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Global Trade and Trade Policies of China

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policies of China.

C Trade policies of China influencing global trade

1 Role of world organization in China's trade that influences global trade.

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4 Regional economic interdependence is one of the trade policy of China that will influence global trade.

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Will China's trade policies be helpful in worldwide trade? Global trade is the transport of goods across various countries of the world. Global trade exerts various changes in trade policies of China. This global trade took turning point in 2008-2009 financial crisis when China overtook USA as world's largest trade of many countries. America was sole super power and largest trader with other countries before this global crisis. Global trade and trade policies of China both influence each other in many ways. Removing trade barriers in global trade significantly influences trade policies of China. Geopolitical conflicts and role of international organizations in global trade also bring changes in trade policies of China. Global trade has also become a factor of expansion of domestic industries in China. Furthermore, trade policies of China like regional cooperation and improved infrastructure also brings changes in global trade. Role of world's organization in China's

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trade has also significantly influenced global trade. In addition to, regional economic interdependence is also one of the trade policy of China that affects international trade. Thus, it is evident from number of facts that global trade and trade policies of China have been influencing each other since 21st century start.

Removing trade barriers in global trade is the first factor that influences trade policies of China. When countries remove trade barrier, their exports and imports have increased tremendously. This not only increases the economy of the country but also the lifestyle of the country's citizens. Such policies have huge positive impact on China's trade policies. When United States of America adopted free trade policy, China also adopted such policies to foster its trade worldwide. In Case Study **NAFTA's (North American Free Trade Agreement) impact on US agricultural trade**, author highlights that removing trade barrier has increased America's trade with

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Canada and Mexico from 9 billion dollars to 14.2 billion dollars on agricultural products, while agricultural imports from both countries have increased from 7.4 to 13.7 billion dollars. Thus removing trade barriers between countries highlights trade policies which impacts China.

Geopolitical conflict is another factor that hugely impacts global trade and that creates changes in trade policies of China. Geopolitical conflict occurs between different countries mainly due to war. In 22 February 2022, Russia invaded Ukraine that created animosity between states. United States, European Union and United Kingdom had imposed sanctions on Russia. These sanctions negatively influence any state's trade. **For example, article: How geopolitics is changing trade by Costanza Bosone, 2024** mentions trade between rivals decreased by 4% since 2018 and trade between geopolitically aligned countries increased by 6%. Thus geopolitical conflict disturbs global trade which also influences

China's policy. As when Russia faced restrictions from US, UK and EU, it brings Russia closer to China and their cooperation even in trade ^{also increased}.

Role of international organizations like world Trade Organization in global trade also significantly impacts China's trade policies. In 2002, George W. Bush applied tariffs on steel imports which caused backlash from world trade organization.

This is because Japan, European Union and South Korea which exported steel reached to China in abundance due to less market available in America. This in return leads to competition among domestic manufacturing industries in China. International organizations have always condemned unnecessary tariffs.

As in Peterson Institute for International Economics Report 2003, author mentioned that US administration had imposed tariffs ranging from 8% to 30% on steel industry. Thus International organization determined that US violated tariff rules.

This ultimately impacted China's trade policy because domestic production in China

got reduced due to this act.

Furthermore, global trade has caused expansion of domestic industries in China, United States of America, United Kingdom, Japan, and European Union are heavily dependent on electronics, smartphones, laptops and other gadgets. They are heavily dependent on China so China has ^{expanded} increased its electronics manufacturing industry. China is the largest exporter and importer of these goods. **For example, article: "China and the world: Inside the dynamics of a changing relationship," nov 2020 by McKinsey and Company** mentions that China's electronics and tele-communications equipment exports were valued at over 1 trillion dollar in 2018. Thus global trade has also raised expansion of Chinese industries that ultimately fosters Chinese economy.

