

**CHINA'S FOREIGN TRADE POLICY AND ITS IMPACT ON THE SUSTAINABILITY
OF ITS ECONOMY**

Han Xintong

Polessky State University, khan.sintun@365.polessu.by

Abstract. The article periodises the stages of China's foreign trade policy in the last thirty years, establishes the relationship between the efficiency of foreign trade activities and the sustainability of the national economy, identifies the most effective methods of regulating foreign trade in China.

Keywords: foreign trade policy, openness, sustainability

The development of China's foreign trade policy is closely linked to the country's economic reform and opening up. Concurrently, it is intertwined with the strategy for foreign trade development and the ongoing reformation of the foreign trade system.

Trade development strategy is a policy aimed at promoting production and trade in specific sectors by adjusting the relative prices of importable and exportable goods.

China's trade development strategy has undergone two major phases, with the historical accession to the WTO in 2001 serving as a dividing line.

Consider the stages of development of trade policy (Table).

During the "pre-accession-to-WTO" phase, China underwent four stages in its trade development strategy between 1980 and 2001. These stages were labelled as "import substitution and marginal export promotion" (1980-1983), "export promotion neutralising import substitution" (1984-1990), "export promotion and marginal trade liberalisation" (1991-1993), and "radical trade liberalisation" (1994-2001).

China's commitment to openness to the world has become a prerequisite and foundation for shaping its foreign trade policy. As a significant developing nation, China recognizes the significance of openness for economic growth and development. It adheres to the principles of open cooperation, mutual benefit, and reciprocity, actively participating in global economic cooperation and governance while playing an influential role in expanding globalization.

Table – Stages of China's Trade Policy

Stage	Brief description of the stage
Before joining the WTO	
Stage I (1980-1983)	Import substitution and marginal export promotion
Stage II (1984-1990)	Export promotion neutralizing import substitution
Stage III (1991-1993)	Export promotion and marginal trade liberalization
Stage IV (1994-2001)	Radical trade liberalization
After joining the WTO	
Stage V (2002-2005)	Fulfilling commitments to access to WTO and continued trade liberalization
Stage VI (2006-2008)	Trade policy adjustment and growth pattern transformation
Stage VII (2008-2015)	Addressing and recovering from the global financial crisis
Stage VIII (2016-now)	building a new development paradigm, implementing the "Made in China 2025" program (published in 2015) and the 14th five-year plan (published in 2021)

Note: compiled by the author

Through opening up to the global market, the nation has gained significant foreign investment, technology, and market resources, enhancing the competitiveness of its domestic industries and expediting economic structural refinement and modernisation.

During the "post-accession-to-WTO" phase, China has shifted its trade development strategy towards a sustainable, development-friendly approach that balances internal and external demand for imports and exports. This new strategy is outlined in the overall economic development blueprint. Import substitution and export promotion are no longer the sole focus.

Since 2001, China has undergone three stages in its trade policies. These stages include "fulfilling commitments to access the WTO and continued trade liberalisation" (2001-2005), "trade policy adjustment and growth pattern transformation" (2006-2008), and "addressing and recovering from the global financial crisis" (2008-2015).

Based on the conducted research, the following groups of foreign trade management methods can be distinguished, which have shown their effectiveness. Foreign trade measures contain six indicators, which are (1) using foreign resources to develop new international markets, (2) accelerating the transformation of trade patterns and promoting regional development, (3) deepening the reform of the import system and establishing a market operation mechanism, (4) accelerating reform and gradually establishing a foreign trade supervision system, (5) promoting foreign diversification in accordance with policies and principles, and (6) developing leading industries and optimizing the structure of export commodities.

Since 2016, the country has been at the next, current stage, which is characterized by new trends and new approaches to the development of China's domestic and foreign markets. This period also accounts for the application of measures in lockdown conditions (2016 – now).

The State Council of the People's Republic of China has released two industrial plans: Made in China 2025 (2015) and the 14th Five Year Plan (2021). These aim to develop ten strategic sectors, such as advanced information technology, automated machine tools and robotics, aviation and spaceflight equipment, maritime engineering equipment and high-tech vessels, advanced rail transit equipment, new energy vehicles (NEVs), power equipment, farm machinery, new materials, biopharmaceuticals, and advanced medical device products. These policies, though ostensibly designed to increase industrial productivity through enhanced and adaptable manufacturing techniques, embody the PRC's philosophy of "indigenous innovation". This is reflected in several supporting and associated industrial plans. Their primary objective is to substitute foreign technologies, products, and services with local alternatives in the PRC market by any possible means. The aim is to establish local companies as the dominant players in both the local and international markets.

These policies intend to promote the growth of local companies while hampering foreign firms and their offerings over a ten-year, multi-step process. The main aim is to encourage local businesses to cultivate, extract, or gain their own technology, intellectual property, know-how and brands using various methods. The subsequent goal is to supplant foreign technologies, products, and services with those created domestically in the PRC marketplace. Ultimately, they aim to capture a significant global market share in the 10 specified sectors.

The impact of foreign trade on industrial structure carries great significance for research, which can be divided into three aspects: the importance of foreign trade development, industrial structure optimization, and relevance for enterprises involved in international business. From the perspective of foreign trade development, China's trade is growing rapidly but is also under increased pressure. The improvement and acceleration of the national economy is crucial for the advanced growth of foreign trade whilst the enhancement and upgrading of industrial structure act as an inherent driver for better and faster progression of national economy as well as foreign trade. In terms of its significance for optimizing and upgrading the industrial structure, the development of foreign trade will not only increase the overall amount of imports and exports and foreign direct investment, but also facilitate technological progress and capital accumulation. The progression of foreign commerce will have varying effects on China's ecological environment, energy efficiency, technological innovation, and human capital. Such effects will inevitably impact China's industrial structure.

Thus, it is necessary to establish a comprehensive trade management system that integrates internal and external resources as soon as possible and form a continuous and inherited trade policy so that Chinese enterprises can achieve global resource allocation. At the same time, pay attention to the connection and matching with other related policies as much as possible to avoid the decrease in the operating efficiency of the entire macro management policy system due to changes in trade policies. This is an important guarantee for the effective operation of the new domestic and foreign trade integrated comprehensive management system.

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