

## **STATE SUPPORT FOR EXPORTS IN INDUSTRY: CHINA'S EXPERIENCE**

**Abstract.** *The intensification of foreign economic activity, of course, is one of the most important factors in the development of the country's economy, increasing its efficiency and competitiveness. The development of the export potential of industry, which allows to increase the volume and form a balanced commodity structure of exports, belongs to the key areas of the strategy of economic development. The article analyzes the Chinese experience of state support for the export of industrial products. The purpose of the study is to develop proposals and recommendations for the further development of industrial exports in the country based on the analysis. The methods of comparative analysis, grouping and synthesis were used in the study.*

**Keywords:** *"One Belt - One Road" concept, export of industrial products, mechanisms to support the export of industrial products, organizational and economic mechanisms, financial methods.*

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## **ГОСУДАРСТВЕННАЯ ПОДДЕРЖКИ ЭКСПОРТА В ПРОМЫШЛЕННОСТИ: ОПЫТ КИТАЯ**

**Аннотация.** *Активизация внешнеэкономической деятельности, безусловно, является одним из важнейших факторов развития экономики страны, повышения ее эффективности и конкурентоспособности. Развитие экспортного потенциала промышленности, позволяющее наращивать объемы и формировать сбалансированную товарную структуру экспорта, относится к ключевым направлениям стратегии экономического развития. В статье анализируется китайский опыт государственной поддержки экспорта промышленной продукции. Целью исследования является разработка предложений и рекомендаций по дальнейшему развитию промышленного экспорта в стране на основе проведенного анализа. В исследовании использовались методы сравнительного анализа, группировки и синтеза.*

**Ключевые слова:** *концепция «Один пояс - один путь», экспорт промышленной продукции, механизмы поддержки экспорта промышленной продукции, организационно-экономические механизмы, финансовые методы.*

The study of the experience of developed countries in the application of measures and mechanisms to support the export of industrial products is of particular interest as an effective international experience, as it allows to improve the use of national export support systems [1,2,3,4,5]. In the regulation of foreign economic activity in developed market economies, a special place is given to methods of stimulating national exporters aimed at ensuring the effective use of existing export potential. In this regard, it is important to study the experience of the People's Republic of China, our largest foreign trade partner.

State support measures applied in foreign countries include a variety of organizational and financial mechanisms to support the export of industrial products.

China has become a world leader in exports due to the widespread use of state support mechanisms for foreign economic activity, especially the financial sector, as well as the strengthening of institutions and the improvement of support tools [6,7,8,9,10].

The main state body responsible for the development and implementation of foreign economic policy is the Ministry of Commerce of the PRC [11,12,13] and performs important management and coordination functions related to the activities of subordinate organizations and other institutions in the country and abroad. The function of the Ministry of Trade is to coordinate the activities of industry associations of producers and exporters, established on the basis of the previously abolished central sectoral ministries. Like departments of the Ministry of Commerce, the associations provide information and consulting services to Chinese exporting enterprises and finance their participation in exhibitions and fairs.

The Foreign Economic Bloc of the Ministry consists of two major divisions involved in the support and development of foreign economic activity:

- Export Support Department;
- China Investment Promotion Agency [14,15,16,17].

These organizations, along with financial institutions, are the main executive link in the Chinese national system of promoting foreign economic activity. The Ministry of Commerce is responsible for the development of concepts and draft state programs for the development of foreign economic activity, as well as their implementation. "Some recommendations for sustainable growth of foreign trade" is one of the policy documents, which provides for the implementation of measures in the following areas of export support:

- Increase the volume of export financing, assist credit institutions in expanding the range of financial products to reduce the risks associated with exchange rate fluctuations, assist commercial banks in lending export-import operations in the national currency;
- Strengthening control over the lending of foreign trade operations by commercial banks, in particular, the provision of lending services in violation of established procedures;
- Creation of conditions for financing the trade of export-oriented micro and small enterprises;
- Development of measures to reduce the deadlines for payment of VAT and consumption taxes (indirect taxes) to ensure timely payment of taxes to exporters;

- Establishment of a special procedure for insurance of exports of large sets of equipment, expansion of export insurance coverage, insurance of export-oriented micro and small enterprises;
- Rapid action by the competent authorities to protect the rights and legitimate interests of Chinese exporters in the event of trade disputes, participation in the settlement of disputes using WTO mechanisms;
- Expand multilateral and bilateral cooperation through China's active participation in international organizations, as well as assisting exporters in China's participation in free trade zone agreements;
- Expand government support for Chinese exporters in the markets of Africa, Latin America, Southeast Asia, the CIS and other dynamically developing countries [18,19,20];
- Government support for the creation of foreign trade and production clusters, trading platforms (including e-commerce) and international distribution networks;
- Support the export of high-tech and high-quality goods, high value-added products and environmentally friendly products, control the export of resource-intensive products and environmentally polluting industrial products;
- Analysis of the state of foreign trade by government agencies, including in the regions and territories, monitoring the economic and financial situation of participants in foreign economic activity, support for the development of small and medium-sized businesses in foreign markets.

