

FOREIGN TRADE IN THE PEOPLE'S REPUBLIC OF CHINA: STATE AND PROSPECTS

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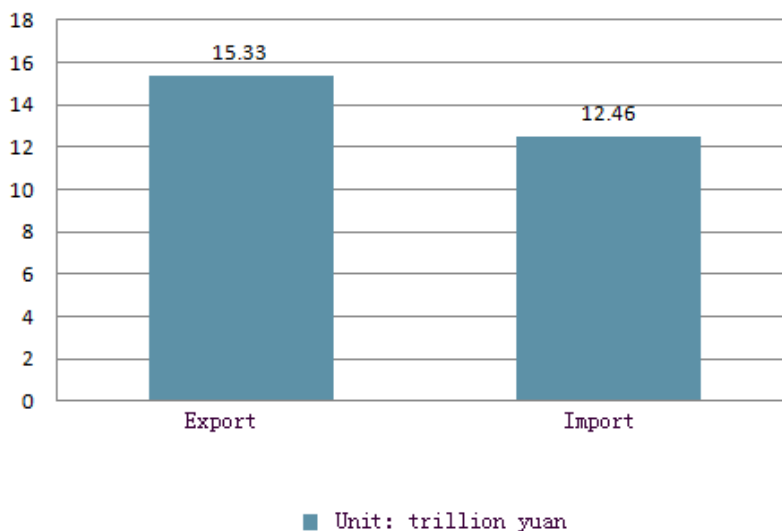
The article presents an analysis of the trends in the development of international trade in China at the present time. The authors have identified the reasons for the decline in the growth rate of China's international trade and the reasons for the growth of the Chinese RMB.

For a long time, international trade has played a leading role in the world economy. The development of foreign economic trade is an important methods for countries to speed up their national economic development.

Since China's reform and opening up, the resulting that international trade has greatly promoted the development of China's economy, and people's living standards have been greatly improved. International trade has promoted the sustained growth of China's economy. At the same time, China's technical level has been improved because of national exchanges, and China has developed into the largest import and export trading country.

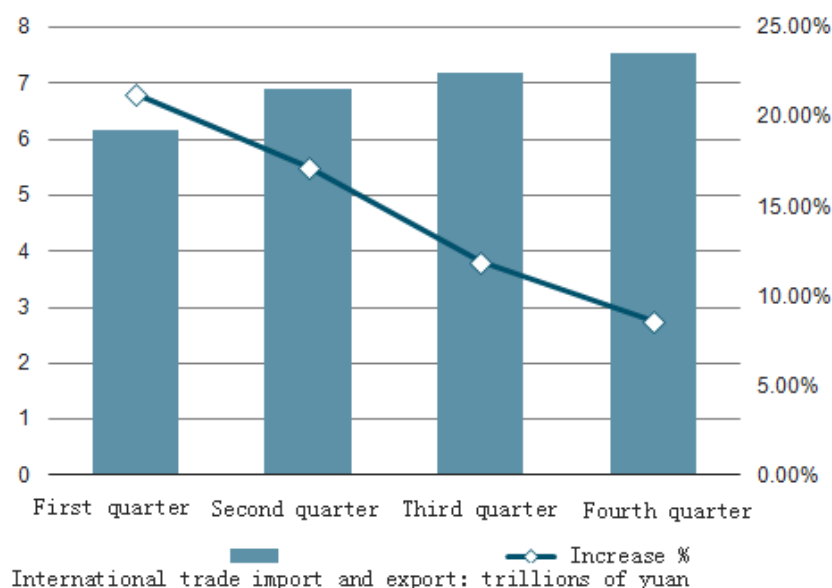
In this dissertation, I will talk about the current situation and development trend of China's international trade, as well as some specific methods to operate international trade because international trade has a great effect on China, in fact, it is the same for other countries.

Let's look at a few sets of data firstly.



