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THE CURRENT STATE OF CHINA'S INTERNATIONAL TRADE

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This article will determine the degree of influence of external and internal negative factors, primarily the COVID-19 pandemic, the trade war with the United States, as well as Russia's aggression against Ukraine, on the state of China's international trade. The results of the study indicate that neither the trade war launched by former US President D. Trump, nor the deal between the Presidents of the United States and China, according to which China pledged to purchase an additional 200 billion dollar of American exports by the end of 2021, did not significantly harm China's trade balance. Moreover, external and internal difficulties only strengthened the international competitiveness of China, which, due to the policy of strict regulation, coped with the consequences of the COVID-19 pandemic and American sanctions faster and more efficiently than its competitors (the US and EU countries). As a result, in recent years, China's current account has grown from 103 billion US dollars in 2019 to 317 in 2021, while merchandise exports in 2021 hit a record high of 3.2 trillion US dollars. At the same time, despite significant success in international trade, China still has serious internal problems associated with overestimated real estate prices and the low financial stability of national banks. It has been researched that China was an important trade partner of Ukraine. These countries were discussing a creation of a free trade zone and the possible signing of a Free Trade Agreement. However, during the armed Russian aggression against Ukraine, as the results of the study showed, the volume of trade between the countries decreased several times. Although China seems to be showing its concern about the war in Ukraine, at the same time China's economic partnership with Russia is deepening, which could lead to a deterioration of relations between Ukraine and China.

Keywords: China's international trade, US-China trade war, the COVID-19 pandemic, international competitiveness, Russian aggression against Ukraine.

СУЧАСНИЙ СТАН МІЖНАРОДНОЇ ТОРГІВЛІ КИТАЮ

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У статті проведено дослідження ступеню впливу зовнішніх і внутрішніх негативних факторів, насамперед пандемії COVID-19, торговельної війни з США, а також агресії Росії проти України, на стан міжнародної торгівлі Китаю. Результати дослідження свідчать про те, що ані торгова війна, розпочата колишнім президентом США Д. Трампом, ані угода між президентами США та Китаю, згідно з якою Китай був зобов'язаний закупити додатково на 200 мільярдів доларів американського експорту до кінця 2021 року, не завдало суттєвої шкоди торговому балансу Китаю. Крім того, зовнішні та внутрішні труднощі лише зміцнили міжнародну конкурентоспроможність Китаю, який завдяки політиці жорсткого регулювання швидше та ефективніше за своїх конкурентів (США та країни Європейського Союзу) впорався з наслідками пандемії COVID-19 та американськими санкціями. У результаті за останні роки поточний рахунок Китаю зріс зі 103 мільярдів доларів США у 2019 році до 317 млрд доларів США у 2021 році, а експорт товарів у 2021 році досяг рекордного рівня в 3,2 трильйона доларів США. Водночас, незважаючи на значні успіхи в міжнародній торгівлі, Китай все ще має серйозні внутрішні проблеми, пов'язані із завищеними цінами на нерухомість і низькою фінансовою стійкістю національних банків. Результати проведеного у статті аналізу свідчать про те, що Китай був важливим торговим партнером України. Ці країни навіть обговорювали умови створення зони вільної торгівлі та можливе підписання Угоди про вільну торгівлю. Проте під час збройної агресії Росії проти України, як показали результати дослідження, обсяги торгівлі між країнами скоротилися в рази. Хоча Китай, здається, демонструє свою стурбованість війною в Україні, водночас економічне партнерство Китаю з Росією лише поглиблюється, що, у свою чергу, може призвести до погіршення відносин між Україною та Китаєм.

Ключові слова: міжнародна торгівля Китаю, американсько-китайська торгова війна, пандемія COVID-19, міжнародна конкурентоспроможність, російська агресія проти України.

At the beginning of 2020 the COVID-19 pandemic with the next nationwide quarantine broke out. This seriously affected the international trade of a significant number of countries, especially during the quarantine itself. Many scientists are still trying to determine the impact of the pandemic on China's international trade. The results of S. Zhao's empirical study show that the adoption of big data technology in enterprises will be the best way to manage international trade during the pandemic.

