

# The Development of International Trade and its Enlightenment on China's Development Trend of International Trade

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**Abstract:** The development of current world trade is fairly quickly, and the development of international trade in China is growing fast. But the current international trade and development show new characteristics, new problems and new trends which are different from before, and these changes have a great influence to China, a trading power. So in this paper, I give a corresponding analysis to the characteristics and trend of the development of international trade, according to these characteristics, I put forward China's corresponding macro thought to these changes.

**Keywords:** International Trade; Basic trend; Problems; Corresponding Thought

## 1. The Basic Trend of the Development of International Trade

### 1.1. The International Trade will Step into a new Round of Growth

Global trade has been got rid of the East Asian financial crisis and accelerates, trade grew faster than production growth momentum will continue. The next 5-10 years, the international trade growth will be higher than in the 1990s to 6.5%, remained at around 7%. According to the WTO predicted that by 1999 the global trade volume of \$ 6.8 trillion in 2005 to \$ 10 trillion and \$ 17 trillion in 2010. The ratio of world trade and GDP in 1990 from 19% in 1999 to 23%, increased to 28% in 2005, trade stimulating effect on economic growth increasingly prominent. Scale production and technological improvements in the role of the international market prices for most commodities will stabilize lower.

With the global economic slowdown, increase the likelihood of the next few years, although difficult to international trade growth over last year's level, but still maintain a relatively steady growth, mainly due to: the world economy is still on the rise, making the international market adequate supply, demand; technological revolution and the great development of e-commerce for trade growth to provide a stamina; trade liberalization in depth, more and more countries implement market opening strategy.

### 1.2. The Structure of International Trade to the Fundamentals

High-class trade structure and upgrading of industrial structure is complementary to each other, and their tendency to see there are three salient features. First, the traditional primary products decline in the proportion, and manufactured goods continued to rise. Second, the high-tech exports have a rapid growth. Third, the modern service trade develops rapidly.

### 1.3. International Direct Investment has Increasingly become the Main Driving Force of International Trade

Since the 1990s the world economy is an important characteristic is the growth of international trade over production growth, while foreign direct investment growth has exceeded growth in international trade. East Asian financial crisis, the development momentum again revealed. Since the second half of 1999 with outstanding performance in global trade is an important background of international direct investment is increasing rapidly. According to UNCTAD's International Investment Report 2000 FDI reached \$ 1.1 trillion, up 14% over 1999. And capital flows corresponding to global operations of multinational corporations have become an important part of international trade. As multinational companies in the global distribution, the implementation of large-scale parallel division of labor within the industry and the "Internal Trade", in large part to "create" and the growth of the international trade. But correspondingly, from the number of relations, international trade on the domestic unit contribution to GDP growth rate is declining. This raises two requirements for countries, one round into the international economic arena, not for trade and com-

merce, the second is the quality of attention to trade, and enhance trade stimulating effect on economic growth.

#### **1.4. E-commerce to Guide the new Trend of International Trade**

Extreme expansion of the scope of Internet applications in recent years brought about profound changes in the international trade. This change does not only reflect in the implementation of formal trade, but also affect the substance of trade and development concepts. E-commerce to achieve a trade network, without borders and personalization, can effectively break the limitations of natural and man-made, with low operating costs, the user a wide range of interaction, and other characteristics, represents the 21st century, international trade development. The rise of e-commerce is pregnant with tremendous business opportunities. According to the UN report statistics, in 2000 global e-commerce transactions amounted to \$ 377 billion, and will double the speed of development, to world trade in 2010 will account for 1/3. The importance of the development of electronic commerce on the country, not only is the ability to win a share in the emerging field, but also in the existing market share could be sustained. Therefore, the major trading power of e-commerce has given a high priority.

#### **1.5. The Pattern of International Trade Stability Change**

America, Europe, Japan remains the world's largest trading power, the power fluctuation between them a direct impact on the overall pattern of international trade. Currently in the United States and Europe in the proportion of total world trade reached 60%, which the United States ranks first in the world export, import almost a fifth of the total market, largely supporting the world export market in the next few years, the United States in international trade dominance will not be shaken. In the near term, the U.S. economy can achieve a "soft landing", the progress of reform in Japan and the EU can successfully complete the "satisfied that the new" Task and stabilize the euro, will affect the further development of the key constituents. Proportion of trade in developing countries has increased in recent years, but the North-South gap is still huge. Throughout the 1990s, per capita income growth in developing countries is only half the battle. Even if the oil-exporting countries in future trade increased significantly, the "oil revenues," the majority of the calendar year just to compensate for the accumulation of fiscal and trade deficits. Middle and low export structure to enable developing countries suffering from the international market fluctuations, resulting in trade competitiveness, achieve the same export earnings to mobilize more domestic resources, and thus fall into the "poverty of export growth" cycle. In addition to a number of emerging market countries in international trade with

certain competitiveness, the majority of developing countries in general will remain at a disadvantage.

