

# Research on International Competitiveness of China's Financial Services Trade

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**Abstract**—This paper studies the competitive advantages of China's current service economy in the world and its shortcomings. It fully understands and analyzes the development level of China's service economy. The final conclusion is that China's service economy level is higher than that of western developed countries. There is still a big gap, and the emerging service trade needs to be further promoted. Based on these issues, corresponding improvement opinions are proposed to enhance the international competition level of China's service trade.

**Keywords**—China's service trade, International competitiveness, Countermeasures, Management

## I. INTRODUCTION

Economic globalization has formed an unchangeable trend, in which case countries and regions are very concerned about the level of service trade in their countries. During the analysis of service trade, many domestic experts recognized that the development of service industry and the improvement of openness can stimulate the development of service trade. However, no specific action measures have been proposed, and no consensus has been reached on the corresponding measures. In this regard, this article will use this as a foothold to propose further action measures based on the discussion of the international competitiveness of China's service trade.

## II. ANALYSIS ON THE PROBLEMS EXISTING IN THE COMPETITIVENESS OF CHINA'S SERVICE TRADE

### A. Service Trade Growth Slows Down

First of all, I have to admit that China's service trade has achieved certain results in a short period of time, but we must also recognize the gap between the developed countries and the existing ones. The most obvious of these is the slowdown in service trade growth. As mentioned above, China's trade in services began to develop in the 1980s, and it entered a new phase after joining the World Trade Organization in 2001. However, before this, the overall level of service trade was relatively low and the scale was small. In 1982, the total import and export volume was only 4.3 billion U.S. dollars. After 10 years of reform, it developed to reach 71.8 billion U.S. dollars in 2001. With China's accession to the WTO in 2001, China's foreign trade, especially service trade, entered a period of rapid development, and in 2009, the watershed showed a rapid growth rate before 2009. After 2009, China's service trade continued to increase due to its volume. The growth rate of trade import and export has gradually slowed down, as shown in Table 1.

Table 1. Statistics on the development of service trade in China from 2002 to 2016

Year	Year amount (100 million US dollars)	Year-on-year growth	World share
2016	7130	14.6%	5.8%
2014	6043	12.6%	5.7%
2012	4709	12.3%	5.3%
2010	3624	26.4%	4.9%
2008	3045	21.4%	4.0%
2006	1917	22.0%	3.4%
2004	1337	32.0%	3.0%
2002	855	18.9%	2.6%

From the data in Table 1, it is not difficult to find that since China joined the World Trade Organization, the overall scale of China's service trade has increased dramatically, from the initial expansion of 85.4 billion US dollars to 2016 713 billion US dollars. The service trade growth rate for the years indicated in the above table is positive, and the proportion of global service trade also increased from 2.6% to 5.8% in 2016. However, in recent years, China's service trade growth trend has slowed down significantly, from 26.3% in 2010 to 14.6% in 2016, accounting for 4.9% of the world's share in 2010, up to 5.8% in 2016, indicating China's service trade. Although the growth rate has slowed down, it is still higher than the world average growth rate.

### B. Insufficient Competitive Advantage in Service Trade

China is a country with a large scale of service import and export. The scale of export services has occupied the fourth place in the world for a long time. This has formed a strong support for China's opening up and economic development momentum, but on the whole, China's service trade The competitive advantage is not bright, and the outstanding performance is that the proportion of emerging service trade industries is small and the service trade deficit is serious.

TABLE 2. CHINA'S MAIN CATEGORIES OF SERVICE TRADE EXPORT STATISTICS FOR 2011-2015 (100 MILLION US DOLLARS)

	2015	2014	2013	2012	2011
Transportation	355.6	342.0	235.6	384.1	313.1
Travel	484.5	458.0	396.7	408.3	372.2
Communication	17.2	12.1	11.9	15.7	11.6
Building	147.1	144.8	94.5	103.2	53.7
Insurance	30.1	17.2	15.9	13.7	8.9
Finance	8.4	13.2	4.3	3.1	2.2
Computer information	121.7	92.5	65.0	62.4	43.3
Patent	7.4	8.2	4.2	5.7	3.3
Consulting	293.8	227.6	186.1	181.3	115.7
Advertising	40.1	28.8	23.0	21.9	19.0
Film	1.1	1.1	1.1	4.1	3.1

