

A brief Analysis of the present situation of bilateral Trade between China and the countries along the "Belt and Road Initiative" Line

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Abstract

As a representative of the emerging market, the rise of the Chinese economy has benefited from the economic globalization, and the trade is connected to the global economy in the most direct way, but the weak recovery, the reverse diversification and the inverse globalization have become the current world economic "new normal", How to deal with the world economic "new normal" has become a problem that China must face and answer to the development and progress of China. As a representative of the response, the "One Belt and One Road" initiative, from the strategic vision of 2013, has six years since the strategic vision of 2013, whether the follow-up of the initiative is sustainable, its impact on the development of China's trade, and whether the trade of China and the "along the line" countries can promote the full play of China's own advantages, There are some resistance factors in the trade process, and it is necessary to review the summary in a timely manner. For the above problems, this paper chooses 54 "One Belt and One Road" to construct the panel data from the trade-related data of 2007-2017, and through the statistical analysis of the collected data, the "change" of China's trade after the implementation of the "One Belt and One Road" policy is recognized from the qualitative point of view. The study was then conducted from three aspects from a quantitative point of view. According to the conclusions of the research, this paper believes that the construction of regional transportation along the line should be strengthened, the boundary dispute should be properly handled, the difference strategy should be adopted to deal with the trade of different regions, and the optimization of the domestic industry should be accelerated to promote the upgrading of the industrial structure.

Keywords

Belt and Road; bilateral trade; trade surplus; trade distribution.

1. Introduction

It has been six years since the "Belt and Road Initiative" initiative was put forward, and it has developed from the initiative at the beginning of the period to the situation of multi-country participation in regional co-construction. The top-level design of the initiative and the planning in various fields have been further clear and complete, which has been generally recognized by the relevant countries and the international community, and has become the basic consensus of the international community. The Belt and Road Initiative initiative has attracted worldwide attention and has been paid more and more attention. China and many countries along Belt and Road Initiative have signed major projects in many fields one after another, and have made remarkable achievements. By March 2019, hundreds of countries had joined the Belt and Road Initiative initiative.

2. The Present State of China's Total Trade with 54 "One Belt and One Road"

As an open and inclusive country, China has a long history of economic and trade exchanges with all countries of the world. According to the statistics of Figure 1, the total trade volume between China and the 54 "along the line" countries shows a trend of upward growth. In 2007, the total import and export of China and the world amounted to \$2,1765 million, of which the total import and export of the total of 54 countries along the line amounted to \$4324.53 billion, About 19.87% of the total trade

volume between China and the world in the current year. As of the year of data statistics, the total trade of China and the 54 countries along the line amounted to \$996.98 billion, and the total bilateral trade between China and the world amounted to 4101.63 billion yuan in the current year, and the total bilateral trade between the country and the country in 2017 accounted for 24.27% of the total trade volume between the country and the world. The share of trade between China and the 54 "along the line" countries has increased by nearly a quarter over the first half of the year, compared with the increase of 22.13 per cent in 2007, indicating that the trade relationship between China and the "One Belt and One Road" countries has become more and more tight, At the same time, the influence of trade between the countries along the line on China's trade is also increasing.

