

Opportunities and Challenges for China in International Trade in the New Era

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ABSTRACT

In the new period, the global pattern has undergone profound changes, and China's international trade development faces a brand-new environment. This treatise endeavors to scrutinize China's bifurcated predicament within this milieu. Findings demonstrate that, whilst Beijing has seized burgeoning prospects for market proliferation via the Belt and Road Initiative and RCEP's ratification, concurrently kindling novel impetus through cybernetic and ecologically-conscious commerce; contrariwise, geopolitical frictions, mercantilist protectionism, and endogenous structural constraints constitute grave impediments. The analysis posits that China's quintessential resolution resides in transmuting adversities into propulsive catalysts for metamorphosis through sophisticated external liberalization and technological autonomy, thereby consolidating and augmenting its global mercantile stature amidst tumultuous fluctuations.

KEYWORDS

China International Trade; New Era; Opportunities and Challenges; Digital Trade; Supply Chain Security

1. NEW BACKGROUND AND DRIVING FORCE OF CHINA'S INTERNATIONAL TRADE DEVELOPMENT IN THE NEW PERIOD

1.1. Definition of "New Era": Profound Change of Global and China Pattern

Viewed from a global perspective, the "new era" presents a complex picture of multiple features intertwined. Economic globalization has entered a period of deep adjustment, unilateralism and protectionism are on the rise, global industrial chain supply chain restructuring is accelerating, showing a new trend of regionalization and localization [1]. Digital economy and green transformation are reshaping the international competition pattern. The proposal of the new development pattern of "double circulation" marks a major adjustment of China's economic development strategy. Under this pattern, the functional orientation of international trade has undergone profound changes: from relying mainly on exports to stimulate economic growth in the past, to upgrading the level of industrial chain through participation in international competition, satisfying domestic demand upgrading through expansion of imports, and promoting deep-seated reform through high-level opening up. International trade has become a key hub connecting domestic and international double circulation, and its role has changed more from scale expansion to quality improvement.

1.2. Transformation of Internal Driving Force for China's Trade Development

The internal driving force of China's trade development in the new period is undergoing systematic reconstruction, realizing the fundamental transformation from factor-driven to innovation-driven.

The comparative advantage of traditional dependence on low-cost labor gradually weakened, and the new driving force system accelerated to form [3]. Technological innovation has become the core engine. The continuous growth of R & D investment has enabled China to form competitive advantages in 5G, new energy, artificial intelligence and other fields, and promoted the upgrading of trade structure from labor-intensive products to high-tech and high-value-added products. Secondly, the advantages of super-large-scale market are highlighted [4]. The consumer market composed of 1.4 billion people not only attracts global high-quality resources, but also promotes industrial upgrading through demand orientation, so that China has the dual attributes of "world factory" and "global market" in international trade. Third, institutional openness releases new momentum. Through docking with high-level economic and trade rules, deepening the reform of "deregulation service," continuously optimizing the business environment, and promoting the transformation from the flow-type opening of commodity elements to the rule-type and institution-type opening. In addition, the deep integration of complete industrial system and digital economy is giving birth to new formats such as cross-border e-commerce and intelligent logistics, injecting new vitality into trade development. This profound change in dynamic structure marks a qualitative leap in China's trade development model.

1.3. Transformation of External Driving Force for China's Trade Development

In the new era, the development of China's international trade is not only driven by the transformation of internal momentum but also profoundly influenced by a series of external structural forces. Currently, the global economy remains in a sluggish state. The trend of conservatism and anti-globalization has further increased the risks faced by global trade. Against this backdrop, in 2024, China's foreign trade showed a remarkable trend of stabilizing and improving against the odds. The trade scale and international market share increased, the trade commodity structure and trade entities continued to improve, market vitality and the transformation of growth drivers were continuously enhanced, new highlights in foreign trade emerged at an accelerated pace, new drivers of foreign trade were cultivated, and foreign trade achieved both "stable scale" and "optimized structure".

The Global Value Chains (GVCs) are undergoing deep restructuring. Factors such as the impact of the pandemic and geopolitical tensions have intensified the global supply chain's pursuit of resilience and security, shifting from the previous "efficiency - first" approach to "equal emphasis on efficiency and security". Objectively, this transformation has spurred China to accelerate industrial upgrading, climb to higher - end links in the value chain, and actively layout a regional production network under the "China + 1" strategy to maintain its core position as a global manufacturing hub.

