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The Impact of Digital Trade on China's Economic Development

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Abstract: As an emerging force in modern economy, digital trade is injecting continuous power into the steady growth of China's economy. In recent years, its strong momentum of development has not only become an important driving force for economic growth, but also gradually emerged as a new engine for economic growth. However, while developing rapidly, digital trade also faces some challenges and problems. In order to fully understand and grasp the impact of digital trade on China's economic development, we need to deeply analyze the opportunities and challenges it brings. Accordingly, corresponding countermeasures and suggestions are put forward to ensure the healthy development of digital trade and further promote the prosperity and stability of China's economy.

Keywords: Digital trade, Economic development, Digital economy.

1. The Current Situation of Economic Development in Our Country

1.1. Population Aging

With the evolution of age distribution of population in our country, we are facing the problem of aging population. China had more than 200 million people aged 65 and above by the end of 2022, accounting for 14.9 percent of the total population, according to data released by the National Bureau of Statistics. In 2012, the number was just 128 million, or 9.4 percent. In 10 years, the number of elderly people increased by 88.99 million, an increase of 70%. The number of elderly people aged 65 and above in China is expected to exceed 300 million by 2035, and the proportion of elderly people in the total population is also expected to rise significantly. In addition, China's population growth rate also shows a declining trend, from 3.78 in 2018 to -0.60 in 2022, showing a negative growth of population. Demographic change poses a severe test to our economic growth and social development. The relevant data is shown in Table 1.

Table 1. China's population structure and growth from 2018 to 2022

years	Proportion of population aged 15-64	Proportion of people aged 65 and above	Birth rate	Mortality rate of population	Population growth rate
2018	71.20%	11.90%	10.86%	7.08%	3.78%
2019	70.60%	12.60%	10.41%	7.09%	3.32%
2020	68.60%	13.50%	8.52%	7.07%	1.45%
2021	68.33%	14.20%	7.52%	7.18%	0.34%
2022	68.21%	14.86%	6.77%	7.37%	-0.60%

Data source: National Bureau of Statistics (www.stats.gov.cn)

1.2. Unbalanced Economic Development

Development of our country economy is unbalanced, main come from two dimensional analysis.

The first is the difference in GDP between regions. Due to the early implementation of the reform and opening up policy, China's eastern coastal areas have a more perfect supply chain system, a higher proportion of export-oriented economy and a more mature capital market, so their GDP is generally higher than that of the central and western regions. Taking the data of recent years as an example, the GDP of eastern coastal regions such as Guangdong, Jiangsu and Zhejiang is usually among the top in the country, while the growth rate of some western regions such as Gansu and Guizhou is relatively low.

The second is the unbalanced development between urban and rural areas. Urban areas enjoy better infrastructure, public services, and employment opportunities, attracting large numbers of migrant workers to migrate to cities. However, rural areas are faced with shortcomings in education, medical care, employment and other aspects, and their economic development lags behind. The income gap between urban and rural residents is also a significant problem. According to statistics, the per capita disposable income of urban residents is generally higher than that of rural residents, and the gap is expanding. The relevant data is shown in Table 2.

Table 2. Per capita disposable income of urban and rural residents in China from 2018 to 2022

years	Per capita disposable income of urban residents (Yuan)	Per capita disposable income of rural residents (Yuan)	Gap between the two (Yuan)
2018	39251	14617	24634
2019	42359	16021	26338
2020	43834	17131	26703
2021	47412	18931	28481
2022	49283	20133	29150

Data source: National Bureau of Statistics (www.stats.gov.cn)

1.3. Natural Resources and Environmental Issues

In terms of natural resources. China is a large resource country, but the per capita resource possession is not high. With global population growth and economic development, the rate of resource consumption in China is also accelerating.

Data from the National Bureau of Statistics show that China has a vast land area and various types of land resources, but there are many mountains and few plains, the proportion of cultivated land and forest land is small, and the distribution of various land resources is uneven. Secondly, China's resource utilization efficiency is not high. Take energy as an example, China is the world's largest energy consumer and producer, but its energy utilization efficiency is relatively low. According to the International Energy Agency, China's energy intensity, or the amount of energy required to produce a unit of GDP, is higher than many developed and developing countries. This indicates that China has a large room for improvement in resource utilization.

