

Research in the Challenges Faced by Chinese Foreign Trade and Its Revelation

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Abstract: Over the past few years, a series of emergencies have again revived trade protectionism around the world, these events imposed huge problems and difficulties to global trade, which also negatively affected China's foreign trade market and related domestic industrial chains. Among them, the existence of green trade barriers and other non-tariff barriers not only increases the number of trade frictions but also puts forward higher technical and capital requirements for commodity processing. While the trend of trade protectionism also continues to influence the policies of some countries, adopting isolationism in China's foreign trade environment. Based on this situation, China should actively introduce professionals in various fields and try to promote the development of technology. Meanwhile, the government should also protect the rights of relevant parties or individuals through legal means by providing consultancy, perfecting trade legislation, and to encourage multi-party negotiation to better cope with various challenges in the field of foreign trade.

Keywords: foreign trade challenges, revelation, China

1. Introduction

With the overall strength of emerging economies represented by developing countries increasing, some developed countries believe that the benefits brought by globalization are weakening, therefore the ideology of trade protectionism again becomes popular in the Western world. Although a globalized economy is what being admired over the past few decades, trade restriction theories and related measures still appear frequently and continue to affect global trade activities. For China, the number of trade frictions it faced has dramatically risen in recent years, and the number of barriers to foreign trade continues to increase. Therefore, how to properly deal with these challenges and maintain the smooth progress of international trade to the greatest extent is the focus of both theoretical and practical circles. On the issue of challenges facing China's foreign trade and commerce, internal and international scholars have analyzed and studied green trade barriers and other non-tariff barriers, the development and impact of trade protectionism, and the difficulties brought about by the new Covid-19 epidemic and financial crisis as emergencies to foreign trade. The research shows that these factors are interrelated, and mutually reinforcing protectionism has contributed to the birth of a series of non-tariff barriers, while the social and economic impact of emergency events has driven the theory of protectionism. At present, ways of summarizing the

challenges and their outcomes encountered by Chinese foreign trade and exploring the reasons for their formation is a topic worth discussing.

2. The Practical and Theoretical Controversies Faced by Foreign Commerce

2.1. The Practical Dilemma of Green Trade Barriers

Firstly, Green trade barrier is not a uniform concept, there is currently no consensus among international scholars on the nature of this type of trade barrier. Some scholars believe that green trade barriers are the strict environmental standards set by some countries that aim is to restrict the mass import of overseas goods, trying to protect the national environment. Others believe that green trade barriers are set up by developed countries in which environmental protection is simply used as an excuse to boycott free trade flows, while the actual purpose is to restrict foreign commodity imports, and developing countries' goods may be particularly targeted [1]. The existence of green trade barriers has both positive and negative effects on China. Although they indeed provide protection for animal and human health and promote enterprise innovation to develop green industries, they also lead to a reduction in the quantity and variety of exported commodities. Since the cost of meeting the standards of environmental protection is also included, the commodity prices will also increase, which resulted in the reduction of commodity competitiveness [2]. In recent years, some Chinese scholars agreed that in the long run, environmental protection measures are conducive to protecting the domestic economy and promoting the export of domestic goods, which is not entirely a disadvantage, however, there is little doubt that in a short term, the existence of green trade barriers is harmful to international trade activities. Due to the different conceptual understanding of international green trade-restrictive measures and their complex nature, solutions to the 'Green Trade Barriers Question' cannot be effectively proposed and adopted.

Secondly, the rules on green trade barriers are not clear. From the perspective of law, green trade barriers arise not only because of the high standards set by developed countries with their technological advantages but also because of the flaws in relevant WTO provisions. It is believed by some scholars that some WTO provisions lacked effective constraints on the right to enforce the trade regulations law, which provides an opportunity for the abuse usage of the "environmental exceptions" term. For example, the Agreement on Technical Barriers to Trade states that members are allowed to take technological measures when they consider it necessary to protect human, animal and plant life and health, and some inconsistent with international standards are allowed. The Agreement on Sanitary and Phytosanitary Measures allows for the temporary use of more stringent environmental testing mechanisms, when necessary, even in the absence of sufficient scientific evidence. It can be seen that the green trade barrier system in the WTO has the problem of unclear legal rules because its restrictions are extremely unspecific. The space for the interpretation of law is enlarged, allowing some developed countries to use these provisions infinitely to protect their rights and interests [3]. In addition, green trade barriers have the following basic characteristics: falsehood, imbalance, breadth and solidity. Among these, 'imbalance' originates from the development gap between developed and developing countries and the lack of uniform environmental standards in each country. This allows some developed countries to ignore the actual situation of developing countries and formulate requirements that exceed their capabilities [4]. It can be seen that the unclear rules of green trade barriers are mainly reflected in two aspects, one is that the WTO laws and regulations give the state excessive environmental protection constraints, and the other is that different countries have different standards for environmental protection. Consequently, the absence of a clear definition and measurement of environmental protection enabled countries to act freely and provide a breeding ground for trade protectionism.

