly

Since the end of 1970s, the biggest change in the field of international trade should be that China has returned to the world market as an export power. In the earlier period, the scale of China's foreign trade was only US \$0.02 trillion in 1978. By 2006, China's total import and export volume had reached US \$1.76 trillion. During the 28 years from 1978 to 2006, China's total import and export volume had increased 85 times. As can be seen from Figure 1 and table 1, China's total export volume has basically been on the rise in the past ten years, and the total export volume has also shown a slight upward trend in the last five years. Although it declined slightly in 2015 and 2016, China's total export volume is still at the leading level in the world [2].

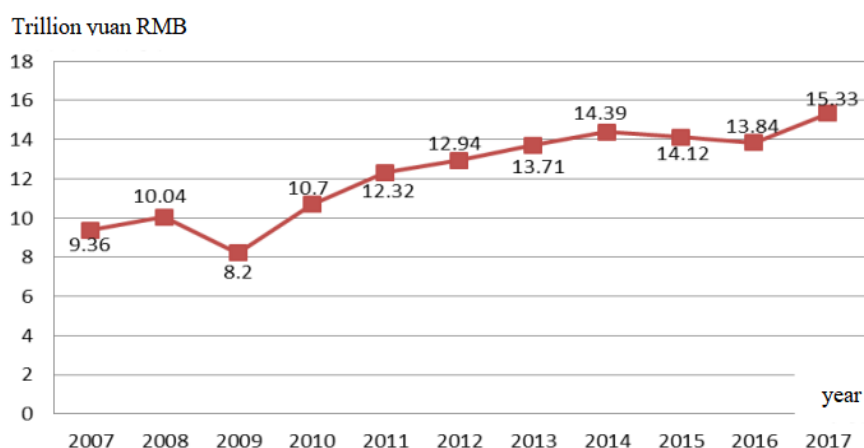


Figure 1: China's total exports of goods (2007-2017)

Source: mapping based on relevant data of the National Bureau of statistics

Table 1: Annual statistics of export amount of goods

year	Export (trillion US dollars)	
	Amount	year on year (%)
2014	2.34	6.1
2015	2.28	-2.8
2016	2.10	-7.7
2017	2.26	7.9
2018	2.49	9.9

Source: Ministry of Commerce of the people's Republic of China

In 2016, China's total export volume decreased by 0.06 trillion US dollars, which caused a certain degree of decline in China's export volume in 2015. The main reasons are: in 2015, the international market was sluggish, the world trade declined in depth, and China's export fell in shock under the influence of factors such as the sharp decline of Global trade volume. In 2015, the International Monetary Fund of China officially announced that RMB would be included in the special drawing right. Although the central bank has maintained the stability of RMB value in the short term, as a super sovereign reserve currency, the adjustment effect of the exchange rate policy of the Chinese government has been greatly weakened, and the fluctuation of the exchange rate of the people's currency has intensified. At that time, the fluctuation of the exchange rate has increased, which has a negative impact on China's export trade. It has a certain containment effect, leading to a decline in exports. On the other hand, under the influence of the return of the United States to the Asia Pacific region, there have been some problems in the relations between China and the countries around the South China Sea, Taiwan, and Japan, which also have a certain negative impact on import and export trade. Among them, the trans Pacific Partnership Agreement (TPP) promoted by the United States has obviously affected the trade growth between China and ASEAN to a certain extent. In 2015, both China ASEAN trade and trade with the United States declined significantly, but the trade scale between ASEAN and the United States increased significantly. Such a similar situation also occurred in the trade between China and Japan and the United States and Japan [3].

Affected by the global economic downturn, China's export trade remained weak in 2016. According to customs statistics, the total import and export value of China's goods trade in 2016

was 24.33 trillion yuan, down 0.9% from 2015 (the same below). Among them, the export was 13.84 trillion yuan, down 2%^[1], because the economic situation of Europe, the United States, Japan and ASEAN is not ideal, but these countries are China's main export markets, and part of the reason is that the import and export of foreign-invested enterprises, state-owned enterprises and processing trade have decreased, so China's total export has also decreased. On the other hand, due to the influence of foreign technical trade measures to varying degrees, China had 34.1% of its export enterprises in 2016, and the annual direct loss of export trade was 0.33 trillion yuan, accounting for 2.4% of the export volume in the same period^[2]. However, since 2017, China's export trade has increased significantly. In 2017, the contribution of net exports to economic growth has changed from negative to positive. In addition to benefiting from the unexpected recovery of developed economies, China's exports to emerging markets are also growing at a high speed. At the same time, the upgrading of domestic product structure also played a certain role in promoting. In 2017, the international monetary fund raised the global growth expectations for 2018 and 2019, which effectively boosted the market sentiment and accelerated the process of economic recovery, which also played a great role in promoting the trade relations between China and foreign countries.