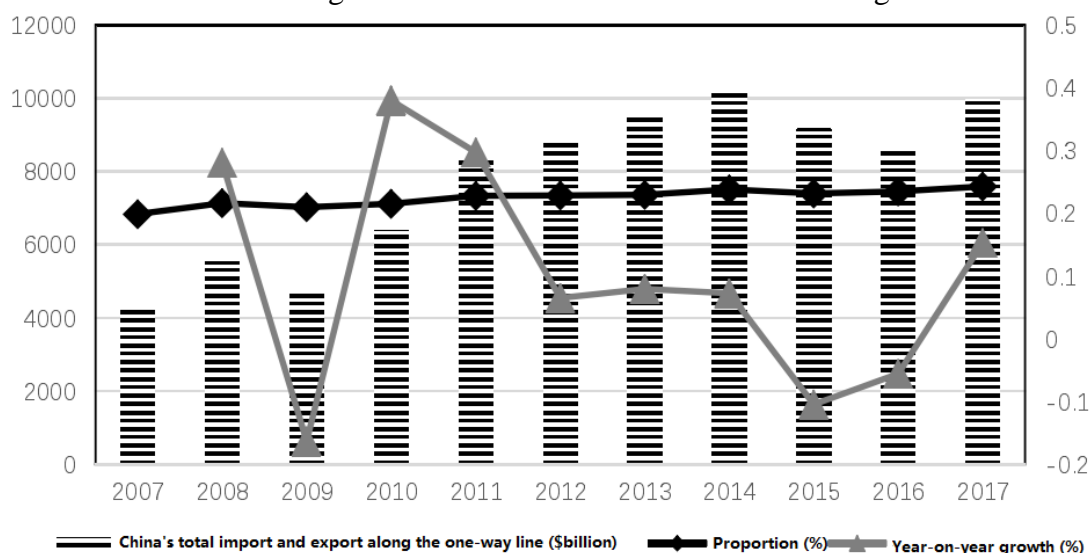


Fig1 Total Import and Export Trade trend between China and 54 "Belt and Road Initiative" countries in 2007-2017

3. Changes in China's Export, Import and Trade surplus to countries along the "Belt and Road Initiative" Line

3.1 Changing of export

Figure 2 shows the trend of China's export trade to 54 countries along Belt and Road Initiative since 2007 / 2017. The trend of China's overall export trade to 54 "along" countries is similar to that of the total trade volume in figure 3 / 1: the overall trend is fluctuating upward. Among them, China's overall exports to 54 countries along the route accounted for the proportion of China's total global export trade in that year, and increased from 20.45% in 2007 to 25.90% in 2017, and the corresponding export volume increased from US \$249.612 billion in 2007 to US \$586.172 billion in 2017, an increase of 134.83%. In 2014, China's exports to 54 countries along the Belt and Road Initiative route reached the largest, with export trade reaching US \$595.342 billion. As can be seen from figure 2, there were two major breaks in 2009 and 2015, of which 2009 was the second year after the outbreak of the financial crisis, and global economic development was seriously affected. In 2009, China's overall export trade to 54 "along" countries fell by 16.85 per cent compared with 2018, while the two-year decline after 2014 was mainly due to the stagnation of the world economic recovery during that period. Economic growth in major emerging market countries is also slowing further.

After this phase of adjustment, China's overall export trade to 54 "along" countries reached its lowest level in 2016, but its overall export trade to "along" countries accounted for 25.42 percent of China's global exports in 2016, up 0.13 percent from its peak in 2014, and reaching a maximum of 25.90 percent at the statistical cut-off point in 2017. Through the above data, we can intuitively see that during the stagnation of the global economic recovery, China has strengthened its export trade exchanges with countries along the "Belt and Road Initiative" line, indicating that these "forgotten

corners" have been paid more and more attention by the Chinese market in the tide of economic globalization for a long time.

