The Link between International Trade and China’s Economic Cycle

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Abstract: In the new era of the 21st century, with the vigorous development of human society, economy, and science and technology, the relationship between countries gradually tends to communicate and coexist. At present, countries all over the world have more frequent exchanges in the fields of economy, culture, politics and education. Globalization has been a new development trend of the international society, and international trade has become a key content of global resources, science and technology and cultural exchanges. At present, in the international community, globalization is not only reflected in the global economy, but also in all aspects of the regional economy. The important feature and outstanding essence of the development of international trade is the common development and mutual complement of regional economy and global economy. With the rapid development of Internet technology, the interaction between countries has become more frequent and convenient, and the orderly development of international trade has sufficient hardware support. In the current social environment, it is of practical significance to analyze and explain the relationship between international economic trade and China’s economic cycle fluctuations. Experimental research results show that since my country implemented the strategic policy of reform and opening up, my country has always developed economic development channels based on the idea of cooperating with multiple parties. Although in the international trade environment, there are many risks, but our country is moving forward under the guidance of the ideological policy of cooperation with multiple parties. It can be said that the impact of international trade on domestic economic cycle fluctuations has both positive and negative effects. It is necessary to establish a development strategy that conforms to the development of my country’s economic cycle through the study of objective conditions and actual conditions.

Keywords: International Trade; Chinese Economy; Business Cycle; Economic Globalization

1. Introduction

Since entering the 21st century, my country has joined the World International Trade Organization. After rapid development, China has become a powerful force to promote the development of the world economy. Under the background of global economic integration, the economy between countries, cultural and political contacts are more frequent[1]. Keeping up with the international economic development trend and adjusting its own trade policy in accordance with the world economic development trend is a key measure and an important way to enhance my country’s international competitiveness and promote my country’s economic development[2]. As the world’s second largest economy and the largest developing country, it is more necessary to integrate the trend of world economic development, to grasp the changes in the international economic pattern and development trend, and to make a correct understanding and judgment of the international economic pattern. International trade has brought a positive and healthy impact on our country’s economy[3]. By exploring the characteristics of global economic integration, we can help our country un-
understand and master the form of international economic development, predict and judge the future development trend of the international economy, and make correct response policies in a timely manner, which is of positive significance for promoting my country’s economic development play a key role in. In this context, it is of extremely important practical significance to analyze and explain the relationship between international economic trade and China’s economic cycle fluctuations\(^4\).

The business cycle reflects that the economic system is hovering back and forth between the critical balance of the movement. There are two processes in this movement, deviation and adjustment. In the field of science and technology, the economic cycle can be expressed as \(f(X) = f(X+T)\), where \(T\) represents the cycle. But in economics, the cycle cannot be such a mechanized fixed result\(^5\). In the process of economic fluctuations, each cycle has its own characteristics: the duration is not completely consistent, and the degree of fluctuation is also different. Therefore, the business cycle in economics (Business Cycle) refers to the process of prosperity, recession, depression and recovery experienced by an economy in a certain period of time, or the deviation of actual GDP from potential GDP (Gap) process\(^6\). My country is still based in the world as the largest developing country. Therefore, it is necessary to continuously strengthen my country’s economic construction and enhance my country’s international influence and international status through international trade. Strengthening the study of the relationship between international trade and China’s economic cycle fluctuations is of great significance to my country’s economic development\(^7\).

In the current era of rapid development, the Chinese economy is inseparable from the world economy. With the continuous development of international division of labor and technological exchanges, the comparison of strength between developing countries and developed countries has also changed. We can already see that the main driving force of economic globalization has changed\(^8\). Twenty years ago, mainly western developed countries, but now emerging countries dominate the driving force. China is considered to have played a very important role in this process. Since the implementation of the strategic policy of reform and opening up, my country’s market economy system has been continuously deepened, and economic development has become an important strategy and basic national policy for the great rejuvenation of the Chinese nation\(^9\). In recent years, with the continuous integration and deepening of the global economy, economic globalization has become inevitable in the current international society. In this context, the construction of the One Belt One Road is advocated to compound the trend of international economic and trade development, and the international economic and trade has shown to recover, China must actively respond to the challenges brought about by international economic and trade, seize new opportunities for international economic development, continue to explore the characteristics and essence of international economics and trade, make adjustments in light of China’s actual conditions, and take countermeasures to continuously strengthen China’s external. The construction of trade economy has made more achievements for China’s international trade\(^10\).

