

Research on the Influence of Green Trade Barriers on the Export Trade of Guangdong Province and the Measures to Address the Barriers

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Abstract. As global trade liberalization expands, the role that tariff barriers and traditional non-tariff barriers play in the trade protection has become weaker and weaker. Instead, green trade barriers have been taken by many developed countries as a measure of protecting their trade. Guangdong has been affected deeply by green trade barriers in the international trading. This paper combined the current status of the export of Guangdong in recent years, analyzed the influence of green trade barriers on the province's export, and put forward some measures to address the green trade barriers.

Keywords: Green trade Barriers;foreign trade;Guangdong province

1 Introduction

Guangdong province is the foremost position for reform and opening-up in China. As an export big province, Guangdong encounters including pesticide residue standards, technical standards, packaging and other harsh green barriers. Based on this background, it's significant to do the research on the influence of green trade barriers on the export trade of Guangdong province. How to reduce the bad influence of green trade barriers has become one of the major issues of Guangdong province, and it is now pretty much the agenda

2 Overview of green trade barriers

2.1 Definition of green trade barriers

Green trade barriers are a series of market access rules with high technological standards in the field of international trade. They are set up by come developed countries which take advantage of their advanced technologies to limit their import with the excuse for protecting citizens' health and the environment. As developing countries lack technological and economic strength, they cannot meet the import standards of foreign products. Consequently, green trade barriers come into being.

2.2 Characteristics of green trade barriers

2.2.1 Being nominally reasonable

As the environmental resources need protecting and human society needs a healthy and sustainable development, green trade barriers are entirely consistent with the current issue of protecting the global environment. When it comes to the economic development, people pay more attention to its sustainability, presented by their caring about environmentally friendly consumption. Thus, some consumers express a strong preference for green products. The new ideas of green consumption have changed the traditional consumer market and even embarked on a historic reform in it. Green trade barriers are trade measures allowed by international organizations, showing that it is reasonable to some extent [1].

2.2.2 Being formally legal

As is shown in the requirements of some environmental conventions and requirements of World Trade Organization (WTO), green trade barriers are legal and significant to environmental protection. International and domestic legislation are the basis of green trade barriers. Internationally, the laws of green trade concern green trade rules and environmental conventions of different countries. Domestically, green trade barriers are based on domestic rules and policies. These laws are the basis of legally implementing green trade barriers.

2.2.3 Being extensive in the objects of trade protection

At present, the protection scope of green trade barriers is large. The content of environmental protection not only includes the protection of humankind, animals, plants, air and ocean, but also involves every production link such as obtaining the raw materials of products, production and processing, and selling.

2.2.4 Being technologically discriminatory

The same product imported conforms to the same environmental standards. However, it can meet some countries' requirements of environmental protection while it cannot satisfy other countries'. Thus, technological discrimination is generated. It is undeniable that there is a gap in technology between developing and developed countries. As a result, green trade barriers mainly exist in the trade barriers between them.

3 The current status of the export trade in Guangdong Province

The same product imported conforms to the same environmental standards. Guangdong Province, located in the south of China and adjacent to Hong Kong and Macao, is the South Gate of China to the world. As it has well-developed transportation, infrastructure and unique geographic advantages for trade, Guangdong Province boasting a fast-growing foreign trade is honoured as a giant province of trade in China. In 2020, the foreign trade scale of Guangdong Province accounts for 22% of the national foreign trade scale, continuing to rank first in China. The export that has kept increasing in four consecutive years rose by 0.2% in 2020 and its scale reached a record high. Besides, the total export value reached 494.59 billion US dollars. Owing to the outbreak of Covid-19, it decreased in the first half year. Fortunately, it picked up

in the second half year thanks to the epidemic control. The tendency of the export value is shown in Figure 1.

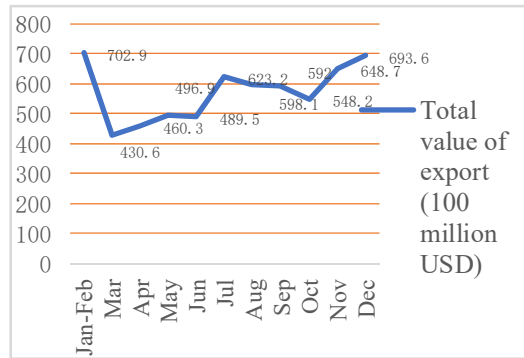


Fig. 1. The total export value of Guangdong Province in 2020

In 2019, the total value of Guangdong Province was 4337.93 billion RMB. The total value of labor-intensive products, and mechanical and electrical products was in order 766.97 billion RMB and 2950.54 billion RMB. The majority of export products in this province has transformed from labor-intensive clothing one into mechanical, electrical and high-tech ones.