In addition, Tariffs on Chinese products also bring about changes in trade policies of China. Tariffs are taxes imposed by government on foreign goods to enhance domestic products but tariffs are

the violations of world trade organizations. Governments also impose tariffs mainly due to their conflicts which impacts the global supply chain. For example, PHD author Derek Adam in his article "Made in China 2025: China's strategy for becoming a global high tech superpower", highlights that Trump's administration imposed 15% tariffs on 300 billion \$ imports from China in 2018 which China retaliated and also imposed 5-7% tariff on more than 75 billion goods from United States. Thus tariffs in global trade hugely impacts other countries.

Technology products in global trade also influences China's trade policies. United States built semiconductor and also transferred their companies to friendshoring countries like Taiwan and South Korea. The global trade on these chips between ally countries restricts China to get advanced semiconductor chips.

Biden administration also passed CHIPS ACT 2022 of 52 billion \$, to reduce foreign dependence. China in return also making advanced semiconductors but continuesly facing problems.

For example, Report on a "Seismic Shift: The New U.S. Semiconductor Export Controls and the Implications for US Firms, Allies, and the Innovation Ecosystem" by CSIS (Center for Strategic and International Studies), 2022 enlightens US export controls that intend to limit China's technological advancement. They are also intended to limit AI chip access, design capability and manufacturing equipment capability. Thus trade of technology products also put pressure on trade policies of China.

Lastly, alliance of many countries in global trade is a causing agent of different trade policies of China. CPTPP (Comprehensive and Progressive Agreement on Trans Pacific Partnership) is one of the largest trading alliance that consists of 12 countries. Countries like Brunei, United Kingdom, Australia, Canada and Singapore etc supply goods to each other without tariffs and any trade barriers. CPTPP has not allowed China in their strategic trade alliance which ultimately made China to build new strategic regional

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alliance. ~~lock~~ Belt road initiative (BRI) is one of the strategies China has made to foster its trade. **As World Economic Forum report 2023 highlights UK exports to CPTPP countries rised to 60.5 billion £ and key exports included dairy, whiskey and cars.** Report also mentioned that tariffs on UK exports of whiskey to Malaysia reduced from 80% to 0% and car export tariffs will be gradually reduced. Thus such trade between alliance countries gives China a great trade competition. So alliance in global trade ultimately influences trade policies of China.

World organizations like World Trade Organizations have played an important role in trade policies of China that also affects global trade. In pre accession to WTO, China adopted import substitution trading policy. China's trade policies reformed from import substitution, marginal export promotion, marginal trade liberalization to radical trade liberalization from 1980s to 2001. Then China became a member

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WTO on December 11, 2001. This accession greatly impacted global trade as China agreed upon trade rules and removed tariffs and trade barriers. This fosters international trade between countries. For example, Sheng

Bin in his article "China's trade development strategy and trade policy reforms, 2015" highlights that

Tariffs on agricultural products declined from 23.1% in 2001 to 14.8% and on non agricultural products, it declined from 14.4% in 2001 to 8.6% in 2013. This significant change occurred due to China's accession to world trade organization. Thus this is one of the trade policies of China that directly impact global trade.

Secondly, regional cooperation is the significant trade policy of China that also causes variations in global trade.

China's regional organization like Shanghai Cooperation Organization SCO consists of important member states like Russia, Iran, India, Pakistan and Central Asian states. China established this regional organization

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in 2001 to foster economy, security and friendship between regional states. Trade between SCO states hinders member states to trade outside the bloc. Global trade gets severe impacts from this China's trade policy. For example, report on "Trade development over 20 years since the establishment of Shanghai Cooperation Organization" released in 2022, shows the total trade value of SCO member states increased from 6667.09 billion \$ in 2001 to 6.06 trillion \$ in 2020 and SCO's share of global trade value grew from 5.4% in 2001 to 17.5% in 2020. This data enlightens the impact of China's trade policy on global trade.

