
Processing Trade: Development Motivation and Improvement Space

Xianling Chen

(Chongqing Vocational College of Electronics and Information Technology)

Abstract: Processing trade is an economic activity that imports raw materials or intermediate products from abroad in a bonded manner, processes them into finished products, and then exports them. It is a customs bonded business that combines import and export.

Keywords: processing trade; Development motivation; Improve space

1.The continuous deepening of international division of labor has promoted the development of China's processing trade

With the globalization of science, technology, and industryDevelopment, international division of labor continues to deepen, connotation becomes richer, and new development trends have emerged. One is the development from vertical division of labor to horizontal division of labor, and then to vertical specialization, also known as internal production specialization. The division of labor between industries has deepened to intra industry division of labor and then to intra enterprise division of labor. The production process of products includes capital/technology intensive production links in labor-intensive products, and capital/technology intensive products also include labor-intensive production links. The vertical specialized division of labor between different processes and value-added links in the production process of this product allows a country's comparative and competitive advantages to be reflected not only in the final product or a specific industry, but more in the different production links that the country occupies in the global industrial value chain.

Secondly, with the deepening of international division of labor, the content and methods of international industrial structure adjustment and transfer are also constantly enriching, from upgrading industries that only include labor-intensive industries to capital intensive and technology intensive industries, to upgrading labor-intensive links within the same industry to capital intensive and technology intensive links. The changes in international division of labor make it more inclusive in both the content of economic activities and the participants in the division of labor. Thus, not only in the industry and products, but also in the product chain, it provides support for the participation of different levels of development and types of countries Provided a broader space.

2.Economy driven by multinational corporations Globalization has driven the development of China's processing trade

Since the 1980s, in the Driven by GATT/WTO, international trade and Significant progress has been made in the liberalization of international investment Economic globalization driven by international direct investment.The rapid development of industrialization. Targeting global business strategy Target multinational company, based on the production capacity of each country Strength and comparative advantage will emerge globally Divide the production process. They usually integrate technology Safety in the production process of capital intensive intermediate products Ranked among developed countries and labor-intensive Placing the processing and assembly process in areas with abundant labor force Developing countries and through processing trade Export intermediate inputs to overseas subsidiaries, and then Re import of finished products, or through importing from overseas sources The company imports upstream products and then exports them to other countries The company processes finished

products and sells them to various parts of the world. From This puts every country at a global product price On a link in the value chain, and place these in the Organic economic activities in different countries and links Combining to form the same production process on a global scale.

The Development and Growth of Processing Trade in China

In terms of obvious objectivity and inevitability, it is not simply a human choice of trade methods, but a result driven by history and a historical inevitability. It is a trade mode that emerged under specific historical conditions in China's transition from a planned economy to a market economy and from a closed economy to an open economy. From a policy perspective, it is a part of a series of preferential policies and measures implemented by China to promote opening up to the outside world. It is a breakthrough in the general mode of foreign trade under the conditions of high tariff barriers and imperfect market mechanisms in the domestic market. From an international perspective, it is an effective way for China to seize the opportunity of industrial adjustment and transfer in developed and emerging industrialized countries, use preferential policies to undertake their labor-intensive industries and some intermediate technology industries, and promote industrial upgrading and technological progress. From the perspective of domestic reality, it is an important means for us to fully utilize and leverage our resource endowment advantages, participate in international division of labor, and thereby promote the industrialization process.

In short, without the development of international division of labor and global industrial transfer, the development and upgrading of China's processing trade will lack momentum: without abundant labor resources, the development of processing trade based on resource endowment advantages will lose its foundation; without timely introduction of processing trade preferential policies, there will be no scale and glory of China's processing trade today. For the development of China's processing trade, none of these three are indispensable. Therefore, objectively speaking, the development of China's processing trade is a product of the organic combination of historical opportunities, comparative advantages, and preferential policies: it is an effective way to combine China's labor resource advantages with the capital and technology advantages of developed countries.

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