

Study on the Main Problems Existing in the Development of China's Foreign Trade

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Abstract

The keep-going growth of foreign trade has had the remarkable promotion effects on China's economic development. Simultaneously, it has also brought the serious environment pressure. This article illustrates the influences of foreign trade on the environment from two aspects: the cargo trade and the foreign capital, analyzes the main problems and their causes, proposes the corresponding countermeasures, such as optimize the structure of industries, orientate the foreign investment correctly, perfect the environmental protection legislation, and so on..

Keywords: Trade and environment, Cost of environment, Problems and causes

Since China's accession to the WTO, the volume of its foreign trade and FDI has been growing rapidly and promoting the economic development remarkably. Meanwhile, we can not neglect that the domestic environmental protection also receives big challenges along with its development of foreign trade and economy, which resulted in accelerating our country environment destruction and the resources consumption. The reasons mainly lie in:

1. The dominant exports are still the high-pollution and energy-consumed products

First, the structure of export commodities has been grading up within 30 years since the reform and opening to the outside world. In 1978, the export of primary products and industrial finished products accounted for 53.5% and 46.5% of the total export. The proportion was transferred to 5.1% and 94.9% respectively in 2007. The export of industrial finished products occupied the absolute dominant position. But on the other side, it possibly also means that the more environmental costs are beard by our country. Here environmental costs refer to the waste water, the waste gas, the industrial soot and dust which are emitted during the manufacturing of the industrial finished products. The environmental costs of industrial finished products are much higher than that of the primary products. Because it involves not only the environmental costs of mining raw materials but also the environmental costs of processing. Therefore, we should see the environment price hidden when we are delighted for the rapid growth of industrial finished products export.

Next, the top five sectors in the export structure of industrial finished products are the chemical industry, metal smelting and the rolling processing industry, the textile industry, the electrical machinery and the equipment manufacturing industry, the transportation and the equipment manufacturing industry, which are also the five pollution-intensive industries in China. Take the textile industry as an example, to produce every 100 meters cotton fabrics needs to consume 3.5 tons water and 55 kilograms coals approximately, simultaneously emit 3.3 tons waste water, 2 kilograms COD and 0.6 kilogram BOD. The emission of waster water of textile industry occupies the fifth among the 40 industries in China, and its emission of COD is the fourth.

As showed in Table 1, the waste water discharge of these five major industrial products export sectors keeps growing year by year from 1996 to 2007. Especially in 2005, three of them discharged waste water over 300,000 tons, among which the most part is ascribed to the textile industry, the electrical machinery and instrument manufacturing industry is to be the next. These high proportions indicate that the pollution sectors are playing a dominant role in our export of industrial products.

Insert Table 1 here

Finally, due to the traditional trade pattern based on irregular exchange of equal value, namely the price of industrial finished products from developed countries are comparatively higher than the value, but that of resources-intensive products from developing countries are much lower, in addition to the disorderly competition between the related export enterprises in the international market, the export of those resources and energy consumed, high pollution products not

only doesn't get reward deserved but created the resources transition consumption and the environmental pollution instead. In a word, the more the products of these sectors export, the bigger our environment is harmed, which is not facilitate the sustainable development of foreign trade.

2. The negative influence on environment from import

The negative influence on environment form is mainly expressed by the sharp increase of those pollutants import volume. The difference of economic development level causes the difference of processing pollutants cost in different country, which drives the developed countries to shift the pollutants interstate for their own benefit. According to statistics, there are 89% of the world's electronic trash are transported to Asia, and 90% of which entered our country each year. Such kind of massive import of those foreign trash do harm intensively to the ecological environment. The water quality, the atmosphere, the cultivated land, the health and the security are endangered seriously by the stack, unpack and treatment of those dangerous wastes.

3. The FDI concentrates in the pollution-intensive and the resource-intensive sector

The amount of absorbing foreign investment of China is always being in the head position among developing countries. In 1983, our country absorbed foreign direct investment only 0.916 billion US dollars in 1983. While it was up to 74.8billion US dollars in 2007, which is increased by 81 times within 24 years. The proportion of overseas-funded enterprises' export in our country total export increased from 41% in 1997 to 58% in 2007. The overseas-funded enterprises become the main force of export in China. But to a certain extent, our country is also becoming "the pollution refuge" of some developed countries because our country's environmental standards are comparatively lower. About 1/4 of FDI in China flow to the pollution industry. 71.5% of FDI invest in manufacture industries, which contribute to the economic development greatly and are also the main pollution industries. FDI in education, hygiene, social security, welfare, public administration, and social societies are comparatively fewer. At the same time, the area distribution of FDI is unbalance, which cause huge population in the middle and west part of China crowd into the east. This kind of unbalanced distribution of investment causes high density of population in the east; which finally result in a series of problems including education, and environment.

