

# [Abstract:- then evaluates the effects of international](https://assignbuster.com/abstract-then-evaluates-the-effects-of-international/)

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Abstract:-Ourtopic of project is the effect of trade balance on the GDP of China.

We havetaken the data from WDI for the regression purpose. The GDP is taken asdependent variable and trade balance is independent variable. Where tradebalance is equal to export minus import.                                                   “ Trade balance= export-import” Wehave collected the data from 1976-2015. We regressed the data by taking LOG ofthe independent variable. We concluded that the effect of trade balance on theGDP of china in these years was positive. The results of the regression showthe significance of P-VALUE and T-TEST.              Introduction:-Ourstudy is based on the eco growth of china since 1976-2015.

China has achievedhigh economic growth for a prolonged period of time. Academic researchers havetried alternative explanations for this miraculous growth. This study focuseson the effect of trade balance on the GDP of china. Adopting unit root test andcointegrating the variables. The results suggest that two development policiesadopted in china are useful for other developing economies. The two policiesare export promotion and adoption of world technology and business practices.                 Literaturereview:-1.

International Trade and its Effects onEconomic Growth in ChinaThisresearch discusses the role of international trade in China’s economic growth. Hestarts with a review of the evolution of China’s international trade and thepolicy that China has taken in trade sectors. This research then evaluates theeffects of international trade on China’s economic growth through examiningimprovement in productivity. He applied both, econometric and non-parametricapproaches on a 6-year balanced panel data of 31 provinces of China (2002 to2007). Both international trade volume and trade structure towards high-techexports result in positive effects on China’s regional productivity. Theeastern region of China has been developing rapidly while the central andwestern provinces have been lagging behind in terms of economic growth andparticipation in international trade. Empirically, International trade affectseconomic growth positively in a way that it provides capital accumulation, institutionaladvancement industrial structure upgrading and technological progress.

Specifically, it increased the imports of capital goods and intermediate products, which were not easily available in the domestic market. This may has resultedin the rise in the productivity of manufacturing. Opening up to the globalmarket offers an opportunity to trade at international prices rather thandomestic prices. This opportunity provides a gain from exchange, as domesticconsumers can buy cheaper imported goods and producers can export goods athigher foreign prices.

Furthermore, there is a gain from specialization. 2.     Research on the Relationship between ForeignTrade and the GDP Growth of East China—Empirical Analysis Based on CausalityLi, Chen and San (2010) mainly focused on the effects of foreign trade on nationaleconomy, and it has been a focus to discuss the theory about the relationshipbetween foreign trade and economic growth. They took time series relevantstatistical data of GDP and foreign trade from 1981-2008extracted fromprovincial yearbooks with co-integration analysis, unit root and causality testfor east China. Variables are gross domestic product, exports and imports oftrade. The result of the tests indicates foreign trade is the long term andshort term source of GDP growth of east China.

Total export has positiverelationship with GDP growth, and they are mutually causal. 3.     China’s balance of trade:-China’s tradesurplus fell to 44. 61$ billion in November 2016 from $53. 97 billion a yearearlier and below market consensus of $46. 3 billion, as exports rose much lessthan imports. In November, exports unexpectedly edged up 0.

1% from a yearearlier to $196. 81 billion, following a 7. 3% drop in the preceding month andbeating markets estimates of a 5% fall. Since 1995 chinahas been recording consistent trade surpluses which from 2004-2009 has increase10 times. In 2015 china’s total trade dropped by 8% as exports became 2.

8% andimports fell by 14. 1% due to a weaker speed and falling prices of thecommodities. China recorded deficit with Germany Taiwan, , Australia, southKorea and south