

Exploring New Factors Influencing China's Foreign Trade in the Post Epidemic Era

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Abstract: Foreign trade has always been one of the important driving forces for China's economic growth, and the development status of foreign trade directly affects the speed of China's economic development. Due to the impact of the COVID-19, China's foreign trade situation is grim, which has also had a great impact on China's economy. Therefore, exploring new factors that affect China's foreign trade in the post pandemic era is extremely important, and it is of great significance for promoting the sustained and healthy development of China's foreign trade industry. This article is mainly divided into four parts to elaborate: a basic analysis is conducted on the current situation of China's foreign trade in the post pandemic era; the severe challenges faced by China's foreign trade in the post pandemic era; the new factors that affect China's foreign trade development in the post pandemic era; Finally, specific countermeasures and suggestions are proposed for the development of China's foreign trade in the post pandemic era.

Keywords: Post Pandemic Era; Foreign Trade; New Factors; Countermeasures and Suggestions

1. Introduction

Consumption, investment, and foreign trade are the three carriages driving China's economic growth, which are of great significance to the sustained and stable growth of China's economy. China has been the world's largest trading nation for many years in a row. Since the outbreak of the COVID-19 epidemic, China's foreign trade has been affected to a certain extent. China's foreign trade faces both challenges and opportunities in the post-epidemic era. Faced with various challenges, we need to explore new factors

that affect China's foreign trade, adjust our foreign trade development thinking in a timely manner, formulate practical and effective response measures, minimize the negative impact of the epidemic on China's foreign trade development, provide better theoretical and practical guidance for the development of the foreign trade industry, ensure that in the post epidemic era, China's foreign trade development does not take detours, and empower China's economic development [1].

2. The Development Status of China's Foreign Trade in the Post Epidemic Era

The sudden outbreak of COVID-19 at the beginning of 2020 has had a huge impact on the development of China's foreign trade. At the beginning of the outbreak of the COVID-19, China's foreign trade experienced a sharp shock, and the export scale declined significantly. However, with the fast control of the domestic COVID-19, foreign trade began to recover from the second quarter of 2020. Throughout 2020, China's foreign trade showed a trend of first boosting and then suppressing, with a national foreign trade growth rate of 1.9%, hitting a new historical high in scale.

According to statistical data, the total import and export volume of China's foreign trade goods in 2020 was 4655.91 billion US dollars, of which the export volume was 2589.95 billion US dollars, the import volume was 2065.96 billion US dollars, and the import export balance was 523.99 billion US dollars; The total import and export volume of services is 661.72 billion US dollars, of which the export volume is 28063 billion US dollars and the import volume is 381.09 billion US dollars. In 2021, the export volume was 3363.02 billion US dollars, the import volume was 2687.14 billion US dollars, and the import export balance was 675.88 billion US dollars; The total import and export volume of services

is 821.25 billion US dollars, of which the export volume is 394.25 billion US dollars and the import volume is 427 billion US dollars.

Compared with 2020, the import and export balance of goods trade in 2021 increased by 28.99% year-on-year. These achievements were not easy won, but we also need to see that foreign trade is experiencing restorative growth, it still faces many challenges and has generated some new factors. For example, facing challenges such as industrial return, declining demand, personnel mobility, and trade barriers; New factors such as financial policies, industrial transfer and the Russia-Ukraine War have all posed certain challenges to the sustained and stable development of China's foreign trade [2].

3. Challenges Affecting China's Foreign Trade in the Post Pandemic Era

3.1 Industrial Return

In the post pandemic era, China's foreign trade is facing the challenge of industrial return. In China's foreign trade, processing trade accounts for a high proportion. Developed countries such as Europe and America have chosen to place a large amount of manufacturing industries in China, making China the world's factory. After the outbreak of the COVID-19 epidemic, developed countries realized the importance of their own manufacturing industry, which could not meet the daily protection needs of their own residents and could not realize the serious harm caused by the self-sufficiency of various domestic products. Due to the above considerations, some developed countries have begun to encourage the return of industries to their own countries, and some countries have also introduced relevant policies to encourage the return of manufacturing industries. These have brought certain challenges to the development of China's foreign trade business, which is not conducive to the development of China's foreign trade [3].

3.2 Decreased Demand

In the post pandemic era, China's foreign trade is facing the challenge of declining demand. Due to the impact of the epidemic, the economic growth of many countries has stagnated or even negative growth, and more countries are on the verge of bankruptcy. The

COVID-19 epidemic has caused a serious impact on the world economy. According to statistical data, the global economy shrank by 5% in 2020. The decline in the economy led to a decrease in people's disposable income, followed by a decrease in demand. This will have a significant adverse impact on global trade, and this impact is difficult to recover in the short term [1]. Over the past few years, the economy of some countries that have major trade with China has been depressed. In addition, the impact of the COVID-19 undoubtedly makes the economy of these regions worse, which is not conducive to the development of China's foreign trade and brings further challenges to the development of China's foreign trade.