4. The environmental protection legal framework is imperfect

Compared with the international standards, our country's environmental protection legal framework is not perfect enough. Neither the relative policies reflect the government's limiting on low-technique, high-pollution, and resources-consumed foreign capital project nor respond the encouragement and preference on the new and high technologies, the resource conservation and environmental protection project. All this causes some regions pursing their present economic development by sacrificing the future benefit. As for the domestic enterprises, they have not demanded to adopt the ISO14000 standard. Without the strict requirements on the environmental technical standards, craft, material, quality and ingredient content of the products, our export products couldn't up to the international standard, not only sent the loose product manufacturing process the pollution limit, which will not only affect the sales of the goods but also create the dual losses of economics and the environment.

Based on the above analysis, we can see the conflict between the rapid development of foreign trade and the damage of environment. In view of the sustainable development of our future economy, the following countermeasures are suggested to be taken:

4.1 To optimize the export structure

On one side, we should urge the enterprises to change their pollution behavior by means of pollution charge, environment revenue, emission permit transaction, deposit, environmental damage liability insurance and so on in order to carry out the environmental costs internalization of export products and promote the coordinated development of trade and environment; On the other hand, by the technical method, we should improve the structure of our export commodities, develop positively the export of green products with the characteristics of wide market coverage fraction, high technique content and more foreign exchange obtaining. While improve the technique content of our traditional export products.; Control the export of pollution-intensive products, such as textiles appropriately, enlarge the management force on these sectors;

For example, under the condition of establishing relative high environmental and energy consumption standards, the government can close the enterprises that couldn't be up to the standards, at the same time, the government could announce the name list of those pollution enterprises to the public, which will make the customers stop buying or importing their products, be helpful in sets up the good image of environmental protection in the international trade and reduce consensus pressure. There is another important thing we must do is to pay great attention to developing the environmental protection industry in order to cultivate the new international competitiveness.

4.2 To formulate the environmental friendly policy of attracting investment

It needs us to pay great attention to the quality of utilizing foreign capital, try to absorb the investment with top level

technology, strong competitive power, good managerial experience, and great reputation. As for the investment project, we must investigate, forecast and evaluate its effect scope and extent on the environment, limit the high-pollution, energy-consume, and low-profit investment, stop firmly the entering of the pollution technology and worn-out equipment; perfect gradually the domestic competitive environment for foreign capital by encouraging the foreign merchant to set up the research and development organization instead of building a plant purely in China.

4.3 To perfect gradually the “green” trade legislation and related environmental standards

For one thing, we should perfect the foreign trade related environment laws and regulations gradually, strengthen the environmental standards, establishes the green inspection and quarantine system, and promote the implement of ISO14000 series environmental standard and the environmental symbol product authentication system in order to guide and support enterprise to achieve the clean production. For another, we should study and grasp the environmental protection laws and regulations promulgated unceasingly by the developed countries, speed up the formulation consummation of laws and regulations related environmental protection in the process of manufacture and sale of various goods according to the new tendency of the international market.

4.4 To Establish and Perfect the green calculation system

For a long time past, the environmental costs have not been being included in export quotation because of the lack of the environmental protection consciousness and the green economic concept. The resources have also become the commodity which may export inexpensive. Then our export is easily hindered by abroad trade protectionism, meanwhile, the national long-term development benefit is also harmed, the ecological environment is caused to be out of balance seriously. Therefore, our country must establish the green national economic calculating and accounting system suitable for ourselves. The wastage of non-renewable resources, the consumption of renewable resource, the destruction and the improvement of environment, the management of pollution and so on should be listed in the calculation system as the social cost in order to realize gradually the commercialization price quantification of resources and environment, payment of the consumption resources and the environment destruction. Only by this can we manage and use the resources effectively. The economy can keep developing sustainable. All this needs us to build a unified working platform; choose an appropriate model, determination the key point and scope of research, and construct a environmental statistic indicators system scientifically and completely.

References

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Table 1. Waste Water Discharge by Five Major Industrial Products Export Sector 1996-2007

Year	Raw Chemical Materials and Chemical Products	Metal Smelting and the Rolling Processing	Manufacture of Textile	Manufacture of Electrical Machinery and Equipment	Manufacture of Transport Equipment
1996	70502	55534	150935	36211	4559
1997	78364	71254	185931	44475	5731
1998	80446	67112	173991	50625	6943
1999	83354	66900	177362	60451	7149
2000	96978	88341	212238	84593	10141
2001	106593	85619	214160	98511	10189
2002	121746	100547	218601	134519	11455
2003	154345	133587	315198	199982	16932
2003	204766	232608	381460	287530	122803
2005	262223	300468	457910	369851	30533
2006	335956	211926	331959	38239	25708
2007	324026	222004	363237	38660	22048

Unit: 10,000 tons