

MATEO ENCINAS

Ruben

rube2me@gmail.com



student, Shanghai
university, People's
Republic of China (PRC)

УДК 339.9.012.421

MODERN TRENDS OF FOREIGN TRADE RELATIONS BETWEEN PRC AND SPAIN

СОВРЕМЕННЫЕ ТЕНДЕНЦИИ ВНЕШНЕТОРГОВЫХ ОТНОШЕНИЙ МЕЖДУ КНР И ИСПАНИЕЙ

The research paper deals with the study of modern foreign trade relations between China and Spain with singling out their range of problems and determining key reasons that have led to problems in export-import operations between the countries. In addition, based on the experience of Chinese-Spanish trade relations, recommendations for improving the effectiveness of export-import relations between Ukraine and PRC have been developed.

Статья посвящена исследованию современных внешнеторговых отношений между Китаем и Испанией с выделением проблематики таких отношений, а также с определением ключевых причин вызвавших проблемы в экспортно-импортных операциях между странами. Отдельно, используя опыт китайско-испанских торговых связей, разработаны рекомендации для повышения эффективности экспортно-импортных отношений между Украиной и КНР.

Keywords: export, foreign trade relations, import, Spain, China, balance of foreign trade relations

Ключевые слова: экспорт, внешнеторговые отношения, импорт, Испания, Китай, сальдо внешнеторговых отношений

PROBLEM STATEMENT

The processes of globalization of the world economy make foreign trade relations of countries and their competitiveness, as well as competitiveness of national producers in foreign markets for the sale of products (works, services) one of the key components of the effectiveness of national economic systems. In this context, research and evaluation of current foreign trade relations with China as one of the key markets for importers and the largest exporter in the world, is important.

For Ukraine, which actively develops foreign trade relations with the People's Republic of China, theoretical and, in particular, practical value is represented by the research of modern export-import relations of the economically developed countries of the world with a significant adverse balance of trade with the PRC and the concentration of exports in one or more countries included in the supranational formations. These countries include Spain.

Analysis of recent research and publications

The range of problems of modern China-Spain trade relations is being actively investigated by foreign scholars. At the same time, we can distinguish the following areas of research: assessment of export and import relations and singling out of problems of such relations between China and Spain (L. Wang, P. Kes, A. Cristobalena, M. Muhos [1], M. Esteban [2]; J. Shixue [3], etc.); analysis of foreign trade relations between the PRC and Spain in the context of study of economic ties between the European Union and China (Bendini R., Barone B. [4], Fox, J., Godement F. [5], Z. Min [6], etc.).

Singling out previously unsettled parts of the general problem

Despite the rather sound groundwork of foreign scientists on revealing the trends and problems of the China-Spain foreign trade relations, we note the following disadvantages: given the high dynamics of changes in trade in foreign markets, the problems encountered in the export-import relations between China and Spain after 2014 are not comprehensively covered; the complexity of the application of the obtained conclusions for the practice of foreign trade activity of Ukraine. On the other hand, it is necessary to note the lack of scientific developments of domestic scholars on the range of problems of China-Spain export-import relations.

OBJECTIVE OF THE RESEARCH PAPER

Evaluate current trends and identify problems in foreign trade relations between China and Spain in the context of using the obtained results to optimize Ukraine-China export-import relations.

PRESENTING MAIN MATERIAL

Studying the economic development of Spain in 2010-2016, we note much of the same features with Ukraine, which allows us to use the experience of this country to work on the recommendations to optimize the Ukrainian economic system. These features include:

- The existence of two waves of the economic crisis (2008-2010 and 2012-2013): GDP of Spain in 2009, in comparison with 2008, decreased by 2.71 %, in 2010, in comparison with 2008, decreased by 1.73 %; Spain's GDP in 2012, in comparison with 2011, decreased by

0.14 %, in 2013 it decreased by 1.56 % in comparison with 2011 [7];

- Export concentration on several countries that are part of a supranational formation; in 2016, the share of exports to France, Germany, Italy, the United Kingdom

amounted to 50.1 % of the total exports of Spain, and the share of European Union member states in 2016 accounted for more than 75 % of the country's exports [8];

- An adverse balance of foreign trade in 2010-2016 (Fig. 1).

