# Research on the impact of maritime transport service in the trade deficit Cheng Fengju

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**Abstract.** according to the different modes of transport, transport services is divided into the four ways of air transport, sea transport, land transport and pipeline transport. thereinto, the maritime transport service is traffic in a way that transport volume of maritime transport service accounted for more than two third of the total transport volume. Maritime transport service is the main transportation mode in the world, which has an important position in foreign trade, but also has an important impact on the trade deficit. This paper systematically analyzes the influence factors of the maritime transport service in the trade deficit, and proposes that the trade barriers, transport costs, transport efficiency and labor capital and other factors are the most important factors of maritime transport service in the trade deficit. Finally, direct at the influence factors of maritime transport service in trade deficit, some relevant suggestions are put forward.

## 1 Introduction

As one of the most important part of foreign trade, the role of maritime transport service is becoming more and more important [1]. However, some countries in order to protect the development of their maritime transport service, have taken various measures to restrict trade liberalization [2]. In the short term, this approach has the effect of protecting the domestic maritime transport service, but neglects the long-term economic benefits of the liberalization of the trade in the maritime transport market [3]. It can be seen that the liberalization of maritime transport service can improve the domestic welfare level, thus further promote the development of maritime transport service.

Developed countries support to carry out free trade in the areas of that they have competitive advantage, in the areas of relatively weak competitiveness, trade protection is advocated [4]. However, the developing countries propose comprehensive trade protection. In the international trade, more than 80% of the goods transport through the sea, for international trade which has an important role in the development of maritime transport services will show tremendous development potential with the development of international trade [5]. After China's entry into WTO, the total volume of international trade in goods is increasing, and the development of maritime transport is supporting the development of international trade. Meanwhile, it also contributes to the gross domestic product [6]. The opening of the maritime transport service market will increase the trade volume, reduce transportation cost, promote the low cost of production, attract foreign capital inflows, and promote the economic development of the country and expand employment. Maritime transport service is always one of the important topics in the multilateral negotiations on trade in services, in the process of world economic integration and trade liberalization, as one of the important member of WTO, China must be aware of the importance of studying on maritime transport service, it is necessary to discuss the impact and coping of the shipping service protection on the trade deficit, which can not only provide suggestions for the development of the opening policy of the shipping market to our country better, and in international negotiations conducive to provide an opinion of global shipping market freedom.

## 2 Analysis of the impact of the factors of maritime transport service on the trade deficit

2.1 The impact of transport costs of maritime transport service on the trade deficit the increased transportation cost (expense) of maritime transport service have a negative impact on the development of the international trade, as an important expenditure of enterprises it has

gradually beyond tariffs and has become an important factor in the trade deficit [7]. Geographic position, especially, the distance is the main factor that affects the cost of shipping, and the port efficiency is the decisive factor to the cost of shipping. Research shows that the cost of maritime transport service can be reduced by 12% when the port efficiency is from 25% to 75%. In addition, the high of the transportation cost (cost) and the port monopoly is inseparable. At present, many ports in the world have only one container terminal, which has no other competitors, and the transportation cost (expense) of the shipping enterprises is increased. Moreover, as the international fuel prices continue to rise, the cost has become an important source of transportation costs [8]. Over the past 5 years, fuel prices have risen sharply, resulting in that the cost of fuel has become a significant amount of the number of marine cargo transportation operators. However, only a portion of this expenditure can be compensated from the fuel surcharge, which has a negative effect on the profit of the operators, and ultimately, a large amount of trade deficit is generated.

# 2.2 The impact of transport efficiency of maritime transport service on the trade deficit

Ocean transportation has 3 main ways: tanker transportation, container transportation and bulk transportation. Maritime transport safety issues should be concerned, the government has a responsibility to take measures to protect the safety of shipping, and create a good shipping environment. There are many problems of China's foreign trade, such as the too high open degree, the long-term deficit, poor infrastructure, and the anti-monopoly legislation backward, so the efficiency of maritime transport is low.

## 2.3 The impact of trade barriers of maritime transport service on the trade deficit

"green barrier" of maritime transport service is that the international shipping industry based on the principle of maintain shipping safety and environmental protection, establishes a series of standards for according to the marine technology and management, these standards constitute the international shipping market access restrictions. Compared with the previous trade protection policy, the "green barrier" of maritime transport service has a higher rationality, concealment and complexity. But, fundamentally speaking, it is still a policy to restrict trade liberalization. Compared to the previous trade protection policies, market access standards is a more concealed trade protection policy, its purpose is to deprive the rights of that the development is relatively backward state shipping enterprises to enter the world shipping market. However, the "green barrier" also has its two sides. On the one hand, it has the certain role in promoting the enhancement of China's shipping fleet management and service level; on the other hand, it also produces no small negative impact on the ships of China in the international shipping market competitiveness and influence.

## 2.4 the impact of infrastructure of maritime transport service on the trade deficit

Some scholars use Cobb Douglas production function to analyze the three factors of production influence on the foreign trade of our country: labor, human capital and capital elements. The research results show that, labor and human capital are the main pull factors to improve the export trade of our country, and the stimulating effect of capital factor is not significant. In addition, the infrastructure of our country's shipping enterprises is relatively backward, the domestic shipping market is basically in a state of disorderly competition. The supervision of government is not enough, and the legislation of anti-monopoly law is lagging behind. The existence of these problems, further hindered the development of China's maritime services. At the same time, the maritime transport service has received the extensive attention of the academic community, many scholars both at home and abroad have carried on the massive research to it. However, the research on the trade deficit is limited, and there are still many space to expand, mainly in:

- (1) The special research on the impact factors of the trade deficit is less, and more is the study of the maritime trade service.
- (2) Foreign scholars mainly study on the influencing factors of world trade deficits, which lacks of pertinence; and domestic scholars is more focus on the reality of China's trade deficit, there a certain one sidedness.
- (3) in the analysis of the international competitiveness of China's foreign trade, domestic scholars mostly just based on the four indicators of the import and export data of competitive advantage index, market share rate, trade specialization index and dominant comparative advantage.

