

Analysis of the Impact of the China-ASEAN Free Trade Area on Guangxi's Foreign Trade

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Abstract: Guangxi belongs to the less developed provinces and cities in southwest China. At the same time, Guangxi and ASEAN countries are geographically close. After the establishment of China-ASEAN Free Trade Area, Guangxi's foreign trade will bring great vitality. This paper takes advantage of the first 2005 to 2020 in Guangxi trade with ASEAN, compared the preliminary set up free trade area in the upgrade, establish overall, trade the change of three periods in Guangxi and ASEAN trade, as well as the trade complementary index and intra-industry trade complementary index, compares the advantages and disadvantages of Guangxi trade with ASEAN countries and all kinds of product similarity, Through the analysis of the two indexes, it is concluded that Guangxi and ASEAN countries have strong trade complementarity and good trade prospects; However, most of the products of Guangxi and ASEAN countries are mainly inter-industry trade. Compared with ASEAN products, Guangxi does not have product advantages or strong industrial competitiveness, and it cannot meet the consumption of people of all consumption levels.

Keywords: China-ASEAN free trade area, trade complementarity index, intra-industry trade complementarity index

1. Introduction

In 2002, China and ASEAN launched ongoing negotiations on the free trade area issue. During this period, China signed three trade agreements with ASEAN, which played a promoting role in the economic and trade development of both sides. In 2010, with the full-scale launch of cooperation consultations between China and ASEAN, China's trade volume with ASEAN accounted for 13% of China's total foreign trade volume. Now, the China-ASEAN Free Trade Area has gone through 20 years of development, and China and ASEAN countries have achieved zero tariffs on over 90% of goods. Guangxi has achieved rich results in economic construction due to the establishment of the China-ASEAN Free Trade Area in Guangxi. The foreign trade between Guangxi and ASEAN is related to whether Guangxi can calmly cope with the complex economic environment in its future economic development.

2. Analysis of Current Development Status of China-ASEAN Free Trade Area

Since 2012, China has gradually changed from a trade deficit to a trade surplus, and the surplus has been increasing year by year. However, if this situation persists, the status of the two trading parties will be unequal, and the issue of inequality will largely affect the construction of free trade zones. Since China began to establish a free trade area with ASEAN in 2002, the trade volume between China and ASEAN has been increasing continuously, and the annual growth rate has been relatively significant. Meanwhile, the proportion of trade between China and ASEAN is also gradually expanding[1]. Due to the technological progress in Guangxi in recent years, the export of machines and the expansion of equipment have been driven. The main imported goods of Guangxi come from the Philippines, Indonesia, Brunei, Laos, Myanmar and Singapore. The import volumes of these countries are mainly primary commodities. The goods imported by Guangxi mainly from Cambodia, Malaysia, Thailand, Vietnam and other places account for 70% to 95% of the capital-intensive goods. With the continuous deepening of economic and trade integration between China and ASEAN, the economic and trade cooperation between the two sides will be further strengthened, which will enable the two sides to achieve more effective and convenient cooperation. This is mainly reflected in the following four aspects: the trade scale has significantly increased, the trend of complementary industrial advantages has strengthened, the potential for interconnection and cooperation is huge, and new business opportunities have emerged in economic and technological cooperation.

3. Impact of China-ASEAN Free Trade Area on Guangxi's Foreign Trade

3.1 Impact on scale of import and export trade in Guangxi

After China and ASEAN began to initiate tax reduction in 2006, the total import and export volume between Guangxi

and ASEAN that year was 1.22 billion US dollars. Since 2013, the trade volume between Guangxi and ASEAN has accounted for about 50% of the total import and export trade volume of the entire region. Although there was a stock market fluctuation in China in 2013, it had little impact on the total import and export volume of Guangxi and ASEAN, still reaching 19.89 billion. In 2015, due to the successful conclusion of the comprehensive upgrade negotiations of China's free trade zones, the total amount of foreign trade imports and exports between Guangxi and ASEAN exceeded 29.01 billion US dollars, an increase of nearly 50% compared with the previous year. Although the import and export volume has fluctuated, the trade between Guangxi and ASEAN has continued to increase, and the total import and export volume is constantly rising[2].