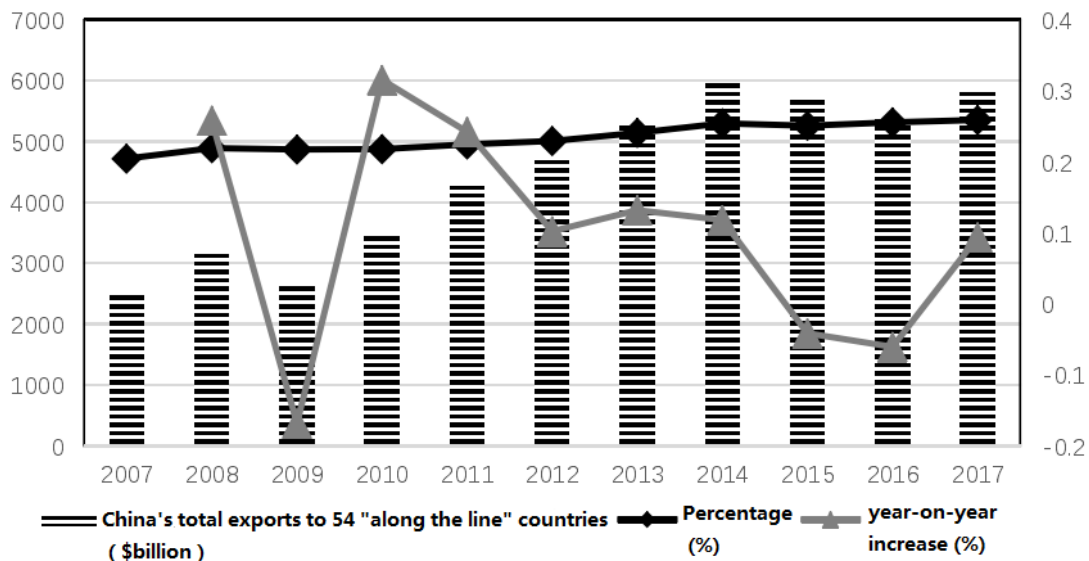


Fig 2 Trends in the export of trade from 54 "Belt and Road Initiative" countries in China, 2007-2017

3.2 Changing of Import

Fig. 3 shows the changing trend of import trade volume from 54 "Belt and Road Initiative" related countries in 2007 / 2017. The changing trend of China's import trade from countries along the route is similar to that of exports to countries along the route: imports from countries along the route generally fluctuate upward. From 2007 to 2017, China's import trade volume from 54 "along" countries as a whole changed little from China's total imports from the world, from 19.12 percent in 2007 to 22.27 percent in 2017. From the fact that the import volume was equally affected by the global financial outbreak, the import volume grew by -15.60% in 2009 compared with the same period last year, and then experienced a relatively rapid growth rate to reach a maximum of US \$427.139 billion in 2014, instead of a two-year continuous decline.

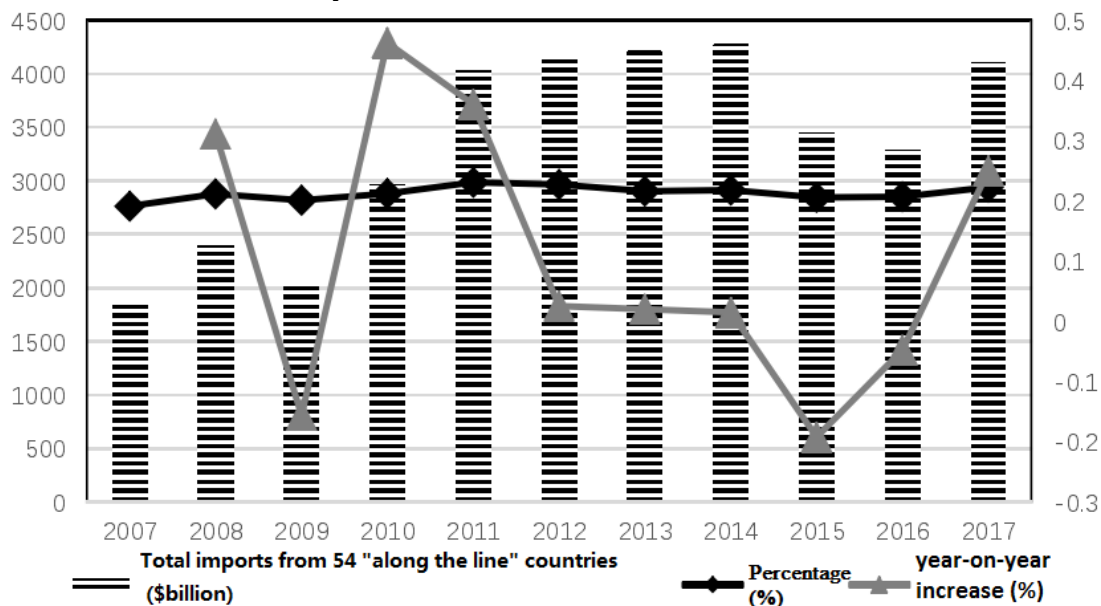


Fig 3 Trends in the import of trade from 54 "Belt and Road Initiative" countries in China, 2007-2017