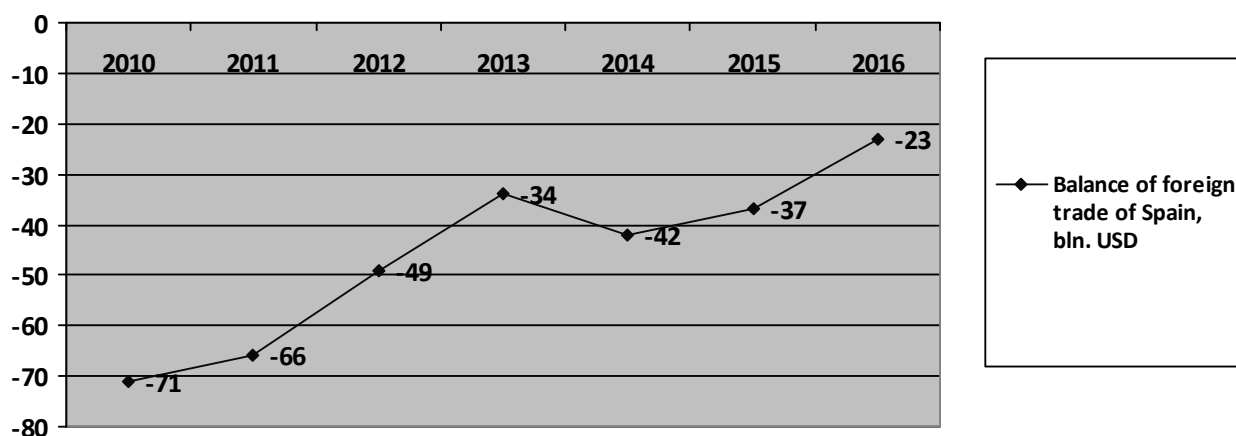


Fig. 1. Balance of foreign trade of Spain in 2010 – 2016, billion USD [composed by the author based on [9]]

We note significant government and private efforts to improve functioning of the economy and the foreign trade of Spain, as evidenced by the country's GDP growth in recent years (+21.67% for 2013-2016 [7]) and a decrease in the adverse balance of foreign trade (-48 bln. USD in 2010-2016 - see Fig. 1).

At the same time, foreign trade relations with the People's Republic of China have a significant negative impact on the country's economy and its export-import activity.

Assessing the economic and foreign trade development of China, we note, on the one hand, the rapid growth of the country's economic system based on export expansion and, on the other hand, certain problems for the People's Republic of China through the use of such a model for the development of the national economy. The emphasis on exports has led to a tangible decrease in the flexibility of the Chinese economy and its significant dependence on the development of the world economy

and economies of the industrialized countries of the world. The above resulted in the following:

- a decline in the GDP growth rate of the People's Republic of China from 10.3 % in 2010 to 6.7 % in 2016 (-3.6 %) [10];

- negative changes in exports: in 2010-2014 export deliveries from the country increased by 48.48% from 1,578 bln. USD in 2010 to 2,343 bln. USD in 2014, and in 2014-2016 the volume of exports decreased by 12.04 % from 2,343 bln. USD in 2014 to 2,061 bln. USD in 2016 [11].

In spite of the above, China's economy, as of 2016, is the second largest after the US economy. At the same time, the PRC is the largest exporter and the second largest importer in the world [12]. It is also necessary to note the positive balance of foreign trade of the country, which constantly increased in 2010-2016, except for 2011 (Fig. 2).