From the above data, from 2011 to 2015, the main categories of China's service trade are transportation, construction, tourism, etc. These industries are labor or resource-intensive service industries with relatively low added value. Excessive scientific and technological content belongs to the traditional service category. In the middle of 2015, the four traditional service trade projects of transportation, construction, tourism and consulting accounted for more than 70%. However, it is not difficult to find out from Table 3. From 2011 to 2015, the proportion of capital or knowledge-intensive industries such as patents and finances is seriously insufficient. For the data of 2015, computer information, finance, insurance, The total trade value of new value-added service industries such as patents accounts for only 30% of the total national service trade. It can be seen that compared with developed countries, China's current service trade level and level are relatively low, and the service industry structure is at a disadvantage, which needs to be highly valued by managers. The growth rate of the industry means that the proportion of new service industries will continue to expand. China's service trade structure is constantly optimized and its competitiveness is constantly improving.

#### C. The service trade market is relatively concentrated

Under the background of world economic integration, China's service trade market should develop in a more diversified direction, thus laying a solid foundation for opening up the international market and creating new service trade profit appreciation points. However, whether it is the Chinese service trade market in the last century or the Chinese service trade after the 21st century, the market structure is very concentrated. The exporting countries are mainly the United States, Japan, ASEAN, Hong Kong, etc. According to the National Bureau of Statistics data. It shows that in 2016, the top 10 countries in China's service trade export volume reached 60% of the total export volume. Although this has dropped a lot compared with the 75% at the end of the last century, the market composition is still very concentrated. According to the statistics of the Ministry of Commerce of the People's Republic of China, in the first two quarters of China in 2016, the largest proportion of China's total trade in services was Hong Kong, the United States, Australia, South Korea and Japan, accounting for 52.1% of the five countries. . In contrast, countries such as Europe and the United States, where service trade is more developed, their export markets are not only concentrated in France, Britain, Japan and other countries, but also exported to other neighboring countries or countries with large demand, forming a dispersion of export markets. Turn. In this way, it is not easy to be affected by market changes and the form of the international economy, which is conducive to the sustained and stable development of trade in services. And this is also the stage in which China needs to focus on development in the next few years.

#### D. Service trade is in a deficit state

The trade deficit refers to the fact that a country's exports are less than imports, which are fundamentally less competitive in foreign trade, which in turn leads to the need to import large quantities of products or services from the international market to meet national needs. Judging from the situation in China, between 1982 and 1992, China's service trade exports were larger than imports, which was a surplus. However, in 1993, especially after joining the WTO, with the gradual improvement of the openness of China's market, the trend of China's service trade has undergone a fundamental change, from a surplus country to a deficit country, and the foreign trade deficit is growing. It can be seen from the above that after joining the World Trade Organization, it is not conducive to the development of service trade in developing countries. This has obvious impact on the competitiveness of China's service trade. For example, in 2015, China's service trade export volume was US\$288.1 billion, and import service trade was US\$424.8 billion, an increase of 9.2% and 18.6% respectively compared with 2014. The service trade deficit in the same year was US\$136.6 billion, as shown in the table. 4 is shown.

TABLE 3. 2011-2015 SERVICE TRADE IMPORT AND EXPORT STATISTICS (US\$100 MILLION)

Year	Export	Import	Import and export balance
2015	2881	4248	-1366
2014	2222	3821	-1599
2013	2106	3290	-1184
2012	1905	2801	-896
2011	1821	1992370	-549

Source: Ministry of Commerce website

It can be seen from the data in Table 4 that between 2011 and 2016, the total import and export volume of China's service trade is generally increasing, but the growth rate of import volume is much higher than the growth rate of export volume, which leads to China's service trade deficit. From the total deficit of \$22 billion in 2010 to an increase of \$136.6 billion in 2015. In addition, the main sectors that are responsible for the trade deficit in China are tourism and transportation services.

