



REVIEW

Thoughts on the Institutional Innovation from the Large Trading Nation to the Powerful Trading Nation

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ABSTRACT

Since the reform and opening up, China's economy has experienced rapid development and progress, and has gradually emerged as a large global economy and trading nation, and the import and export trade has made brilliant achievements. At the same time, however, China's import and export trade activities still face enormous challenges and face the problem of turning the large trading nation into the powerful trading nation. Among them, institutional factors are the main obstacles restricting China's trade development. Therefore, it is necessary to strengthen institutional innovation and reform from a large trading nation to a powerful trading nation.

1. Introduction

With the continuous development of the social economy and the acceleration of the process of economic globalization, China's role in the international market is also growing. After the impact of the US financial crisis in 2008, China is gradually shifting from a large global economy and trading nation to a powerful trading nation. In order to speed up the transformation, we need to think about how to effectively avoid obstacles and problems in the transformation process and ensure the transformation effect.

2. China's Current Import and Export Trading Status

2.1 The Trading Scale Continues to Expand

At present, China has become an important global large

trading nation. Since the trade scale has grown and expanded, since the Chinese eleventh CPC Central Committee Third Plenary Session, the scale of China's foreign trade has expanded by nearly 170 times in 2016. Especially after joining the WTO (World Trade Organization), China's foreign trade has gradually surpassed that of developed countries such as Japan, the United States and Germany. The degree of foreign trade has expanded rapidly. In 2013, China has become the world's largest foreign trade country. The development of China's foreign trade scale has a very close relationship with reform and opening up. From the very beginning, China has been a small trading country with primary products and agricultural products, but now has gradually become a large trading nation that has received international attention and has an indispensable influence in the international economic field. Over the past 30 years, the domestic economic volume has expanded rapidly, and the scale of domestic

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and international trade has also increased rapidly. While China's domestic trade has developed rapidly, the pace of foreign trade has also grown faster and the product structure of exports has been continuously optimized. At present, high-tech products and high value-added products have gradually become a new growth point for trade development. At the same time, the proportion of non-state-owned economy exports in China's export trade activities is growing, and its role is also increasing. Currently, China's foreign trade activities have formed a structure in which multiple economic components coexist, which can cope with the changes in the complex market environment. When dealing with the financial crisis, it can expand domestic and foreign trade while walking out of the economic downturn, and play a key role in mitigating and preventing the collapse of the world economy.^[1]

2.2 The Trading Partners Continue to Increase

The backward history of a hundred years has made China have a personal experience of the dangers of shutting down the country. In today's economic globalization, China has actively promoted international global trade activities and has become the world's largest trader of goods. The number of trading partners has increased rapidly. At present, China has established diplomatic relations with most of the world's regional countries. It is an important trading partner of more than 100 countries. It has foreign trade activities in the European and American markets, African markets and emerging economies and the number of trading partners is also growing, overcoming problems in different levels of economic development, economic systems, and ideology, making all countries in the world be linked to China's economic development, so that the economic development of other regions and countries can achieve a win-win situation with China's economic development and achieve the goal of common development and common progress.^[2]

2.3 Changes in the Trading System

Since the reform and opening up, China's economic and trade has developed rapidly. This development model cannot be effectively explained by the Western Solow economic growth model and the traditional Kuznets economic growth model. According to the comprehensive analysis, China's economic and trade development is so fast because of the results of innovation and institutional changes. The endogenous driving force for China's economic and trade growth comes from institutional changes. Chinese eleventh CPC Central Committee Third Plenary Session has broken the shackles of modern superstition and laid a solid institutional foundation for the smooth start of China's economic

