

# Research on High Quality Development of Foreign Trade in Central Region

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**Abstract:** With the acceleration of the process of globalization and the development of foreign trade, China has gradually formed a strategic situation of the rise of the central region, the great development of the east, the great revitalization of the northeast and the great development of the west. Because the central six provinces are in the inland area, the large transportation cost of foreign trade and the imperfect foreign trade infrastructure have led to the relatively backward development of foreign trade in the central region, and there is an "economic depression". This paper collects the import and export trade data of the central region from 2012 to 2022, analyzes the current situation of the overall development and structure, and explores the key factors restricting the current foreign trade development of the central region, and focuses on cultivating and expanding foreign trade entities, deepening regional cooperation, and enhancing the ability to attract investment. Deeply participate in the "Belt and Road" construction and other measures to improve the level of opening up in the central region, and provide important strategic support for promoting high-quality economic development in the central region.

**Keywords:** Globalization; the Central Region; Foreign trade; the Belt and Road; High-quality Development

## 1. Introduction

In recent years, China's foreign trade has made remarkable achievements, realizing the transformation from a closed small economic and trade country to a big economic and trade country. Now, in the context of the global economic depression, China is facing higher level and higher standard requirements for

opening up, and it is urgent to change the previous extensive development thinking and achieve stable, sustainable and high-quality economic development [1]. Since 2020, in the face of the impact of the novel coronavirus pneumonia and the complicated national situation, China's foreign trade economic aggregate has achieved positive growth, It fully demonstrates the resilience and strength of China's foreign trade that cannot be underestimated. Central region in the middle of the stage of China's economic development level, the implementation of the strategy of rise of central China, also has obtained many achievements in the field of foreign trade in central China, but compared to the eastern coastal areas, there is still a very big gap. The central region has developed transportation, abundant resources and perfect infrastructure. However, due to its location in the inland region, the development of foreign trade as a driving force for economy is relatively backward, which seriously affects the sustainable development of the overall economy in the central region. Therefore, under the current trend of economic globalization, if the central region wants to achieve sound, fast and stable economic development, it cannot ignore the important supporting role of foreign trade.

As one of the areas that can not be ignored in China, The improvement of foreign trade development level in the central region has irreplaceable practical significance for the national economy to achieve takeoff. At present, although there are many studies on the development of foreign trade in China, there are few theoretical studies on the actual situation in the central region. Therefore, Central should strengthen the study of the theory of the foreign trade this aspect, to provide theoretical reference for implementation in central China, has important theoretical value.

## 2. Present Situation of Foreign Trade Development in Central Region

### 2.1 China's Foreign Trade Overall Development Status and Regional Foreign Trade Status

#### 2.1.1 Overall development of China's foreign trade

In 2008, the occurrence of the subprime mortgage crisis in the United States had an impact on the global economic development, leading to a sharp decline in the scale of China's foreign trade. The Chinese government actively took measures to stimulate foreign demand, and China's foreign trade increased. But because in recent years, some countries adopt the trade protection policy, causes the trade barrier to increase, does not favor our country to export. In addition, the appreciation of RMB reduces the price advantage of our exports and has a certain impact on our commodity exports. China's foreign trade volume even showed negative growth in 2015 and 2016, at -7% and 0.9% respectively, and began to pick up in 2017. In 2020, in the face of many difficulties and challenges such as the raging COVID-19 epidemic, sluggish world economic growth, intensifying international economic and trade frictions, and increasing downward pressure on the domestic economy, China's foreign trade grew against the backdrop of the overall global economic and trade slowdown. In 2021, China's foreign trade grew by 21.3%, the highest growth rate in nearly a decade. A record 2022 China import and export value at the same time, up to 42.07 trillion yuan. In general, China's export scale is on the rise, but its growth rate is relatively slow [2].

#### 2.1.2 Current situation of China's foreign trade by region

According to the national geographic location can be divided into the eastern region, northeast region, central and western regions. In recent years, according to the different characteristics of the four regions, the country has adopted the policy of taking the lead in the development of the east, the revitalization of the northeast, the rise of the central region, and the development of the west. In recent ten years, the foreign trade development of China's four major regions is extremely unbalanced. Among them, the total import and export value of the eastern region accounts for

about 80% of China's total foreign trade all year round, And the northeast region, middle region and west region that accounts for the proportion compared with the eastern region, the existence very big difference, are relatively low. However, the proportion of central regions has increased year by year, from 5% in 2012 to 9% in 2019. This shows that although the foreign trade development of the central region started late and the total amount is still relatively small, it shows an increasing trend year by year and has huge development space. So the government should give more policy support, fully excavate potential development in the central region.[3].