In the natural environment. China is facing serious environmental pollution problems, especially air pollution and water pollution. Taking air pollution as an example, some parts of China, especially northern regions, are often plagued by smog. According to the World Bank, the health costs of air pollution in China in 2013 were estimated to be as high as 1.22 trillion yuan. Some parts of China are also experiencing serious ecological degradation problems, such as desertification and wetland reduction. According to the Chinese Academy of Sciences, desertification accounts for 27.3 percent of China's land area and is increasing by about 2,460 square kilometers every year.

2. The Role of Digital Trade in Economic Development

2.1. Promoting Steady Growth of Our Country's Trade Scale

Under the trend of the gradual weakening of the momentum of traditional trade, digital trade, as an emerging form of trade, has a positive impact on the expansion of China's trade scale. According to the China Business Information Network, the scale of China's digital economy reached 50.2 trillion yuan in 2022, up 10.3 percent year on year, accounting for 41.5 percent of the total GDP, and the proportion is expected to continue to expand in the future. The relevant data is shown in Table 3.

Table 3. Scale of China's digital economy from 2018 to 2022

years	Scale of digital economy (trillion yuan)	Growth rate	The proportion of digital economy in GDP
2018	31.3	15.07%	34.8%
2019	35.8	14.38	36.2%
2020	39.2	9.50%	38.6%
2021	45.5	16.07%	39.8%
2022	50.2	10.33	41.5%

Data source: ASKCI Consulting Co., Ltd (www.askci.com)

In addition, China's cross-border e-commerce imports and exports reached 2.11 trillion yuan in 2022, up 9.8% year on year, according to data from China's General Administration of Customs. Of this, exports reached 1.55 trillion yuan, up 11.7 percent year on year. This suggests that digital trade platforms are also becoming important export channels for Chinese goods.

2.2. It has a Strong Economic Effect

Digital trade can bring many economic effects, it changes the traditional trade mode and business process, and has a profound impact on economic growth, employment, consumer welfare and international competition.

For example, from the perspective of consumers, digital trade enables consumers to easily access global goods and services, providing lower prices and higher convenience, and consumers can obtain a wider selection of products and services and more personalized shopping experience through digital trade. According to statistics, by the end of 2022, the number of online users in China reached 1.067 billion, among which the number of online shopping users reached 845 million, and the rate of online shopping reached 79.2%. This shows that the shopping habits of consumers are constantly changing, with more and more people choosing online shopping instead of traditional offline shopping, and the size of the online shopping market is also expanding. The relevant data is shown in Table 4.

Table 4. Scale of online shopping users in China from 2018 to 2022

years	Number of online shopping users (100 million)	Growth rate	Utilization rate
2018	6.10	14.4%	71.0%
2019	6.39	4.75%	80.3%
2020	7.82	22.38%	79.1%
2021	8.42	7.67%	81.6
2022	8.45	0.36%	79.2%

Data source: ASKCI Consulting Co., Ltd (www.askci.com)

2.3. Optimizing and Upgrading Our Country's Industrial Structure

Digital trade has a significant impact on the optimization and upgrading of China's industrial structure.

First of all, the rise of digital trade has promoted the transformation of China's industrial structure from the traditional manufacturing industry to the service industry, high-tech industry and digital economy. For example, according to the Chinese Bureau of Statistics, the share of services in gross domestic product has been increasing year by year, reflecting the upgrading of the economic structure.

Secondly, digital trade promotes the modernization and high-end of the industrial chain. Through the application of e-commerce, cloud computing, big data and other technologies, enterprises are able to optimize the supply chain and improve production efficiency and product quality. For example, a report released by the China Academy of Information and Communication Technology (CAICT) shows that industries with a high degree of digitalization are increasingly driving China's economy.

In addition, digital trade provides a platform and resources for innovation. Through close ties with the international market, Chinese enterprises are able to absorb global innovation resources more quickly and promote independent R&D and innovation. According to the Intellectual Property Office of the People's Republic of China, the number of patent applications and grants in China continues to grow every year, showing the vitality of innovation activity.

3. The Limitations of Digital Trade

3.1. The Transformation from Traditional Trade to Digitalization Is Slow

The pace of digital transformation of traditional trading

companies is relatively slow, and there is a big gap in the adoption of digital technology. Especially for small and medium-sized enterprises, their ability in the operation and management of digital platforms is weak, which directly affects their efficiency and economic benefits in foreign trade business. In addition, digital technology does not play a sufficient role in the manufacturing, marketing, logistics, warehousing, cross-border payment and after-sales service of traditional trade. The deep integration of digital technology and service trade also needs to be further strengthened.