The study revealed several problems such as extreme financial pressure, problem of exploring the international market for industries/enterprises, problem of ordering and delivery of goods and services and others. During the pandemic, almost all industries faced difficulties in their work due to strict quarantine measures. People began to spend less on durable products than on short-term goods. For these reasons, economic activity during the pandemic was limited. All these factors have reduced the export and import of goods/services from one country to another. So, it can be stated that COVID-19 has a negative impact on international trade, thereby slowing down the economic growth of the country [Zhao 2022].

The main goal of the study proposed in the article is to determine the degree of influence of external and internal negative factors, primarily the COVID-19 pandemic,

the trade war with the United States, as well as Russia's aggression against Ukraine, on the state of China's international trade.

J. Fang, J. Ou and S. Yao analyze China's foreign trade during COVID-19 (2019–2021). Their study shows that China's export with main trade partners have recovered and then started to grow during 2020–2021 after its significant decline. Electrical, high-tech industries, as well as the mechanical industry have made a significant contribution to the recovery of China's exports, exports of medical products, furniture and equipment show growth in accordance with the implementation of the quarantine policy. Exports of electronics and electric vehicles continued to grow both before the outbreak and during the pandemic. The authors of this study believe that China should continue to expand trade with emerging markets, while maintaining a stable volume of trade with developed economies. It is also mentioned that during the past 40 years of economic reforms and opening-up policy, China has made tremendous progress in development, being deeply integrated into the world economy and included in global value chains. The rapid expansion of foreign trade and foreign direct investment over the past two decades has greatly accelerated China's technological progress and economic growth. Over the last decade, China has become one of the largest foreign investors, becoming increasingly important in the global trade market and an integral part of all sectors of the world economy.

In general, supporting the opinion of the authors of this study, it should be noted that it does not fully take into account the peculiarities of China's trade with emerging markets economies, in particular with Russia and Ukraine.

In their research, J. Fang, J. Ou and S. Yao study the development and changes in China's foreign trade with its main trading partners (the USA, the EU, ASEAN, Japan, South Korea) as well as the export of major industries and typical Chinese products during COVID-19. In terms of industry-level analysis, mechanical and electrical engineering and high-tech industries are two typical technology-intensive industries that together account for more than 80% of China's recent exports. Their export declined in the first half of 2020, but then recovered quickly. The authors suggest that even after the pandemic, the country should continue focusing more on technology-intensive industries and improve the overall quality of foreign trade. Further, this research identified fifteen typical products with stable export growth, represented mainly by electronics and electric vehicles. These products were in high demand before the outbreak of the pandemic and maintained their export dynamics during it as well [Fang, Ou, Yao 2022]. Supporting the opinion of the authors of this study, it should be noted that it does not pay enough attention to the prospects for the introduction of new sanctions by the United States against China, in particular in high-tech production.

With the rapid development of the Chinese economy, the country's foreign trade has also increased significantly, but there are several problems. G. Gavrillo, S. Zhichao in their study prove that China is losing its advantage not only in low labor costs, but also in attracting foreign investment. In addition, a large number of environmental problems have arisen due to the energy and environmental policies pursued by the state in the past. The problems of energy shortage and environmental pollution at the present stage are becoming important restraining factors of economic development. There are also certain structural weaknesses in China's foreign trade. For a long time, the structure of China's commodity exports

has mainly been dominated by labor-intensive products with low technology content, the proportion of exports of high-tech and high-value-added products is relatively low, and innovative products and research and development capabilities are limited. Due to insufficient capacity for independent research and development, competitiveness is low.

The analysis of the structure of trade in the study of these scientists shows that China mainly exports social goods of general use. The active balance of the country's foreign trade remains high, this leads to conflicts with many trading partners. The most serious have been observed between China and the USA since 2018. Therefore, optimizing the structure of foreign trade and the balance of international trade will also be issues that China should pay full attention to in both the short and long term [Gavrilkov, Zhichao 2019]. Supporting the conclusions of the authors of this article, it should be noted that the study does not fully assess the prospects for a sharp deterioration in relations between the United States and China caused by the dispute over the independence of the island of Taiwan, which, according to the main provisions of the UN, is a province of China.