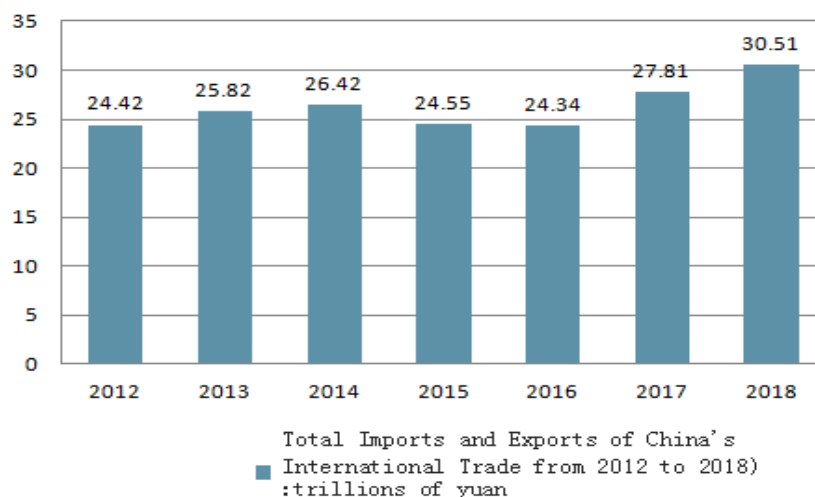
Picture 1. China International Trade Import and Export Data in 2017

In 2017, China's imports amounted to 1,840.098 billion US dollars, 15.9 % more than 2016. The export value was 2,263.522 billion US dollars, 7.9 % more than 2016.



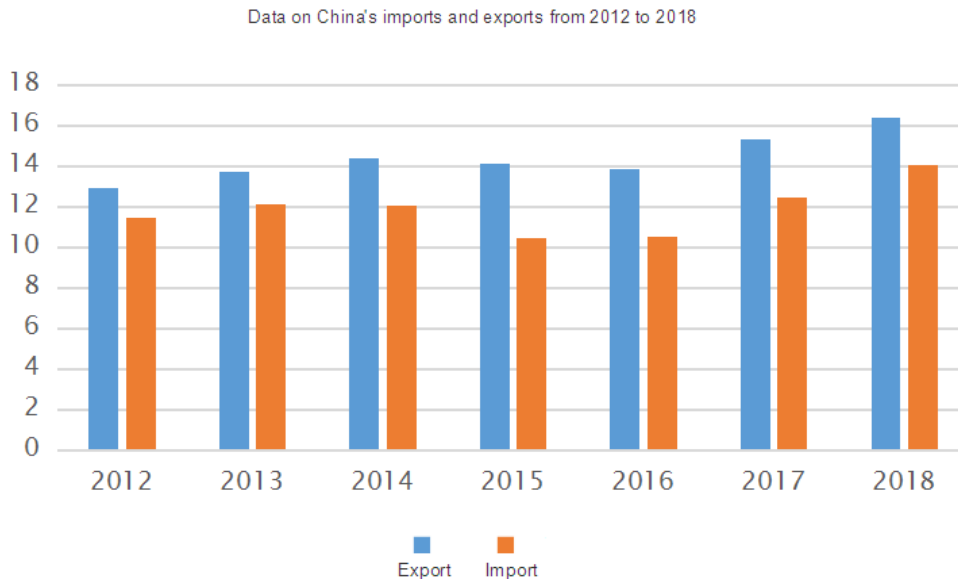
Picture 2. China's international trade import and export data for each quarter of 2017

In 2017, China's total import and export reached \$ 4104504 million, an increase of 11.4 % over 2016. In 2017, China's export volume was \$ 2263522 million, an increase of 7.9 % over 2016. In 2017, the total import and export volume was on the rise, with the largest import and export volume in the fourth quarter. In the first quarter, it grew by more than 20 %, in the second quarter, by more than 15 %, in the third quarter, by more than 10 %, and in the fourth quarter, by more than 5 %, a total increase of 11.4 % over 2016.



Picture 3. Total imports and exports of China's international trade from 2012 to 2018