3.2 Impact on Guangxi's foreign trade partners

Indonesia, Thailand, Vietnam and Singapore are the main ASEAN countries that conduct trade with Guangxi, accounting for 90% of the trade volume. The total trade volume between Guangxi and Vietnam accounts for more than 70% of Guangxi's foreign trade. From 2012 to 2015, the total trade volume with Vietnam was 393.7 billion yuan, with an annual growth rate exceeding 25%. This also indicates that the establishment of the China-ASEAN Free Trade Area has a significant promoting effect on the development of bilateral trade between Guangxi and Vietnam. Meanwhile, the import and export trade between Guangxi and Thailand has also shown a favorable upward trend, increasing from 9.137 billion in 2018 to 31.871 billion in 2019, with a growth rate exceeding 300%. Meanwhile, the trade volume between Laos, Myanmar and Cambodia and Guangxi has also broken the previous situation of "zero" import and export trade and achieved relatively stable growth.

3.3 Impact on the trade mode of Guangxi

During the first period from 2005 to 2010, Guangxi's exports to ASEAN relied more on general trade, and the proportion of small-scale border trade continued to decline. During the second period from 2010 to 2015, the free trade zone was fully established. The situation of general trade and small-scale border trade reversed, and their proportions dropped to 14.3% in 2012. Meanwhile, small-scale border trade witnessed a significant increase and became the backbone of Guangxi's export trade methods. In the third period, the outcome documents of the upgrading negotiations of the China-ASEAN Free Trade Area had a huge impact on the composition of the import and export trade mode in Guangxi. The trade methods between Guangxi and ASEAN have become more diverse and rich.

4. Analysis of Complementarity Between China-ASEAN Free Trade Area and Guangxi's Foreign Trade

4.1 Complementarity analysis

Guangxi has the highest complementarity with Cambodia, Vietnam, Indonesia and Malaysia, and has a large trade foundation and profit opportunities. Compared with the import volumes of Thailand, the Philippines and Myanmar, the trade complementarity of Guangxi will maintain a stable and greater complementarity. Brunei's exports are highly consistent with Guangxi's imports, which reflects the strong complementarity between the two countries. The degree of mutual complementarity between Guangxi and ASEAN countries is generally stronger than that between ASEAN and Guangxi, indicating that Guangxi has a strong market dependence in the ASEAN region. However, it can also be seen that there is a complementary relationship between Guangxi and most other countries[3].

4.2 Result Analysis

The overall trade complementarity relationship between Guangxi and ASEAN countries is very close, and there exists a solid trade foundation. From the perspective of complementarity, in the trade between Guangxi and other countries, intra-industrial trade is dominant, but there are also natural resource products. However, the economic development of Guangxi and the ASEAN region cannot form effective competition. Secondly, the development of economic and trade relations between China and the United States mainly relies on natural resource products, which have relatively low technological content and trade levels, making it difficult to effectively handle various emergencies and risks in international trade. Therefore, it is very difficult for Guangxi's industry to maintain a stable trade environment.

5. Conclusion

In terms of the development history of the ASEAN Free Trade Area, the launch of its development has played a significant role in promoting China's foreign trade, and has also driven the development of foreign trade in Guangxi. At the same time, it has adjusted and balanced Guangxi's trade methods. From the perspective of competitiveness, most of the products with strong competitive advantages that Guangxi possesses are industrial manufactured goods. Among them, base

metals and their products, textile raw materials and textile products, machinery, electrical equipment and their machine parts have an edge in competition with ASEAN countries. The trade between Guangxi and ASEAN is mainly inter-industry trade, which indicates that Guangxi is highly dependent on natural resources due to its scarcity.

This research provides some suggestions for further expanding trade between Guangxi and ASEAN countries: Firstly, selectively and emphatically coordinate and promote the trade development between Guangxi and ASEAN countries. Second, adjust the industrial structure and cultivate leading enterprises. Third, expand advantageous industries, promote industrial upgrading and optimize the product structure. Fourth, divide the labor among each other, promote bilateral trade and enhance complementarity. Fifth, carry out diversified cooperation and expand the space for complementarity.

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