### 2.2 Current Situation of Foreign Trade Structure Development in Central Region

Through the in-depth analysis of the evolution of foreign trade structure in the central region, we can have a more comprehensive understanding of the central region's foreign trade status, as well as the advantages and problems of foreign trade development, so as to put forward more targeted countermeasures. In the foreign trade structure of the six central provinces, the structure of foreign trade commodities, the structure of foreign trade subject and the structure of foreign trade mode changed gradually with the evolution of time, and the changing trend is worthy of in-depth discussion.

#### 2.2.1 Development status of foreign trade commodity structure in central region

In 2022, China's export of mechanical and electrical products reached 20.66 trillion yuan, an increase of 2.5 percent, accounting for 49.1% of the total export value. The export proportion of high-technology, high-value-added products that lead the green transformation, such as electric vehicles, photovoltaic products and lithium batteries, increased significantly. Including electric cars, photovoltaic products, lithium battery grew by 131.8%, 67.8% and 86.7% respectively. In central China, in 2022, the total export value of mechanical and electrical products in each province accounted for 15-35%. Except for Hubei and Anhui, the total export value of high-tech products in the other four provinces accounted for less than 20%, which is far lower than the national level of about 50% of mechanical and electrical products, but the proportion is increasing year by year. This

shows that the quality, technical content, added value and other aspects of export commodities in the central region are lower than the national average. Therefore, the central region is now mainly concentrated in low value-added, low technology content, low processing degree of labor-intensive products. From the import point of view, the central region of China's high-tech products are not much imported, and lower than the national average [4].

#### 2.2.2 Development status of foreign trade main structure in central region

In the past few decades, the development of China's foreign trade mainly relies on state-owned enterprises to drive the type of enterprises. However, in recent years, with the continuous maturity and improvement of China's foreign trade market, foreign trade subjects in various regions began to develop and change, gradually transformed into private enterprises, foreign-funded enterprises, etc., its flexibility gradually increased, greatly accelerated the development speed of China's foreign trade. But in the case of the six provinces in the central region, there is no competitive and influential foreign trade entity to better leverage synergies. In 2022, China's foreign trade enterprises with actual transactions reached more than 598,000. Among them, the number of private enterprises reached 510,000, with imports and exports of 21.4 trillion yuan, accounting for more than 50%, and private enterprises have stimulated stronger development vitality and become the largest foreign trade main body. The proportion of state-owned enterprises is gradually declining. Therefore, the central region the development of foreign trade, we must attach importance to the contribution of non-state-owned enterprises, the depth of mining potential [5].

#### 2.2.3 The development present situation of trade pattern structure of central area foreign trade

With the continuous development and improvement of China's foreign trade market, processing trade has gradually become the main symbol to measure the level of foreign trade development of a country or region. In 2022, the total import and export volume of China's processing trade is 8.45 trillion yuan, accounting for 20.1% of the total import and export volume, while the total import and

export volume of general trade is three times that of processing trade, 26.81 trillion yuan, up 11.5%, accounting for 63.7% of the total import and export volume. But the processing trade is on the rise year by year, the proportion of rising, China's overall trade mode structure is optimized. Due to factors such as geographical location, history and policies, the six provinces in the central region mainly focus on general trade, while the proportion of processing trade is far lower than the national average level, and the trade mode structure is relatively unitary, resulting in relatively backward processing trade, especially far behind the eastern region, restricting the quality of opening up in the central region. Therefore, the central region continues to need to gradually increase the proportion of processing trade in total trade and continuously optimize the structure of trade modes [6].

### 3. The Central Region Foreign Trade Development Existence Question

#### 3.1 The Central Region Lacks Core Cities

Based on the background that our country advocates the first development of the eastern region, and then radiation from the eastern region to surrounding areas, driving regional development. Therefore, the foreign trade development of the central region should learn from the exhibition experience of the eastern region and cultivate the central city first, and then concentrate on developing and expanding the central city, and then radiate the development of surrounding cities, so as to drive the economic development of the entire central region. Thus, the formation of core cities in the central region can drive the economic development of the whole region. Ma Kai [7] studied the economy of urban agglomerations and believed that the economic aggregate of central cities in general regions would generally account for about 50% of the urban circle. The central city can take the provincial capital as the center, and then the better-developed city as the auxiliary, forming an urban cluster. According to this theory, we can conclude that the formation of central cities in the central region still has a long way to go and needs further development. Because among the provincial capitals in the central region, the GDP of Wuhan, the central city,

accounts for the highest proportion of Hubei's GDP, 45%, but it is lower than the 50% standard of Ma Kai's theoretical central city. The key reason for this phenomenon is that the traditional agricultural self-sufficiency and inland consciousness in the central region are deeply rooted, so there has been a deviation in the ideological concept for a long time, and there is no deep understanding of the importance of central cities to regional development. This shows, the six provinces in central, especially the development of better capital of wuhan, changsha, zhengzhou and other cities to speed up the development of foreign trade, and to become a central city of radiation around the city.