and trade. With the continuous deepening of reforms, the corresponding trade system has been gradually adjusted to meet the needs of current market development. This gradual institutional change has promoted the improvement of China's economic operation system and triggered the reform and development of the national economic system. From the perspective of trade entities, it began with individual business and developed into a large number of foreign-invested enterprises and foreign companies, which has changed the original form of foreign trade and the main body of foreign trade, and gradually formed a situation in which multiple trading systems coexisted. China constantly improves the scope of market regulation in the trade operation mechanism, relaxes the mandatory price and order purchase and sale system of commodities, adjusts the allocation of resources and the selling price by taking the market as the main value factor, continuously carries out trade system reforms according to market needs and fosters production factor markets. Since the reform and opening up, China's foreign trade activities have continued to deepen, the trade situation has become increasingly diverse, and the forms of import and export and import and export products have undergone earth-shaking changes. Since the beginning of the reform and opening up, a large number of foreign products and materials have been imported. Afterwards, the import quota of equipment and raw materials has been increasing. The combination of China's labor force and international capital has greatly enhanced the level of domestic manufacturing and expanded the export ratio of processed products. Since China's accession to the WTO in the new century, the degree of openness in the domestic market has further increased and economic cooperation and financial exchanges with foreign businessmen have also increased. Chinese enterprises are gradually aligning with the international market in an all-round way, and can penetrate into the markets and production and operation activities of various countries and regions to exert their unique value. China's ability to voice in the international economy has become stronger and stronger, and its status has also increased. Under the global economic tide, China has gradually formed a unique foreign trade system. While promoting national economic development, China also promotes the stability of the international economy and the health of financial activities, and has a vital impact on the development of world economic trade.^[3]

3. China's Current Institutional Barriers to Becoming a Powerful Trading Nation

3.1 Unbalanced Trading Structure

At present, there are many general-purpose products such

as OEM products and low-end processing products in China's export products, and the structure of import and export trade is seriously unbalanced. Although China has become the largest exporter, more than 90% of the exported products are low value-added and low-end products. There are very few products with global brands, high-tech and high-end products, most of them. The added value of commodity exports is low, and this cheap export has seriously restricted the healthy development of China's import and export trade. In addition, the proportion of trade in goods in China's import and export trade structure is large, and the proportion of trade in services is small. At present, China is still a single cargo large trading nation. The proportion of service trade exports lags far behind the developed countries in Europe and America and is lower than the world average. The domestic and international trade dynamic structure is inconsistent, the domestic consumption demand is seriously insufficient, and the pre-existence of the international market is too high, which affects the stability of the domestic economic environment. With the growing gap between the rich and the poor and the imbalance in the development of the market economy, the difference between consumption level and economic income between urban and rural areas in China is increasing. The problems of urban and rural secondary trade structure and dual market are serious, which leads to the instability of domestic regional trade structure and affects the healthy and healthy development of trade.^[4]

3.2 Imperfect Trading System and Mechanism

China's current unsound and imperfect trade system cannot provide good institutional support for becoming a powerful trading nation. Since the reform and opening up, China has been conducting in-depth research on the depth, breadth and openness of openness, constantly reforming and optimizing the foreign trade system and mechanism in light of the characteristics of the market environment and development requirements, and has achieved some results accordingly. For example, it has repeatedly revised and improved the export tax rebate policy and established relevant channels such as customs clearance and export credit, optimized the import and export structure, and simplified the import and export process. These systems and measures have greatly improved China's foreign trade environment, however, compared with the trade system mechanism of developed countries, China's foreign trade activities have paid too much attention to exports and neglected import policies.

Since foreign trade has been tasked with creating foreign exchange for a long time, the export volume of each region has been regarded as the main assessment indicator

of political achievements, while the income generation of imports has been neglected, resulting in a serious imbalance between imports and exports. Secondly, since foreign trade activities can effectively stimulate China's economic growth, many local governments in China have promoted the development of foreign trade and promoted the development of the local economy, but vigorously supported various foreign trade activities, but ignored the quality and level of trade activities. From the current point of view, the largest proportion of China's foreign trade activities is general trade activities, which have high investment, low returns, low production capacity, and are greatly affected by fluctuations in the international market. In addition, although China is already at the stage of large trading nation, it has not established a two-way trade incentive mechanism corresponding to it. From the actual situation, China's foreign investment activities have made considerable progress in recent years. It has not yet established a trade and investment system that is compatible with international standards and China's national conditions, and has affected the further development of trade activities.^[5]

3.3 The Entire Trading Environment Is Increasingly Severe

Compared with before the outbreak of the international financial crisis, the current international trade environment is more severe. Trade protectionism has gradually risen globally due to the impact of the international financial crisis, leading to more complicated trade barriers and more hidden trade restrictions. From the current point of view, the US economy, the EU economy and the Japanese economy are still difficult to get out of the weak period in a short period of time, and the various restrictions imposed on imports by developed countries to protect the domestic market, especially when the developed countries are in the middle of the new and old government, the domestic import environment will be further tightened, which will bring more pressure on China's export trade. As the international economic situation becomes more severe and the degree of shrinkage increases, global trade may return to a more conservative state, leading to a more distant journey of China becoming a powerful trading nation. In addition, from the perspective of China's own trade development, foreign trade transformation and upgrading still have great difficulties. In recent years, the free trade zones and economic cooperation organizations of all countries in the world have developed rapidly, however, international trade is still in a critical period when new rules are difficult to obtain approval and old rules have many loopholes, in this important historical period, how to achieve a good foreign trade upgrade and transformation, establish a new

competitive advantage, and consolidate the traditional trade advantage is the current national trade transformation focus.^[6]