Furthermore, improved infrastructure has been emerging trade policy of China that influences international trade directly. China launched 21st century's mega trade project BRI. BRI is one Belt Road Initiative that initiated by Chinese President in 2013, connects Asia, Africa, Europe and Central Asian states. BRI

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is the latest improved trade route for 140 countries in the world. BRI's trade project is impacting 65% of world's population. BRI not only fosters trade but also establishes huge ports, parks, industries, power sectors and other mega projects. For example, article "The Belt and Road Initiative in the context of China's opening up policy" by Hideo Ohasi in 2018 depicts import and export between China and BRI countries amounted to 7.37 trillion RMB.

Then, regional economic interdependency comes which is one of the China's trade policy that significantly influences global trade. China launched various projects in BRI like China-Europe Freight trains that provides fastest trade route. China also established Gwadar Port in Pakistan through China Pakistan Economic Corridor CPEC and Hambantota airport in Sri Lanka. Countries now trade with China due to less trade cost and effective

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routes. China is making BRI countries less dependant on west either in trade or loan. China is also providing loans to many developing countries in BRI block so countries have inclined towards China rather than western countries. **For example, report on "China and WTO" in 2018** highlights that China will provide RMB 60 Billion worth of aid to developing countries come in BRI project. Thus, this trade policy enables member states to foster trade with China which ultimately influence their trade with western countries negatively.

In addition, China's subsidies impact global trade. Subsidies are financial assistance provided by government to industries, business or individuals to support economic activity and reduce cost of goods. When China applies subsidies on products, countries purchase product from China that influences developing countries who are also exporter of same product. African countries rely on Cotton export as cotton

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is their biggest revenue generator but due to China's policy of subsidizing cotton goods, African countries bear export loss. In an article: "Impact of China's trade policy on global development: agriculture and fisheries subsidies" by Kristen Hopewell in 2022, it is mentioned that average income of west African country Burkina Faso i.e 799 dollar per year relies on cotton for 59% of its exports and China over the past decade provided 41 billion dollar in cotton subsidies. Thus China's trade policy in subsidizing goods negatively impact global trade.

Further, China's has global trade impact due to foreign direct investment. China's investment in various friendshare countries enable China to boost its relation with ally countries like Malaysia, Pakistan, Russia, India, South Africa, Nigeria and Ethiopia etc. These ally countries prefer to trade with China rather western countries. China has invested in various sectors like

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energy, technology, economy, infrastructure and other sectors. Friendship countries trust on China and its policies which minimize their trade with west.

For example, the state office of People's Republic of China in report "China and WTO 2018" mentions

that China has increased its foreign direct investment from 46.88 billion \$ in 2007 to 136.32 billion \$ in 2017 in all countries.

Thus, it clearly shows China has been increasing its Foreign Direct Investment that severely impacts global trade.

Lastly, enhancement of technology related products ^{export} impact global trade. This is one of the rising trade policies of China.

China exports high and advanced technology to countries with less trade restrictions which enable many countries to rely fully on China for advanced technology. This will ultimately reduce trade of these countries with western countries like United States

of America and its ally states. **For example, "Report on Low Carbon Technology" by Boston University Global development**

Policy center highlights that China has accounted 23.1% of global market share in low carbon technology export (LCT) valued at 257 billion dollars. These exports include wind turbines, solar panels and electric vehicles. Thus technology export is one of the trading policies of China that impacts global trade.

It is no doubt in the fact that tariffs on Chinese products, technological products role and alliance of many countries in global trade influences China's trade policies and simultaneously impact of China's subsidy, foreign direct investment and enhancement of technological products export massively impacts global trade.

Tariffs on Chinese products bring significant variations in trade policies of China. Further role of technological products and alliance of many countries in global trade affects trade policies of China. Despite this, impact of China's subsidy on global trade is not hidden. China's impact of foreign direct investment and export of technological

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products are leading trading policies of China that significantly impact global trade. So, global trade and trade policies of China are interdependent. One must strive to interconnect various countries for trade as trade fosters friendly relations between the nations which people across the globe desire as renowned philosopher **Al-Farabi** said: "when nations trade, they exchange not just goods, but ideas and cultures. This exchange creates a bond that ties societies together and fosters mutual understanding."

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