The reasons for the decline in import volume may be as follows: (1) China is in the stage of industrial transformation and upgrading, and industrial development is from the traditional high consumption. The unfriendly environment turns to strategic emerging industries and service industries, and the deep

adjustment of China's economic structure has led to the decline of demand for traditional imported goods. (II) the slow recovery of the global economy and the decline in commodity demand have triggered a fall in commodity prices and led to a reduction in commodity imports; (3) processing trade accounts for more than three levels of China's export trade. Affected by the global economic recovery, the demand in the international market has declined, and the export production of processing trade has continued to decline, resulting in a continuous decline in material imports. The above factors have finally led to a decline in China's imports from 54 "along" countries.

3.3 Change of trade surplus

Figure 4 shows the changes in the trade surplus between China and the countries along the route in 2007 / 2017. Overall, China's trade surplus with 54 countries along the "Belt and Road Initiative" route continued to be surplus during the statistical period. Different from the changing trend of total trade, import and export trade, the lowest point of trade surplus occurred in 2011, and then experienced a rapid rise of four years from 2012 to 2015. the proportion of China's trade balance with 54 countries along the route to China's total trade surplus with the world also increased sharply by as much as 43.91%, close to half of China's total trade surplus with the world that year. After a small correction in 2015, the share continued to increase and reached a new low of 41.84 percent in 2017. To a certain extent, it shows that the implementation of the Belt and Road Initiative initiative makes the trade between China and the countries along the route more and more important to the development of China's economy.

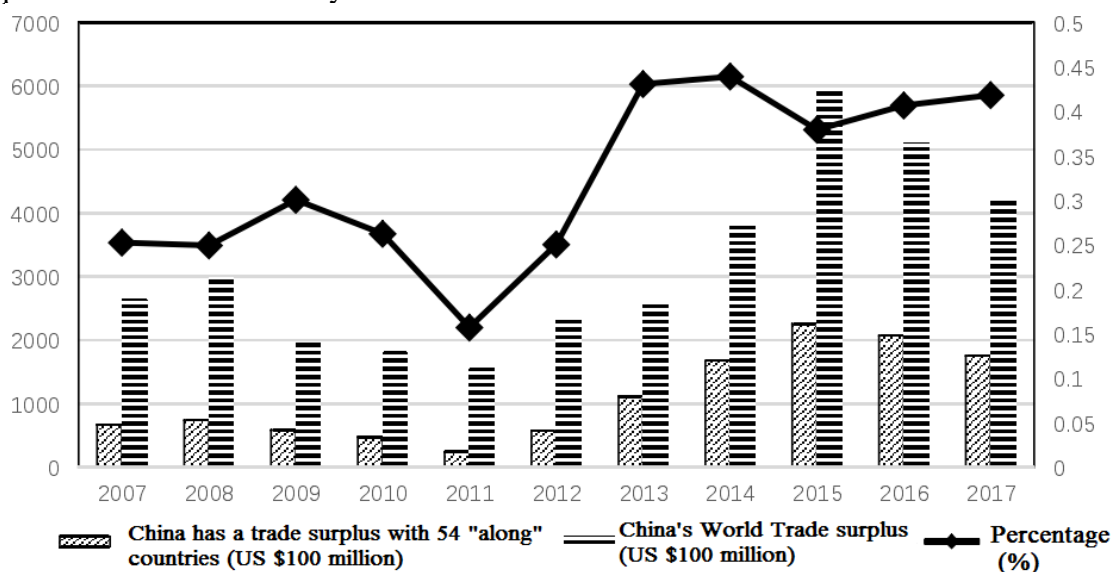


Fig4 Trade surplus trend of China with 54 "along" countries in 2017

The change trend of trade volume, import volume and trade surplus is shown in Figure 2, Figure 3 and Figure 4. We found that China's imports and exports to the 54 countries along the line began to pick up slowly after the impact of the 2008 financial crisis and the fall in 2009, but in contrast to the trend in the trade surplus, the decline in the trade surplus along the line has continued until 2011, It reflects that China's export trade is less than import trade after being hit by the crisis, which reflects the vulnerability of China in dealing with the risks of export trade, mainly because China's export trade structure is relatively single, which leads to a concentration of risk. Therefore, it is very important to improve and expand the depth and breadth of regional cooperation and to optimize the trade structure to the development of China's trade.

