

# Abstract:- then evaluates the effects of international

[Economics](#), [Trade](#)



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

We have taken the data from WDI for the regression purpose. The GDP is taken as dependent variable and trade balance is independent variable.

Where trade balance is equal to export minus

import.

“ Trade balance = export - import ”

We have collected the data from 1976-2015. We regressed the data by taking LOG of the independent variable. We concluded that the effect of trade balance on the GDP of China in these years was positive. The results of the regression show the significance of P-VALUE and T-TEST.

Introduction:-Our study is based on the economic growth of China since 1976-2015.

China has achieved high economic growth for a prolonged period of time.

Academic researchers have tried alternative explanations for this miraculous growth. This study focuses on the effect of trade balance on the GDP of China.

Adopting unit root test and cointegrating the variables. The results suggest that two development policies adopted in China are useful for other

developing economies. The two policies are export promotion and adoption of world technology and business practices.

Literature review:-1.

International Trade and its Effects on Economic Growth in China This research discusses the role of international trade in China's economic growth.

It starts with a review of the evolution of China's international trade and the policy that China has taken in trade sectors. This research then evaluates the effects of international trade on China's economic growth through examining improvement in productivity. He applied both, econometric and

non-parametric approaches on a 6-year balanced panel data of 31 provinces of China (2002 to 2007). Both international trade volume and trade structure towards high-tech exports result in positive effects on China's regional productivity. The eastern region of China has been developing rapidly while the central and western provinces have been lagging behind in terms of economic growth and participation in international trade. Empirically, international trade affects economic growth positively in a way that it provides capital accumulation, institutional advancement, 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 have resulted in the rise in the productivity of manufacturing. Opening up to the global market offers an opportunity to trade at international prices rather than domestic prices. This opportunity provides a gain from exchange, as domestic consumers can buy cheaper imported goods and producers can export goods at higher foreign prices.

Furthermore, there is a gain from specialization. 2. Research on the Relationship between Foreign Trade and the GDP Growth of East China— Empirical Analysis Based on Causality Li, Chen and San (2010) mainly focused on the effects of foreign trade on national economy, and it has been a focus to discuss the theory about the relationship between foreign trade and economic growth. They took time series relevant statistical data of GDP and foreign trade from 1981-2008 extracted from provincial yearbooks with co-integration analysis, unit root and causality test for east China. Variables

are gross domestic product, exports and imports of trade. The result of the tests indicates foreign trade is the long term and short term source of GDP growth of east China.

Total export has positive relationship with GDP growth, and they are mutually causal. 3. China's balance of trade:-China's trade surplus fell to 44.61 billion in November 2016 from \$53.97 billion a year earlier and below market consensus of \$46.3 billion, as exports rose much less than imports. In November, exports unexpectedly edged up 0.

1% from a year earlier to \$196.81 billion, following a 7.3% drop in the preceding month and beating markets estimates of a 5% fall. Since 1995 China has been recording consistent trade surpluses which from 2004-2009 has increase 10 times. In 2015 China's total trade dropped by 8% as exports became 2.

8% and imports fell by 14.1% due to a weaker speed and falling prices of the commodities. China recorded deficit with Germany Taiwan, , Australia, south Korea and south