

The development of China's service trade under the "One Belt and One Road" strategy

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Abstract. At the new crossroads of economic globalization, a new trend of international trade focusing on trade in services is taking shape, adding new impetus to the development of economic globalization. The "One Belt And One Road" initiative has brought new opportunities and challenges to the development of China's service trade. At present, China's service trade still faces problems such as unbalanced regional development, low industrial structure and weak competitiveness. China should take advantage of the opportunities brought by "One Belt And One Road" to strengthen trade exchanges with countries along the belt and road; expand outbound investment cooperation through the AIIB and the Silk Road Fund; promote the development of characteristic trade in central and western China; promote the development of emerging trade in services.

1. Introduction

1.1 Total trade in services

The implementation of "One Belt And One Road" strategy not only promotes the process of economic globalization, but also improves the opening degree of China's service trade. From figure 1, it can be seen that from 2012 to 2017, China's total import and export of service trade was basically on a rising trend, and the scale of trade was also expanding. By 2016, China has become the world's second largest service importer and third largest service exporter, and the growth rate of China's service trade is still higher than that of the world's major economies. However, compared with some developed countries in the world, China's service trade does not contribute much to China's economy. In terms of foreign trade, China still relies on goods trade to a large extent.

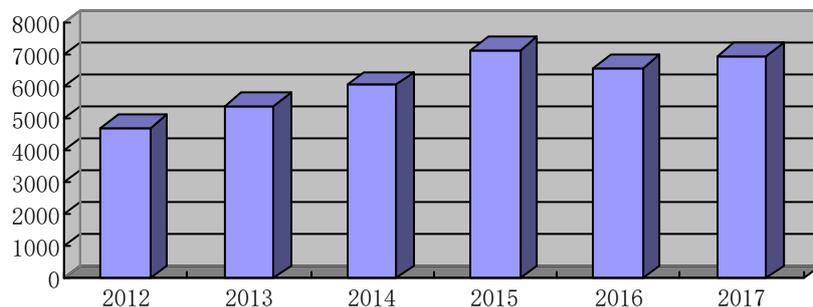


Fig.1. China's total import and export of services from 2012 to 2017(billion of dollars)

Source: UNCTAD database

1.2 Service trade structure

All regions and departments have been pushing forward the transformation and upgrading of industrial structure, and China's service trade has been well developed in 2017. First of all, the import and export of new service categories have developed rapidly, and the proportion of import and export has increased. Travel, transportation and other business services accounted for the largest share of imports and exports of services in 2017, and other business services replaced

construction as the third largest category of trade in services. In 2017, the total import and export of emerging services reached more than 1,460 billion Yuan, up 11.1 % from last year and accounting for 31.1 % of the total import and export of services. In 2017, the scale of trade in services continued to expand, and the rapid development of trade volume was accompanied by some problems. For example, the export volume of intellectual property is still less than the import volume, and the import and export trade of insurance and pension services is growing at a slower pace, which requires further opening-up.

1.3 Regional distribution of trade in services

There is still a big problem in China's service trade, which is the unreasonable and unbalanced regional distribution. Most of the regions with good development of China's service trade are concentrated in the eastern part of China. In 2017, the import and export of services in 11 provinces and cities along China's east coast totaled 3.99868 billion Yuan, accounting for 85.9 percent of the country's total trade in services.

2. "One Belt And One Road" strategy provides new opportunities for service trade

"One Belt And One Road" covers the Asia-pacific, Eurasia, the Middle East, Africa and other regions, including 65 countries, 4.4 billion people, 30% of the global economy. Most of these countries are emerging and developing economies, and most of them are on the rise. The development of countries along the belt and road will inevitably require a large amount of human, material, financial and technical support. It can be seen from the table that the TC index of most countries along the "One Belt And One Road" route is low, and the proportion of total service trade to GDP is low, indicating that the development level of service trade in these countries is generally not high, and the development of emerging service industry is still in the primary stage.

Table1 Trade in services in some countries along the "One Belt and One Road" route

Country	Trade surplus in services(billion dollars)	TC index
Indonesia	-78.64	-0.14
Turkey	199.44	0.30
Pakistan	-47.48	-0.30
Kazakhstan	-44.12	-0.26
Russia	-310.96	-0.21
Poland	210.35	0.22
Vietnam	-38.71	-0.13
Thailand	298.08	0.25
Ukraine	7.62	0.03

Source: World Bank database

In addition, the establishment of the AIIB and the Silk Road Fund will provide financial support to countries along the belt and road, and promote infrastructure, resource development and talent cultivation in countries along the belt and road ^[1]. At the same time, the amount of foreign investment in China's service trade will be increased, and sufficient financial support will promote the continuous development of China's service trade ^[2]. From January to November 2015, the actual utilized foreign capital in China was 119.91 billion us dollars, up 5.4%, of which the actual utilized foreign capital in the service sector was 87.17 billion us dollars, accounting for 72.7% of the total, up 9%.

3. Conclusion

"One Belt and One Road" is a new silk road. "One Belt and One Road" is a path of win-win cooperation to promote common development and achieve common prosperity. "One Belt and One Road" is a road of peace and friendship to enhance mutual understanding and trust and enhance all-round exchanges. This is a new historical opportunity, which not only promotes the

establishment of a community of Shared interests with countries and regions along the belt and road, but also provides a broad platform for the development of trade in services. But opportunities and challenges often go hand in hand. China's trade in services still faces such problems as unbalanced regional development and low level of development of knowledge-intensive industries [3], as well as challenges such as different systems in different countries, different levels of economic development between countries and the existence of voices that do not support some of them. Therefore, China must make good use of this opportunity, constantly optimize policies, play a positive role of "One Belt and One Road", and further promote the development of China's service trade.

We should continue to strengthen trade in services with countries along the "One Belt and One Road" route and improve the openness of China's trade in services. "One Belt And One Road" strategy provides a broad overseas market for China's service trade. We should continue to encourage Chinese enterprises to go abroad and increase trade in services with countries along the belt and road. We should also encourage enterprises to actively undertake international service outsourcing projects and increase the export of service trade.

We will expand outbound investment cooperation through the Aiiib and the Silk Road Fund. The establishment of the Aiiib and the Silk Road Fund aims to provide financial support for infrastructure construction in countries along the "One Belt And One Road" and promote economic cooperation among countries. The Aiiib will make investments in its Asian countries and promote the construction of infrastructure, thus forming a big market in Asia. The Aiiib will further unleash the potential of Asian economic development and promote the economic development of countries in the region. This, in turn, will drive the expansion of China's overseas markets and promote economic and trade cooperation between China and other Asian countries.

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