4. Trade regional distribution

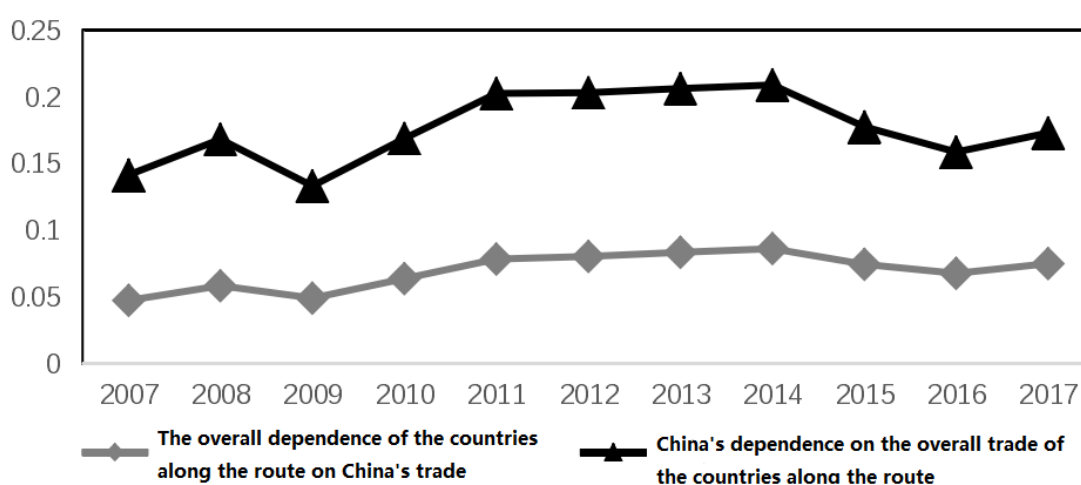
Because of the resource endowment and social culture between adjacent regions, and the development of countries in the same region is usually similar, forming similar comparative advantages, there are often obvious regional differences in a country's foreign trade. In this paper, 54 countries are divided into 6 regions according to their geographical location. In order to explore the regional characteristics

of trade between China and 54 "along" economies, 54 countries are divided according to their geographical location, and some special countries are combined in geographical location, which are finally divided into six regions: central and Eastern Europe, West and North Africa, East and Central Asia, South Asia, CIS and Southeast Asia. Through comparison, it can be seen that the total export trade of the six regions is from high to low: southeast Asia, West Asia and North Africa, South Asia, CIS, Central and Eastern Europe, East and Central Asia, and the order of total import trade from high to low is Southeast Asia, West Asia and North Africa, CIS, South Asia, Central and Eastern Europe, East and Central Asia. From high to low, the total bilateral trade in the six regions is Southeast Asia, West Asia and North Africa, South Asia, CIS, Central and Eastern Europe and East and Central Asia. By ranking the total import trade, export trade and bilateral trade between China and the six regions along the route from large to small, we find that Southeast Asia ranks first in both import trade and export trade. The member countries of the region are ASEAN countries, and the bilateral trade volume between the region and China in 2017 is US \$464.148 billion, accounting for 46.56% of the total trade volume between China and 54 countries along the route in that year. Moreover, the bilateral trade volume between the region and China accounted for the proportion of China's total bilateral trade with the world, rising from 7.93% in 2007 to 11.30% in 2017, an increase of 42.50%. The region's bilateral trade with China reached US \$220.835 billion in 2017, accounting for 22.15 per cent of the total trade volume between China and 54 countries along the route in 2017, and the bilateral trade volume between the region and China increased from 4.87 per cent in early 2007 to 5.38 per cent in 2017, an increase of 10.47 per cent. For the Central and Eastern European region, the bilateral trade volume between the region and China has increased from 1.27% in 2007 to 1.53% in 2017, a small increase, and the bilateral trade volume between East and Central Asia and China has decreased from 0.91% in 2007 to 0.72% in 2017, with a decrease of 20.88% in 11 years. For South Asia, the bilateral trade volume between the region and China accounted for the proportion of China's total bilateral trade with the world, rising from 2.34% in early 2007 to 3.07% in 2017, an increase of 31.20%. The bilateral trade volume between the CIS region and China as a proportion of China's total bilateral trade with the world fell from 2.56 percent in the beginning of 2007 to 2.27 percent in 2017, a small decline of 11.33 percent. East and Central Asia, CIS, compared with the countries included in the growth region, the economic development of the economies in the region is relatively poor, the activity of the market economy is relatively low, generally landlocked countries, poor geographical location, lack of infrastructure construction, these factors to a large extent restrict the development of foreign trade activities of the countries of the region, through the statistical analysis of regional data, It shows that the trade between China and a region may be affected by the geographical factors and even the resource endowment of the region.