3. Export of Processing Trade Accounts for Half of the Country

On October 20, 2016, sun Yibiao, deputy director of the General Administration of customs, said at the press conference of the State Council Information Office that processing trade is an important part of China's open economy. In recent years, the Customs has been deeply promoting the streamlining of administration and decentralization of powers, taking the reform of "deregulation, management and service" as the "first move" to transform the realization mode of Customs functions, successively canceling eight administrative examination and approval items such as processing trade filing, speeding up the establishment of the list of rights and responsibilities, canceling the processing trade contract examination and approval and domestic sales examination and approval nationwide, and guiding the processing trade industry chain to extend to the high end. Processing trade is an important carrier to undertake international industrial transfer. Since 1997, 51% of foreign investment in China has been concentrated in manufacturing. Even though the proportion of investment in manufacturing industry has declined in recent years, it still maintains an annual investment scale of about 40 billion US dollars. A considerable part of China's manufacturing industry is contributed by processing trade. According to incomplete statistics, China's 64 kinds of mechanical and electrical products ranked first in the world, 20 kinds of processing trade exports accounted for more than 50%. According to customs statistics, in the first three quarters of 2016, the import and export value of high-tech products in processing trade was 2.66 trillion yuan, accounting for 51.6% of the total import and export value of processing trade. The value-added rate of processing trade increased from 35% in 1996 to 80% in 2015^[3]。

4. Foreign Invested Enterprises Promote the Rapid Growth of China's Exports

With the process of China's reform and opening up, more and more foreign companies enter the Chinese market and share development opportunities. According to the data released by the Ministry of Commerce on October 18, 2018, in the first three quarters of this year, China set up 45922 new foreign-invested enterprises, with a year-on-year growth of 95.1%; the actual use of

[1] http://district.ce.cn/newarea/roll/201701/13/t20170113_19595829.shtml.

[2] <https://www.jc68.com/club/show-5532.html>.

[3] <http://www.fdi.gov.cn/>.

foreign capital was 0.64 trillion yuan, with a year-on-year growth of 2.9%^[4]. Foreign businessmen are generally optimistic about China's development prospects, and China's attraction to foreign investment has steadily increased. And since 2017, German enterprises have expanded investment in China: Volkswagen Group plans to invest more than 0.08 trillion yuan in the field of electric travel in China by 2025, and launch nearly 40 new energy vehicles; Daimler and BAIC group plan to jointly invest more than 0.01 trillion yuan to build a new production base for Beijing Benz; BASF, a global chemical giant, announced that it plans to build a new production base for Beijing Benz. It is planned to spend 0.06 trillion yuan to build a fine chemical integration base in Zhanjiang, Guangdong Province. The contribution rate of foreign-funded enterprises to the increase in exports has increased significantly and has risen to a leading position.

As can be seen from Figure 2, the export volume of China's foreign-invested enterprises decreased significantly in 2009. In 2008, the export volume of China's foreign-invested enterprises was still US \$0.79 trillion, but it dropped to US \$0.67 trillion in 2009. In just one year, the export volume of foreign-invested enterprises decreased by us \$12000 million. 2009 is the most difficult year for the development of China's foreign trade since the new century. In addition to the challenge of the financial crisis, China's small and medium-sized export enterprises are inevitably affected to a certain extent. Some old problems have not been solved, and new problems have emerged, which leads to the reduction or even shutdown of export enterprises, and also greatly affects many enterprises. Under such circumstances, China's total exports and the export quota of foreign-invested enterprises have been greatly affected. According to customs statistics, China's total exports in 2009 amounted to US \$1.20 trillion, down 16.0%, and the exports of foreign-invested enterprises in the whole year amounted to US \$0.67 trillion, down 15.0%^[5]. Since the beginning of 2010, the international economic situation has been generally good, and China's economy has gradually picked up, which has also led to the increase of the total amount of China's foreign-invested export enterprises. According to figure 2, the total amount of China's foreign-invested export enterprises has gradually picked up since 2010. In addition, China's export of processing trade and general trade increased strongly. At that time, China implemented "super national treatment" for foreign-invested enterprises in terms of taxes and other aspects, that is, China gave foreign direct investment higher treatment than China's national investment under the same conditions. Some local governments also introduced some preferential policies to attract foreign investment in order to attract foreign investment. In this way, foreign investment is very important. The growing scale has directly promoted the growth of the export volume of China's foreign-invested enterprises.