## **2. The Current International Trade Development are Faced with the Problem**

### **2.1. A Full Range of Increasingly Fierce Battle for Market**

(1) The field of international trade has become the forefront of countries to compete and become the country's competitiveness is important manifestations. Can realize the value in the international market has become the measure of a country's level of economic development and an important criterion for the effects of policies, but in recent years, the booming trade in services more directly for the country to create value. To this end, the United States, Europe, Japan and other countries from the perspective of national economic security strategy to develop its trade, investment, finance, manufacturing, services and other institutional and policy all around the business to expand, while the focus of growing international struggle, investment, intellectual property rights, competition policy and other areas have become hot competition. In effect, the international capital inflows, import and export trade grows, the rapid development of trade in services, which in great overall pattern of trade for developed countries to fully absorb the positive aspects of economic globalization.

(2) The trading nations of the world trying to expand their market share. United States in the early 1990s proposed national export strategy and emerging market strategy has achieved initial success, becoming the "new economy" growth cycle biggest winner. United States has been a leader in trade liberalization itself, in an attempt to break the boundaries of the various regional agreements preferential policies in order to achieve "equal opportunity" to establish a global market for their own purposes. America is promoting the 2005 Free Trade Area of the Americas and Asia-Pacific through APEC occupied market development efforts in Africa in recent years was also significantly increased. EU focus on internal integration, while eastward and southward to intensify the implementation strategy, and through ASEM and the EU - Latin America Conference and other channels trying to squeeze in East Asia and Latin American markets, recently presented to the LDCs, "but Arms all commodities "export duties and quotas on the concessions, in order to open up markets in Africa and South Asia. Japan focus on the multilateral regional cooperation, to operate in East Asia, while strengthening bilateral relations between Singapore and other countries.

(3) Different levels of development between countries and regions is becoming more frequent bilateral contacts with trading nations form a distinct competitive situation. Up to now more than 170 regional trade agreements, in addition there are about 70 trade agreements being

planned. Some in multilateral negotiations contentious issues in bilateral negotiations are often easier to form a breakthrough. Developing countries focus on strengthening regional cooperation, through unity, composed of several regional trading blocs, such as ASEAN, MERCOSUR and other regional trade liberalization has become the "vanguard."

## **2.2. Trade Protectionism Guise and Emerge in Endlessly**

(1) countries is still high tariffs and quotas on the import restrictions. Current high tariffs mainly in agriculture, food products and clothing exports of developing countries have a comparative advantage on the product. Now under the Uruguay Round of the abolition of textile quotas have been in the past 10-year period more than half, but the United States in all 750 kinds of quotas only canceled 13 kinds.

(2) New trade protectionism tricks one after another. Many countries set up a technology export restrictions, such as the U.S. exporter of computer products to be divided into four categories, the first four categories of "rogue states" complete embargo, including China, the third category of countries subject to licensing restrictions. EU to "green index" barriers to imported products, the United States has recently been vigorously promoting labor standards. According to WTO estimates, various forms of trade protectionism in trade losses due to developing countries reached \$ 100 billion annually. In the adverse international environment, some had to rely on exports have been made out of poverty developing countries even appeared "back into poverty" phenomenon. In addition, regional and bilateral agreements, participants give each other preferential, there may result in disguised protectionism. At present the regional trade agreements standards and rules vary widely, this difference may replace tariffs as the biggest obstacle to the process of globalization. It was suggested that one-sided emphasis on regional cooperation repeat the mistakes of the 1930s split the risk group.

Current international trade development trends and issues in these new countries of the world trade and economic development have had a profound impact. Therefore, to dialectical view of the current international trade environment facing our country, we must see the opportunities that exist in the challenges, but also opportunities to see the hidden challenges. We must establish a global strategic awareness, to further improve the level of opening up the domestic development to create more space and more favorable conditions.