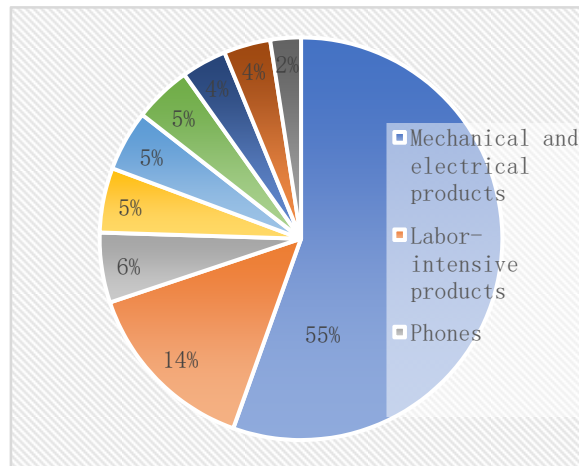


Fig.2. The proportion of key export products in total export value of Guangdong Province in 2019

4 The influence of green trade barriers on the export trade of Guangdong Province

4.1 The positive influence

4.1.1 Beneficial to improving the quality of export products

To reach beyond green trade barriers, enterprises in Guangdong Province should enhance the technological and environmental protection strength to meet developed countries' standards of protecting the environment. For example, to satisfy the strict requirement of exporting mechanical and electrical products raised by the European Union, they need to reinforce the research and development, and the designing of their products, use clean materials, improve manufacturing techniques and reach the highest quality of product packaging. With these efforts, the products will better conform to the idea of environmental protection.

4.1.2 Beneficial to boosting the scientific innovation of foreign trade enterprises

The establishment of green trade barriers needs technology. For instance, the formulation of environmental-protection agreement, the test on products and the quality evaluation should rely on technology [2]. In Guangdong Province, enterprises may choose other foreign markets when they encounter the green trade barriers of developed countries. However, this choice also means that the enterprise needs to give up their market share in the country with green trade barriers, and perhaps the shares have been accumulated for many years. Besides, exploiting a new market means spending higher costs, poses a great challenge to export enterprises. Therefore, to reach the technical standards of developed countries, the majority of export enterprises in Guangdong Province need to improve their technical level in the production, processing and packaging of products. It is also an important drive to enhance the technological innovation of enterprises in Guangdong Province.

4.1.3 Beneficial to perfecting the green-product standard system of the export trade

Compared with the technology of developed countries, the technologies of product manufacturing, packaging and detection of Guangdong Province are less advanced. Besides, Guangdong province has lower green standards of export trade than many countries, so does the detection standard and perfection of environmental protection. As a giant province of trade in China, Guangdong province has established and perfected a more professional green standard system that is closer to the international requirements to follow the trend of international markets and address green trade barriers.

4.2 The negative influence

4.2.1 Being more difficult for products to access the market

As Guangdong is a giant province of export trade, its export of many products have been affected by green trade barriers in the process of strengthening its trading competitiveness. The influence of the barriers on the major export products like textile and clothing products, toy products, tea and vegetables even exceeds that of anti-dumping. In recent years, the European Union (EU) have issued an environmental protection policy requesting that enterprises monitor whether using their products could destroy the environment or not. In this

policy, the involved products cover a wide range of fields. The enterprises in Guangdong have been influenced a lot by this policy, presented by the fact that many products with exporting advantages have been limited in the European markets [3]. As every country has different requirements, the green trade barriers they set are also various. It means that each country can limit the foreign products and put forward higher requirements for them according to its quality standards. This will cause that the products in Guangdong Province cannot be exported because of the limited technologies.

4.2.2 Increasing the cost of exporting products

To address the green trade barriers of developed countries, the manufacturing enterprises in Guangdong Province tend to be forced to buy environmental-friendly raw materials, and introduce new technologies and facilities to reach the environmental-protection standards. This will undoubtedly increase the costs of production. For example, due to the high requirements of the embargo of the European Union, the textile export enterprises need to import expensive environmental-friendly dyes that have a much higher cost than domestic dyes [4]. In terms of product packaging, the wooden packaging materials must be processed by antiseptic and high-heat techniques, which make the packaging costs increased much. According to the research, under the restrictions of green trade barriers, the cost of agricultural food products was increased by 15%.