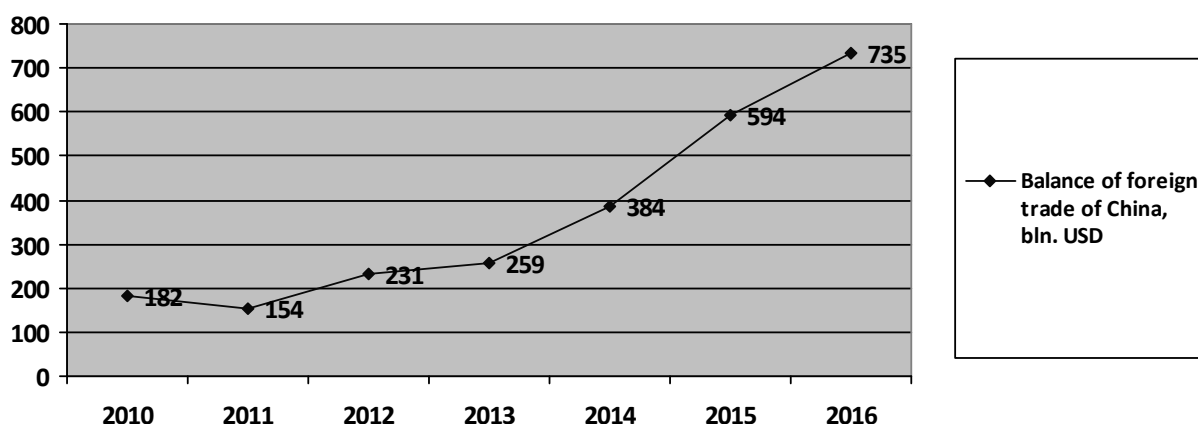


Fig. 2. Balance of foreign trade of China in 2010-2016, billion USD [composed by the author based on [11]]

The given situation in China's foreign trade was caused by a number of government actions: changing the vector of development from "quantity" to "quality"; the emphasis on high-tech products with high added value; increase of innovative supplies; an aggressive sales policy for Chinese goods on national markets for those countries that cannot protect their own producers; the active absorption of national producers or the merger with them in the context of capturing new markets [13, p. 12].

Thus, in the foreign trade relations with such countries as Spain, the People's Republic of China is trying to gain additional benefits in order to maintain high rates of growth of its economy and exports.

Examining the export-import relations between China and Spain (Fig. 3), we can note:

- the export of the People's Republic of China to Spain, and, accordingly, the import of goods from China by Spain during the study period increased by \$ 4 billion or 22.22 %. At the same time, if in 2010-2012 the dyna-

mics of exports of Chinese goods to Spain (imports of goods by Spain from China) was diversified (after growth in 2011, there was a decrease in 2012), then in 2012-2014 there was only an increase in exports (imports), after which the volumes of Chinese exports to Spain (imports from the People's Republic of China) remained unchanged between 2014 and 2016;

- the import of the People's Republic of China from Spain, and, accordingly, Spain's exports of goods to the PRC during the study period did not change and amounted to \$6 billion (except for 2011);

- the balance of foreign trade relations between China and Spain for the entire period of the study was positive, and, conversely, the balance of foreign trade relations between Spain and China for the entire period of the study was adverse. At the same time, in 2010-2012 it amounted to \$ 12 billion, it increased by \$ 3 billion in 2012-2014 or 33.33 % to \$ 16 billion in 2014, and in 2014-2016 did not change again.

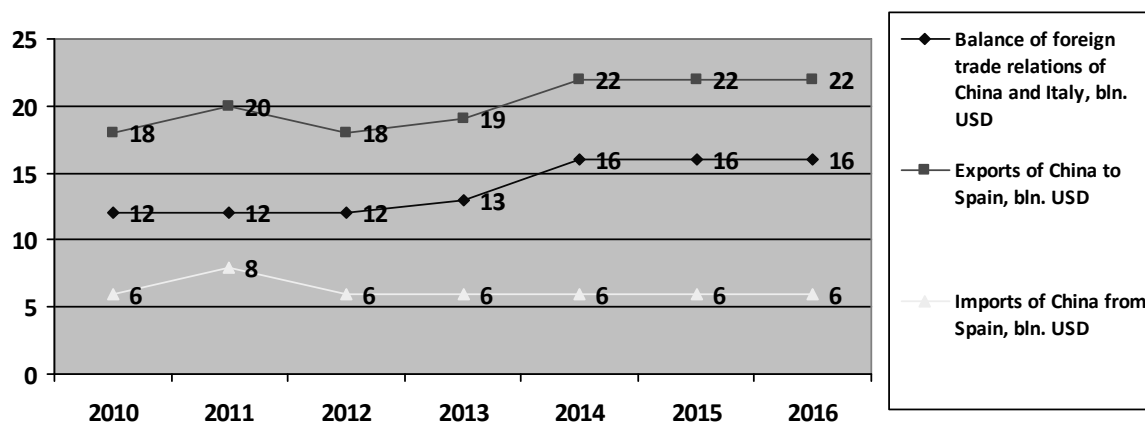


Fig. 3. Exports, imports and balance of foreign trade relations of China and Spain in 2010-2016, billion USD [composed by the author based on [14, 15]]

