

A Study on Foreign Trade Strategies from the Perspective of China's Economic Transformation and Upgrading

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Abstract: Under the perspective of China's economic transformation and upgrading, foreign trade is facing pressure from the transformation of internal economic capacity and external trade environment. It is urgent to explore new paths and directions, in order to realize the common evolution of the society, economy, system, and environment in China. From the rapid expansion of foreign trade in China towards high quality development, it is necessary to emphasize on the system, motivation, ability, and pattern; explore new development modes, change the development philosophy, delve into the connotation and characteristics of development, system supply, and organizational and technological innovation; as well as focus on cultivating a constant innovation drive, while capturing value and optimizing the foreign trade environment.

Keywords: China's economy; Transformation and upgrading; Foreign trade

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1. Introduction

With the continuous globalization, the global trade competition is increasingly fierce. Along with the impact of the economic downturn, trade protectionism is intensifying, and foreign trade is dealing with a severe and turbulent external environment. However, China is currently undergoing economic transformation and upgrading, in which the low-cost advantage of traditional demographic dividend is gradually lost, the economic operation is faced with various difficulties, the policy selection is more challenging, and a new impetus for economic growth is urgently needed ^[1]. Under such a complex background, China's foreign trade development model, which is purely growth-oriented, is also facing adjustments. China has put forward the goal of promoting the high-quality development of foreign trade, continuously optimizing the trade structure, and enhancing its trade strength. The new development path of foreign trade should face all kinds of changes and challenges in the internal and external environment. It is an inevitable for China's economy to undergo profound reform, dominate international affairs, and advance global competitiveness ^[2].

2. Characteristics of China's foreign trade development from the perspective of its economic transformation and upgrading

2.1. A gradual improvement in development pattern

All along, China's foreign trade is committed to using internal and external market and resource advantages to drive economic development. Faced with problems such as the gradual decline of demographic dividend and environmental dividend, as well as the global economic downturn, foreign trade lacks traction [3]. In order to promote the external circulation mode, foreign trade is bound to carry out all-round optimization in trade mode, industrial layout, market distribution, product composition, supply level, and other aspects [4].

ASEAN is an emerging market in recent years, where its demand trend is trending upwards. It has replaced European Union countries as China's largest trading partner. The world economic recession has brought on many trade frictions, raising the uncertainty of China's foreign trade development. In order to strengthen the anti-risk ability of foreign trade in China, the diversification of the world market must be promoted in an all-round way, resources must be reasonably allocated in the global scope, and the allocation of division of labor must be carried out [5]. Under the background of current domestic economic transformation and upgrading, China has effectively sustained its foreign trade development and the international economic environment cycle [6].

From an internal perspective, in order to support trade development, it is necessary to optimize product institutions and continue to promote the upgrading of industrial structure, so higher economic benefits can be obtained [7]. China's ability to handle stress has consistently been demonstrated by the product structure of foreign trade. According to relevant research reports, the proportion of high-tech products in the manufacturing industry in foreign trade is increasing year by year. High-tech products, mainly computer and information technology, account for more than 70% of the total export volume. The product structure is uneven. At the same time, there is still room for improvement in terms of innovation ability, independent research and development ability, intellectual property rights, and the production efficiency of traded products [8]. The development of high-tech industries plays an important role in China's economic transition. China is in an urgent need of increasing the added value of products and extending the industrial value chain from the foreign trade of general products by enhancing the innovation ability of high-tech industries [9].

2.2. A gradual upgrading in development capacity

The development ability of foreign trade is the basic element of the quality of trade development. The ability to continuously optimize foreign trade is reflected in the coordination of goods and services. China surpassed the United States in 2010 and became the world's largest manufacturing country, leaving a profound impact on the global economy. However, China's service trade started late. Other than having a weak foundation with huge development potential, it is still in constant excavation and has many differences in these respects compared to many developed countries, as shown in **Table 1**. At present, China needs to adjust the balance between trade in goods and services, so that "Chinese services" can be the same as "Made in China," so as to promote China's foreign trade development.

