

Research on the Adjustment Path of China's Foreign Trade Policy under the Background of Geopolitical Game

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Abstract: With the continuous reconstruction of the global geopolitical pattern, the intensification of competition among major powers and the rise of trade protectionism, the regionalization and reorganization of the industrial chain have become the main characteristics of the current international economic and trade environment. The traditional trade rules have been impacted, and China's foreign trade development has been under a lot of pressure. In this case, China should systematically optimize China's foreign trade policy from the perspective of institutional openness. Starting from the changes in the external environment caused by the geopolitical game, this paper expounds the necessity of active adjustment of China's foreign trade policy, discusses from four aspects, tests the effect and practical logic of policy implementation through case analysis, clarifies the internal mechanism of adjustment, and puts forward a foreign trade governance plan that takes into account the interests of open security and development. Through research, it is known that relevant measures can effectively offset the negative impact of geopolitical conflicts, promote high-quality and sustainable development of foreign trade, and thus lay a solid external economic and trade foundation for the formation of a new development pattern.

Keywords: geopolitical game; foreign trade policy; market diversification; industrial chain resilience; institutional openness

1. Introduction

With the deep adjustment of the world's geopolitical pattern and the spread of geopolitical conflicts, some countries have implemented camp-based exclusive economic and trade policies, promoted the near-shore outsourcing and friendly-shore outsourcing of the industrial chain, hindered the operation of the multilateral trading system, and led to the fragmentation of global trade[1]. The geopolitical game has penetrated into the economic and trade fields such as trade access and technical standards, and trade has become the carrier of the game of great powers. China's foreign trade has long been in the global division of labor system. For the export-oriented economy, it has a very large dependence on the external market and the circulation of cross-border factors. Changes in the external environment will directly affect the stable operation of imports and exports. In the face of complex external constraints, the original foreign trade policy framework can no longer adapt to the changing situation, and the development space relying solely on aggregate expansion is getting smaller and smaller. Actively adjusting foreign trade policy is a strategic choice to promote high-level opening up from the perspective of development and security from the perspective of new development stage, rather than a short-term measure to passively respond to external suppression. The adjustment of foreign trade policy should balance open cooperation and risk prevention and control, take into account the short-term stability of foreign trade and the long-term cultivation of new advantages in international competition, rely on the concerted efforts of all parties to expand the space for foreign trade development and reduce the systemic risks caused by geopolitical conflicts. Based on the new situation of global economy and trade, this paper combs the logic of foreign trade policy adjustment, and puts forward the implementation path in the way of case analysis, so as to provide reference for the stable development of foreign trade under the complex geographical environment.

2. The necessity of China's foreign trade policy adjustment under the background of geopolitical game

2.1 The global economic and trade pattern is fragmented, and the adaptability of the traditional foreign trade development model is declining

At present, the global geopolitical game is escalating, breaking the traditional situation of steady progress of economic globalization. Some western countries embed geopolitical needs into economic and trade, create exclusive economic and trade alliances, set unilateral trade barriers, and promote the industrial chain to re-arrange and combine geographically to divide the global unified market. The global economic and trade system is fragmented and camped. China's traditional foreign trade development model relies on the establishment of a global free trade environment. For a long time, the

developed economies in Europe and the United States have been used as the main export markets, relying on the global free circulation of the industrial chain supply chain for trade. The policy focus is on the incremental goals of expanding the scale of foreign trade, reducing customs clearance costs, and increasing the total export volume. There is a lack of foresight and response to extreme risks such as geopolitical conflicts, market segmentation, and trade blockades. Under the background of the normalization of geopolitical competition, the trade mode of single centralized market layout and passively following the global division of labor has great vulnerability. The changes of external market policies, trade sanctions and technological blockade can directly lead to the fluctuation of China's import and export scale and the obstruction of the operation of foreign trade enterprises. The traditional extensive model of foreign trade development can no longer adapt to the new pattern of global economy and trade with high risk of fragmentation, forcing China's foreign trade policy to carry out systematic structural adjustment and get rid of the path dependence on the traditional globalization model.[2]

2.2 With the acceleration of domestic high-quality development, foreign trade policy needs to adapt to the transformation needs