The Fourth Industrial Revolution, centered around digitalization and intelligentization, is reshaping the form of international trade. The commercial applications of technologies such as artificial intelligence, big data, and the Internet of Things have significantly reduced the transaction costs of cross - border trade, giving rise to new business forms such as cross - border e - commerce, smart logistics, and digital service trade, providing unprecedented technological empowerment for the high - quality development of China's trade. The development of technologies such as big data and artificial intelligence has provided consumers with a more convenient and personalized shopping experience, breaking down the information barriers for consumers and enterprises to compare and choose, and prompting enterprises to continuously meet consumers' new demands by innovating marketing models and service methods, which has become the key core driving industrial upgrading.

2. CORE OPPORTUNITIES FACING CHINA'S INTERNATIONAL TRADE IN THE NEW ERA

2.1. Market Expansion Opportunities

The China-Europe train has operated more than 77,000 trains in total, becoming an important trade channel connecting Asia and Europe. At the same time, the cooperation field expands to new dimensions such as digital and green, and the number of partners of "Silk Road E-commerce" increases to 30 countries, creating favorable conditions for the development of cross-border e-commerce. Growing demand from emerging markets and developing countries presents new opportunities. The industrialization and urbanization process in Southeast Asia, the Middle East and other regions has accelerated, and there is a strong demand for new energy and infrastructure construction. Taking electric vehicles as an example, China's exports of new energy vehicles to ASEAN increased by 2.8 times year-on-year in 2023, and the market potential continued to be released. China actively promotes accession to high-standard economic and trade agreements such as CPTPP and DEPA, and will further expand the space for international cooperation through institutional opening [5].

2.2. Opportunities for Kinetic Energy Conversion

Digital technology deeply empowers traditional trade and promotes significant improvement in trade efficiency. Green trade opens up new development space. China has formed complete industrial chain advantages in photovoltaic, wind power, new energy vehicles and other fields. In 2023, the export volume of new energy vehicles increased by 77.6% year-on-year, and the export volume of photovoltaic modules maintained steady growth. These green products continue to gain competitiveness in international markets, especially in regions such as Europe that are actively promoting energy transition. China has become the world's largest manufacturer and exporter of renewable energy equipment. The structure of trade in services continues to be optimized. The import and export of knowledge-intensive services grew rapidly, with a year-on-year growth of 7.8% in 2023, accounting for 43.5% of total trade in services. Among them, telecommunications computer and information services, financial services and other high-end services exports outstanding performance. Digital services, cultural trade and other new formats flourish, promoting the transformation of service trade to high-quality development.

2.3. Reshaping Competitive Advantage

The advantages of the industrial system continue to be consolidated. China has 41 major industrial categories, 207 medium categories and 666 sub-categories, making it the only country with all the industrial categories of the United Nations Industrial Classification. A complete industrial system endows the industrial chain supply chain with strong resilience. During the epidemic period, China's manufacturing industry showed strong anti-risk ability. In 2022, the added value of manufacturing industry accounted for nearly 30% of the global proportion, ranking first in the world for 13 consecutive years. Technological innovation drives the value chain up. The investment intensity of R & D funds increased to 2.64%, close to the innovative national level. Major breakthroughs have been made in manned spaceflight, Beidou navigation, large aircraft and other fields, and the proportion of exports of high-tech products has steadily increased. According to World Intellectual Property Organization data, China rose to 12th place in the global innovation index, and its innovation capacity continued to increase. The advantages of super-large-scale market are highlighted. More than 1.4 billion people form the world's largest middle-income group, providing broad space for innovation by local enterprises. Open platforms such as the Expo and the Expo attract global high-quality resources. In 2023, the annual turnover of the 4th Expo will reach USD 70.72 billion. Market

advantages are being transformed into the right to speak in rule-making, promoting China's transformation from a "world factory" to a "world market".

