The New Development Study on China’s Export Trade under the Background of “One Belt One Road”

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Abstract. This article analyzed the history and current condition of China’s export trade, then contrasted the new development of the China’s export trade, summed up the impetus and hindering factors about the new development of China’s export trade, so that we can have a better idea about the implementation and its impact on “One Belt One Road”, make full use of the strategic opportunity brought by the policy of “One Belt One Road”, promote the further development of China’s foreign trade. This paper researched the development status of China’s export trade status by using literature research analysis and Comparative analysis, brought out the promotion and obstructive factors of the development of China’s export trade by Qualitative analysis method, thus concluded that it is necessary to strengthen international cooperation, strengthen communication and exchanges of various countries to boost the steady development of China’s international trade. The innovation of this article is that it more comprehensively analyzes the influence of “One Belt One Road” on China’s export trades.

The Proposal and Intentions of “One Belt One Road”

After the economic crisis, facing the problems like serious capacity, excessive foreign exchange and gloomy global economy, Chinese President Xi Jinping raised the initiative of jointly building the Silk Road Economic Belt and the 21st-Century Maritime Silk Road (hereinafter referred to as One Belt One Road) when he visited Central Asia and ASEAN in 2013. “One Belt One Road” attaches to Asian-Pacific Economic Circle in the east, contacts with European Economic Circle in the east, passes through China Sea in the south, across the Persian Gulf, spreading to a wide range and influence. Then, “Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road” was issued by the National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce of the People’s Republic of China in March 2015. It put forward clearly that 5 goals (Policy coordination, Facilities connectivity, Unimpeded trade, Financial integration, People-to-people bond) were the key points of ‘One Belt One Road’ cooperation. It can be seen that the strategy is important for our country and has a profound impact on the new development of the China’s export trade.

The proposal of “One Belt One Road” is important to China’s foreign trade and improvement of overall national strength strategically. It is the important strategic plan for expanding “western development” and practicing the important strategic deployment of great-power diplomacy with China’s characteristics under the new situation. It boosts the transformation and upgrading of the open economy in the eastern coastal areas as well as promotes the opening up to the outside world for central and western regions in China. Besides, it promotes the rise of the central heartland in the process of interaction between the east and the west, and then formats the open new pattern facing the whole world with an overall plan of land and sea, and a mutual aid of the east and the west. “One Belt One Road” is the major national strategy of expanding the scope of opening-up in the new period, and economic and trade cooperation is an important part of them. So, as you see, “One Belt One Road” strategy would become a win-win path with mutually beneficial development. Strengthening the economic and trade cooperation of the countries along One Belt One Road and the research of the China’s export trade has an important scientific and practical significance to contribute greatly to the prosperity and development of the countries along the Belt and their economic cooperation, and the enhancing of unimpeded trade.
Status Analysis of Our Country’s Export Trade

With the rapid development of our economy, China’s export trade has appeared a trend of dramatic increase, the status has been more and more important in the international trade. There is a certain degree of influence and role for the development trend of the global economy.

Although China has a rapid development on export trade, there are some historic problems in the process of its development, which is a serious constraint to our country’s export trade and the development of the overall economy.

Excessive Proportion of the General Trade and the Processing Trade

The main ways of foreign trade in China’s enterprises are general trade and the processing trade. From 2006 to 2013, the export proportion of ways of the general trade and the processing trade in total export are 45% and 48%. Thus it can be seen that the export trade of China, for the most part, relies on the processing trade and the general trade, especially the processing trade. The processing trade belongs to a kind of typical labor-intensive profession. Because of low level of technology, it needs a large number of laborers to make a profit by earning processing charges, creating more jobs and increasing taxes, so that to promote the economic development. Generally speaking, processing trade is a kind of low technical content and relatively cheaper industry because of the characteristics of processing trade, so it is bad for stimulating the development of other industries, so as the adjustment and upgrading of our country’s industrial structure. Next, labor shortage of the processing trade has led to the rising labor costs, which affects the export trade of our country. Therefore, if we don’t change the trade, it will certainly restrict the long-term development of China’s export trade and then hurt its long-term interests.