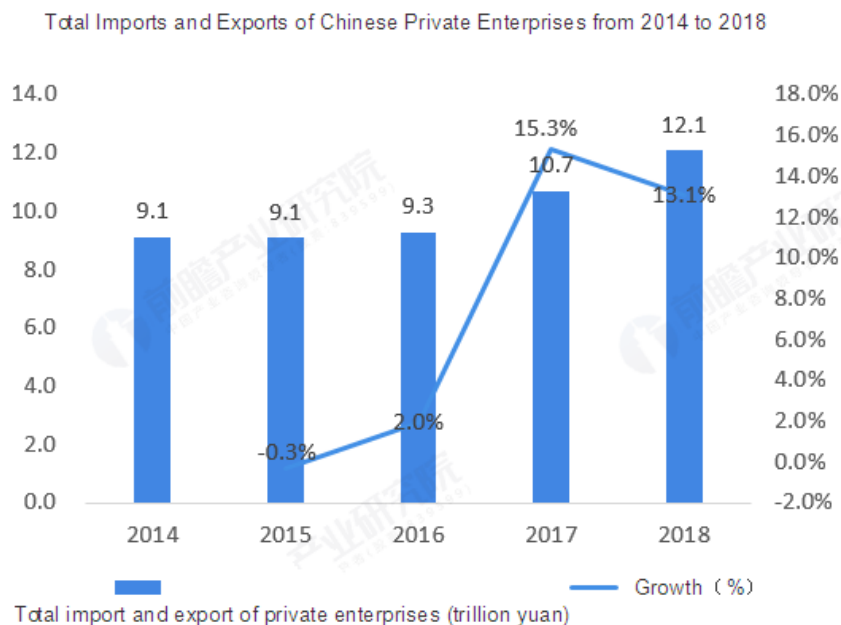
From 2012 to 2018, China's foreign trade is generally stable with steady progress, and the scale of import and export has reached a new record, which will continue to maintain the position of the world's largest trade country in goods. According to customs statistics, in 2018, China's total foreign trade import and export value reached 4.62 trillion US dollars, an increase of 12.6 % over 2017; of which, export reached 2.48 trillion US dollars, an increase of 9.9 % over 2017; import reached 2.14 trillion US dollars, an increase of 15.8 % over 2017.



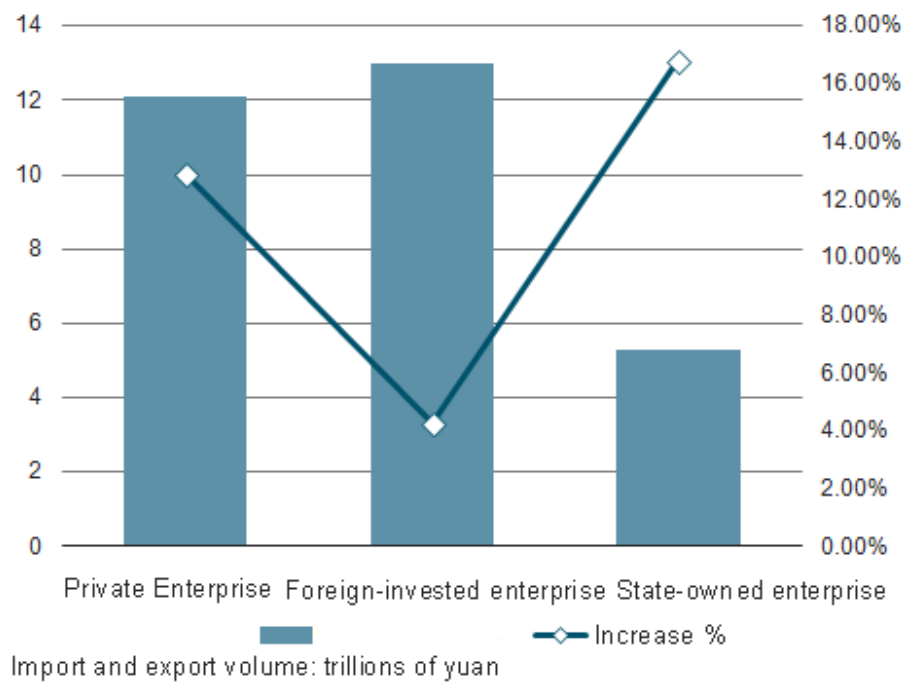
Picture 4. Data on China's imports and exports from 2012 to 2018

Through this table, we can see that China's exports of goods are larger than China's imports, because of China's low wages, large population and good working attitude. Large international enterprises are willing to set up factories in China. With the increase of Chinese wages and the increase of land prices, this advantage will decrease.

In 2018, the import and export of China's private enterprises reached 12.1 trillion yuan, an increase of 12.9 % over 2017, accounting for 39.7 % of China's total import and export value, 1.1 percentage points higher than that in 2017. Among them, export reached 7.87 trillion yuan, an increase of 10.4 % over 2017, accounting for 48 % of the total export value, and the proportion increased by 1.4 percentage points, maintaining the largest country of export and import; import reached 4.23 trillion yuan, an increase of 18.1 % over 2017.