It should be noted that in the export - import operations, the People's Republic of China and Spain were unequal, since the export of China to Spain 3-4 times exceeded exports of Spain to China. At the same time, the share of China's exports to Spain in 2016 amounted to 1 % of the total exports of the country (ranked 23rd), and the share of imports from Spain – 0.46 % of the total volume of Chinese imports (ranked 36th) [16]. As far as Spain is concerned, the share of Spanish exports to China in 2016 amounted to 2 % of the total exports of the country (ranked 11th), and the share of imports from China – 8.8 % of the total volume of Spanish imports (ranked 3rd)

[9]. Thus, Spain is not a strategic or significant partner for China in foreign trade relations, while China is the strategic partner for Spain in export and, especially, import operations.

Assessing the share of Spain in the positive foreign trade surplus of China, we note its decrease in the study period (-4.42 %) from 6.59 % in 2010 to 2.18 % in 2016. While the share of the People's Republic of China in the adverse foreign trade balance of Spain was constantly increasing, reaching 69.57 % of the balance in 2016 (Table 1). The above also confirms the problems of Spain in trade relations with China.

Table 1

Spain's share in China's foreign trade balance and China's share in Spain's foreign trade balance in 2010-2016

[composed by the author]

Years/Indicators	2010	2011	2012	2013	2014	2015	2016	Abs deviation of 2016 to 2010	Growth rates, 2016 to 2010, %
Spain's share in China's foreign trade balance, %	6.59	7.79	5.19	5.02	4.17	2.69	2.18	-4.42	33.02
China's share in Spain's foreign trade balance, %	16.90	18.18	24.49	38.24	38.10	43.24	69.57	52.66	411.59

The reasons that caused problems in the foreign trade relations of Spain with China include:

- Specifics of Spain's economy, when more than 60% of the country's GDP is generated by services, mainly tourism from the countries of the European Union, the USA and Latin America;
- Weakly diversified industry, represented mainly by enterprises belonging to multinational corporations and supplying products only to EU markets (for example, the automotive industry);
- Lack of a clear development strategy and export support to the People's Republic of China;
- Weak and chaotic protection of national markets, especially the markets of electronics, light industry and industrial equipment, represented by Spanish medium and small businesses;
- Not effective efforts to attract Chinese investment and the opening of joint ventures with Chinese private and public companies;
- Low interest of the People's Republic of China in the development of foreign trade relations with Spain in the context of penetration into the markets of the European Union due to the loss of competition by Spain to other EU countries (France, Germany, Italy, United Kingdom);
- Low level of support of Spanish investments in China's economy.

Based on the experience of the Spain-China foreign trade relations, we consider it necessary to pay attention in the development of export - import relations between Ukraine and the People's Republic of China to the following: development and implementation of a clear strategy of export-import China-Ukraine relations; support and maximum diversification of export of Ukrainian products to Chinese markets; protection of small and medium-sized domestic business from the export expansion of the People's Republic of China; stimulating Chinese investment in the country's production instead of import purchases; intensification of Ukrainian investment in industrial assets in China.

CONCLUSIONS AND SUGGESTIONS

Based on the assessment of foreign trade activities of China and Spain, as well as the analysis of export - import operations between these countries, the problems of the China-Spain trade relations were revealed in the paper. The reasons for the problems in foreign trade relations between the People's Republic of China and Spain are singled out separately. In addition, based on the experience of trade relations between China and Spain, the recommendations were given on improving the efficiency of Ukraine's export and import activities in relation to the People's Republic of China.

In further research, more attention should be paid to the assessment of export-import operations between Spain and China in relation to the provision of services.

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