4.2.3 Weakening the international competitiveness of products exported

Owing to the limitation of green trade barriers, the products from Guangdong Province cannot enter the international markets, leading to the result of being replaced by other products. To address green trade barriers, export enterprises trying to introducing advanced technologies from other countries will cause the increase of production costs. In this case, enterprises must increase the prices of their products or they cannot get profits. Therefore, the competitiveness of the products exported from Guangdong Province will be reduced.

5 Countermeasures to address green trade barriers of Guangdong Province

5.1 At the macro level (for the Guangdong provincial government)

5.1.1 Adopt the strategy for implementing international standard systems

Compared with developed countries, Guangdong province has less advanced manufacturing technologies, quality systems and standard construction. Based on the current technologies and environmental management, it needs to negotiate with trading partners, reach an agreement that is conducive to both sides' development, and avoid green trade barriers caused by environmental protection as the barriers can impede the product export of Guangdong province. Meanwhile, the provincial government should instruct enterprises to produce products and operate their business according to the international standard systems, and promote the identification of global standard systems. Besides, it also needs to further study the specific regulations of the international trade organizations and Agreement on Technical Barriers to Trade (TBT). As for the gap between domestic and international standard systems,

the government should promote the construction of standard systems to narrow the gap and thus to expand the export.

5.1.2 Perfect the regulatory system of export products

According to the real conditions and trade environment, a standard processing base or a foreign trade zone should be established, especially for agricultural products. The base for agricultural products should be built to manage a series of process from manufacturing to exporting. The main contents of building the base include unifying the environment of the place of production, standardizing the production of agricultural products and the supervision of agricultural products, and connecting the inspection and quarantine. Besides, the contents also involve monitoring the whole process of product monitoring, building the integrated pattern of production, processing and export, and improving the supervision system.

5.1.3 Provide information support of green trade barriers for enterprises

The Guangdong provincial government should speed up the construction of an information network which can collect, report, and transmit all kinds of information on green trade barriers in time to help enterprises understand the information on trade barriers[5]. The related departments of foreign trade can release the latest industry information about international trade barriers through public platforms, analyze and classify various information, help export enterprises to keep up with the latest news about green trade barriers. Besides, they can also remind enterprises of taking preventive measures in advance to avoid unnecessary losses caused by green trade barriers.

5.2 At the micro level (for enterprises in Guangdong Province)

5.2.1 Create green ideas and promote green production

As people pay more and more attention to environmental protection, enterprises in Guangdong Province must keep pace with the times and raise awareness of protecting the environment. It is necessary to establish green values, a sustainable consumption outlook, and a sustainable trade outlook. Moreover, export enterprises in Guangdong Province should promote the strategy of “winning by quality”, develop green product and call for organic products. It is also crucial for the enterprises to carry out technological innovation and increase the technological content of their products, so as to increase the added value of their products, and enhance their competitiveness in the international market, which can benefit their exports.

5.2.2 Expand new markets and advance diversified production

At present, products in Guangdong province are mainly exported to the European Union, the United States and Japan. These countries have developed economies and technologies with strict technical trade barriers so products exported to them are easily restricted. Therefore, enterprises should improve product quality while developing new markets and building trade relations with more countries. These efforts are aimed at forming a market diversification pattern, expanding product exports, and increasing the world market share of products.

5.2.3 Implement green marketing of export products

To implement green marketing of export products, the first thing to do is design green products whose quality is higher than those produced by traditional processes, and which must meet the public's environmental protection requirements. Secondly, products need to be greenly packaged. Green packaging refers to being friendly to the environment and healthy to humans, and they can be reused, recycled, and sustainably developed. In recent years, more and more countries have put forward green packaging requirements for product packaging. Some exported products can meet the standards of the importing country but were returned because of failing the packaging test. Therefore, enterprises should attach great importance to product packaging and try to use green packaging as much as possible such as paper packaging, aluminum packaging, degradable plastic packaging and edible packaging to reduce green barriers caused by packaging problems.

6 Conclusions

This paper proposed the research perspective based on the research of predecessors. It focuses on the influence of green trade barriers on the export trade of Guangdong province. The green trade barriers block the export of products, increase the cost and weaken the competitive power of enterprises in Guangdong province. However, green trade barrier is a double-edged sword. It can urge the enterprises of Guangdong province to improve their quality and boost the scientific innovation of foreign trade enterprises. Hope the countermeasures and suggestion raised in this paper can be valuable reference for Guangdong province to overcome the bad effect of the green trade barriers.

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