Thirdly, the shortcomings of the means and countermeasures are addressed. For China, the lack of an 'early warning' system and the shortcomings of legislation on green trade barriers are two types of issues worth discussing. In recent years, some Chinese export enterprises have not been able to obtain complete information and data, lack of understanding of regulations resulted in the unexpected and accidental returns of export products. Some scholars believe that building a more effective information base platform could be one solution to this problem, such a base is used to sort out and classify the data on trade barriers in the international market. By providing relevant enterprises the permission to log in to the database, the risk of exported goods being blocked down by the green trade barriers can be reduced, as the information shown promptly suggests the recent export situation [5]. Meanwhile, the existing challenges of legislation in China should also be taken seriously. Current problems are divided into two types, one is the shortcomings of the environmental protection legal system related to international trade, and the other is the imperfect foreign trade legislation related to environmental protection. Specifically, the laws and regulations on environmental protection promulgated in China, such as the Forest Law and the Air Pollution Prevention and Control Law, are relatively low in operability and limited in influence. However, in the field of foreign trade law, the discussion of environmental protection in laws and regulations, such as the Foreign Trade Law and the Regulations on the Administration of Import and Export of Goods, also accounts for a minority, which shows that China's foreign trade laws related to environmental protection are still not perfect [6].

China should actively explore the environmental protection regulations of developed countries and refer to their legislative suggestions to form a more complete legal system based on its own needs and development trends. This can not only make up for the remaining shortcomings of green trade legislation but also aims to guide industrial transformation and environmental protection in the country, thus weakening the influence of green trade barriers by giving play to the role of market mechanisms themselves. In addition, although some WTO laws and regulations have shortcomings in environmental protection, China, as a member of the WTO, can still rely on the WTO to resolve trade disputes caused by green trade barriers or to eliminate trade conflicts by cooperating with other members.

2.2. Resurrection of Trade Protectionism

In recent years, the reason for the resurgence of trade protectionism is mainly due to the rapid development of the overall strength of developing countries and emerging economies in various fields. Some developed countries gradually began to believe that the benefits brought by the trend of globalization will continue to weaken. Some developing countries, including China, have faced more barriers to foreign trade, and the multilateral free trade system advocated and established by the WTO has been undermined. At the same time, because there is also an imbalance in economic development, or because of the similarities of the industrial structure, some developing countries follow the example of developed countries to set trade restrictions on China to protect their industries. Although traditional trade theory holds that free trade can maximize the benefits enjoyed by countries, in reality, trade protectionism has always existed in the development of international trade [7]. It is worth noting that the resurgence of trade protectionism has led to an increase in the number of trade frictions between economies, and in the case of the United States, the US first policy pursued by the Trump administration has led to the prevalence of protectionism. The United States has provoked trade disputes against some developing countries, including China, on the grounds of eliminating the trade deficit. The U.S. government imposes high tariffs on Chinese exports and additional investment barriers, increasing the cost of commodity production and export, which reduces the competitiveness of foreign goods and leads to a reduction in the scale of enterprise production. This severely affected China's participation in world trade. Also in trade protection policies, it is mainly high-tech products

that are given particularly high tariffs, including computer and communication facilities, US's restrictions on these products have hindered the development of China's high-tech fields and suppressed China's position in the global value chain. As the US trade protection policy reduces China's status and participation in the global value chain, the scale of China's related industries will be forced to shrink, resulting in the development of a poor employment structure, affecting people's livelihood, and reducing the expected benefits of relevant enterprises [8]. India can be used as another example in which the government encouraged trade protectionism, as a developing country with a similar development stage and industrial structure to China, India has also implemented a "de-Chinaization" policy under the leadership of the Modi government. They set up stricter trade barriers and continued to introduce restrictions on Chinese investment [9]. It can be seen that trade protectionism is reflected in the policies of both developed and developing countries and similarly they both imposed a clear negative impact on China's foreign trade activities.

2.3. The Negative Effects of Non-tariff Barriers

Non-tariff barriers are also a major challenge faced by China's foreign trade in recent years. Due to the prevalence of trade protectionism, some countries have added non-tariff barriers in addition to tariff barriers to ensure their market interests. NTBs are characterized by a wide variety, large number and rising trend, mainly created by developed countries, with emerging economies being the biggest victims. Non-tariff barriers mainly include technical barriers, common foreign trade barriers of regional economic organizations, and environmental barriers including green trade barriers. In recent years, the impact of market access barriers has also gradually increased, evidenced by the laws of some countries explicitly prohibiting financial institutions from other countries from entering the country or imposing very strict restrictions on institutions that have already been established. The impact of non-tariff barriers on China's foreign trade is mainly reflected in the direct reduction of the economic benefits of exports and the market competitiveness of products and also leads to a slowdown in the growth of export trade [10].