3.2. Imperfect Digital Trade Policy System

At present, the global laws and regulations on digital trade are not perfect, and it is necessary to further strengthen the uniformity and synergy of international digital trade rules. In terms of tax policies, data transmission and storage regulations, intellectual property protection and other aspects of digital trade, many regulations are still relatively vague, especially the management and supervision of emerging technologies and innovative businesses is weak, which affects the process of digital trade standardization. Digital trade covers several key links such as data flow, digital currency payment and network security, and the lack of unified rules and mechanisms may hinder the smooth development of digital trade.

3.3. Inadequate Infrastructure Construction

In recent years, although the Chinese government's investment in digital infrastructure construction has been increasing year by year, there is still a big gap between China and developed countries in the field of digitalization due to the shortage of financial funds and the lack of digital technology innovation. According to the data, China ranks 38th in the global database connectivity, which makes it difficult for Chinese digital enterprises to show strong international competitiveness when providing digital service transactions. At the same time, there are significant differences in the development level of digital economy among different regions in China, and the degree of digitalization is gradually weakening from the eastern region to the western region, which leads to the increasing difficulty of enterprise transformation, and further increases the uncertainty of enterprise market entry and the cost of digital resource allocation.

4. Suggestions

4.1. Strengthening Services for Digital Transformation of Trade

One is to improve and streamline digital service processes, which can reduce cumbersome trade links. Specifically, relying more on digital technology and less on paper documents so that the trade process becomes more efficient. At the same time, advanced technical means such as big data and artificial intelligence are used to conduct intelligent analysis of trade data, so as to provide more valuable reference for enterprises to make decisions.

Secondly, the enabling role of digital platforms should be strengthened. This includes encouraging business, model and organizational innovation on digital platforms, through which trading enterprises can be driven to digital transformation by improving operational mechanisms, sharing data resources and other ways. Accelerate information exchange, supply-demand matching and business collaboration between the upstream and downstream of the industrial chain, and realize digital management of the whole life cycle of products from production to service. Cultivate virtual industrial clusters based on digital platforms, and gradually form a digital industrial pattern in which large, small and medium-sized enterprises participate together, each with its own advantages and promote each other.

4.2. Improving the Digital Trade Policy System

We will uphold the concept of global development featuring openness, cooperation and win-win results, strengthen the top-level design of digital trade, vigorously develop new forms and models of digital trade, create a world-class digital business environment, accelerate the harmonization of high-standard digital trade rules, and build a digital engine for building a trading power. We will optimize domestic laws and regulations related to digital trade, design the overall plan of digital trade rules at the top level, and build an institutional system for the sound development of digital trade. Strengthen digital trade cooperation with other countries and regions, actively participate in the formulation and consultation of international digital trade rules, promote the establishment of an open, inclusive and transparent digital trade rule system and cooperation mechanism, and promote the stable and sustainable development of digital trade.

4.3. Accelerating the Improvement of Digital Infrastructure

The vigorous development of digital trade is inseparable from the support of solid and advanced digital infrastructure. In order to accurately grasp the development direction of digital infrastructure, China needs to scientifically define its scope to ensure that it not only covers traditional hardware facilities such as information and communication networks and data centers, but also includes soft infrastructure in cutting-edge technology fields such as cloud computing, big data and artificial intelligence.

At the same time, it is also indispensable to conduct an in-depth investigation of the current situation of digital infrastructure, which requires a comprehensive understanding of the scale, layout, technical level and operation status of existing facilities, and on this basis, in-depth analysis and find out the existing shortcomings and shortcomings. These may include inadequate infrastructure coverage, less advanced technology, and inadequate security measures. After identifying the weak links, we need to speed up efforts to make up for them. We need to increase investment and expand the scale of digital infrastructure construction, especially in remote and economically underdeveloped areas, and strive to achieve a balanced distribution of infrastructure. At the same time, it is necessary to strengthen the construction of security measures to ensure the stable operation of digital infrastructure and data security.

5. Conclusion

Looking at the future of digital economy in China, it is foreseeable that China will continue to intensify efforts in digital transformation and promote digital economy as a new engine of economic growth. The future of digital economy in China will be an era full of opportunities and challenges. China will continue to promote digital transformation, unleash the potential of the digital economy, and contribute to high-quality development and the building of a modern

economic system.

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