3.3 Personnel Mobility

In the post pandemic era, China's foreign trade faces the challenge of personnel mobility. Due to the impact of the COVID-19, people's travel has been restricted to a certain extent. The cost of face-to-face communication and exchange between people has increased, and the difficulty of personnel mobility has increased. The foreign trade industry itself is an industry involving people to people exchanges between countries. The impact of the COVID-19 has brought a certain shadow to people's travel. What's more, the foreign trade industry involves communication with foreign staff, which undoubtedly further increases the difficulty [4]. While bringing challenges, we also need to realize that it brings enormous opportunities for the development of cross-border e-commerce in China. However, in China, the cross-border e-commerce is still in its initial stage. How to rely on cross-border e-commerce as a platform to better empower the development of China's foreign trade industry is a topic that every foreign trader needs to consider [5].

3.4 Trade Barriers

In the post pandemic era, China's foreign trade is facing the challenge of trade barriers. At present, China is facing many foreign trade barriers, such as technological trade barriers, green trade barriers, and carbon tariff trade barriers, which have brought many adverse effects to China's foreign trade industry [6]. Because there are many complicated political factors involved in some trade barriers, the

development of the foreign trade industry becomes more difficult. For example, the chip industry is easily affected by political factors, which can cause the foreign trade industry to encounter technical trade barriers; In the agricultural product industry, some countries and regions may use the pretext of environmental protection and ecology to claim that China's exported agricultural products have chemical residues that exceed standard indicators, while some standards are defined by developed countries [7]. Therefore, China's exported agricultural products are easily restricted by green trade barriers, which is very unfavorable for China's agricultural product exports. Since the COVID-19, some countries and regions have increasingly imposed trade barriers on China, which has brought great challenges to China's foreign trade industry.

4. New Factors Affecting China's Foreign Trade in the Post Pandemic Era

4.1 Financial Policy

The financial policies formulated by a country can affect its own economy, especially those formulated by countries with financial core status, which not only affect the country's economy but also have a significant impact on the global economy. In the past two years, the overall situation of China's foreign trade exports has been relatively good. As of the first half of 2023, there has been a decline in China's trade, and the situation of foreign trade exports has undergone significant changes, mainly due to the influence of financial policies. Generally speaking, when financial policies are loose, liquidity in economic activities increases, both income and inflation are prone to growth, and people's consumption demand is also pushed up. Therefore, when economic growth is weak, central banks in various countries are accustomed to implementing loose policies to maintain demand. On the contrary, if financial policies are turned into tightening policies, economic activities will also cool down, and people's demand will be suppressed [8].

In the last two years, China's export orders showed an increasing trend. In fact, the main reason is that after the COVID-19 epidemic, the United States implemented monetary easing policies, which increased demand. Due to the impact and transmission of the

economic cycle, the implementation of financial policies will lag behind the real economy by about six months. The loose policy of the United States continued until the end of 2021, and the stimulus of this loose policy on consumer growth, due to its lag and economic cycle, continued until the second half of 2022. Since March 2022, the United States has been continuously raising interest rates and implementing a tight monetary policy. The same impact will also lag for about six months. The suppression of consumer demand is reflected in the real economy, leading to a weakening of demand for foreign trade in the second half of 2022. The sharp interest rate hike in the first half of 2022 resulted in weaker foreign trade demand at the end of 2022 and the beginning of 2023, further leading to a decrease in foreign trade export orders.

Against the backdrop of financial tightening, demand will continue to decline, leading to a significant reduction in export orders from the producing countries involved. This is not only the case in China, but also in other producing countries such as Southeast Asia, Europe, and South America. The tightening of the financial cycle in Western countries has had a certain inhibitory effect on consumer demand, so in situations where the external environment is not good, it will gradually weaken external demand. In summary, financial policy is one of the new factors affecting China's foreign trade development in the post pandemic era.

4.2 Industrial Transfer

Because China's industry is mainly concentrated in the secondary industry, with low added value and technological content, the products produced are at the lower end of the smile curve. These mainly rely on the advantage of cheap labor to support the development of the manufacturing industry. However, with the continuous development and growth of China's economy, the advantage of population dividend is gradually lost, and labor costs are increasing [9]. Other countries have also been searching for cheaper labor in order to maximize profits, Seeking lower costs, some industrial chains are gradually shifting to Southeast Asian developing countries such as Laos, Myanmar, and Vietnam, which has had a certain impact on China's foreign trade industry.

After the outbreak of the COVID-19, the demand of countries for protective clothing, masks and other daily protective articles surged. In order to expand the production scale, pursue lower production costs, and maximize profits, some countries began to accelerate the process of industrial transfer of traditional manufacturing. Therefore, the outbreak of the COVID-19 epidemic has further promoted the progress of industry outward transfer. In summary, industrial transfer in the post pandemic era is also one of the new factors affecting the development of China's foreign trade.

4.3 Russia Ukraine War

The degree of political stability in a country is also an important factor in its economic development. The political stability of a country is conducive to promoting sustained, healthy and long-term economic development, while conversely. Therefore, stable economic development not only requires a good internal environment, but also a good external environment. The foreign trade industry involves communication between countries, so it is more affected by the external environment.