The main competitive advantages of China in the international market were also identified in the scientific works of L. Galperina [Galperina, Kolechko, Umanskyi 2022] and T. Rodionova [Rodionova, Yakubovskiy, Kocharyan 2021].

In 2020, then-US President Donald Trump and Chinese President Xi Jinping made a trade deal under which China was obliged to purchase an additional 200 billion US dollars worth of American exports by the end of 2021. However, after two years of escalating tariffs and talk of economic disengagement, many of Trump's tariffs, mostly on raw materials, remain in place, increasing costs for American companies.

By the way, the pandemic was not the only factor in the failure of this agreement. So, Trump took trade relations between the US and China to a new level by launching his trade war in 2018. Even now, the relevance of the deal is that it is necessary to establish other conditions for trade relations between these countries. In fact, it was not the Biden administration's fault as China did not meet its procurement obligations on time. With the deal on hold, the country never caught up on the backlog of additional 2021 procurement commitments, 60% higher than the previous year 2020, and did not buy any of that 200 billion US dollars of American exports, as promised.

Even after China canceled the manufacturing tariffs, the most important part of the deal, at the beginning of 2019, there was no recovery in American exports. American exports of services, another no less important part of the deal, were not directly affected by tariffs imposed during the trade war. China has pledged to open up the financial services market to foreign suppliers, improve intellectual property rights protection and limit the forced transfer of foreign technologies.

American tariffs had a significant impact on the country's economy itself, namely on the increase in prices, a decrease in American competitiveness, which was caused by a reduction in employment and sales. The trade war started by D. Trump and that deal did little to change the economic policy of the United States toward China. However, simultaneously with the beginning of a new approach to the Chinese economy, the USA began to cooperate more closely with other major world economies, and most of all with the EU [Bown 2022].

The British weekly newspaper “The Economist” mentions that China is often spoken of as an area of rare consensus in American politics. President Biden’s China policy was described by Antony Blinken like “invest, align, compete”, meaning the USA should invest in forces, work closely with allies and resist China where necessary. It is also mentioned that the Biden administration has already discussed whether to start a new investigation into China’s economic behavior. The White House’s is delaying the announcement of the new 301 case, in spite of months of negotiations about this, which shows its indecision.

Next part of China policy of the President of the United States – uniting with allies – significantly distinguishes Mr. Biden from predecessor. In May 2022, he announced the launch of the Indo-Pacific Economic Framework for Prosperity (IPEF), and the most important thing is that China is not a part of it. At the G7 summit in June 2022, Mr. Biden made a statement with a promise of reducing strategical dependency on China.

One of the biggest initiatives of the Biden administration is also an in-depth look at supply chains. If Mr. Biden succeeds in boosting domestic production, this fortune may be at the price of higher consumer prices, lower efficiency and economic growth. At the same time, however, The Economist claims that in other aspects President Biden’s China policy looks more like an improvement of the bare-hands competition the former President of the United States Mr. Trump once began [The Economist 2022].

Regarding China’s balance of trade, an important event took place in 2001, namely the country’s entry into the World Trade Organization, which further strengthened China’s foreign trade ties. Table 1 is a clear confirmation of this.

The export of goods during 2000–2019 was quite high and steadily increased every year, as well as imports. However, the export of goods still significantly exceeded the import, so the trade balance in the country was positive, except only in 2000, when the import slightly exceeded the export. The largest increase in the volume of both exports and imports of Chinese goods occurred in 2010, compared to 2005, when exports and imports increased by 783 and 674 billion US dollars, respectively, what in percentage terms is equivalent to 47.02% and 45.6%, respectively. In general, China can be called a creditor country, because the export of goods in it during all these years significantly exceeded the import.

