Chinese international trade and countermeasures in the wake of COVID-19

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Abstract. As one of the largest exporters in the world, China's international trade has been particularly affected by the pandemic. This paper aims to further restore the normal development of China's international trade, actively cope with the changing international environment, and realize the transformation and upgrading of China's international trade. We first analyzed the status quo of international trade in China under the influence of the epidemic. And further analyzed the reasons for the existence of the status quo. Based on the above analysis, relevant policy suggestions were put forward. Finally, the article briefly summarizes the reasons why China's foreign trade is affected by the COVID-19 epidemic, corresponding policy suggestions and the future outlook of China's international trade was put forward.

Keywords: Impact, COVID-19, China, Internatonal Trade.

1. Introduction

The WHO (World Health Organization) held a press conference which announced that the novel coronavirus outbreak had been classified as a "Public health emergency of International Concern" on January 31, 2020 Beijing time. The sudden outbreak of COVID-19 has thrown the international community into chaos and panic. Many countries have adopted various lockdown and quarantine policies to prevent the spread of the novel coronavirus, bringing international trade to a standstill. As the first country with COVID-19 outbreak and one of the major countries with an important role in the economic aggregate and international trade structure, China's international trade has undoubtedly suffered a huge impact under the ravages of COVID-19 and the complex international environment. Therefore, in order for China to better cope with the current complex international environment and remedy the existing issues in international trade of China, this paper focuses on the development status of international trade of China after the outbreak of COVID-19 from three perspectives: The reasons why international trade of China was influenced by COVID-19 were analyzed in terms of international trade policies proposed at home and abroad for epidemic prevention and control, the product structure of its international trade and the links of international logistics, and further put forward relevant policy suggestions based on the problems in the three reasons.

2. China's international trade under the impact of the epidemic

According to the National Health Commission, in early 2020, the COVID-19 outbreak began in Wuhan, China, and confirmed cases are gradually emerging in many places. As of January 24, 2020, the cumulative number of confirmed cases in China has reached 1,287, the death toll has reached 41 cases, and there is a trend of continuous growth. Therefore, The Chinese government made an emergency decision to shut down Wuhan, the worst-hit city, and carry out joint prevention and control efforts across the country, so that schools were delayed, and factories in many places shut down. Meanwhile, other countries have confirmed cases, the world is in the doldrums and the economy is stagnant. [1]

The coronavirus pandemic also continues to spread around the world, an unpredictable disaster that has traumatized the world economy. According to the OECD, the emergency public health measures will severely damage the world's supply and demand, and they predict that the world economy will grow at its slowest pace in a decade. Even in the best-case scenario, the global growth rate in 2020 will drop by 0.5 percentage points from the prior year to 2.4%. [2]

Because the coronavirus outbreak first occurred in China, China's economy has been hit hard by a 6.8% year-on-year decline in GDP in the first quarter of 2020. [3] The Spring Festival holiday and the outbreak caused a 7.3% year-over-year decline in foreign trade in January 2020. In February, foreign commerce decreased by 39.5 percent from one month to the next and 16.7 percent year over year. In March, the decline remained 4.3% less than a year previously. In April and May, the deterioration got worse. Foreign trade jumped 1.1% year over year in June, interrupting a six different negative streak and tipping positive for the first time.

With the deepening of research on the novel coronavirus, China's ability to prevent and control the epidemic has been continuously improved, and the situation of the novel coronavirus has improved, as work and manufacturing scoop up once more in various regions and the gradual recovery of the economy. Predicated on pertinent information from the National Bureau of Statistics, although China's international trade was severely impacted by the COVID-19 epidemic in 2020, the total volume of China was the only major economy around the world to have decent trade growth in 2020, with its imports and exports of commodities exceeding $4.65 trillion ($1.5%), up 1.5%, and manufacturing 2.6 trillion ($3.6%), up 3.6%. Acquisitions were US $2.1 trillion ($1.1%) lower from the past year. China's exports have maintained a steady rise gradually. Statistics from Customs indicates that China's export destinations in 2021 were RMB39.1 trillion, a growth of 21.4% from over previous year. The growth in exports was 21.2% to RMB21.73 trillion, while the growth in imports was 21.5% to RMB17.37 trillion. China's overall exports, imports, and foreign trade all increased in comparison to 2019 by 23.9%, 26.1%, and 21.2%, respectively. [4] In the first half of 2022, import and export maintained medium-high growth to a certain extent, but in the second half of the year, with the recovery of the global economy, the growth rate of international trade gradually declined.