Excessive Concentration of the Export Markets

The US, the EU, Japan and Hong Kong are traditional export markets of China. Low-end material products in China’s export markets rely heavily on these developed countries and regions. In 2013, total export facing to those countries and regions accounted for nearly 60% of China’s total exports, the amount of imports accounted for 60.27% of China’s total imports. It fully shows that China’s export market is still relatively single, and still lies on a few developed countries and regions to a high degree. Once something happens to these countries, it would affect a lot on our export trade. So, the key point of dealing with export trade issues is to settle trade issues with the above countries and regions.

The Long-Term Foreign Trade Surplus of China

China’s import and export trade has maintained a trade surplus for a long time. Although China’s total volume of import and export trade fell by 13.9% with the influence of the global economic crisis in 2009, trade surplus situation was still unabated, and China’s import and stable growth of export trade restored after the financial crisis. In recent years, China’s foreign trade has always been in surplus with a high amount continuously. In 2012 and 2013, the balance of the import and export further widened. In international trade, the long-term trade surplus has resulted in trade conflicts easily between our country and other countries, increased the trade frictions between China and the trading partners, made the foreign trade of our country blocked. What’s more, because of long-term trade surplus, China has remained a huge amount of foreign currency reserve. Facing the increasing value of RMB, our foreign currency reserve is devaluing gradually, causing the gradually increase of the risk of foreign exchange reserve.

The New Development of China’s Export Trade under “One Belt One Road” Strategy

Our export trade has benefited a lot with the proposal and implement of “B&R” strategy. In this context, China’s export trade has presented a series of new development.
The Changes of the Export Trade’s Emphasis Point

Because of “One Belt One Road” strategy, the exports of China’s infrastructure, funding, and great industry has increased. The strategy focuses on the construction of infrastructure, so the construction funds and technology of the infrastructure are needed urgently. On the one hand, “One Belt One Road”—the international transport corridor—almost passes through the whole Eurasia. The construction of the transportation channel has promoted the big development of infrastructure construction. The completion of the new transportation channel, is not only convenient to the flow of trade in goods and services, but also can create new industry groups and the new development momentum, which will boost the output of the China’s labor and construction machinery, drive the output of related material goods, to improve the ratio and status of the infrastructure’s output in China’s foreign trade structure. On the other hand, the infrastructure construction of “B&R” strategy needs a huge sum of money. In October, 2014, the Asian infrastructure investment bank, proposed by China, was established. Our subscribed capital target is $50 billion with 50% stake, which is the largest shareholder. The Asian infrastructure investment bank can provide the channels of capital exchange for “B&R” strategic. It will greatly promote the capital export of our country, and play a key role in the RMB internationalization. In addition, “One Belt One Road” strategy has greatly promoted the export of our great industry. For example, at the end of 2014, Sino-Kazakhstan capacity cooperation agreement was signed, China would export production line equipment to Kazakhstan according to it. This also reflects that the big industrial proportion is rising in China’s export trade system.

The Change of Our Country’s Export Trade Patterns

Previously, China’s foreign trade greatly depended on developed countries, causing many hidden dangers in our country’s foreign trade. Because of “B&R” strategy, the layout of China’s foreign trade has been further optimized. The scope and scale of China’s cooperation with developing countries have been expanded. New economic and trade cooperation network is formed between China and central Asia, southeast Asia, eastern Europe and other neighboring countries. One of the most important things is to strengthen cooperation in terms of transportation and energy with the peripheral developing countries. From the specific areas of countries along the line, trade relations between China and southeast Asian countries are the most closely. According to statistics, in 2014, the trade between China with 11 countries of southeast Asia accounted for 43.9% of the “B&R” countries; while the 19 countries of Middle East Asia accounted for 28.2%. On the one hand, the increasing cooperation with these countries has improved the status and influence of our country in the international trade, on the other hand, it has also opened up a new path in China’s foreign trade, promoting the new development of China’s export trade. So the “B&R” strategy is very important to the foreign trade pattern of China.

