

# Research on the Development of Foreign Trade in Strategic Emerging Industries

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**Abstract.** For the development of China's strategic emerging industries, strategic emerging markets are not mature enough, domestic effective market demand has not been mobilized, and even the scale of development of enterprises is still relatively small. In the international market competition, most enterprises have not the dominant competitive advantage and the development of strategic emerging industries as the pillar industries of the national economy will require a period of hard work. At this stage, more support and promotion will be required from the government. In the face of risks in the international market, it is more necessary to actively review the international environment and pay attention to major trading partner country policy changes. Under the imbalance of the global economy, it is necessary to conduct a comprehensive analysis of the impact of China's strategic emerging industries, and help companies to effectively assess the objective risks in order to ensure the smooth and orderly development of enterprises.

**Keywords:** Foreign Trade; Development; strategic emerging industries.

## 1. Introduction

Since the international financial crisis, the global economy is still in a period of shock adjustment. The economies of the developed countries are currently in an unbalanced state of recovery, and the overall situation has still not escaped the signs of recession. In 2012, both developed countries and emerging market countries showed a trend of declining growth rates, setting the lowest point of the recovery process in the past three years. The International Monetary Fund predicts that the global economic growth in 2012 will be around 3.6%, slightly faster than in 2011. In 2016, the global economic growth rate was 3.1%, and the weak global economic recovery will not change for the time being. For the purpose of economic growth, the U.S., Japan, and the EU consistently implement loose monetary policies: the government continues to issue bonds, and the central bank has no restrictions on the purchase of bonds. The United States "leads the trend," and The European Central Bank has followed the principle of changing its consistent adherence to a prudent monetary policy. Even Japan, the world's highest debt ratio, has forced the central bank to implement loose monetary policies. In the short term, this will help promote economic recovery. However, in the long run, developed countries may pass debts out of this way. For creditor countries, if the United States, Japan, and Europe achieve the goal of inflation and currency devaluation together, the space for hedging risks is basically lost. [1]

While the effect of policy adjustments in developed countries such as the United States, Japan and the United Kingdom began to show some degree of certainty, due to the negative impact of the spillover effects of developed countries' economic policies and the vulnerability of their own economies, emerging economies are facing the challenge of slowing economic growth and high inflation. The lack of domestic confidence, low consumption, declining import demand from developed countries and lower prices of some export commodities all affect economic growth.

## 2. Changes in the Volume of Foreign Trade Show Cyclical Changes

As shown in Figure1, from January 2009 to May 2014, the monthly export of high technology products changed. From January to December of each year, the export of high technology products showed a general trend of increasing month by month. The export changes showed a characteristic in an annual cycle. Based on the seasonal fluctuation analysis of high-tech products, the closer to

December, the greater the export volume will be, but begin to raise again from a low point in January. The export presents a regularity of increasing month by month in an annual cycle. [2]

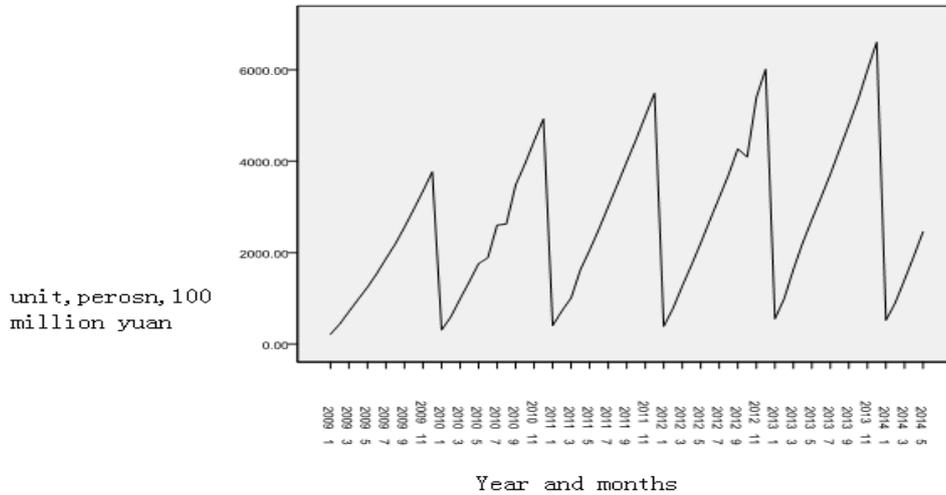


Figure 1. January 2009 -2014 May high and new technology export sequence diagram

It can be seen from the above analysis, on the whole, the export of high technology products has maintained a steady development in recent years, but the growth margin in 2011 and 2012 has declined. Judging from the monthly regular analysis of high technology product export, there is no phenomenon that the regularity has been broken due to the influence of external factors. Therefore, in order to further analyze the features and changes of strategic emerging industries in foreign trade, it is necessary to research the outward development of typical strategic emerging industries and to further explain the conclusions drawn.