Table 1

Statistics of China’s balance on trade in goods/services and current account during 2000, 2005, 2010, 2015, 2017–2021, trillions of US dollars

Indicator	2000	2005	2010	2015	2017	2018	2019	2020	2021
Export of goods	0.111	0.695	1.478	2.143	2.216	2.417	2.387	2.51	3.216
Import of goods	0.125	0.565	1.239	1.567	1.74	2.037	1.994	1.999	2.653
Goods trade balance	-0.014	0.13	0.239	0.567	0.476	0.38	0.393	0.511	0.563
Export of services	0.079	0.078	0.178	0.217	0.213	0.234	0.244	0.229	0.338
Import of services	0.036	0.084	0.193	0.436	0.472	0.526	0.506	0.381	0.438
Balance on trade in services	0.043	-0.006	-0.015	-0.219	-0.259	-0.292	-0.262	-0.152	-0.1
Current account	0.021	0.132	0.238	0.293	0.189	0.024	0.103	0.249	0.317

Source: compiled by the author based on [International Monetary Fund]

China's service export/import movement was more dynamic during 2000–2019. Immediately see that the import of services slightly exceeds the export, except for the year 2000. Therefore, the balance of services during the entire time period considered remained negative, except for the year 2000, and in addition, this indicator decreased rapidly until 2020 (figure 1), what was caused by the growing difference between the country's exports and imports of services every year. However, comparing the volumes of export/import of goods and services of China, it is concluded that this country is more specialized in goods export and import.

In July 2020, China's trade surplus rose to 62.33 billion US dollars from 44.02 billion US dollars in the same month of 2019, well above market expectations. The trade surplus of China with the USA also rose to 32.46 billion US dollars that month from 29.41 billion US dollars last month. China's and United States' tensions at that time had a particularly strong impact on trade indicators ahead of the USA November presidential election. In September 2020, China's trade surplus slightly decreased to 37 billion US dollars from 39.1 billion US dollars in the same month of 2019. Exports and imports were at their highest for that time as global demand continued to recover from the difficulties caused by COVID-19. Then, the balance of trade of the country nearly doubled to a new record high of 78.17 billion US dollars in December 2020 from a year earlier. Exports grew by 18%, while imports grew by 6.5% due to improved global demand. For the full year of 2020, the positive balance of trade was 535.03 billion US dollars, the biggest figure from 2015.

According to Dun & Bradstreet, a US company that provides commercial data, analytics and business intelligence, near 5 million companies (Apple, Kraft Heinz, PepsiCo etc.) have their suppliers from China and had to close their factories in this country. The automotive industry suffered the most. Auto manufacturers were forced to cut production because of a lack of supplies. Chinese Wuhan is the main center of car manufacturing. Renault and Peugeot (France), Volkswagen, BMW (Germany) and Jaguar Land Rover (the UK) closed their factories which worked with partners from China. Hyundai also closed its factory in Ulsan (South Korea) because of the lack of parts. The outbreak forced manufacturers in China to cut production by about 15% at the beginning of 2020 [Zamost'yanova 2020].

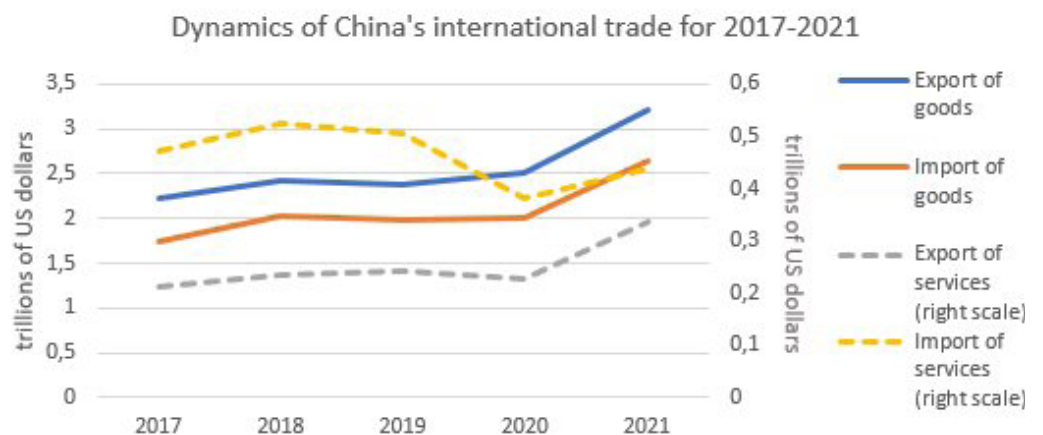


Fig. 1. Dynamics of China's international trade for 2017–2021, trillions of US dollars

