

POLICY REVIEW

Measures to help heat up foreign trade

Document calls for resuming live exhibitions to boost export growth

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A recently-issued guideline containing a raft of detailed and concrete policy incentives aimed at maintaining China's foreign trade and optimizing trade structure comes at a critical time, as it should instill much-needed confidence in foreign companies looking to do business in China and make foreign trade development healthier and more sustainable, experts and company leaders said.

On April 25, the General Office of the State Council, China's Cabinet, published a guideline containing 18 specific policy measures, including the orderly resumption of live trade exhibitions in China, facilitating visas for overseas business people and continued support for automobile exports. It also urged lower-level governments and commerce chambers to intensify efforts to encourage domestic foreign trade companies to participate in overseas exhibitions and to organize their own events abroad.

The measures are seen as "much needed" by many foreign trade company owners in China. As much of the world ground to a halt as a result of the pandemic during the past three years, pent-up demand for trade exhibitions and international travel grew. Though numerous online exhibitions were held during the period, business owners still feel live exhibitions are the best way to attract clients, showcase their products and broaden their own perspectives.

"Professional industrial exhibitions serve as an essential connection between the supply and demand sides in industrial and supply chains," said Chen Dexing, president of Wenzhou Kanger Crystallite Utensils Co Ltd, a Zhejiang province-based glass and ceramic ware manufacturer that employs more than 1,500 people.

"Most foreign customers prefer to see, touch and feel products before placing orders. Participating in trade shows will certainly help us get a clear picture of what consumers want and gain some insights in terms of product design and function," he said. "After all, not every export deal can be sealed via cross-border e-commerce channels."

Addressing problems

From a macroeconomic perspective, the momentum of growth in foreign trade at the start of this year was critical yet stagnant, as analysts and economists worried about the lack of orders generated by sluggish global growth.

The central government has repeatedly noted that foreign trade has diminished and has become more complicated. Experts said that some of the specific steps in the new policy document will not only help underpin this year's trade growth, but will also be conducive to improving China's foreign trade structure in the long run.

"For decades, foreign trade development has been one of the major driving forces behind China's growth. This year, with China's foreign trade growth currently

evolving, the new guideline has addressed some of the most urgent, pressing issues to help foreign trade companies participating in and placing orders at trade exhibitions, to facilitate the exchange of cross-border business personnel," said Ma Hong, a professor of economics at the School of Economics and Management at Tsinghua University in Beijing, whose research interest focuses on trade and tariffs.

The new document also proposed several measures that could spark innovation in foreign trade development. These include facilitating trade digitization, cross-border e-commerce, green trade and border trade, and the gradual transfer of processing to less developed central and western regions of the country.

Efforts will also be made to stabilize and expand the import and export volume of key products, including automobiles.

The guideline urged local governments and business associations to set up direct interaction with automobile and shipping companies, and encourage them to sign medium- to long-term agreements. Banks and their overseas institutions are also encouraged to create financial products and services to support automobile overseas' branches.

The guideline also highlighted efforts to expand imports of advanced technological equipment.

"These will contribute to stabilizing China's trade growth momentum and to achieving optimization of its export structure in the medium- to long-term," Ma said.

Improving structure key

The latest trade figures from the General Administration of Customs show that exports grew by 8.5 percent year-on-year in April — surprisingly strong despite weakening global demand. Export volume grew to \$295.4 billion, though at a slower pace compared with that of March.

Ma remains optimistic and noted that more efforts should be focused on improving China's trade structure, a point that is also underscored in the document.

"Despite the strong year-on-year growth delivered in April, growth in foreign trade has been moderate since 2021," he said. "The April growth rate was mainly underpinned by positive short-term factors such as the low base effect over the same period last year, the release of pent-up orders and the lagging impact of inflation in advanced economies. Yet these factors are only temporary and their effect will be difficult to sustain."

He said that currently, there are several major issues with China's trade structure that need to be addressed.

First, trade growth in goods and services has been uneven, with the latter being weaker. Specifically, China still lacks an advantage in digital and artificial intelligence products that come with high value-added services, he said.

Second, domestic traders aren't fully capitalizing on the export advantages of high-end equipment and high-tech products, and the



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urgency of boosting brand building for these two kinds of goods remains acute.

Most importantly, Ma warned that China's participation in the global value chain is mainly concentrated in mid-processing and manufacturing. This minimizes the proportion of added value and makes Chinese products more prone to substitution by goods made in other countries.

The April guideline noted that exporting innovative products will help improve the quality and value of China's exports. Experts specifically cited new energy vehicles as an example.

In the first three months of this year, China exported 1.07 million vehicles, a 58.3 percent increase on the same period last year, while the value of shipments increased 96.6

percent to 147.5 billion yuan (\$21.5 billion), according to data freshly released by the General Administration of Customs.