A single system of strong and organized foreign trade missions has been created in China. It is distinguished by its wide range of countries of trade and investment partners (140 countries), its high position among the institutions of state support of foreign economic activity.

Trade missions, usually in the form of trade and economic departments or bureaus of trade and economic advisers, are part of Chinese embassies and consulates general. China has the strongest foreign trade offices in the world. Today, together with the departments at the Consulates General, their total number is about 180. Foreign trade missions of the PRC perform all the main classical functions and tasks of trade missions of major countries that are active in foreign economic activity. However, there is a specificity in their work related to the need to resolve conflict situations involving Chinese businesses, which often operate in foreign countries. The China Council for the Development of International Trade, a non-governmental organization, plays a key role in exporting products to foreign markets [21-26]. The tasks of the Council are to stimulate foreign economic activity, attract advanced technologies, and develop international economic and technical cooperation. Today, the Council has established business relations with trade and industry circles of many countries around the world and has offices in 16 foreign countries. At present, the basis of the Chinese export support financial system consists of three state institutions - Eximbank of China, Sinosure Export Insurance Agency and the Development Bank of China. The main tasks of the Eximbank of China [2,12] are to implement the national foreign economic policy and promote Chinese products in foreign markets.

The Bank offers the following financial products:

- crediting of foreign trade operations (Chinese exporters and foreign buyers);

- government programs for preferential financing;
- bank guarantees, domestic and international payments.

Eximbank of China provides soft loans to national exporters not only in foreign currency, but also in yuan. Financing on personal credit lines often exceeds \$ 1 billion. Sinosure China Export Insurance Agency [5, 19] was established in 2001 to provide and develop the export of Chinese goods and foreign investment to national companies. Sinosure offers all types of insurance products, while the bulk of the agency's insurance portfolio falls on short-term transactions. One of the leading financial institutions to support exports in China is the State Development Bank [6, p.1]. Initially, the bank's main mission was to help the country's industrial development, but at the beginning of the last decade, it began lending operations for local exporters. Recently, the PRC leadership has been actively promoting the concept of "Economic Belt on the Great Silk Road" or "One Belt - One Road." [3,21-26]

In terms of export development, the implementation of this project to China [1,11]:

- Provide conditions for the unimpeded export of Chinese goods to the markets of countries along the Great Silk Road and through transit to Europe, the Middle East, Southeast and South Asia and other regions of the world;
- creation of short and safe routes for export and import of goods;
- Full disclosure of the economic potential of the underdeveloped north-western regions of the country [9,18].
- In general, China's export promotion policy demonstrates a pragmatic and flexible approach based on the principle of maximizing the available opportunities.

In short, a very perfect structure to support national exports has now been established and is operating successfully in developed countries. It is not the same, it has different features as well as common features in different countries. In each country, the process of improving the system of national export support continues, as a result of which common means of export support are introduced, and national differences are changed, as a rule, under the influence of commitments under international and regional economic integration [10,18].

The analysis of the application of organizational and economic mechanisms for the export of industrial products allows us to draw the following conclusions:

In developed countries, government support for exports is an important part of foreign economic policy. In the modern economy, a number of measures and tools can be used to export and increase the volume of exports, ranging from creating a favorable environment for exporters to measures to stimulate the development of high-tech export production. Almost every country has specialized institutions that support exports. The national export support systems of different countries differ significantly from each other. These export support systems are mainly focused on the needs of exporters, which mainly depend on a number of factors such as the export characteristics of a particular country, as well as the level of development of the financial market.

States offer many financial products to help national exporters develop their exports. At the same time, in some countries there are large export support institutions that provide export credits, guarantees and insurance, while in others there are several

institutions such as banks and classic export credit agencies that specialize in issuing export loans with state participation. Leading exporting countries pay close attention to non-financial methods of export support. In order to provide information on exports and solve the problem of product promotion, special export development agencies have been established in the country, which operate through a wide network of representative offices both in the exporting country and abroad.

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