### **3.2 The Investment Environment in the Central Region is Poor**

Due to the lack of industrial chain extension, poor industrial supporting capacity, backward infrastructure for foreign trade and investment, and slow construction of financing platforms in the six central provinces, industrial development in the central region is unbalanced and inadequate. Especially to make an important contribution to the development of foreign trade is also faced with financing difficulties of small and medium-sized enterprises, financing, expensive, serious lack of advanced talents, and many other problems. As a result, most enterprises in the central region are not able to undertake large-scale foreign industries, and there are difficulties in attracting investment. At the same time, with the acceleration of the modernization process, the supply of labor, land, energy and other factors is increasingly short, and it is no longer a development dividend to drive development, coupled with the ecological civilization advocated by the state in recent years, which puts forward higher requirements for the introduction of enterprises. In addition, the central region is inland, the sense of urgency of opening up to the outside world is not strong, and the improvement process of investment environment facilitation, internationalization and rule of law is relatively slow, and there are also problems such as redundant administrative approval procedures for imported enterprises. Therefore, the investment environment in the central region continues to optimize and fundamentally solve

the blocking points and difficulties in the process of attracting investment [8].

### **3.3 The Quality of Opening up in the Central Region needs to be Improved**

The pace of foreign trade opening in the six central provinces is slow, the total amount and base of foreign trade are still relatively small, the growth rate is still very backward compared with the eastern region, and has not completely got rid of the past extension expansion, extensive growth growth mode, there is still a gap from the high-quality development strategy emphasized in China. Among them, in 2021, the national foreign trade dependence is 34.8%, while the central region is only 13.5%, 21 percentage points lower than the national average, 36 percentage points lower than the eastern region; From the total amount of foreign trade, the total foreign trade of the six central provinces in 2022 is 378.4.23 million yuan, accounting for only 9% of the national total. At the same time, due to the lagging development of the trade and investment environment in the central region, there are not many large foreign companies and the foreign trade market is not mature enough. Exports are still dominated by resource-intensive and cost-intensive low-value-added, low-technology products. Therefore, we should not blindly expand the opening to the outside world, but also actively improve the quality of opening to the outside world, and provide important support for high-quality economic development [9].

### **3.4 The Central Region has been Relatively Slow to go Global**

At present, With the implementation of the Belt and Road Initiative, the pace of going out has accelerated, but the foreign trade and investment in the central region is mainly concentrated in agriculture, construction, parts and other industries, and the market is mostly concentrated in some developing countries with high debt ratio, resulting in low anti-risk ability of foreign trade enterprises. Due to the huge impact of the novel coronavirus epidemic, foreign trade in the central region has shown a significant decline. From the perspective of foreign contracted projects, the foreign contracted projects of Anhui and Shanxi provinces decreased by 7.8% and 10.2% respectively, the completed turnover decreased

by 13.4% and 14.3% respectively, and the dispatched labor personnel decreased by 15.1% and 17.3% respectively. In Jiangxi Province, the impact was more severe, with the number of new contracts down by more than 50% and the value of contracts down by about 30%. From the perspective of the record of overseas investment enterprises, there are less than 300 in Shanxi Province, and there are only more than 400 in Hubei Province, which is better developed, while there are more than 1,000 overseas record enterprises in developed eastern coastal provinces. This shows that the central region of the enterprise core competitive ability is insufficient, the total amount of investment is small, the strength of the industry is relatively weak, it is difficult to form an industrial agglomeration effect, resulting in the pace of going out is difficult to accelerate [10].

#### **4. Countermeasures of Foreign Trade Development in Central Region**

##### **4.1 We will Foster and Strengthen Foreign Trade Entities and Promote the Transformation and Upgrading of Foreign Trade Models**

###### **4.1.1 Foster and strengthen foreign trade entities**

If we want to establish a mature foreign trade market to promote the rapid development of trade, we must speed up the cultivation of foreign trade subjects, give full play to the role of foreign trade subjects "leading sheep", and drive the overall development. On the one hand, through joint enterprises, universities, government agencies and other institutions, give full play to the synergy in order to accelerate the formation of a number of research and development, practical training, incubation as one of the comprehensive incubation base. On the other hand, the government can provide policy support or tax incentives to productive export enterprises in the central region in terms of innovative design and R&D investment, so as to reduce the burden on enterprises. In addition, foreign trade enterprises should be encouraged to build brand display centers overseas, and create an integrated service base, improve the brand awareness of foreign trade enterprises, and build a perfect overseas marketing network. By providing security for the growth of

foreign trade enterprises.