The outbreak of the Black Swan Incident on February 24, 2022, including the Russia Ukraine War, has had a serious impact on the overall global economic environment. This not only has a significant impact on the development of the Russia Ukraine foreign trade industry, but also has a certain impact on the global foreign trade industry. The COVID-19 and the increased uncertainty brought about by the outbreak of the Russia Ukraine war spread to the economic level, further increasing the uncertainty of the global economy, resulting in the impact of China's foreign trade exports to the United States, South Korea, Europe and other major developed countries. In summary, the Russia Ukraine War in the post pandemic era is also one of the new factors affecting China's foreign trade development.

5. Countermeasures and Suggestions for China's Foreign Trade in the Post Epidemic Era

5.1 Enhancing Domestic Demand and Promoting Domestic Economic

Development

The government's support is crucial for the development of the foreign trade industry. The state should actively encourage the development of foreign-funded enterprises, provide corresponding preferential policies to foreign-funded enterprises, and provide subsidies for foreign trade export enterprises, so that foreign trade enterprises can fully develop both domestic and international markets.

Firstly, the government can provide special financial support to foreign trade enterprises to enhance their risk resistance as much as possible, so that they can reduce risks and survive in the face of uncertain risks. This has a great promoting effect on stabilizing the employment situation of talents in China's foreign trade industry [10]. Secondly, actively encourage foreign trade enterprises not only to explore foreign markets, but also to fully develop the domestic market. Specifically, the method of converting export sales to domestic sales can be adopted. Products sold for export can also be sold in the domestic market, making full use of the domestic and international dual circulation market.

5.2 Optimize and Adjust the Structure of Export Products

5.2.1 From the perspective of the Chinese government

For the country, China needs to be market-oriented and introduce greater incentive policies to encourage R&D and innovation in foreign trade enterprises to optimize the structure of export products. Firstly, China's export tax rebate policy can further strengthen its targeting, reducing or canceling export tax rebates for high energy consumption, high pollution, and low output export products, and even requiring them to pay environmental taxes, increasing their costs, and thereby reducing exports. For products with high added value, low energy consumption, and low pollution, it is necessary to increase export tax rebates to encourage their exports, in order to achieve a more optimized export product structure [11].

Secondly, China needs to vigorously develop service trade. At present, China's service trade has been in a deficit state for many consecutive years, and the problem of weak competitiveness in service trade is very

prominent. In this situation, China needs to catch up as soon as possible in service trade, that is, improve the competitiveness of service trade, expand and strengthen service trade brands, promote the growth of service trade, and change the state of service trade deficit as soon as possible.

5.2.2 From the perspective of foreign trade enterprises

For foreign trade enterprises, it is necessary to optimize the structure of export products. Firstly, the products exported by China's foreign trade enterprises are mainly labor-intensive, with typical characteristics of low added value, strong substitutability, and low profits. Once large-scale industrial return or transfer occurs in developed countries and regions, it will bring huge impact to China's foreign trade industry. In response to this situation, China's foreign trade enterprises need to enhance the irreplaceability and added value of their exported products to resist the impact of industrial return or transfer.

Secondly, China's foreign trade enterprises lack export of high-tech products, mainly due to the high financial requirements and technical talents required for high-tech products. In response to this situation, China's foreign trade industry needs to cultivate excellent foreign trade talents, while continuously increasing product research and development efforts, mastering core and key technologies, organizing human and material resources to carry out major scientific and technological breakthroughs, breaking away from the role positioning of simple assembled goods, and thus achieving the improvement of export product technical competitiveness.

5.3 Actively Developing Overseas Emerging Markets

Affected by the international economic environment such as the Russo Ukrainian War, China should formulate appropriate financial policies to counter the risks brought by external financial policies and minimize financial risks. At the same time, it is also necessary to actively open up emerging international markets and solve the problem of excessive concentration of trade regions, which is more conducive to the long-term sustainable and stable development of China's foreign trade. China needs to rely on the construction of the "the Belt and Road", the

construction of the ASEAN Free Trade Area, and the implementation of the China Africa Free Trade Agreement to focus on expanding countries and regions along the line. On the basis of consolidating the traditional foreign trade market, China needs to actively open up new markets and enhance the ability of foreign trade to resist risks. In this way, even if some foreign trade regions have large fluctuations, China's basic foreign trade will not be affected, it will not bring a catastrophic blow to China's foreign trade industry [12].

In the post pandemic era, China needs to adopt a more proactive strategy in opening up emerging markets and trade exchanges with some countries. To this end, the government should give full play to its guiding role, and enterprises should cooperate with the government's guidance. At present, the countries and regions along the "the Belt and Road" have become a new growth point of China's foreign trade. The growth rate of China's foreign trade with these countries and regions is far higher than that of other countries and regions. In the future, China needs to further increase its efforts in expanding emerging markets and explore various channels to reduce the risks caused by excessive fluctuations in individual markets.

6. Conclusion

In the post pandemic era, the development of China's foreign trade industry has encountered new factors. We need to adjust our foreign trade development strategy in a timely manner, formulate practical and effective response measures, fully utilize the international and domestic dual circulation markets, minimize the negative impact of external shocks on China's foreign trade development, and empower the development of China's foreign trade industry.

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