2. Method

2.1 Strengthen trade talent training

Since ancient times, talents have been one of the factors that measure the total strength of a country. National development and national rejuvenation are inseparable from talents. With abundant talents, there is sufficient guarantee. Under the background of economic globalization, our country should cultivate and upgrade a large number of talents, and strengthen the reserve and training of talents. The further development of our country’s economy and comprehensive national strength is inseparable from the participation of high-quality talents. Therefore, under the current social background, the country should pay more attention to the reserve and training of talents, and improve the comprehensive quality and professional ability of trade talents through various channels. For example, through the construction of national colleges and universities, increasing the training of trade talents in colleges and universities requires not only the cultivation of theoretical knowledge, but also the cultivation of their practical ability, moral cultivation, etc., stricter professional requirements for them, and increased teaching intensity. Combining with the market and the international trade environment, targeted training can be carried out, so that all links have sufficient talent reserves to meet
the talents needed for international trade.

2.2 Clarify its own positioning and focus on the domestic market

Chinese companies must first have their own positioning. What role do we play in the global industrial chain at this stage? In the development process of more than 40 years of reform and opening up, Chinese companies have moved from processing supplied materials to becoming the most important production base, and they have played an increasingly important role. Our advantage is that we have a complete industrial chain and the most comprehensive manufacturing system. In this epidemic, the production guarantee of masks and other medical supplies has demonstrated our advantage. In addition to the European and American markets at this stage, a large number of developing countries along the Belt and Road are also our good international trade markets, and the main market growth points in the future are also these countries. We can cooperate with companies in these countries to jointly develop new markets and achieve win-win cooperation. Of course, after the export market is blocked, companies should also focus on the domestic market.

2.3 Vigorously develop high-tech industries and adjust foreign trade policies

As the largest developing country in the world, China needs to deal with the challenges brought by the international economy and vigorously develop high-tech industries through effective means. Encourage state-owned and private enterprises to enter the development of high-tech industries, optimize my country’s industrial structure and resource allocation through high-tech industries, and make the use of labor resources more reasonable. To realize the point-to-face, through a number of high-tech industries to promote the development of the surrounding economy, to gain a favorable position for my country’s international trade, and have a greater right to speak in international trade. At the same time, the government has also made great efforts to introduce relevant trade policies to encourage Chinese companies to go abroad, participate in international trade and cooperation, and achieve efficient use of resources and technology integration. Strengthen my country’s technological innovation, implement the strategic policy of introducing and going out, and add new vitality to the construction of international trade. The country should also do a good job in international trade-related work, integrate its own reality, and improve the international trade system.

3. Experiment

3.1 Experimental survey objects

In this thesis, the research object is to compare the economic development of the east coast of China and the western region of the United States, and the current development of international trade. This research method is mainly divided into the following three parts. The first part is through literature analysis and statistical data organize and analyze the development history, trade scale, balance, structure, economic cycle, etc. of China and international service trade; second, use the data of the east China coastal area economy and the western United States from 2010 to 2018, combining qualitative and quantitative methods, study the gap of China’s economy under different smoothing indexes, select GAP100 and GAP625 for calculation and comparison analysis, and compare and analyze the development status and competitiveness of China’s trade and international trade; third, a comparative study of China’s trade and international trade development, draw conclusions, and propose strategies to promote the development of China and international trade.

3.2 Experimental design

The research methods used in this article include:

(1) Literature research method: Through a large number of searches and reading domestic and foreign literature related to this article, understand the development of China and international trade, and prepare for further research.

(2) Quantitative analysis method: This article collects a large amount of data through WTO, UNCTAD, WORLD BANK and other databases, and conducts a quantitative analysis of China and international trade structure,
international trade competitiveness, etc., and provides a basis for related research.

(3) Normative analysis method: This article analyzes the collected data, discovers the problems in the development of China and international trade, and uses normative analysis to evaluate the development of China and international trade.

4. Results

4.1 Investigation and analysis of experimental data

Calculating the data using the deflated hp filtering method from the GDP in 2010 as the base period, the following data is obtained. The HP filter method was proposed by Hodrick and Prescott. We can break down the actual output into two components as much as possible: the first is the trend component, and the second is the periodic component. This method uses some mathematical principles finally present a filter to decompose these two components. We can suppose that the time series $Y_t$ is the sum of the period series ($c_t$) and the trend series ($g_t$), namely: $Y_t = g_t + c_t$. Then for the time series $Y_t$, calculate a $S_t$ that minimizes the formula. The HP filtering method only examines a single index, and the calculation is relatively simple, so it may have some shortcomings. From the perspective of practicability, the HP filter method is more consistent with the measurement effect and the economic change law in reality, so the HP filter method will be adopted in a large number of practical studies.