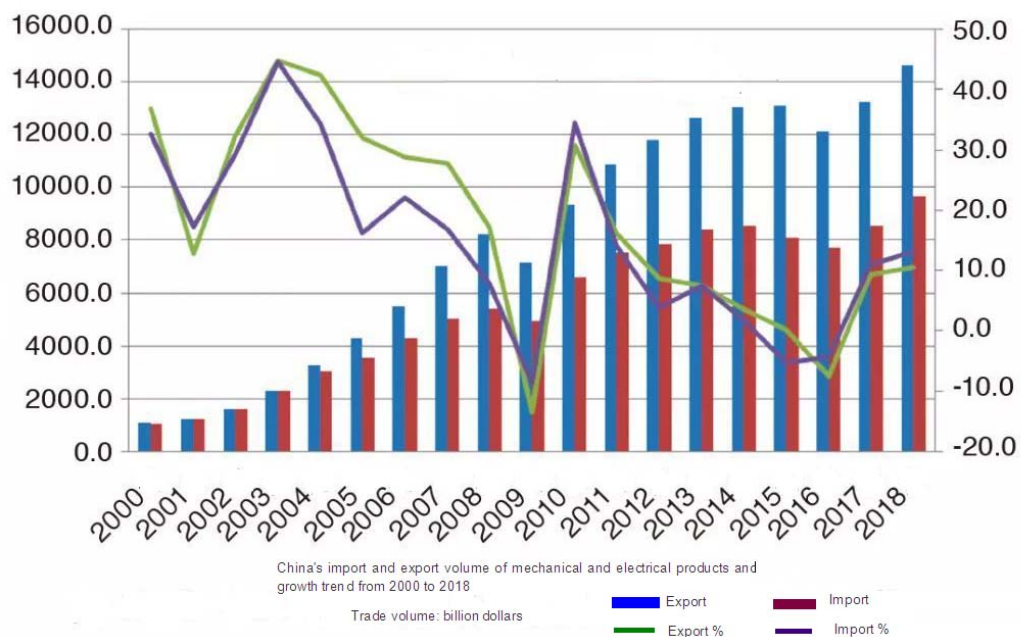


Picture 5. Total Imports and Exports of Chinese Private Enterprises from 2014 to 2018



Picture 6. Import and export volume: trillions of yuan

In 2018, China's private enterprises contributed more than 50 % to the growth of foreign trade import and export. Over the same period, the import and export of foreign-funded enterprises reached 12.99 trillion yuan, an increase of 4.3 % over 2017, 42.6 % of total import and export, the import and export of state-owned enterprises reached 5.3 trillion yuan, an increase of 16.8 % over 2017, 17.4% of of total import and export. Because after the reform and opening up, many Chinese open their own companies and trade.



Picture 7. China's import and export volume of mechanical and electrical products and growth trend from 2000 to 2018

The chart shows that China's export of mechanical and electrical products has been growing continuously for 18 years.

In 2018, China's exports of mechanical and electrical products reached 9.65 trillion yuan, an increase of 7.9 %, accounting for 58.8 % of China's total export value. Among of them, automobile exports increased by 8.3 %, and mobile phone exports increased by 9.8 %.

China's export of mechanical and electrical products is processing trade, mainly processing with supplied materials. This is because of China's weak industrial foundation, and also because of the large number of Chinese people, so the wages is low. The export of mechanical and electrical products in this way accounts for about 70 %, and the export of mechanical and electrical products in China accounts for more than half of the export.

China's international trade development trend analysis:

1. China's international trade's growth rate will slow down because Chinese wages have increased a lot and land prices have become more expensive, so many manufacturers have turned to other cheap countries for processing trade.

2. Before China's reform and opening up, general trade was the main mode of China's international trade. After the reform and opening up, the rise of processing trade, Currently accounting for 55 % of China's export trade, and accounting for 39 % of China's import trade. Especially the processing trade for coming material is developing rapidly.

Processing trade will also slow down for the same reasons (1).

3. In 2018, the United States increased tariffs on most of Chinese goods. The United States is one of China's largest foreign trade countries. So, in the future, the trend is China's exports to the United States Will be reduced.

At the same time, China's RMB will increase in value, which is what the United States and the Chinese are willing to do, so the growth rate of international trade will slow down.

4. E-commerce represents the development direction of international trade because its low cost and wide range of users.

5. China is currently actively building many free trade zones. As an experiment, it is an experiment for signing a duty-free treaty with lots countries. The trend is that in industrial parks, zero tariffs will be done with some countries because the tariff exemption with the contracting countries will increase the import and export volume of the two countries