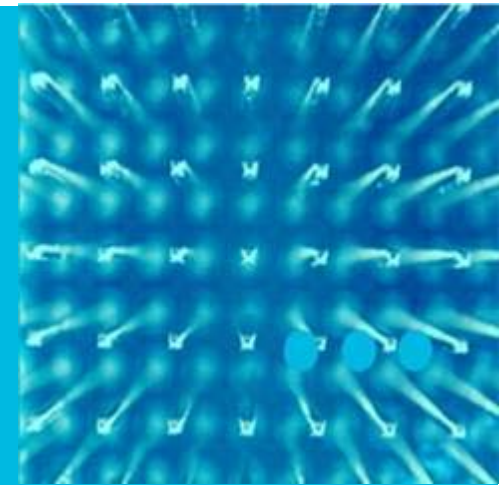




Chinese Perspectives of Global Trade



Research Center of International Trade, Fudan University

Center for European Studies, Fudan University

Prof. Yongchang Qiang

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1.Introduction

Unbalance development of world economy post-war, especially the high growth of emerging economies as China is representative, although it promotes world economic system change from hegemony to multi-polarization, they are facing the restructure of industrialization, the consolidation of core competitiveness and overall national quality etc. such hard tasks. Therefore, during the development of multi-polarization world economy, the core position of Europe and the United States will go on. Under the circumstances, I would like to express my points as follows:

2. World Economy and Global Trade

The global economic slowdown will withhold global trade development. With the impact of financial crisis in 2008, the world economy comes into a full recession. The hard hit from the crisis, European and American economics' downturn, subsequent weak recovery, restrict directly the expansion of consumer demand. In 2008 to 2009, the domestic demand of developed countries and areas decreases from 0.1% to -3.4%, meanwhile import demand plummeted from 0.6% into -12.0%. This not only weakens the traditional leading role for the economies towards world trade, but also makes emerging economies and developing countries terms of trade deteriorated rapidly. At the same times, the terms of trade from emerging economies and developing countries fell from 3.7 to -5.1. In this way, the weak recovery of developed countries will withhold global trade development, then influence the world trade development.

2. World Economy and Global Trade

2007~2009 World Economy and Trade Growth

	Y 2007	Y 2008	Y 2009
World Economy	5.2	3.0	0.6
Developed countries	2.7	0.6	-3.2
USA	2.1	0.4	-2.4
EURO area	2.7	0.7	-4.1
Japan	2.3	-0.7	-5.2
Emerging markets and developing countries	8.3	6.0	2.4
World Trade	7.3	3.0	-10.7
Import : Developed Economies	4.7	0.5	-12.0
Emerging markets and developing countries	13.8	9.4	-8.4
Export : Developed Economies	6.3	1.9	-11.7
Emerging markets and developing countries	9.8	4.6	-8.2

3.Trade Protectionism and Global Trade

The rise of trade protectionism will worsen the global trade environment. After the happening of financial crisis, trade protectionism has begun to rise. According to World Bank statistics, a total of 17 countries among G20 has launched around 78 trade protectionism measures since the financial crisis, of which 47 have been implemented. In this round of trade protectionism turmoil, emerging economies, particularly China, has become the hardest hit. Especially in 2008 and 2009, China's export trade subjects to anti-dumping, countervailing duty and safeguard provision lawsuits were respectively arrived to 53 and 55.