Table 1. Share of services in the national economy in 2021 (%)

	U.S.A.	European Union	Japan	China	World average
Share of value-added services in GDP	77.72	65.67	70.01	54.55	65.98
Proportion of trade in services to trade volume	32.4	43.1	29.9	16.4	33.0

Each sector of China's manufacturing industry is repositioned and upgraded according to domestic economic transformation and upgrading as well as foreign trade demand. Manufacturing reflects the basic production capacity of a country and is the basis of trade. At present, the developed countries in Europe and the United States have enacted the strategy of reindustrialization in succession, the reflow of manufacturing industry, and the rise of domestic production cost, which creates significant challenges. It is imperative to realize the advanced development of the manufacturing industry, enhance competitiveness, and consolidate the foundation of foreign trade. Since 2010, the proportion of the high-tech industry's export has increased rapidly, but the stability of trade scale is insufficient. Until 2021, the high-tech industry has realized the innovation-driven mode of factor input transformation, as shown in **Figure 1**. It is critical to seize the opportunity presented by the science and technology revolution, develop the first advanced manufacturing industry from the development of information technology, the service industry, and environmental protection, and consolidate China's competitiveness in foreign trade ^[10].

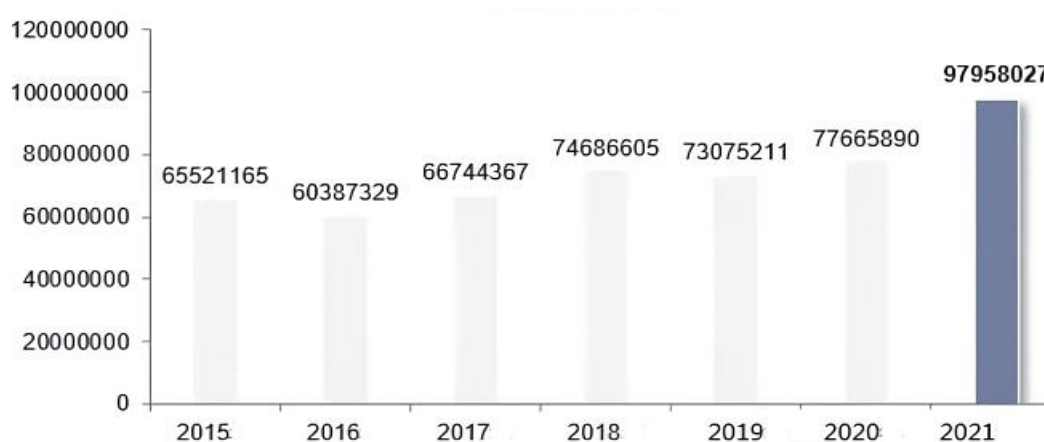


Figure 1. Amount of China's high-tech products exported from 2015 to 2021 (USD 10,000)

3. Foreign trade strategies from the perspective of China's economic transformation and upgrading

3.1. Strategically improve the traction of trade development

The level of foreign trade development depends on the policy guidance and practical effect. The strategic thinking of China's economic development is changing from rapid development to high-quality development and to the innovative economic model. The development speed and economic benefit are no longer the basic goals, but rather the emphasis is on the unity of multiple goals, such as social, economic, environment, culture, and international discourse power ^[11]. The new foreign trade development mode introduces a new strategic thinking, changes the traditional single index and unidirectional power base, establishes a new mode of the pursuit of true value rationality and mechanisms, gives full play to the traction and guide of the new development concept, follows the innovation-driven strategy by scientific and rational guidance law in trade development ^[12]. Geographically, the direction of China's trade development in recent years has shifted from traditional European and American countries to Central Asia and ASEAN. Its aim is not just to expand its market, but also to strengthen its international influence on these regions and obtain more resources to eliminate the historical geopolitical circumstances ^[13]. It is strategically visionary to form healthy bilateral trade cooperation in Central Asia, ASEAN, and other regions, so as to improve China's influence on international trade, culture, politics, and other aspects ^[14].