4.2 Experimental investigation results

![Figure 1](image1.png)

**Figure 1.** Output gap under GAP100 index.

![Figure 2](image2.png)

**Figure 2.** Output gap under GAP625 index.
From the data analysis in Figure (1), it can be seen that during the nine years from 2010 to 2018, the output gap under the GAP100 index has basically continued to decline, and the output gap has been negative since 2015. The output gap from 2010 to 2014 was positive, and the product gap continued to decrease. This reflected the lack of control in actual output control and insufficient use of resources, which caused a waste of resources to a certain extent.

From the data analysis in Figure (2), it can be seen that the output gap under the GAP625 index has basically been declining from 2011 to 2017, and the output gap has begun to rise from 2017. If there is a positive output gap in the economy, it means that the market demand is greater than the market supply, and there is a situation of short supply, which usually manifests in the form of resource shortage and inflation. On the contrary, if there is a negative output gap in the economy, it means that market demand is insufficient, the economy is too cold, resources are not fully utilized, overproduction, unemployment problems, and excess production capacity will lead to a further decline in product prices, which may be accompanied by currency the problem of austerity, economic recession.

Table 1. China’s east China coastal area trade import and export volume changes (US$100 million)

| Time | Total import | Total export |
|------|--------------|--------------|
| 2014 | 6575         | 2199         |
| 2015 | 6589         | 2168         |
| 2016 | 6689         | 2057         |
| 2017 | 7046         | 2299         |
| 2018 | 7658         | 2354         |

Table 2. Changes in trade import and export volume in the western United States (US$100 million)

| Time | Total import | Total export |
|------|--------------|--------------|
| 2014 | 7515         | 4685         |
| 2015 | 6898         | 4561         |
| 2016 | 6545         | 4251         |
| 2017 | 7012         | 4896         |
| 2018 | 7896         | 5762         |

From the data analysis in the table, it can be known that the total import and export trade volume of China’s east China coastal areas from 2014 to 2018 has shown an overall increase. The total import and export totals are increasing, while the total import and export trade of the western United States in 2015-2016. However, there has been a two-year continuous downward trend, and the overall trend is increasing. Since the country implemented the reform and opening up policy, China’s international trade has started. China’s international trade import and export volume has always been an upward trend, and international trade has also become important parts of China’s economy. After years of development, China’s international trade has gradually become an important part of the world economy and has attracted widespread international attention. The proportion of international trade in the Chinese economy has also been increasing.

Since joining the World Trade Organization, my country has been committed to the construction of international trade, and has achieved different developments in different periods, and is also making its own efforts for world trade. Through the continuous deepening of reforms and under the strategic policy of reform and opening up, international trade has promoted domestic economic development and injected new vitality into the country’s economic construction. With the continuous development of China’s international trade, China’s status in the international community is also increasingly, the influence in the international community is also increasing, and trade with other countries will become more frequent. Therefore, China should pay more attention to the development and construction of international trade and tap the huge potential of China in international trade.

5. Conclusion
Under the background of my country’s socialism in the new era, in accordance with the development concept of innovation, coordination, green, openness, and sharing, China has continuously promoted the strategic policy of opening to the outside world in accordance with the requirements of my country’s national conditions and international development background, and has injected new ideas into the development of my country’s economy, vitality. International trade is the guarantee of China’s economic prosperity. Through the trade with the quality inspection of different countries, we have introduced abundant resources and advanced technology to our country through the means of normal market competition, and at the same time, we have won a broader market internationally. The openness of international trade continues to deepen, which has led to the integration of the Chinese economy and the world economy. The two have merged into one. You are in me and you are in me. The changes in the world economic structure have also played a greater role in China’s economic development. In the context of the current era, we must increase the training of trade talents and continue to provide more outstanding trade talents for national construction. At the same time, we must clarify our position, identify the market, vigorously develop high-tech industries and adjust foreign trade policies. China’s economy is inseparable from the world economy, and international trade is an important part of China’s economy. We must grasp the direction, combine our own actual conditions, adapt to the overall environment of international trade development, and make greater efforts for my country’s international trade construction.

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