2.4. The Impact of Emergencies on Foreign Trade

First, the impact of the Covid-19 epidemic on China's foreign trade and commerce. The impact of the outbreak and spread of Covid-19 on China's foreign trade exports can be divided into two categories: short-term and long-term. In the short term, due to the restrictions on personnel returning to work, the production and supply capacity of enterprises has been seriously affected, and the demand in overseas markets has also changed rapidly. In the long run, the overall international environment and global industrial chain of foreign trade exports are also different from those before the epidemic, and new trade protectionism and populism also emerged throughout the period. During the epidemic, developed countries such as Europe and the United States which have been severely affected by the epidemic experienced a shortage of medical resources. To ensure that they are not overly dependent on goods from a single producing country, there is the encouragement of localized production and diversified and decentralized production models. For China, such policies will affect the industrial chain to a certain extent, and the market share that originally belonged to China will be transferred to other countries. Under the impact of the epidemic, some developed countries have implemented stricter entry and exit management measures to maintain their local trade advantages. It can be seen that protectionism had regained its support from some of the governments. For some people in developed countries, the economic crisis induced by the Covid-19 epidemic has led to a sharp decline in their income and an increase in unemployment, which may also lead to the re-emergence of populism or xenophobia, thus affecting Chinese export activities [11]. Other than this, since Covid-19 was classified by the World Health Organization as a "public health emergency of

international concern”, the strict quarantine measures adopted by many countries on imported goods have led to disruption of the transportation of goods, increased administrative costs, and some goods are also at risk of quality damage. It can be seen that the challenges of the Covid-19 epidemic to China’s foreign trade are diverse and complex.

Global financial crisis as another way of presenting emergencies also once imposed a significant challenge to China’s foreign trade. The impact of the 2008 world financial crisis on the world economy and trade is long-lasting. Due to the lack of momentum for economic recovery and constantly intensifying deep-seated contradictions, all countries, especially more developed ones have gradually increased the setting of trade barriers to avoid fierce competition. As one of the world’s largest exporters in international trade, China faced the problems of shrinking export markets and a declining growth rate of imports and exports in the post-financial crisis era. While exported commodities have been subjected to stricter inspection by customs departments, the number of anti-dumping and countervailing investigations has also risen sharply, increasing the number of global trade frictions. Chinese scholars believe that China’s current export products are still mainly labor-intensive products, constrained by capital and technological strength, so the high-quality standards formulated by developed countries prevent the entry of China’s relatively ‘low-end’ products [12]. This is a manifestation of trade protectionism, because after the financial crisis high unemployment in developed countries was generated, which led to the revival of the government’s manufacturing industry to solve the problem of employment difficulties. At the same time, China’s exports of goods increased costs due to anti-dumping and countervailing trade remedy measures, resulting in a decline in the international competitiveness of commodities. The re-promotion of trade protectionism is the main challenge brought by the financial crisis to the world economy and commerce, as the foreign trade policies of most countries will be affected by political pressure and economic conditions. Therefore, even if the most difficult period of the financial crisis has passed, its negative influence on the world economy and trade is continuing, trade barriers also have a trend of increasing complexity and diversification, which impacts are difficult to be directly reversed [13].

3. The Impacts of Foreign Trade Challenges and Their Enlightenment to China

3.1. The Impact of Problems in the Field of Foreign Commerce and Trade

First, about the impacts of green trade barriers. Extraterritorial research believes that the reason why green trade barriers emerge is that there are differences in the development level between developed and developing countries. Developed countries intend to use such gaps to limit the quality of imported goods, to achieve the purpose of protecting their markets. Some scholars have taken the export status of Guangdong Province in China as a case study to study the problem of green trade barriers. Guangdong’s foreign trade exports account for 22% of China’s total foreign trade exports, and the huge market share also allows green trade barriers to having significant impact on it. Industrial commodities such as textiles, clothing and agricultural products are affected by green trade barriers, and such influence is even greater than that of traditional anti-dumping measures [14]. The existence of green trade barriers is one of the manifestations of trade protectionism at present since some developed countries are trying to avoid criticism so seeking new forms of trade restriction methods instead of high and excessive tariff barriers. Different countries have different standards and definitions of environmental protection, and the green trade barriers set by the government are also different, which means that the standards can be adjusted indefinitely according to the needs of the country. For export countries, due to the cost of ensuring that the quality of goods meets the standard, the price of commodities will be raised, leading to a significant decline in the competitiveness of trade commodities. Small and medium-sized enterprises with limited capital investment and small

production chains often struggle to meet high quality standards for their products, which poses operational challenges for exporting firms themselves.