Meanwhile, the volatility of the coronavirus pandemic has weighed on China's international trade. The international trade environment is complex, and China's international trade continues to encounter numerous difficulties.

3. The current China’s international trade situation

At present, based on the analysis of China's international trade status, we try to analyze the causes of the current situation through three aspects, trying to understand China's current international trade situation. First, domestic and foreign blockade policies cause trade difficulties; Second, China's international trade's product mix has been significantly impacted by COVID-19. Finally, international logistics factors make it difficult to transport goods.

3.1. Quarantine containment policy

3.1.1 Domestic aspects

Due to the novel coronavirus infectivity, the Chinese government adopted strict control policies during the epidemic period. Hubei Province's and Wuhan City's external passageways will undergo the strictest closure and traffic control measures, while places outside Hubei Province will experience differentiated traffic management, and domestic traffic health and quarantine will be improved. Effective efforts will be implemented to close cinemas and other locations, lengthen the Spring Festival break, and prevent people from congregating and spreading illness. To stop the epidemic from spreading through ports, rigorous entry-exit health quarantines have been put in place across the nation's ports. We shall impose the toughest border controls and stop any unnecessary and unplanned international travel. [1] In the early days of the coronavirus outbreak, most factories have suspended production or even closed, leaving many products unsold. At the same time, the quarantine measures make it impossible for labor to enter the production link in time, and the production quantity of enterprises decreases, so this reduces the supply of Chinese exports. On the import side, the quarantine measures of imports are further strengthened. The complex quarantine measures make the threshold of products to enter our country rise, the cost of products increases substantially, and import enterprises suffer huge economic losses. [5] At the same time in the Foreign Service trade, the flow of people is greatly restricted. Due to the COVID-19 virus, the demand for people to travel abroad has fallen sharply, which has greatly impacted Foreign Service trade [6].

In the long run, appropriate lockdown policies protect people's lives and health, laying a good foundation for future trade recovery. With the normalization of epidemic prevention and control, the government has adopted a hierarchical management approach, classifying regions into low, medium and high risk areas, and effectively promoting the resumption of work and production. The state has introduced a series of policies to promote international trade. To reduce the burden on small and medium-sized enterprises, cut rates, provide financing, subsidies, promote the rapid resumption of foreign trade enterprises production capacity. We will increase imports to aid epidemic prevention, expand the policy of duty-free import of epidemic prevention materials, and provide convenient and efficient customs clearance services through the "green channel" to improve efficiency [1] despite the short-term impact of the pandemic, China's international trade declined to a certain extent, but it did not constitute a trend impact. China's international trade is still resilient and growing [3].

3.1.2 International aspects

By February 16, 2020, more than 60 nations and areas with close ties to China had placed limits on it, including the suspension of visa processing, the ban on entry or transit flights, and the cessation of land and air passenger transport. [7] The cross-border transportation cost of goods has increased significantly, and the delivery time of imports and exports has been prolonged due to the influence of policies, which reduces the profits of enterprises and reduces the enthusiasm for trade. What’s more, in the regular COVID-19 preventive and surveillance environment, countries have more stringent quarantine procedures for import and export than before, but different countries have different means for COVID-19 prevention and control. The foreign trade industry usually needs to adjust to the policy changes of related countries. Trade between two countries with a small difference is usually relatively smooth, but if the quarantine policy is too different, it may cause huge cost waste and even deal failure [8].