Source: compiled by the author based on [International Monetary Fund]

Global supply chains were threatened. Smartphone chip maker Qualcomm (QCOM) has warned that the pandemic has created uncertainty about the demand for smartphones and the materials used to make them. Shipping companies, in turn, also saw a sharp decrease in the number of container transporting.

The downturn in the Chinese economy has weakened commodity markets, especially given that China is the driving force behind demand growth. Copper prices fell to a four-month low, although they recovered slightly, while shipping rates fell. In eastern China, weak demand for oil sparked an argument with traders about storing it, who hoped to wait out the fall in prices. Tankers drifted off the coast of China, unable to unload at the import terminal in Qingdao.

In November 2021, China's trade surplus decreased to 71.7 billion US dollars. The growth of exports also significantly decreased due to a strong yuan, reduced demand with the emergence of the new Omicron strain of COVID-19 and higher prices, while imports grew faster as the energy crisis eased. Already in December 2021, the surplus has grown significantly to a record 94.46 billion US dollars, compared to 75.8 billion US dollars last year. Exports continued to grow and increased by 20.9% year-on-year, while imports increased by 19.5%. In total, for 2021, the positive balance amounted to 676.4 billion US dollars, the highest indicator at that time. China's active trade balance with the USA for 2021 compared to the previous year 2020 increased by 25%.

In May 2022, China's trade surplus rose significantly to 78.76 billion US dollars, the biggest from the start of 2022, as the government eased tight pandemic control in some cities of the country. China's exports rose by 16.9% (the highest in last four months) thanks to the recovery of production and easing of logistics issues, while imports rose by 4.1% after their recovery. In June 2022, the active balance of trade reached a record 97.94 billion US dollars compared to the last year, mainly thanks to a significant increase in exports and still low imports. In the same month, the active balance of trade with the USA reached 41 billion US dollars, compared to 36.1 billion US dollars in the previous month [Trading Economics 2022].

As for China's current account, after hitting an all-time high in 2008, its surplus stood at 119.6 billion US dollars in the second quarter of 2020, the largest since the country began to recover from the COVID-19 crisis. The value of the surplus of goods reached 161.3 billion US dollars, the surplus of secondary income – 0.9 billion US dollars, the deficit of services – 29.4 billion US dollars, and the balance of primary income was 13.3 billion US dollars. In the first half of 2020, China's current account increased to 85.9 billion US dollars, an increase of almost 30% compared to the same period in 2019.

China's current account decreased to 118.4 billion US dollars in the last quarter of 2021. The surplus of goods and deficit of services also decreased to 182.8 and 152 billion US dollars, respectively. China's secondary income increased to 6.2 billion US dollars, and primary – to 55.5 billion US dollars. Overall, in 2021, China's current account increased by almost 22% compared to 2020 and amounted to 317.3 billion US dollars.

In the first quarter of 2022, China's current account surplus increased to 88.9 billion US dollars compared to the previous year. The surplus of goods also increased and amounted to 145 billion US dollars, while the deficit of services, on the contrary, decreased and amounted to 16.7 billion US dollars. At the same time,

China's secondary income increased to 5.2 billion US dollars, and primary income – to 44.6 billion US dollars [Trading Economics 2022].

In the first five months of 2022, the use of foreign capital reached 87.8 billion US dollars, an increase of 22.6% compared to last year. Moreover, there was a significant increase in FDI inflows in the field of high technologies, which was ahead of the average annual indicators of 2021 (figure 2).

Regarding services, FDI there grew at a slower pace than in 2021, in May 2022 by only 10.8%, which is 35% less compared to last year's figures. The reason for the rapid growth of FDI in high-tech sectors was to a greater extent the policy regarding high-tech enterprises in different regions of the country.