### III. POLICY SUGGESTIONS ON IMPROVING THE INTERNATIONAL COMPETITIVENESS OF CHINA'S SERVICE TRADE

#### A. *Improve the international competitiveness of service companies and actively explore overseas markets*

For a country, the level of competition of enterprises will affect the level of competition in national service trade. If the corresponding enterprises have sufficient competitive advantages in the international arena, they can naturally promote the development of China's service trade around the world, increase foreign exchange income, and improve the management and management standards.

In order to enable enterprises to have sufficient level of international trade competition, we must first promote the development of modern enterprise systems and improve the business management system. The operating mechanism will affect the competitiveness of enterprises. To develop a scientific and effective management system, we should first scientifically plan the overall structure and formulate a reasonable development strategy. Through the market mechanism to control the development of enterprises, improve the level of competition of enterprises, fully understand the competitors, and constantly improve themselves during the competition.

At the same time, enterprises should take the initiative to upgrade the level of innovation, take the road of technological development, and increase the added value of products. For the government, enterprises should be encouraged to carry out innovation activities and improve the level of innovation. For any enterprise, technology is the primary productive force, and technological innovation is the first priority. Therefore, the government must formulate corresponding regulations. Then the company goes further and further on the road of independent innovation. At the same time, it should also make full use of foreign capital, as well as foreign technology, in this way to enhance the level of corporate risk resistance.

#### B. *Strengthen industry integration and optimize service trade structure*

In the new stage of development, in order to develop China's service trade competitiveness, we must focus on the core issue of service trade structure, improve the industry structure, industrial structure and regional structure, continuously improve the quality of China's service trade, and improve the emerging service trade. Taking the proportion, and grasping the main contradictions, cultivating several leading industries with greater competitive advantages to form a driving effect and gradually improve the comprehensive competitiveness of China's service trade. Specific measures include: a). Gradually optimize the service industry structure and actively promote the upgrading of the service industry structure. b). Gradually promote the structural optimization of the service trade industry. c). Promote the optimization of the regional structure of service trade.

#### C. *Improve the supply capacity of higher factors and build a competitive advantage in service trade*

First. Infrastructure construction related to trade in services should be strengthened, because for the service trade, the improvement of infrastructure can help trade activities, but at this stage, the relevant domestic infrastructure is not perfect, affecting service trade activities and allowing trade in services. The level of competition has stalled, which shows that it is very necessary to speed up the construction of the corresponding infrastructure. Efforts should be made to improve the level of informatization, improve electronic communication equipment, build logistics infrastructure, and launch social information sharing platforms.

Second. Improve the quality of human resources and train employees engaged in the service trade industry. For a country, it is an indispensable link to cultivate professional competitive advantage and cultivate professional talents. Only by having enough high-quality talent can we increase labor productivity. In essence, international competition is inherently a contest between talents. For the country, it is necessary to further implement education reform, develop relevant high-tech-related majors, improve the school-enterprise cooperation model, continue to increase capital investment in education, and improve the comprehensive level of technical management personnel. In this way, we will promote the reform of China's industrial structure and improve the international competition level of China's service trade.

Third. Maintain an open attitude and welcome foreign investment in China. As far as the current status of the service industry is concerned, few foreign investors participate in the competition of the industry. If we want to change this situation, we should broaden the foreign investment channels yesterday and build a corresponding investment platform. Especially for those companies with advanced technology and management experience, they are welcome to invest in China. In addition, encourage domestic service trade enterprises to go out bravely, learn from and learn from the experience of foreign companies to improve themselves.

Improve policies and regulations, strengthen macroeconomic regulation and control of service trade

At present, in order to promote the improvement of China's service trade competition level, relevant state institutions should play a leading role, put the law on foreign trade activities on the agenda, and increase government guidance, help and macro-control to help domestic China. Service trade breaks down industry barriers, enhances core competition, and provides sufficient conditions for the continued development of trade in services. Specific measures are: a). Strengthening service trade legislation. b). Improving policy support for trade in services. c). Actively responding to technical trade barriers in international trade in services. d). Strengthening information integration and actively playing the role of industry associations.

#### IV. SUMMARY

The role of the service economy in the trade field has gradually emerged. The service economy has become an important part of the global economy and international trade, and will account for a larger proportion in the future market. Based on this situation, the targeted analysis of the development status of China's service economy has important significance for the country's overall economic development, and at the same time enriches relevant economic theories.

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