Later, as the coronavirus spread around the world, the number of confirmed cases in the United States rose to more than 510,000 a day, causing "mandatory" shutdowns in the domestic industry. Thanks to the first completion of COVID-19 control in China, China has quickly resumed work and production, providing a large number of medical supplies and daily necessities for overseas COVID-19 control, and promoting the recovery of the vitality of foreign trade enterprises.[9]

3.2. Product structure of foreign trade

China's exports are still the cornerstone for manufacturing products, traditional superior products, export of labor-intensive products continue to maintain high growth, equipment manufacturing equipment, high-tech products import quota is still high, structural imbalance is still relatively prominent. This is from the perspective of China's foreign trade structure. Although the primary products exports accounted for less than in China, a growing share of industrial products export. From the perspective of trade mode, with the growth of cross-border e-commerce exports, the share of total trade increases, while processing trade's percentage of trade diminishes, but processing trade continues to make a greater contribution to export trade. In this way, China's import and export trade structure is mainly processed products. [10] However, due to the impact of the COVID-19 epidemic, most areas were shut down in the early stage, and workers could not reach their posts in time, which put pressure on the whole production chain and supply chain of products. Moreover, the added value of processed products is low, and the profit mainly comes from the production quantity. The COVID-19 pandemic has disrupted the entire production chain of products as factories produce fewer products and corporate profits fall. The supply of enterprise products cannot meet the demand of international trade.

The year 2021 has been a year of remarkable achievements in China's fight against the epidemic and an important period for China's "two centenaries". China's overseas trade firms have been given direction by the 14th Five-Year Plan, and the country's economy has reached a stage of high-quality development. At the same time, as one of the important manufacturing countries in the world, China's position in the supply chain will further rise. China's well-developed industrial manufacturing industry has provided a large number of medical supplies and medical facilities to other countries during the COVID-19 pandemic, achieving a balance between the role of a major country and the growth of foreign trade, providing China's international commerce with new development prospects and boosting the rebirth and development of China's international trade. [11]

3.3. International logistics

The logistics sector is a service sector that integrates transportation, storage, information synthesis, and freight forwarding from a procedural standpoint. Attributable to its myriad career opportunities, and the industrial operation process involved in a wide range, so people's consumption and production activities have a great role in promoting.

Despite to the market growth economy, the trade between countries is constantly strengthened, logistics is playing a rapid evolution in the world's marketplace. However, due to the influence of COVID-19, countries have increased barriers to international trade in order to protect their economic development. Prevention and control measures have led to logistics stagnation and delivery delays. So China is also very much affected. The throughput of foreign trade ports has decreased, the logistics links have increased and become complicated, and the transportation of goods has been seriously hindered. [12] International trade is dominated by maritime transport, and crew cabin equipment is an important part of maritime transport. But the coronavirus outbreak has prevented the timely production of ship components, leaving fewer cabins available and crew numbers to be streamlined due to controls. According to statistics, at least 21 flights between China and the Americas were canceled between January and February 2020. We can see that the COVID-19 pandemic has made it difficult for logistics to run smoothly, increasing transportation costs, increasing delivery dates and lowering import and export trade volume. [7]

At the same time, China's international logistics system is not perfect, which makes China's international trade greatly impacted by the COVID-19 epidemic. For example, there is a big gap between China's basic logistics facilities and international requirements for modern equipment and mechanization, which cannot meet all the transportation needs during the pandemic [13].

4. The related countermeasures

In conclusion, encounter with COVID-19's characteristics on China's westward expansion, the country and enterprises should make timely adjustments and face it actively. Therefore, we put forward proposals on three aspects at the national level, we put forward proposals on three aspects: national policy support, transformation and upgrading of China's international trade product mix, maintenance of world multilateral trade, and formation of a world trade network.: national policy support, transformation and upgrading of China's international trade product mix, maintenance of world multilateral trade, and formation of a world trade network.