Growth in trade volumes also occurred with one of China's main trading partners – ASEAN and the EU. For January-May 2022, trade with the largest partners – the ASEAN countries – increased by 10.2% in annual terms, which is almost 30% more compared to the January-April period. Trade with China's second largest trading partner, the EU, also increased by 8.8% year-on-year in the same period (January-May 2022), increasing by almost 23% in May alone, while trade with the United States increased in the same month by only 11% compared to the January-April period. Moreover, trade with the countries of Central Asia, which at one time joined the Chinese initiative "One Belt, One Road", increased by as much as 16.8% compared to 2021 and amounted to 760.2 billion US dollars in January-May 2022.

Supply chain disruptions played a key role in slowing economic growth in 2022. Transportation problems, a lack of containers and a sharp increase in demand after the lifting of pandemic restrictions have led to a shortage of components and raw materials. China has made a confident start to rebuild its economy after a recession in April 2022 caused by the fallout from the strict containment policies connected with overcoming the COVID-19 pandemic. This is what is indicated by such a confident increase in trade in May 2022, greatly contributing to what the ports and logistics networks can do in the future, which have begun to gradually start fulfilling orders from the previous months. In this regard, 2022 already sees the introduction by China of numerous measures to stimulate its economy in conditions of severe restrictions. Most of the support is intended for small businesses and companies whose industries have been hit hard by quarantine restrictions due to

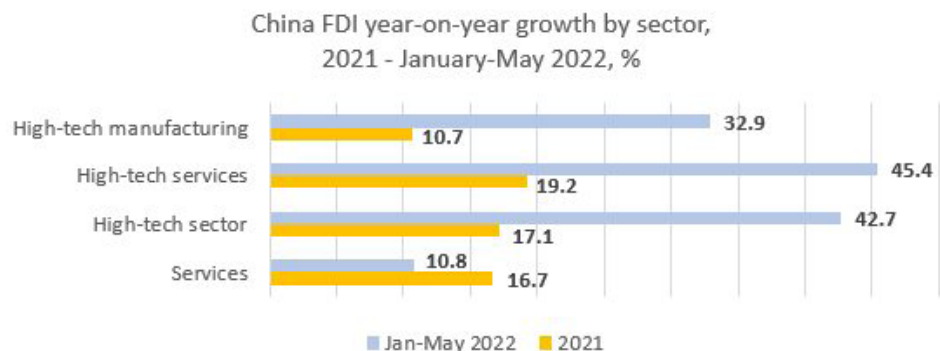


Fig. 2. China FDI year-on-year growth by sector, 2021 – January-May 2022, %
Source: compiled by the author based on [Huld 2022]

the pandemic. The Chinese government is also making proposals to help increase foreign investment projects and attract more FDI. It also means the attraction of significant foreign investments in advanced production, innovative technologies, various research and development, as well as the promotion of investments in the central, western and northeastern regions of China with a lower level of economic development [Huld 2022].

The decrease in the Chinese economy will definitely cause some difficulties for investors in 2022. In 2020, China helped the world emerge from a post-pandemic recession by being the only major economy to grow. There are expectations that this year the Chinese economy will grow by about 8%. However, Beijing's crackdown on Chinese tech giants (Alibaba, Tencent), some over-indebted real estate companies (Evergrande, Kaisa), and the private education industry are stalling the economic recovery. The OECD has some predictions that China's GDP growth will be around 5% in 2022. Beijing's commitment to a "zero tolerance" policy for COVID-19, which has kept the country in lockdown for more than a year and imposes severe restrictions even after a single case of infection has been identified, will remain a great risk to the global economy [Pandey 2022].