4. Strengthen the Institutional Innovation Pathway from Large Trading Nation to Powerful Trading Nation

4.1 Improve the Political System Construction of Trading Entrepreneurship Innovation and Autonomy

China needs to pay more attention to the construction of institutional innovation mechanism from large trading nation to powerful trading nation. It is crucial to clarify the objectives that foreign trade activities need to achieve, promote the upgrading and reform of various industries, establish an independent political system of entrepreneurial innovation that is in line with the operational mechanism of powerful trading nation, and accelerate the innovation and improvement of the system, which creates a macroscopic scientific institutional environment for the transformation of the trading system and the construction of a powerful trading nation, and builds a system of checks and balances.^[7] It is necessary to further implement the rights enshrined by the Constitution, especially to realize the potential of citizens' self-employment and innovation, vigorously develop trade entities with multiple economic components, and abolish restrictions on the industrial sector, especially in the service sector, which enables citizens to give full play to their individual enthusiasm and creativity, maximize the initiative of entrepreneurial innovation, attract domestic and foreign talents to participate in entrepreneurial innovation, and provide a continuous source of power for the upgrading and transformation of international trade models.^[8]

4.2 Increase the Reform of the Distribution System

In order to further narrow the gap between the rich and the poor and increase the domestic consumption power, it is necessary to establish a dynamic growth mechanism and large country circulation mechanisms dominated by domestic consumption, and turn the exporting country of products into the demanding countries of products. Mastering the initiative of China's economic development through institutional arrangements, the majority of the poor and vulnerable groups enjoy the fairness and fairness of socialism within the scope of a reasonable gap between the rich and the poor. China can learn from the institutional arrangements for the gap between the rich and the

poor in the development process of Western developed countries and the labor-management contradiction mediation system. For example, a perfect fiscal revenue transfer payment system, personal property and income reporting system, a modern shareholding system, and a management system for workers' participation in enterprises, a sound social security system, income tax system, estate tax system, pension insurance and unemployment insurance system, social security system, and high-income transfer system for the rich, etc., to ensure the reasonable distribution of income, protect legitimate income, avoid gray income, achieve good income adjustment, effectively stimulate domestic demand, and invigorate the domestic economy and market economy.^[9]

4.3 Carry out Reform and Innovation of the Traditional Trade System

In order to promote the reform of the powerful trading nation system, in accordance with the requirements of the development of the international trade situation, we must continue to carry out reforms in accordance with the actual national conditions, recommend trade priorities and trade promotion policies, give preferential policies to export of high value-added enterprises, and encourage products with high technology and high capital investment to give priority to exports. At the same time, it is necessary to continuously strengthen the coordinated development of exports and imports, improve the structure of imports and exports, change the idea of attaching importance to exports and ignoring imports, and accelerate the abolition of the system of unreasonable restrictions on imports. According to the needs of China's industrial transformation and upgrading, a policy system should be built that is conducive to promoting imports, rationally grasp the trend of international trade development and adopts targeted measures to achieve effective trade development and establish a free trade zone, realize the negotiation of investment agreements and the coordination of laws and regulations, and combine deepening reforms in various fields to continuously stimulate the vitality of foreign trade entities.

5. Conclusion

In summary, China still has great difficulties and obstacles from large trading nation to powerful trading nation. Among them, institutional factors are one of the most important factors hindering the development of China to powerful trading nation. Effective institutional innovation can strengthen the transformation of trade development mode and promote the optimization of trade structure,

enabling China to effectively maintain the advantages of foreign trade and promote the export and development of high-tech industries and high value-added output industries. This paper mainly discusses the institutional innovation approach from large trading nation to powerful trading nation, combines institutional changes with the promotion of social and economic stability and sustainable development, and improves the construction of powerful trading nation, laying a solid foundation for the sustainable development of China's foreign trade economy.

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