3. MAIN CHALLENGES AND COUNTERMEASURES FOR CHINA'S INTERNATIONAL TRADE IN THE NEW PERIOD

3.1. External Challenges: Rising International Political and Economic Uncertainty

The complexity and uncertainty of the global economic and trade environment have increased significantly. First of all, geopolitical risks continue to heat up. Some countries pursue unilateralism and protectionist policies and restrict China's high-tech enterprises by means of "long-arm jurisdiction" and export control. Since 2023, the scope of goods subject to tariffs imposed by the United States on China has been further expanded, involving key fields such as electric vehicles and lithium batteries, directly affecting the export of related industries in China. Secondly, trade protectionism presents new characteristics. In addition to traditional anti-dumping and countervailing measures, new trade barriers such as carbon border adjustment mechanism (CBAM) and digital service tax continue to emerge. EU CBAM has entered the trial operation stage in October 2023, which is expected to have an impact on China's steel, aluminum and other exports. Third, the global supply chain accelerated restructuring, multinational companies implemented the "China +1" strategy, promoting the transfer of manufacturing industry to Southeast Asia, Mexico and other regions. According to World Trade Organization data, China's share of global manufacturing output fell for the first time in a decade in 2023, increasing pressure for industry migration. In addition, the multilateral trading system is weakened, the WTO reform process is slow, and China faces more institutional obstacles to participating in international rule-making. These external challenges are intertwined, making the environment for China's foreign trade development more complex.

3.2. Internal Challenges: Pressure for Structural Optimization and Institutional Adaptation

Structural contradictions in the process of domestic economic transformation and upgrading remain prominent. In terms of industrial chain supply chain, the key core technology "neck" problem has not been completely solved. In high-end chips, industrial software, high-end CNC machine tools and other fields, external dependence is still high. Take the chip industry as an example, China's imports of integrated circuits reached US \$415.6 billion in 2022, and the trade deficit continued to expand. In terms of traditional competitive advantage, the demographic dividend is fading and labor costs continue to rise. Compared with emerging manufacturing countries such as Vietnam and India, China's manufacturing labor cost has no obvious advantage. In terms of institutional adaptation, there is still a gap between the domestic market supervision system and high-standard international economic and trade rules such as CPTPP and DEPA. Especially in the fields of service industry opening, intellectual property protection and competition policy, the pressure of system docking is great. In addition, structural problems in foreign trade still exist, and the competitiveness of trade in services is relatively weak. In 2022, China's trade deficit in services reached US \$96.9 billion. The development of new formats such as digital trade and green trade faces institutional obstacles, brand premium capacity is insufficient, and the quality and benefit of export products need to be improved. The imbalance of regional development also restricts the coordinated development of foreign trade, and the level of opening to the outside world in the central and western regions is relatively low.

3.3. Analysis of China's Strategic Response Path

We should actively participate in the reconstruction of global economic and trade rules, put forward the "China Plan" under the multilateral framework of WTO reform, e-commerce negotiations and trade facilitation, and strengthen the institutional discourse power. In the area of digital trade,

inclusive and prudent regulatory standards can be promoted to facilitate cross-border data flows while safeguarding national security and data privacy. In terms of innovation drive, efforts should be made to build a technological innovation system with deep integration of production, learning and research, concentrate on breaking through key core technologies such as high-end chips and industrial software, and improve the transformation mechanism of innovation achievements. In terms of industrial upgrading, we should promote the transformation of manufacturing industry to high-end, intelligent and green, and cultivate advanced manufacturing clusters with international competitiveness. At the market diversification level, we need to build a more resilient global market network. While consolidating the traditional European and American markets, deepen economic and trade cooperation with countries along the "the belt and road initiative" route. Through the construction of infrastructure such as China-Europe train assembly center and overseas warehouse network, a logistics trade channel covering the whole world will be built. In particular, we should seize the opportunity of implementing the Regional Comprehensive Economic Partnership Agreement (RCEP) and deeply explore emerging markets such as ASEAN. In 2023, China's import and export volume to other RCEP member countries reached 12.8 trillion yuan, with a year-on-year growth of 7.5%, and the regional market potential continued to be released.

4. CONCLUDING REMARKS

China's international trade development opportunities and challenges coexist in the new period. Confronted with a Byzantine, mercurial global milieu and domestic structural recalibration exigencies, China must persist in fidelity to its fundamental state doctrine of external liberalization, transmuting adversities into propulsive catalysts for advancement via manifold conduits encompassing systemic de-restriction, technological autogenesis, and sectoral ascension. Only through apprehending incipient paradigms of cybernetic and ecologically-conscious evolution whilst profoundly immersing in worldwide mercantile stewardship can we pioneer unprecedented circumstances amidst protean flux, accomplish epochal metamorphosis from prodigious trading state to potent commercial power, and proffer magnified contributions toward architectonic elaboration of an accessible planetary economic nexus.

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