The formation of the international competitiveness of China's foreign trade has a deep and complex reasons, cannot simply be judged by the number of its strength.

## 3 suggestions for the impact of the maritime transport service in the trade deficit

The competitiveness of China's foreign trade is influenced by the demand of the domestic market and the degree of sea transportation opening. Due to our country's shipping industry is an industry with the widest opening, the deepest open degree in service trade, the foreign enterprise occupies a large share of the market, cargo volume of foreign ships also is correspondingly greater than our own ships. The overall development of the Chinese shipping enterprises haven't reached a certain scale, under the conditions of that the development level of domestic and foreign shipping companies is not balanced, the higher degree of openness affects the competitiveness of China's foreign trade, thereby increasing the trade deficit. Therefore, from the following 4 aspects the corresponding countermeasures and suggestions are put forward.

## 3.1 to increase the proportion of its own ship transport

The demand of domestic market has a strong interpretation of the maritime service exports volume, the greater the demand of domestic market is, the higher the export value of marine services is. But the actual situation of our country is not so [9]. For a long time, China's foreign trade enterprises are accustomed to the CIF price of imports, the FOB price of exports, which can avoid the risks caused by the change of shipping. But the choice of this kind of trade way did not reduce risk of foreign trade enterprises [10], but the goods logistics and rights are given to foreign enterprises. China's import and export of goods by foreign ships for transport, not only affects the development of shipping industry in our country, and brings the huge deficit of shipping services. Along with the substantial growth in import and export volume of China's trade in goods, China's foreign trade enterprises should response to the policy of "domestic goods transport by own self", choose the appropriate trade and improve the proportion of our own ship in the goods import and export trade carrier to reduce China's trade deficit, and improve foreign trade competitiveness.

## 3.2 policy advantage to benefit domestic enterprises

The more open the shipping industry is, the greater the amount of foreign exports of China is. In combination with the actual situation analysis, the impact of the degree of opening up on the maritime services should be based on the development of a mature maritime market and government policy support. But from the current situation, it is not entirely true. On the one hand, the Chinese government gives up important maritime trade protection policy, and on the other hand, gives the merchant shipping of foreign nationality preferential policies, coupled with the abolition of the financial subsidies for domestic shipping companies. These factors in a large extent influence the development of shipping enterprises in our country and the improvement of overall competitiveness in our country's shipping industry. At present, China's maritime openness is already very high, in order to improve the competitiveness of China's maritime transport service, it shall adjust shipping open strategy, for the existing open degree, creating opportunities to the development of domestic shipping companies. Thus, we can believe on when the improvement of the overall competitiveness of China's shipping industry, the development mature of shipping market, in the promotion of the trend of liberalization of world shipping, to deepen our country shipping openness, will promote the development of China's foreign trade.

# 3.3 adjustment of marine transport industry structure

Every year, China Ocean Shipping volumes have different amplitude increase, but the improvement of ocean shipping volume did not significantly stimulate the increased of maritime transport services exports. The reason is that transport power structure of China and the transport demand of China's trade in goods does not adapt. The imbalance between supply and demand, and a lot of old ship overterm service, make the overall development of China's shipping industry lags behind that of developed countries. At the same time, by the influence of the rapid growth of the transport capacity, the imbalance of supply and demand, the cost of rising and other factors, the production and operation of shipping enterprises are also facing a severe test. In the face of the serious situation, the government should actively guide international shipping enterprises to

accelerate the dismantling of high energy consumption, heavy pollution of the old ship, avoiding blind development capacity, to optimize the transport structure, and coordinate the relation of good size and quality. At the same time, enterprises should change the concept of development, increase scientific and technological input, innovation management, and constantly improve the level of management and risk prevention awareness, to improve the cost control ability.

3.4 maritime transport enterprises should speed up the reform of the management system

China shipping enterprises have the ability of independent competition in the international shipping market, the goal of becoming the maritime power more rely on the shipping market in a healthy, free and open environment, rather than rely solely on the national protectionism or overall excessive policy of opening to the outside world. Shipping companies only should be development and growth, and improve the service ability, which can have the foothold in the increasingly fierce competition in the shipping service market. The shipping company should focus on improving enterprise management level and the staff professional quality, enhance their ability for survival and competition ability, through joint, restructuring, mergers and expand the scale, to enable enterprises to embark on the road of the scale, specialization, and gradually change the situation of scattered, weak and poor in China's shipping enterprises.

### 4 Conclusion

As with other mode of trade, when the total value of exports of a country's trade is less than the imports in a certain period of time, it will produce a trade deficit. If the trade is in deficit condition, it will seriously hamper the development of maritime transport service. Some scholars believe that China's long-term trade deficit is directly related to the international competitiveness of China's maritime transport services. And the competitiveness of transportation service trade is caused by many reasons, including the enterprise's strategy, organization and competition, government and related support industries, etc.. But more scholars believe that the international competitiveness of service trade and competitive advantage index, market share, trade specialization index and the dominant comparative advantage coefficient and other four indicators are closely related. Therefore, the international competitiveness of China's maritime transport service is still in a weak position compared with the world maritime power.

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