###### **4.1.2 We will promote transformation and upgrading of traditional trade**

There are various restrictions to accelerate the development of traditional industry transformation, restricting the development of trade, so traditional enterprises such as textiles, home appliances, building materials, chemical industry, especially manufacturing industry should be digital transformation, and in line with the world's high quality standards. For China's mechanical and electrical products, equipment manufacturing and other advantageous products should continue to strengthen scientific and technological innovation, overcome the problem of "jam neck", and constantly improve the scientific and technological content of products, enhance industry competitiveness, and exaggerate the international influence. At the same time, it is necessary to guide processing trade enterprises to get rid of simple assembly and processing, and turn to research and development, design, core components and other core technology manufacturing, and accelerate the occupation of technical heights. In addition, it is necessary to innovate foreign trade marketing models and promote the extension of the industrial chain of foreign trade enterprises to the high-end.

###### **4.1.3 We will support the development of new forms of trade**

It is necessary to continuously enrich the means and methods of trade, and apply new trade forms according to local conditions, Such as cross-border e-commerce, foreign trade integrated service platform. Market procurement trade can make full use of new trade formats to carry out remote monitoring and diagnosis, operation and maintenance, technical support and other after-sales services. Therefore, we should actively play the role of the comprehensive cross-border e-commerce pilot zones in Changsha, Hefei, Nanchang, Zhengzhou and Wuhan, and accelerate and improve the online service platform of cross-border e-commerce by learning from the successful experience of the cross-border e-commerce pilot zones in Shenzhen, Shanghai and Fujian. The government should also actively improve service systems such as tax refund, inspection and quarantine, and customs supervision to provide important support and guarantee for the development of

new types of trade.

#### **4.2 We will Deepen Regional Cooperation and Accelerate the Development of an Open Economy**

Due to the differences in urban scale, development degree and industrial structure, the six provinces in the central region have insufficient communication with each other, resulting in unbalanced, uncoordinated and unsustainable foreign trade development in the central region. Therefore, the central region can rely on the construction of the Yangtze River Economic Belt, break the traditional administrative division restrictions, strengthen contacts and cooperation, accelerate the establishment of cross-regional coordinated development management structure, and form a regional integration development pattern and development strategy.

##### **4.2.1 Expand opening-up and cooperation with other regions in China**

Promote the central region of rapid economic development, it is necessary to first rely on Hubei as the "strategic fulcrum for the rise of the central region", and then give play to the location advantages of Hunan, seize the development opportunity of "linking east with west", and accelerate the formation of a new development pattern of regional coordination, reasonable structure, urban-rural integration and optimization. In addition, the central regions should follow the law of economic development, make full use of their geographical position and resource advantages, and form a scientific regional development layout. At the same time, break the boundaries and barriers of administrative divisions, strengthen the contact and cooperation with the eastern and western regions, give full play to its internal and external regional growth pole effect, better integrate into the "Yangtze River Economic Belt" and "One Belt and One Road", and drive the rise of the entire central region.

##### **4.2.2 Strengthen coordination and interaction in the central region**

Open up a major channel for communication between China and the west. The geographical location of the central region is obvious, coupled with the extensive transportation network, which determines that the central region has become the best transit point or distribution point for international and domestic markets. Make full use of the "two

vertical and two horizontal" four major logistics channels in the central region, so that the central region can become a physical center and an avenue for the entry and exit of international freight yards. We will establish mechanisms for communication and coordination of institutional rules and major policies in key areas, and improve the uniformity of policy formulation, the consistency of rules, and the coordination of implementation. In short, the central region is the throat of the crossroads of southern China, and the key actions to achieve production capacity to sea, overseas investment, cross-border mergers and acquisitions, and service outsourcing. At the same time, to give full play to the radiation role of the central city, the slower development of the city, you can "one-to-one help", and finally promote the overall level of foreign trade in the central region.

#### **4.3 We will Enhance Our Ability to Attract Investment and Make Full Use of the Spillover Effect of Foreign Capital**

The central region is rich in resources, but it is located in the inland hinterland, which increases the cost of transportation. At the same time, because the central region has a deep cultural heritage for a long time, it has always been a pioneer. Therefore, the central region should step into the fast track of pragmatic development through the method of attracting investment, and work can be carried out from the following aspects to enhance the ability of attracting investment.