3.2. Consolidate the foundation of China's foreign trade capacity

China's economic transformation and upgrading cannot be separated from the innovative development of high-tech enterprises. Foreign trade should also be continuously developed and strengthened by high-tech

products. Economic development is based on the interaction and coordinated development of technology, organization, talent, system, and other aspects. China is currently shifting its focus from population dividend to talents dividend, attaching importance to education, identifying and appointing talents, giving full play to high-quality and innovative talents, promoting technology upgrading, driving industrial upgrading, and upgrading the entire market itself ^[15]. Driven by innovative technology, the reform and transformation of extensive development mode driven by energy and other factors is not only an important part of the internal economic transformation, but also the key to the foreign trade development. Encouraging enterprises to develop technological innovation activities, accelerating the marketization of scientific and technological achievements, as well as improving the overall technological level of China's manufacturing industry are the fundamental elements for foreign trade development and establishing a competitive image in China ^[16]. At present, digital economy is rapidly expanding, and full attention is being paid to the innovation of the organizational form of foreign trade, focusing on the digital industry, developing the digital economy, expanding the emerging industries of cross-border e-commerce, replicating the successful experiences across the nation, and bolstering new technologies, such as the internet, big data, and cloud platforms. The integration with traditional manufacturing will improve the intelligence level of manufacturing ^[17].

3.3. Open to foreign trade

The development of foreign trade requires the internal environment and the resources of the external environment to produce high-quality flows. If the internal environment and the external market are more open and integrated, it is easier to create a situation, where mutual benefit takes place. China should raise its level of opening-up to foreign trade and promote the development of trade and investment. In order to attract foreign investors, it is necessary to constantly improve the management system of the Negative List, replace the outdated inventory system, and enhance the level of openness and management. By improving laws and regulations as well as service levels and implementing various favorable policies, it is possible to safeguard the rights and interests of Chinese enterprises in overseas investment. The multi-point free trade zone negotiation and other economic initiatives are examples of policies that work to create a mutually beneficial trade model, thus making it easy for enterprises to carry out foreign trade activities ^[18]. According to the principle of win-win and fairness, we can actively carry out multilateral trade cooperation, promote a healthy global economic cycle, deepen the cooperation in various regions, break the shackles of unilateral trade, and build a fair and inclusive international trade system ^[19].

3.4. Improve institutional supply for foreign trade

The efficiency and standard of foreign trade are directly affected by the efficiency, effectiveness, and reasonability of the system design. From the perspective of China's economic transformation and upgrading, it is necessary to create a good business environment, reduce the operating costs of Chinese enterprises, help enterprises avoid risks, and improve their innovation efficiency. The current development of specialized and special "little giant" enterprises aims to foster local innovation businesses. It is important to respect the laws governing the development of the market economy, reduce excessive intervention, build a system with sound institutions, clear rights and responsibilities, and law-based governance, as well as promote a sound economic environment. Additionally, it is also crucial to promote system innovation, promote pilot free trade zones, standardize the management of cross-border e-commerce, improve intellectual property rights protection, and stimulate the innovative vitality of foreign trade in a multi-pronged manner ^[20].

4. Conclusion

In the past, China's foreign trade development was highly dependent on system supply and constantly moved towards increasing quantification. Experiencing the impact of the global economic downturn and the new demand brought by the transformation and upgrading of national economy, foreign trade must achieve high-quality development to cope with the changes in the economic ecology. Under the background of China's economic transformation and upgrading, China must establish good economic strategies for its foreign trade by improving its trade development, constantly consolidating the foundation its foreign trade capacity, increasing its level of opening up, improving its system supply, forming a multi-dimensional development force, and carrying out all-round changes for its economy transformation and upgrading.

Disclosure statement

The authors declare no conflict of interest.

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