Zhou Mi, a senior researcher at the Beijing-based Chinese Academy of International Trade and Economic Cooperation, said that going forward, facilitating the exports of NEVs further will require greater communication between NEV enterprises and local governments.

"For example, the government should make policy adjustments in light of specific conditions in localities, make more effort to improve the efficacy of border logistics, and facilitate the exports of NEV components," he said.

Zhong Nan contributed to this story.

Policy Digest

Agencies to help SMEs market sci-tech products

The Ministry of Industry and Information Technology and nine other central departments have unveiled a plan to improve the ability of small- and medium-sized companies to market their technological achievements over the next two years, according to a document issued on Thursday.

Noting that SMEs play an important role in promoting innovation, creating jobs and improving lives, the document said that efforts will be made to strengthen the core competitiveness of SMEs so that they can become more specialized and sophisticated, and capable of producing innovative products.

To this end, efforts are needed to accelerate the accumulation of their sci-tech achievements and facilitate the integration of industry, academia and research.

The document said that a repository of sci-tech achievements will be created to enable SMEs to access scientific resources from laboratories and research and development centers to help them develop their own technological products.

It also encouraged large companies to share their equipment and laboratories with SMEs.

Expansion of marriage, divorce registries

Authorized by the State Council, China's Cabinet, 21 provincial-level regions, including Beijing and Tianjin, will implement a cross-regional marriage and divorce registration policy on a trial basis.

The pilot policy will come into force on June 1, according to a news conference by the Ministry of Civil Affairs last Thursday.

Under the new policy, mainland residents who plan to get married can choose registries in the places of habitual residence of either the bride or groom, instead of having to return to the cities where they hold household registration, or *hukou*.

Seven of the 21 provincial-level regions have been allowing cross-regional marriage registration since June 2021, and five have also permitted cross-regional registration for divorce.

More than 125,000 couples have benefited from the program, according to the ministry.

With an increasing number of people not living or working in the places where they hold *hukou*, the expanded program now covers about 78.5 percent of the population, said Wang Jinhua, an official with the ministry.

Marriage registries handle marriage and divorce registration, and reissue marriage certificates for about 18 million couples on average annually, the ministry said.

Rural students can earn free medical degree

More than 6,150 students will be enrolled in a tuition-free bachelor's degree program in medicine as part of the country's efforts to address its shortage of doctors in rural areas, the Ministry of Education said in a notice on May 24.

After earning their bachelor's in majors including clinical medicine, traditional Mongolian medicine and traditional Uyghur medicine, the graduates can work as doctors in rural medical institutions in China's less-developed central and western regions.

According to the ministry, the program is only open to students from rural areas, and the candidates also need to take the national college entrance exam, or *gaokao*.

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Business in border regions seen as critical to economic development

By ZHANG YUE

The newly-issued guideline by the General Office of the State Council on stabilizing trade growth has also touched on the importance of trade development in China's border regions, which experts said could lead to faster innovation that could help stabilize overall trade growth at a time of global uncertainty.

Specifically, the new guideline urges greater efforts in expanding

foreign trade in border provinces. Pilot programs for import commodity processing in border regions will be promoted, and new measures will be put in place to explore the establishment of a data monitoring platform for goods in these areas.

In addition, regulations for trade deals among border regions will be introduced or revised, the guideline said.

During a fact-finding trip to the

Guangxi Zhuang autonomous region and Yunnan province in late April, Chinese Premier Li Qiang called for stronger steps to be taken to bolster the growth of China's border regions to enable the people there to prosper.

Zhou Mi, a senior researcher at the Chinese Academy of International Trade and Economic Cooperation in Beijing, noted that border trade has long been a crucial sector in China's overall trade scheme. It's also a fulcrum for economic devel-

opment in border provinces.

"Development of border trade also has positive and significant implications for the effectiveness of the Belt and Road Initiative. It will help strengthen trust between China and neighboring countries," he said. "This year, with the optimization of epidemic prevention and control policies, the room for border-trade growth will be significant."

He added that to boost border

trade, policies need to be customized to suit different border regions.

Tu Xinquan, dean of the China Institute for World Trade Organization Studies at the University of International Business and Economics in Beijing, said that trade is an important and effective way to build and strengthen relationships with neighboring countries.

"For China's relationships with countries in Southeast Asia such as Vietnam, for example, border trade

has long made critical contributions to stabilizing overall ties," Tu noted.

He added that this year, as global dynamics shift, growth and market confidence are key to maintaining border trade volume.

Tu said that he holds an optimistic overall view of trade growth this year.

"Foreign trade growth will likely remain positive, and will be a positive factor in catalyzing overall national growth this year," he said.