Under the external pressure of geopolitical game, China's economy is in a critical period of high-quality development. Domestic industrial upgrading, economic restructuring, and the construction of a new development pattern of dual circulation have put forward new reform requirements for foreign trade policies. The previous foreign trade policy is based on low-cost factor exports, scale expansion, and surplus accumulation as the main orientation, focusing on serving traditional manufacturing export earnings, and insufficient support for high-quality development core areas such as high-end industrial trade, digital trade, green trade, industrial chain security, and rule discourse power construction. At present, China's industrial structure is constantly optimized, and emerging industries such as high-end manufacturing, new energy, and digital industries are developing rapidly. The core demand for foreign trade has changed from "have or not, big or not" to "excellent or not, strong or not." There is an urgent need for foreign trade policy to change from total incentive to structural optimization, from passive opening to institutional opening, from single development orientation to development and security. The dual circulation development pattern requires foreign trade to connect two markets and two resources at home and abroad, rely on external trade to make up for the shortcomings of domestic resources, technology and market, and rely on foreign trade upgrading to promote the iteration of domestic industries. The traditional foreign trade policy system framework, support direction, risk prevention and control system can no longer adapt to the rhythm of domestic transformation. We must take the initiative to adjust policies, open up the blocking points of domestic and foreign trade, cultivate new advantages of foreign trade competition, and realize the deep adaptation of foreign trade development and domestic high-quality development.

3. The effective path of China's foreign trade policy adjustment under the background of geopolitical game

3.1 Deepen the regional free trade cooperation network and promote the diversified layout of the foreign trade market

The geopolitical game leads to the risk of market segmentation. Over-reliance on the market of a region will greatly increase the vulnerability of foreign trade operation. Continuously promoting the construction of free trade agreement system and improving the balanced distribution of import and export markets are the main policy directions to deal with geopolitical risks. We will continue to improve the mechanism for the negotiation and implementation of free trade agreements, make full use of tariff concessions, accumulation of origin, and trade facilitation rules, strengthen economic and trade cooperation with regional economies such as Asia-Pacific, Southeast Asia, Central Asia, Latin America, and Africa, reduce dependence on traditional developed markets, and create a diversified and stable global network of economic and trade partners. Relying on the regional cooperation mechanism to open up cross-border logistics channels, foreign trade enterprises should adjust the global market layout, promote the multi-point export of advantageous products, expand the diversified import sources of energy, resources and intermediate products, shape stable market demand through institutional economic and trade cooperation, and resist the demand fluctuations and trade barriers caused by geographical conflicts.[3]

The effective implementation of RCEP is a typical practice of market diversification policy. Qingdao pioneered the purchase of tropical fruit raw materials from Southeast Asia to process canned fruits and vegetables for export to Australia by virtue of the cumulative rules of origin of the agreement. It cannot meet the requirements of origin within the framework of the original free trade agreement. After the RCEP landed, it can enjoy tariff reduction and exemption, thus effectively expanding the Oceania market. The rules of regional origin accumulation have opened up the obstacles to the allocation of industrial chain elements in the region, so that enterprises can freely allocate upstream and downstream resources and break

through the trade restrictions set by some countries. With the continuous release of the agreement dividends, the scale of import and export between China and ASEAN is increasing. ASEAN has always been China's largest trading partner. Many small and medium-sized enterprises rely on the RCEP policy to enter the Asia-Pacific markets such as Japan, South Korea and Australia, and the market structure is constantly improving.

3.2 Improve the industrial chain support policy and build a cross-border supply chain security barrier

Geo-competition has prompted the re-layout of the global industrial chain. Some countries have promoted the transfer of the industrial chain by means of technical blockade and investment review. The risk of supply chain breakpoints is increasing. Foreign trade policies should highlight the safety awareness of the industrial chain and coordinate the work of stabilizing, supplementing and extending the chain. Policies continue to increase support for foreign trade supporting key manufacturing industries, promote the formation of stable supply and demand cooperation between upstream and downstream enterprises, promote the diversified import of key intermediate products, rely on comprehensive bonded areas and free trade pilot areas to develop new formats such as bonded maintenance and cross-border processing, improve the supply chain risk early warning system, and encourage enterprises to create multi-source procurement and multi-point production models to reduce the impact of single supply chain fracture. Relying on the co-construction of 'The Belt and Road', we will promote cross-border industrial park cooperation, promote the strategic layout of advantageous industries in foreign countries, create an industrial supporting system that connects domestic and international industries, and maintain the degree of autonomy and controllability of the industrial chain in an open environment.

The foreign trade support policy practice of Hebei power transmission and transformation equipment industry effectively reflects the policy orientation. The export of power transmission and transformation equipment has been affected by many countries' technical trade barriers and complicated international certification procedures, and the change of geographical environment has also brought uncertain factors to the access of overseas projects. The combination of local market supervision departments and foreign trade policy supporting mechanisms has created an early warning platform for technical trade measures, which has prompted enterprises to advance international standards to product research and development, provide docking services for overseas projects, and promote enterprises to explore emerging markets in the Middle East and Central Asia. The energy storage project of Saudi Arabia's Red Sea New Town has been successfully implemented, and related products have been exported to more than 60 countries and regions. The policy strengthens the resilience of the equipment manufacturing foreign trade industry chain by opening up the whole process service of information warning, standard matching and market development, and effectively responds to the risk of overseas market access in the geopolitical environment.