The Growth of the China’s Export Trade Scale Is Rapid with Main Deficit

Total volume of trade of Middle East countries in west Asia occupies a larger proportion among countries along the “B&R”. Since 2000, as one of the world’s most important oil suppliers, west Asia has become the main source of imports in China’s energy resources. China’s accession to the WTO has more promoted China’s imports from Asia countries, thus leading to the trend of more persistent trade deficit between China and west Asia. West Asia countries are the world’s major oil producers. Oil and natural gas as the main energy resources products are their advantage in foreign trade. While China’s reliance on the energy resources of west Asia is relatively strong, which has increased China’s trade deficit with west Asia. In addition, “B&R” has brought convenience to many areas in China for the trade in a wide range of areas. Our demands for countries along the line is growing rapidly at the same time of meeting more needs of them constantly, which is helpful to ease China’s trade surplus trade friction caused by pressure, promote the balance and development of China’s import and export trade. The implementation of the “B&R” strategy will further optimize the trade structure of our country and build a comprehensive trade pattern in China.
“B&R” Strategy under the Influence of Our Export Trade to Promote and Develop New Obstacles

Promoting Factor

“B&R” Strategic has a strong and far-reaching influence on China’s export trade. Why it can produce such a great effect? This article mainly analyzed it from two aspects of policy and financial emphatically.

Policy support. The basic content of “B&R” strategy is economic cooperation, with main support from the government. According to the introduction of “B&R” strategy, we have known its regional goal mainly is to achieve: namely policy communication, road Unicom, trade flow, currency circulation and hearts communication. Of course, for such a large and far-reaching objective, it needs inseparable support from the “B&R” strategic area of national policy. Not only the China’s government, but also all stakeholders or border countries have taken various measures to promote and support the implementation of the strategy of “B&R”. For example, each country supports the preferential policies of the silk road economic belt and trade cooperation to promote win-win and mutual benefit of the countries along the silk road economic belt of, so as to greatly promote the further deepening and improvement of foreign trade for our country and neighboring countries. This is also one of the most important factors to promote China’s rapid development of export trade.

The internationalization of RMB. In July 2014, In the BRICS Summit which was hold in Brazil, “BRICS” set up the New Development Bank, and established the BRICS emergency reserve arrangements. Then, the Asian infrastructure investment bank was founded by the initiation of China, including India, Singapore and other 21 first batch founding members; at the same time, during the APEC summit, Xi Jinping announced that China would spend $40 billion on the establishment of “silk fund” to support the investment and financing of infrastructure construction and resources development and industrial cooperation, etc. for countries along “B&R” The fund may reach 100 billion yuan. “B&R” strategy promoted the convenience of exchange and settlement of bilateral currency for related countries. In particular, the transportation construction of “B&R” has brought a huge investment opportunities and market for RMB internationalization, which has vigorously promoted the internationalization of RMB.

Obstacle Factors

The complex international environment. There must be many international obstacles in the process developing the strategy of “B&R” in China. For example, the United States is not willing to see China become so strong, it will disturb from the political, economic and cultural fields; the smooth implement of the “B&R” strategy needs the positive response of Russia. The strategy will be failed without the support of Russia; In addition, “B&R” across a wide scale of regions, especially in west Asia, the Middle East countries and regions where often appear chaos and warfare. As the three peripheral points of Central Asia, China, Russia and Iran are also the edge areas of the “three forces”. They are closely linked, so the regional peace, security and stability of Central Asia directly threat to China’s economic development, affect the long-term sustainable development of our country’s export trade.

Regional development gap is widening. Countries and regions along “B&R” strategy have different level of development with wide gap. In the development of the economic belt “silk road”, countries both need to run after the level of developed countries, and must give attention to the development and related interests of poor countries. It will bring a serious challenge to the development of “B&R” in the future if there is any party handling wrongfully, which will inevitably hinder the sustainable development of China’s export trade. To promote the great development of China’s export trade, we must seize the opportunities brought about by “B&R”, and properly handle the problems in the strategy of “B&R”, keep the balance of our country foreign trade under the background of the big and healthy development.

In brief, Under the background of “area” strategy, it will effectively optimize the strategy of China’s export trade pattern, effectively relieve the situation of long-term high surplus in China’s
foreign trade, open up the comprehensive development of foreign trade and the layout of the new situation of our country, strengthen our connection with the Middle East, central Asia and other regions, pull the comprehensive development of China’s foreign trade across the board. Under the new situation, under the background of “B&R”, China’s foreign trade is facing new opportunities with the government’s policy support and further accelerating the process of RMB internationalization. However, at the same time we also should pay attention to the negative influence of “B&R” in our foreign trade. In face of increasingly complex international environment, Matthew effect has been increased. If we want to keep a stable trade development situation, we must understand the international situation, strengthen international cooperation in foreign trade, strengthen the communication and exchanges with various countries, make use of opportunities brought by “B&R”, to promote the further development of our country foreign trade effectively.

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