##### **4.3.1 We will open up key areas**

Implement the negative list system as soon as possible, raise the entry threshold, and give priority to the opening up of key cities and key areas in the six central provinces. Conduct open stress tests in key areas such as culture, tourism and telecommunications within the pilot free trade zone. Reduce the entry threshold of high value-added and high-tech industries such as high-tech industries and new business forms, promote the cluster of scientific and technological industries such as artificial intelligence, big data, Internet of things, and other scientific and technological industries, and introduce large-scale industrial parks, advanced industrial technology level and strong demonstration foreign projects in the central region. At the same time, the

establishment of foreign-funded or joint venture financial institutions will be encouraged to attract high-quality industries.

4.3.2 We will improve investment facilitation. Enrich the way of financing channels, loan financing channels, and create a good investment atmosphere. Lower the threshold for foreign-invested enterprises in central China to issue bonds overseas, allow the repatriation of financing bonds, and invest in and operate local enterprises. In the process of macro-prudential management of cross-border financing, the state will better support the development of financial institutions in the central region and loosen the access policy for local asset management companies. Strengthen the information connectivity of personnel identification and service supervision departments, enhance the information connectivity of various departments, and ensure the continuity of policy implementation. Optimize the approval process for expatriates moving into the Central region to ensure that talented expatriates can stay, settle, and stay.

#### **4.4 We will Deeply participate in the Construction of the Belt and Road Initiative and Promote the Global Development of Our Competitive Production Capacity and Equipment**

4.4.1 Build a major channel for opening up to the outside world

To build a major corridor open to the outside world, we need to smooth land, sea and air corridors. From the perspective of road access, the central region needs the existing Asia-Europe, Trans-Asian Railway and other transport corridors, to cooperate with relevant provinces in the central and western regions to develop a temporary economic belt, connect the China-Europe international railway block trains, build convenient goods logistics channels, and integrate more closely into the world economy. From the perspective of sea passage, the central provinces should fully rely on the Yangtze River Waterway, Beijing-Kowloon, Shanghai-Kunming and other maritime railways, strengthen cooperation between coastal ports, improve rail and sea transport, promote connectivity, and expand the major sea passage. From the perspective of the air corridor, the central region is located inland, and the easiest and fastest way to connect with the world is to

make full use of the aviation sector. The central provinces should rely on international airports, integrate airport resources and actively develop national air routes, and build a number of logistics parks and bonded logistics centers near airports, and create some modern new areas with logistics, creativity and entrepreneurship as the main forms of business.

4.4.2 We will improve port and customs supervision

Improve the opening level of foreign ports in the central region, build and improve inland ports and regulatory venues, incorporate the operation information of foreign trade enterprises into the regulatory system, conduct real-time docking and update, and improve the transparency of opening. In addition, it is necessary to continue to optimize the networking review of regulatory documents, simplify the handling process, achieve online declaration, one-click handling, and greatly improve the level of trade facilitation in the central region. In addition, for the imported goods of cross-border e-commerce, management models such as "centralized audit, centralized inspection" and "first release and later inspection" should be implemented to save time and cost and improve work efficiency. This will make the central region more open, more in-depth international cooperation and exchanges, and open up a broader development space and cultural soil for the economic and social development of the central region.

#### **5. Conclusions**

Based on the trade-related data of six provinces in Central China from 2012 to 2022, this paper analyzed the current situation of foreign trade development in Central China through the combination of theory and empirical evidence, and discussed its shortcomings, so as to provide new suggestions for the future development of Central China.

First, the level of foreign trade development in the central region is relatively slow, lower than the national average level. The central region needs to improve the understanding of the importance of foreign trade, through policy support, around Wuhan, Changsha, Nanchang and other central cities, to create a new growth pole of foreign trade, improve the contribution

of foreign trade to the central region's economy, make full use of the central region's dynamic comparative advantages and lagging advantages, play water transport, railway transportation advantages, speed up the development of foreign trade.

Second, there are some problems in the foreign trade of the central region, such as low added value of export commodities, competitive competitors have not yet formed, and the structure of trade modes is not optimized enough. Therefore, the central region needs to work hard in optimizing the industrial structure, creating foreign trade subjects, and improving trade methods.

Third, promote the transformation and upgrading of processing trade, promote the transformation and upgrading of processing trade, create smart logistics, and build an online small and medium-sized business flow service system is imperative. We will make full use of big data, cloud computing and the Internet to build smart logistics and strengthen industrialization and trade connectivity.

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