

ANALYSIS OF CHINA'S FOREIGN TRADE IN AN ERA OF ECONOMIC UNCERTAINTY

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In recent years, economic uncertainty jumped in reaction to Brexit, the U.S. presidential election, China-U.S. trade-tensions, the Covid-19 pandemic, and the Russia-Ukraine conflict, with most indicators reaching their highest values on record. In particular, the Covid-19 pandemic has wreaked havoc on a country's foreign trade, which is a main component of its economic development. This article focuses on the trends of China's foreign trade under economic uncertainty. In this article, the authors identified the definition of foreign trade activity and the concept of Economic uncertainty, analyzed the impacts of Covid-19 on China's foreign trade, and pointed out the possible directions and ways to achieve healthy foreign trade development.

Key words: foreign trade; economic uncertainty; China; World Uncertainty Index (WUI); COVID-19 pandemic.

АНАЛИЗ ВНЕШНЕЙ ТОРГОВЛИ КИТАЯ В УСЛОВИЯХ ЭКОНОМИЧЕСКОЙ НЕОПРЕДЕЛЕННОСТИ

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В последние годы экономическая неопределенность резко возросла в связи с Brexit, выборами президента США, торговой напряженностью между Китаем и США, пандемией Covid-19 и российско-украинским конфликтом, причем большинство показателей достигли рекордных значений. В частности, пандемия Covid-19 нанесла удар по внешней торговле страны, которая является основным компонентом ее экономического развития. Данная статья посвящена тенденциям внешней торговли Китая в условиях экономической неопределенности. Авторы раскрыли понятие внешнеторговой деятельности и концепцию экономической неопределенности, проанализировали влияние COVID-19 на внешнюю торговлю Китая, а также определили возможные направления и пути достижения здорового развития внешней торговли.

Ключевые слова: внешняя торговля; экономическая неопределенность; Китай; мировой индекс неопределенности (WUI); пандемия COVID-19.

Foreign trade activity, which can be defined as transactions in goods, services, information, and intellectual property between economic entities in different countries, is one of the main components of a country's economic development. Since the start of the Reform and Opening-up Policy in 1978, the Chinese government has considered devoting major efforts to the development of foreign trade as an important approach to accelerate modernization, shake off backwardness, promote economic growth, and improve comprehensive national strength. China established trade relations with the vast majority of the world's countries and regions, and has achieved rapid development in foreign trade through all-round participation in the international division of labor and competition. In recent years, China's foreign trade has maintained steady growth and has played an important role in stabilizing the global supply chain and stimulating the growth of the Chinese and global economies. However, the constant uncertainty of the global economy has a strong impact on China's foreign trade development and meanwhile, to counter economic uncertainty, the Chinese government has taken a number of measures to secure anchor market expectations and underpin the steady growth of foreign trade.

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Generally, economic uncertainty is defined as the situation where the future outlook for the economy is unpredictable. In case of rising uncertainty, economic entities, including households, companies and the government, are negatively affected because their expectations are blurred and they are not able to foresee the consequences of their decisions. There are three main factors that affect the uncertainty in the economic system: the human factor (the person acts as an element that determines the actions of the system and influences its criteria and parameters), the external environment factor (external economic systems cause the need to consider their impact on this system) and complexity factor (it is determined by the fact that the economic system is multifaceted, has a complex structure and is difficult to describe, which leads to inaccuracies in its functioning).

To measure the level of uncertainty, the Economist Intelligence Unit developed the World Uncertainty Index (WUI), which covers 143 countries with a population of at least 2 million. According to the WUI, in recent years, these countries have grappled with five major "uncertainty shocks": Brexit in

2016, followed by the U.S. presidential election, China-U.S. trade-tensions, the Covid-19 pandemic, and in 2022 the Russia-Ukraine conflict [1].

Among them, the Covid-19 pandemic directly influenced the Chinese economy, and there is massive uncertainty about almost every aspect of the Covid-19 crisis, including the medical path of the virus, the associated economic slowdown, the responses from policymakers, consumers, and businesses. In terms of foreign trade, during the Covid-19 pandemic, shutting down international borders and other transportation restrictions made exports difficult for China, and it suffered huge losses. In particular, exports from China sharply declined in February 2020 due to the worst period of the pandemic. According to statistics of the General Administration of Customs of China (GACC), exports decreased by 17.4 % compared to the same period in 2019. Then the passage of time and development of precautions against Covid-19 made a positive impact on the exports of China [2].

However, over the following two years, China's foreign trade was hit again by the Covid-19 pandemic outbreak. According to China's Central Economic Work Meeting, the total value of exported goods in November 2022 decreased by 8.7 % compared to the same period. This figure is a record high since the beginning of the coronavirus 2020. The value of imported goods showed an even greater drop, recording a drop of 10.5 %, the highest drop since May 2020, when the most extensive pandemic restrictions were observed. One of the reasons for such a serious drop in the figures is that in November 2022 about 25 % of China's entire economy was under quarantine restrictions [3]. There was a noticeable decrease in the number of loadings at the ports of major cities such as Shanghai, Tianjin, which affected the transport of goods to the ports from the closed zones. From this, starting on December 7 2022, the gradual lifting of restrictions began. According to statistics of the GACC, in 2022, the total value of imports and exports of goods reached 6.31 trillion US dollars, topping the world for six consecutive years, and exports reached 3.59 trillion US dollars, which increased by 7 %. Trade with the major trading partners – the ASEAN, the EU, the United States, the Republic of Korea, Japan, Australia and Russia increased by 15.5%, 13.4 %, 12.04%, 5.74 %, 5.67 %, 3.5% and 3.02 %, respectively. Moreover, “green” products, including solar batteries, lithium-ion batteries, and electric vehicles, became the main exported goods, in which over 60 % export hikes [4].

It should be noted that trade growth can be attributable to 1) support for scientific and technological development, as well as legal support in the field of copyright and patenting, 2) measures to stimulate exports, for instance, exporters are given incentives, tax exemptions, loss insurance and loans.

In conclusion, considering the current world uncertainty, especially decreasing global demand amid recession fears as geopolitical tensions and

tight financial conditions persist, to achieve healthy economic development, China should continually take measures to ensure the continuous growth of exports of higher value-added goods, for which it is necessary to intelligently import energy, raw materials, technology and equipment, and promote the growth of imports into China, which will further accelerate the global economic recovery and stabilize the supply chain of goods and services around the world.

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