3.3 Accelerate the innovation of trade digital policy and cultivate a new growth of digital foreign trade

The digital economy has become the main track of global economic and trade competition. The geopolitical game has gradually penetrated into the areas of data cross-border, digital rules and digital market access. The development of digital trade is not only a way to cultivate new growth points of foreign trade, but also a key means to shape the discourse power of rules. Foreign trade policies continue to increase support for cross-border e-commerce and digital service trade, actively promote institutional opening in the digital field, carry out pilot reforms to facilitate cross-border data flow, connect with international digital trade rules, promote support policies for cross-border e-commerce comprehensive pilot areas, and build digital economic and trade cooperation platforms for emerging regions. Relying on the "Silk Road e-commerce" mechanism, we will deepen digital economic and trade cooperation with partner countries, promote the digital transformation of traditional goods trade, reduce cross-border transaction costs of small and medium-sized foreign trade enterprises, and open up trade channels that are not physically geographically blocked.

The construction of Nanning cross-border e-commerce hub for ASEAN is a typical case of the implementation of digital trade policy. Nanning relies on the policy of cross-border e-commerce comprehensive pilot area, integrates the comprehensive service system of logistics, customs clearance and settlement, creates a digital trade service platform for ASEAN, solves the problems of slow cross-border e-commerce document circulation, poor cross-border logistics connection and asymmetric information between supply and demand, and promotes local electromechanical and agricultural products to continuously open up the ASEAN market through digital channels. The relevant innovation model was selected into the Ministry of Commerce's national cross-border e-commerce excellent practice case. The digital trade policy breaks through the geographical restrictions of traditional foreign trade. In the complex environment of regional geo-interaction, it continuously strengthens the trade links between China and ASEAN small and medium-sized enterprises, and gives new

carriers to market expansion.

3.4 Improve the legal system of foreign-related economy and trade, and enhance the ability to respond to risks and counterattack

In the context of the normalization of geopolitical games, unilateral sanctions, long-arm jurisdiction, and unreasonable trade restrictions often occur, and the foreign-related legal risks encountered by foreign trade entities are also increasing. Improving the rule of law policy tools is the bottom line guarantee for safeguarding economic and trade rights and interests. Foreign trade policies should speed up the construction of supporting foreign-related legal systems, implement relevant laws and regulations that block improper extraterritorial application, optimize the export control governance system, establish a rapid response mechanism for trade frictions, improve public services for foreign-related legal risks of enterprises, and rationally use trade remedies to maintain domestic industrial security. On the basis of complying with international rules, we should build a multi-level risk defense system, promote the construction of enterprise compliance system, use legal means to stabilize market expectations, and resist various irrational economic and trade containment measures.

It is an important practice for the Ministry of Commerce to counter the sanctions unilaterally taken by some countries according to " blocking the improper extraterritorial application of foreign laws and measures. " On the grounds of cross-border energy transactions, foreign countries have listed a number of petrochemical and shipping enterprises in China on the sanction list, and directly impacted the normal cross-border trade activities of relevant enterprises by means of long-arm jurisdiction such as freezing assets and restricting transactions. China immediately takes blocking measures to make it clear that the relevant misconduct shall not be recognized and implemented within the territory, provide clear legal support to the damaged foreign trade enterprises, prevent enterprises from being forced to abide by unreasonable sanctions rules, and protect the legitimate rights and interests of enterprises. It can be seen that the legal tools of foreign economic and trade have moved from the reserve stage to the actual use, providing legal protection for the foreign trade subjects in the complex geographical environment.

4. Conclusion

The trend of the long-term evolution of the global geopolitical game will not change suddenly. The adjustment of the global economic and trade pattern will continue. Various trade frictions, market barriers, and supply chain risks will exist. China's foreign trade policy adjustment cannot be achieved overnight. It is necessary to have a strategic focus to continuously iterate and optimize. Under the changing external environment, the adjustment of foreign trade policy should always adhere to the basic direction of high-level opening up, coordinate the two goals of development and security, continue to promote market diversification to consolidate the basic situation of foreign trade, rely on industrial chain policy to enhance supply resilience, rely on digital trade innovation to cultivate new competitive advantages, rely on foreign-related legal system to build a strong risk defense line, and various policy paths cooperate with each other to form a policy synergy. In the future, foreign trade policies need to continue to set high standards for international economic and trade rules, flexibly respond to the dynamic changes of the geopolitical environment, balance open cooperation and risk prevention and control, and continuously improve the accuracy of policies, so that foreign trade entities can better participate in global competition. We should rely on systematic policy adjustment to continuously expand a stable, diversified and balanced international economic and trade space, give full play to the role of foreign trade as a link between domestic and international markets and two resources, provide support for the construction of a new development pattern with high-quality development of foreign trade, and firmly grasp the initiative of open development in a complex and changeable global geopolitical environment.

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