4. Multilateral Trade System and Global Trade

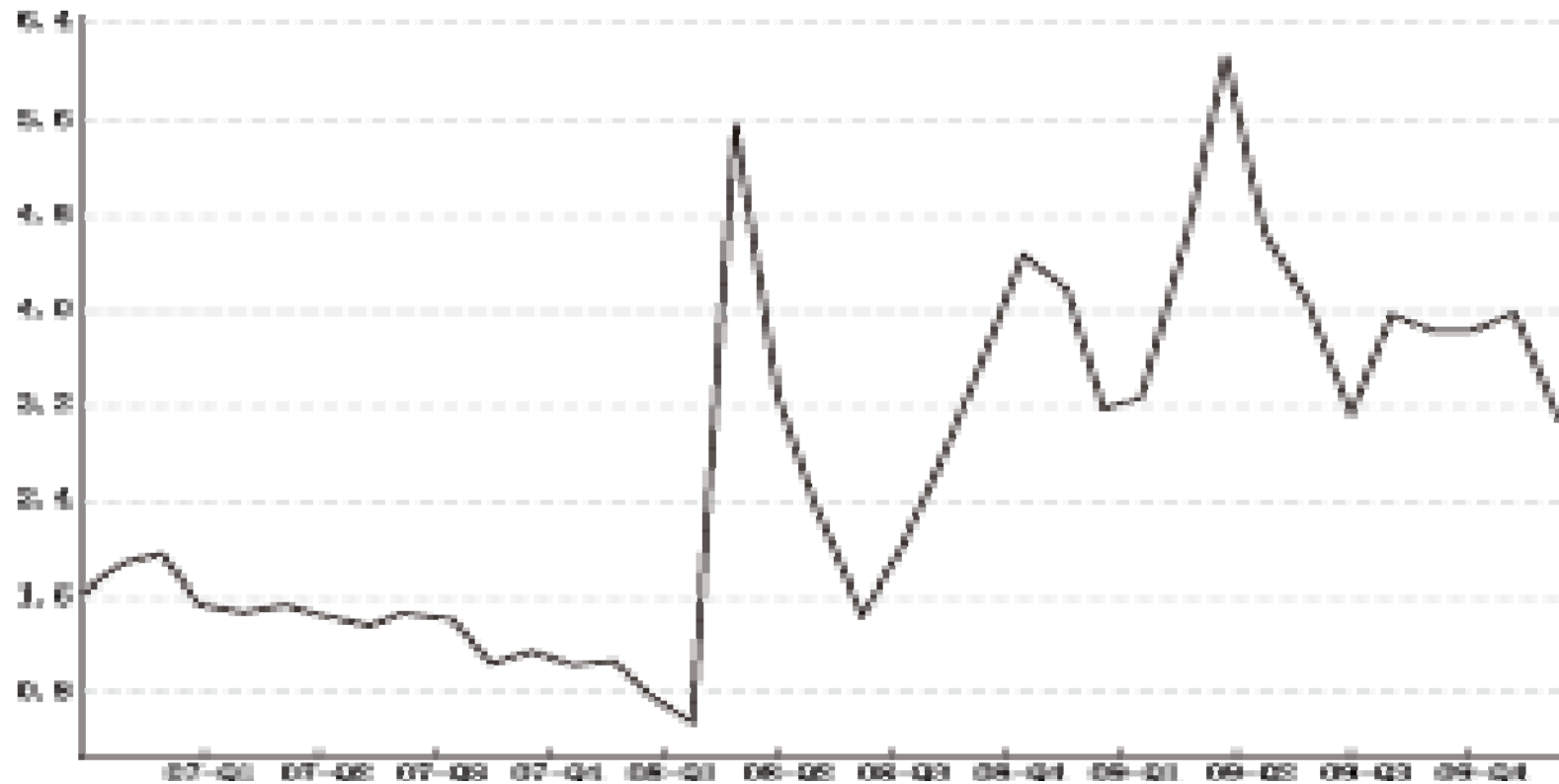
Crisis in the multilateral trading system runs more difficult. The development of multi-polarization to the hegemonic system will have an important impact on operating efficiency of post-war multilateral trading system, while the outbreak of financial crisis had further increased difficulty of multilateral trading system, which makes the struggling **Doha Round** added a new uncertainty. The decline of multilateral trading system efficiency will boost the world trading system towards regionalization and bilateralation.

5.Changes of MCT and Global Trade

The changes of marginal consumption tendency in main countries would weaken its position in global trade. Another important result of the financial crisis is to make the changes of marginal consumption tendency in developed countries. Hegemony theory tells us that the system towards the contribution of the world trade system not only show the performance of the multilateral trading system in the maintenance of high efficiency operation, but also through strengthened economies power composed domestic consumption promotes world trade development. But after the financial crisis, the USA personal savings rate increased rapidly and maintained at high liberation (see below diagram). The changes in the structure of private income and expenditure will reduce the USA contribution towards world export trade.

5.Changes of MCT and Global Trade

Year 2007-2009 personal savings rate in U.S.A



6. Double Export Plan and Global Trade

Doubling the existing export program will have a significant impact on the world labor division. In general, the world labor division for the developed countries mainly specialized in high-end services, and emerging economies and developing countries, mainly specialized in the manufacturing field. However, earlier this year, a "double export plan" put forward by USA may change the existing world pattern of division, it will be a severe challenges on the export processed products of the emerging economies and developing countries .

7. Emerging Economy and Global Trade

In contrast with the weak recovery of developed countries, the emerging economies take the lead in standing stably and are recovering after experiencing the financial crisis. This creates the hope for the stuffy world economy and trade. Due to the process of world multi-polarization, the power of emerging economies is still weak and oriented in the suburb of world labor division system. What's more, the activity of economies will still under the restriction of developed countries, and can not fully compensate possible losses of global trade for weak economic recovery in developed economies. Therefore, global trade growth will slow down.

8. Conclusion

In the world economic system, developed countries as representative, the sluggish recovery of developed economies not only slowed down the process of world economy restoration, but also arose trade the protectionism, worsen trade environment and restrain trade development. Therefore, only if the close cooperation among countries does it more earlier promote multi-lateral trade negotiation to get a fair and balanced result. Only if the effective operations to maintain world free trade system are we in the same boat to achieve the stable development of world trade.

Thank you!