## **3. The Current Situation of International Trade International Trade Development of China's Enlightenment**

### **3.1. Deal with Economic and Trade Relations between the Major Powers, China's Economic Development to Expand the External Space**

United States, Japan, Europe, Russia, ASEAN is a global trading power (Group), is also China's major trade partners. 2004, China and the EU, the U.S., Japan and ASEAN trade are more than 100 billion U.S. dollars, reaching \$ 177.3 billion, \$ 169.6 billion, \$ 167.9 billion and \$ 105.9 billion, accounting for half of the country's total foreign trade. Although the scale of the current Sino-Russian trade is relatively small, but the two sides in the oil, gas and mineral resources, high-tech and other fields of cooperation has broad prospects. In depth with these countries and regions to promote economic and trade relations to a higher level and broader areas of development, is related to the overall situation of China's foreign economic work.

### **3.2. Active Development of Regional Economic Cooperation and Multilateral Economic and Trade Relations, Promote the Establishment of Economic Development is Conducive to my Global Free Trade Regime**

Participation in regional economic cooperation is of great economic and political significance. We should conscientiously implement the China - ASEAN Free Trade Area Trade in Goods Agreement, to promote the Greater Mekong sub-regional trade facilitation. Continue to promote the Shanghai Cooperation Organization member countries in economic and trade cooperation has made new progress. A more open global multilateral trading system is in line with WTO members including China within the party's long-term interests. We must actively promote the Doha Round of WTO negotiations in the multilateral trade system, play a constructive role. Actively participate in the UN and other multilateral international organizations, to further develop my UNCTAD, UNDP and other agencies in the role.

### **3.3. To Accelerate the Transformation of Foreign Trade Growth**

In order to increase the number of growth-oriented are more and more constrained, we must accelerate the growth in the number of foreign trade mainly from the shift to quality. To continue to implement and improve the export tax rebate policies to ensure stable export growth, make great efforts to change the export growth. Pay close attention to labor-intensive exports of structural adjustment, improve the textile, light industry, household appliances and other advantages of export quality products, quality and price; increase the vegetables, fruits, flowers, and other advantages of agricultural support policies in general trade, agricultural exports towards zero tax rates; depth implementation technology trade strategy, improve high-tech products, software and pharmaceutical export bases, focusing on motor vehicles

and parts, ships, railway equipment, communication products, bio-pharmaceuticals and other products exports, accelerate the formation of high-tech products to drive electromechanical exports, exports of electromechanical products export-led pattern; implementation of brand development strategy, support with independent intellectual property rights and independent brands of merchandise exports; promote the transformation and upgrading of processing trade, focusing on the introduction of high-end processing value chain.

Play a global "big buyers" advantage, organization and coordination of badly needed energy, raw materials, key technologies and major equipment imports. Accordance with international practice, explore a pilot centralized procurement of bulk products, such as actively and steadily develop the futures trade, increasing energy and important raw materials imported bargaining power. The use of international bidding, etc. high-tech products and the introduction of advanced environmentally friendly, large medical and electrical equipment, the key equipment, advanced technology import and digestion, absorption and innovation combine to promote domestic equipment manufacturing industry; urges China to relax some developed countries high-tech export restrictions.

#### **3.4. To Improve the level of Work to Deal with Trade Friction, and Create a Favorable External Environment for Development**

Actively and properly handle trade frictions, maintaining security of domestic industries and business interests. Strengthen coordination and linkage of the central government, local government, intermediary organizations

and enterprises, which is called "four in one", and improve coping mechanisms trade friction, good anti-dumping, countervailing and safeguard measures and trade barriers in response. I continue to strive for wider recognition of full market through Economic status.

For the global abolition of textile quotas to the new situation, earnestly deal with textile integration. We should timely release of information on textile exports and investment in the textile industry, and guide enterprises and orderly exit to prevent blind investment and redundant construction and encourage industry self-regulation. Open up international markets to promote the textile industry to export from the export-oriented and "going out" a combination of shift and reduce trade frictions.

Good use of WTO rules focus on research, according to the use of a variety of trade remedy measures to protect domestic industries. Closely follow the implementation of trade remedy measures on the relevant domestic industry, guide enterprises to adjust the structure, and enhance competitiveness. Learn from other WTO members, relevant research and case law, scientific and standardized case investigation and adjudication procedures.

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