4.1. National policy support

In terms of fiscal policies the government should lower taxes on businesses who have experienced large damages as a result of the COVID-19 plague in an ethical way to relieve the pressure on their working capital. We will increase policy support for import and export trade and help international trading enterprises out of difficulties. At the same time, credit support can also be strengthened to promote production development.

In terms of monetary policy, the government needs to adjust monetary policy to stimulate consumption as liquidity is relatively low due to the impact of the COVID-19 pandemic. The government can increase the money supply to stimulate aggregate social demand and make the Chinese economy run normally. The government ought to lower the statutory deposit reserve ratio so that banks have roughly enough money to help domestic companies and can also conduct open market operations to buy stocks of some important enterprises to promote economic recovery.

The COVID-19 epidemic is not over, and we should still focus on epidemic prevention and control. Import related medical supplies to ensure the supply of epidemic prevention essentials. Attention should be paid to the epidemic prevention and inspection of relevant personnel and articles, nucleic acid testing and elimination, and prevention of overseas import.[8]

4.2. Adjust trade structure

Due to the COVID-19 pandemic, the adjustment of international division of labor has been accelerated. China should respond positively, implement the concept of innovative development, train new types of personnel, and strengthen the introduction of innovative personnel. Promote new and high technology to overcome difficulties and improve the proportion of technology in foreign trade products. We will promote the development of high-level and high-quality industrial clusters, form an overall production chain of high-tech industries, and enhance the competitiveness of our products in foreign trade. We will promote the integration of high-end technologies such as big data and the Internet of Things with trade, facilitate the manufacturing establishment's change and globalization, and increase the added value of China's internationally traded products. [14] Under the conditions of COVID-19, it is crucial to pay attention to how the medical and health sector is formulating, and the production chain of medical products should be built to meet the world's demand for medical products and boost exports.

4.3. Strengthen international exchanges

We will further form an all-dimensional opening pattern and promote the formation of an international and domestic double circulation structure. We will continue to promote and improve the multilateral trading system and promote trade and investment liberalization and facilitation. We should strengthen economic exchanges among countries, advance the Belt and Road Initiative, promote coordinated development among regions in light of their natural resources and other characteristics, and promote more effective global flow of economic factors. [3]

It is very important for logistics industry and international trade to have good communication and interaction between them. It is necessary to combine the existing pattern of global economic practice, promote the mutual development and progress of the two through effective strategies, and attach importance to the strengthening of exchanges and cooperation between the two. We will strengthen the layout of China's international logistics network, work with other countries to build public infrastructure for international logistics, and make overall plans for international logistics. Strengthen communication with relevant countries, comprehensively solve the problems in international logistics, comprehensively improve the international freight capacity, and ensure the normal operation of international cargo transportation.

5. Conclusion

The COVID-19 pandemic in 2020 is a crisis that has had the largest and deepest impact on the world economy in the past two decades. This essay primarily examines how COVID-19 has affected China's colonies around the world and makes pertinent specific proposals. We prove that COVID-19's repercussions on China's international trade was influenced by domestic and foreign risk control policies, the product mix of China's foreign trade, international logistics and other reasons. Finally, in view of the existing COVID-19 containment policies, the unreasonable structure of China's international trade products, and the incomplete international logistics system, this paper proposes measures to normalize COVID-19 prevention and control. In terms of policies, assuming that COVID-19 prevention and control are in place as usual, a series of policies to encourage trading in foreign investment are exported to promote the recovery of international trade. In terms of product structure, we will promote the development of high technology and enhance the share of high-tech cargo in globalization. In international logistics, we should promote multilateral trade, strengthen international communication, and incentivize the methodical spread of new logistics. In conclusion, in the context of the continuous spread of COVID-19, we should actively respond to the situation, seize the opportunity of the change in the framework of the international workforce, and promote the transformation and upgrading of China's international trade.

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