[4] <http://www.fdi.gov.cn/>.

[5] <http://zhs.mofcom.gov.cn/aarticle/Nocategory/201004/20100406888239.html>.

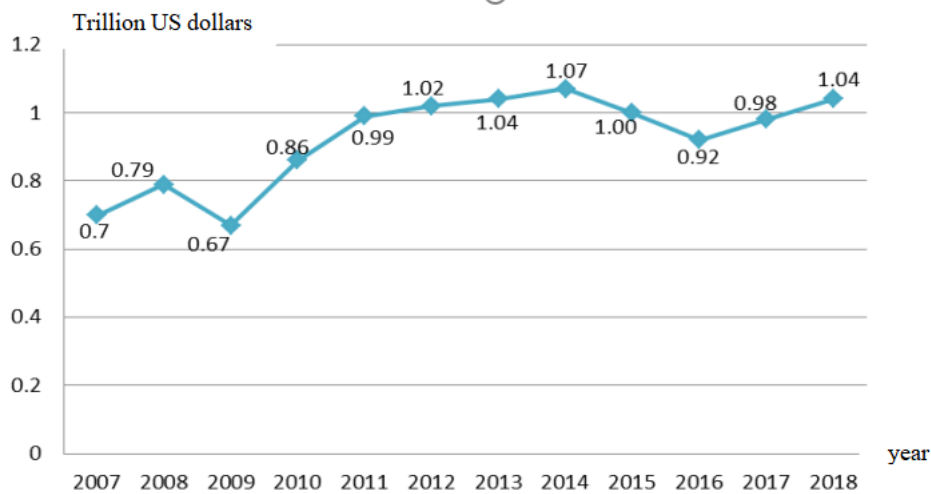


Figure 2: Total exports of China's foreign investment enterprises (2007-2018)

Source: mapping based on relevant data of the National Bureau of statistics

As can be seen from the total export volume of foreign-invested enterprises in Figure 2, since 2007, the total export volume of foreign-invested enterprises has been rising. Although there was a sharp decline in 2009, the total export volume of foreign-invested enterprises in China has been rising steadily in the next five years, and reached the best development state in 2014. The total export volume of foreign-invested enterprises reached 1.07 trillion US dollars, compared with 2007 It has almost doubled. Although it has been accompanied by a certain decline, the total export volume of foreign-invested enterprises has been maintained at about one trillion US dollars, and the recovery speed is also very fast. Therefore, the development space of foreign-invested enterprises can not be underestimated.

5. Concentration of China's Export Market

China's exports mainly go to the United States, Hong Kong, Japan, the European Union, ASEAN, South Korea, Taiwan, Australia, Canada and Russia. In 2012, Zheng Yuesheng, spokesman of the General Administration of customs and director of the Department of comprehensive statistics, said that in the first half of the year, the United States surpassed the European Union as China's largest export market. According to customs statistics, in the first half of the year, China's imports and exports to the EU were US \$0.27 trillion, a slight increase of 0.7%; China's imports and exports to Japan were US \$0.16 trillion, a decrease of 0.2%. Imports and exports to the United States reached US \$0.23 trillion, an increase of 11.9%. The traditional markets of Europe, America and Japan accounted for 42.1% of China's exports, a year-on-year decrease of 1.1 percentage points. According to the latest data of major export countries in 2014 from the General Administration of Customs of China, the United States, Hong Kong, Japan and South Korea always rank in the top export countries, and the previous data are also the same. China's export market is relatively concentrated.

Acknowledgments

The phased achievements of Industry university research cooperation and collaborative education" project of the Higher Education Department of the Ministry of Education: Research on the practical

curriculum system of design specialty in Colleges and Universities Guided by the construction of new liberal arts" in 2021 (202102403004).

References

- [1] Wang jianxiu, Han Lu, Xu Yan, Wang Xingjuan: *Research on the threshold effect of export on China's total factor productivity*, *Journal of Yunnan University of Finance and economics*, No. 01, 2018.
- [2] Ma Lijun, He Ping: *export trade, human capital and China's total factor productivity: An Empirical Analysis Based on GMM estimation*, *Journal of Guizhou University of Finance and economics*, June 2013.
- [3] Clerides S K, Lach S, Tybout J R. *Is learning by exporting important? Micro-dynamic evidence from Colombia, Mexico, and Morocco*. *The Quarterly Journal of Economics*, 1998, 12(3): 903-947.xi