### 3. Export-oriented Development of Typical Strategic Emerging Industries

In July 2012, some European Union enterprises submitted the applications to the European Commission for anti-dumping investigations on Chinese photovoltaic products. On September 6, 2012, the European Union officially announced the initiation of anti-dumping investigations on China's photovoltaic modules and key components such as silicon wafers, which is the largest trade lawsuit launched by the European Union against China so far for the scope of products involved more than the previous U.S." double counter case" and the amount involved more than 20 billion dollars. As about 70 percent of Chinese photovoltaic products are sold to European market every year, this measure has a huge impact on Chinese photovoltaic industry and even some industries are on the verge of going bankrupt. [3]

In December 2012, the United States officially announced that they will levied a high "double reverse" tax rate up to 249.96 % on Chinese photovoltaic enterprises. As a result, some Chinese component enterprises have handed over the battery chip link to overseas workers to get around the punishment. According to U.S. statistics, the main purpose of the final arbitration result is to completely restrict China to export the crystalline silicon photovoltaic products to the United States. On January 23, 2014, the U.S. department of commerce issued a notice to launch a " double anti-dumping" investigation again on China's export of photovoltaic products, which is the second "double anti-dumping" investigation since 2011. The photovoltaic industry is facing pressure from Europe and the United States such as " double opposition" and overcapacity. Some enterprises are facing elimination. Mergers and reorganization of enterprises are inevitable. The photovoltaic industry is facing many difficulties; therefore, it will take a long time to completely get out of trouble. Under this situation, photovoltaic enterprises should to actively deal with lawsuits, pick up legal weapons actively to defend their legitimate rights and interests, actively respond to national policies, adjust the

development model of enterprise and achieve the transformation and upgrading of enterprises as soon as possible.

#### **4. Some New Energy Industries Continue to Trade Disputes**

By the end of 2011, a total of 825 "337 investigations" have taken place, involving 65 countries and regions, mainly in Greater China. In the first three quarters of 2012, China's export products suffered 55 foreign trade remedy surveys, an increase of 38%. The amount involved was USD 24.3 billion, an increase of nearly 8 times. "Made in China" has frequently encountered foreign trade frictions. The case of Chinese companies dumping goods has ranked first in the US anti-dumping case. China has become the biggest victim of the "337 investigation" in the United States. Among the relevant cases that have been decided, the loss rate of Chinese enterprises is as high as 60%, far higher than the world average of 26%.

Since the outbreak of the international financial crisis, global trade protectionism has been expanding, trade disputes have been increasing, trade frictions have spread from products to industries, from trade policies to economic policies, and from overseas competition environments to domestic policy environments. In the new wave of trade protectionism, in addition to the traditional anti-dumping and countervailing measures, new trade protectionism measures have also been added, such as strengthening the management of import licenses. Some developed countries have further adopted trade remedy measures to strengthen the trade protection of green, new energy industries and electronic information products, resulting in increasing global trade frictions. The increase of trade protectionism has hindered the recovery and stable growth of the global economy to some extent.

On October 15, 2010, the United States launched a 301 investigation on China's new energy product subsidy policy, and presented a 301 investigation on China's wind energy, solar energy, high-efficiency batteries, and new energy vehicles. In May 2011, the US International Trade Commission issued an intellectual property report that covers the detailed investigation of the status of intellectual property infringement in China and the impact of China's intellectual property infringement and the promotion of local innovation policies on the U.S. economy. Spearheaded by China's emerging industries such as wind power, telecommunication equipment (mobile phones), software, automobiles, civil aircraft and its components. In March 2012, the US Department of Commerce initially imposed a 2.9% to 4.73% countervailing duty on Chinese solar cells imported into the United States. On May 17th of the same year, the US Department of Commerce initially imposed a high anti-dumping tariff of 31.14% to 249.96% on China's solar battery imports from the United States.

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