Second, about the impacts of trade protectionism. Some scholars believe that the occurrence of significant events at the international level in recent years, such as Brexit, the weakening of the global influence of the Asia-Pacific Free Trade Organization, and the election of Trump as the US president all suggest that the call for trade protectionism is rapidly rising in some developed countries at present. Although the traditional economic theory generally believes that free trade will bring benefits and well-being to all countries, in reality, because the benefits of free trade are not evenly distributed, some developed countries began to refuse a further expansion of trade globalization and commodity flows [15]. Acknowledging the existence of trade protectionism, some scholars further pointed out that more foreign trade policies have begun to transfer traditional trade restrictions into various non-tariff barriers (NTBs). On a global scale, the use of NTBs can directly lead to a decline in import value of up to 12%, and its long-term impact can be equal to that of traditional protectionist measures, such as anti-dumping and countervailing. Canada, Germany and China are the three countries most affected by NTBs in the world, with China being subjected to 948 non-tariff barriers between 2009 and 2014. The existence of non-tariff barriers is one of the most obvious manifestations of trade protectionism, and their existence seriously harms the development of world trade. Even if the impact of a single NTB is less than that of trade protectionist measures, due to the large number, the negative impact of NTBs on foreign trade is not inferior to traditional anti-dumping, anti-subsidy or safeguard measures [16].

For China, ways to resist trade protectionism include actively improving laws and regulations, promoting legitimate commercial negotiations, and encouraging individuals or groups involved to actively sue and respond to lawsuits. At the legislative level, some of China's laws and regulations should also be further improved, for example, linking the Export Control Law with the Criminal Law, the Customs Law and the Anti-Monopoly Law. Meanwhile, the legal protection of overseas RMB property should be strengthened, and the government should better guide enterprises to build a more compliant system based on the country's foreign trade regulations [17].

Finally, about the impacts of the Covid pandemic. Foreign scholars also pointed out that the Covid-19 epidemic has caused greater challenges to the foreign trade of developing countries. Such an emergency event not only dealt a great blow to the food supply chain and industrial commodity chain of various countries but also fundamentally changed the international trade policies formulated by the governments of some developed countries. To avoid becoming too dependent on foreign goods in the future, governments of more developed countries may prefer to reverse the trend of globalization and turn to isolationism by rejecting more international cooperation. As an important industrial producer, China's export supply is bound to shrink as production declines due to the impact of the new crown epidemic. The governments of other developing countries may also voluntarily reduce the export quota of agricultural products to ensure that domestic market prices are not gouged. That is to say, in the post-pandemic era governments are likely to pay more attention to domestic markets and actively restrict cross-border trade flows to avoid commodity dependence, which may lead to a resurgence of protectionism [18].

3.2. Enlightenment for the Future Development of China's Foreign Trade

Objectively speaking, China's foreign trade challenges are multifaceted. Since different countries and regions have distinct concepts or standards of environmental protection, green trade barriers gradually formed, and once economic and environmental factors politicized these types of barrier, they become one of the important non-tariff barriers that hinder the normal operation of commercial and trade activities. To better cope with a series of problems arising from the international crisis, China needs to train and introduce more professional talents in various fields, and take effective measures based

on a clear understanding of trade protectionism to minimize its negative impact on commerce and trade. China should also ensure that relevant practitioners have a clear understanding of the challenges encountered in commerce and trade at this stage and have a thorough understanding of international trade operation rules and international trade laws. The government should also promote enterprises to legally respond to litigation or seek conflict resolution through multilateral forums in order to safeguard the interests of all parties. In the post-epidemic era, China should strengthen the domestic commodity industry chain, and improve the industrial structure and product quality through technological development. At the same time, China should also make reasonable use of the WTO legal system or actively try to set up negotiations with relevant countries to minimize the impact of isolationism on foreign trade.

4. Conclusion

To sum up, under the influence of long-term trade protectionism and short-term emergencies, China's foreign trade is encountering various difficulties and challenges. These events have given rise to various types of non-tariff barriers to trade and amplified their negative impacts. Therefore, how to ensure the normal progress of China's foreign commercial and trade activities is a problem that both the government and enterprises need to face and solve. The effects of protectionism and its restrictive measures are often long-term, and these problems are difficult to eradicate in a short period. Therefore, on one hand, China should follow the development trend of international trade, vigorously promote technological development, strive to narrow the development gap with developed countries and ensure the quality of processed products. On the other hand, the legislation also needs perfection to some extent, making appropriate supplements to existing laws and regulations, and encouraging enterprises to use legal means to reduce losses caused by trade frictions. With the joint efforts of the government, enterprises and individuals, the challenges faced by China's foreign trade will be overcome, and economic development will continue.

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