5. Economic dependence analysis

In today's world, the economic and financial interaction of all countries and the relationship between the two countries are unprecedented. As a major trade country, China's export-oriented foreign trade policy is more closely linked to the world. The trade disputes, trade protectionism and the conflicts between the countries in the current international trade have been increasing, and the global trade in the new trend, the new situation and the new background will usher in a great change. Under the new trend, the development of the country faces the opportunity and the challenge, and China needs to make clear its influence in the current trend, so that the organic should grasp the opportunity of the global economic change, and better integrate into the world economy and realize the improvement of the comprehensive strength of the country. We use the economic dependence index to analyze the mutual dependence of the economy between China and the selected "One Belt and One Road" countries. The degree of economic dependence, as a measure of the degree of trade between countries, specifically refers to the total import and export of the two countries that are trading with one another, that is, the ratio of bilateral trade to the gross domestic product of one of them, This reflects the degree of economic dependence of the country on the economies of trade with them. In order to make the results of the analysis more intuitive, this paper, based on the perspective of China, treats 54 "One

Belt and One Road" as a whole and trade with China, and analyzes the degree of economic dependence among them. The results of the analysis are shown in the following figure: On the basis of the trend of economic dependence of China and 54 "One Belt and One Road", the economic dependence of China and "along the line" economy in 2008-2009 shows a downward trend. The overall economic dependence of China along the line is 23.50%, which is more than 15.82% of the overall economic dependence of China's trade along the line. The analysis of the decline in the period 2008-2009, mainly by the impact of the financial crisis in 2008, has been severely hit by the global economy and has prevented trade from among countries in the trade network. The economic dependence between the two countries increased slowly during the period 2009-2014, It is mainly because the countries of the world have taken a series of stimulus plans for the economic development of the financial crisis, and the cooperation of the countries and the regions has been strengthened and the development of the economy is promoted.



6. Conclusion

- (1) with the implementation of the "Belt and Road Initiative" initiative, the proportion of the indicators between China and the countries along the route in the corresponding indicators between China and the world in that year is getting higher and higher and the growth trend is obvious. To a certain extent, it shows that the trade between the countries along the "Belt and Road Initiative" line has become more and more important in the overall trade of China;
- (2) the growth rate of trade indicators between China and the countries along the "Belt and Road Initiative" route is more than double that of the same indicators in China's and the world trade, indicating that the trade exchanges between China and the "Belt and Road Initiative" region are increasing and becoming more and more important.
- (3) in the subregional statistical analysis, the trade between China and the regions along the route shows obvious regional differences;
- (4) the economic dependence between China and the 54 "along" countries as a whole is greater, indicating that China and the countries along the "Belt and Road Initiative" route have closer ties and become more and more important trading partners with each other.

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