China is also one of the largest trade partners of Ukraine. Bilateral trade and economic cooperation between these countries in recent years shows constant positive dynamics. During 2017–2021, China's import of Ukrainian goods increased almost four times, while the export of Chinese goods to Ukraine more than doubled [Derzhavna sluzhba statystyky Ukrayiny 2022]. Taking into account trends in the growth of trade in goods, a further increase is expected, not only trade, but also investment flows. China and Ukraine have many points of trade touch on a number of items. At the same time, they are negotiating a free trade zone and the possible signing of a Free Trade Agreement. China is also the first Ukraine's trade partner in agricultural products, almost 15% of all Ukrainian agricultural exports are sent to this country. Trade in services occupies an insignificant place in the total trade in goods and services between these two countries. However, over the past five years, there was a tendency of increasing the share of services in Ukraine's bilateral trade with China [Derzhavna sluzhba statystyky Ukrayiny 2022].

China is investing more and more money in Ukraine both through FDI and through loans and participation in infrastructure projects. China is interested in such areas of investment as agriculture, processing of agricultural products, port and railway infrastructure, renewable energy and the aviation industry. Chinese investments in Ukraine are already available in the field of green energy and agriculture. There are also investments in the development of port infrastructure of Ukraine, in Ukrainian industry, built warehouses and factories for processing agricultural products [Solonyna 2021].

During the armed Russian aggression against Ukraine, in June 2022, China's export volume amounted to 114 million US dollars, and the volume of imports from Ukraine – 76.1 million US dollars, respectively, the value of the trade balance amounted to 37.9 million US dollars. During the year (June 2021 – June 2022), China's exports as a whole decreased by 833 million US dollars (88%) compared to last year, from 946 to 114 million US dollars, while the volume of imports decreased by 1.08 billion US dollars (93.4%) compared to 2021, from 1.16 billion up to 76.1 million US dollars.

In June 2022, the year-on-year decrease in China's exports to Ukraine was primarily due to a decrease in exports of rubber footwear, semiconductor devices and woven fabric made of synthetic thread. The decrease in China's imports from Ukraine in the same period was mainly due to a decrease in imports of frozen fruits and nuts, soybean oil and iron pipes. Telephones, air conditioners, medical instruments, products containing tobacco, nicotine, etc. and cars stood out among the most exported goods from China to Ukraine. In June 2022, the largest volumes of China's imports from Ukraine were such goods as iron ore, corn, insulated wire, electric heaters and plant residues [The Observatory of Economic Complexity 2022].

Chinese leader Xi Jinping still calls the war in Ukraine the "Ukrainian crisis" as Beijing continues to take a position of neutrality. China has refused to criticize Russia's war in Ukraine or even call it an invasion, while condemning anti-Russian sanctions.

Despite the fact that China seems to be showing its concern about the war in Ukraine, at the same time its economic partnership with Russia is deepening. China took advantage of some of the economic opportunities that came with the war. From January to April this year, Russian and Chinese mutual trading grew up by 25.9%. The export from Russia to China grew up by 37.8% to 30.85 billion US dollars. In particular, exports of Russian natural gas to China increased by 15%. It is also interesting that China is trying to replace the EU as a main economic partner of Russia. Chinese businesses were called upon to fill the niche in the Russia's market that remained empty after American and European businesses left the country.

It is also expected that by 2023, almost all China-Russia bilateral trade will denominate in yuan. Chinese companies will occupy the vast majority of segments in Russia's market and become its main partners. The country will most likely be able to buy goods at deep discounts due to Russia's isolation from most world markets, and will use for this its own currency, the yuan [Kashin 2022].

Conclusion. After researching the features of China's foreign economic operations in recent years, some conclusions can be drawn.

An important event took place in 2001, namely the country's entry into the World Trade Organization, which further strengthened China's foreign trade ties. However, since 2018, the external environment for China's international trade has changed, which was associated with the start of the US trade war against China.

In spite of this, the results of the study indicate that neither the trade war launched by former US President D. Trump, nor the deal between the Presidents of the United States and China, according to which China pledged to purchase an additional \$ 200 billion of American exports by the end of 2021, did not significantly harm China's trade balance.

Moreover, external and internal difficulties only strengthened the international competitiveness of China, which, due to the policy of strict regulation, coped with the consequences of the COVID-19 pandemic and American sanctions faster and more efficiently than its competitors (the US and EU countries).

As a result, in recent years, China's current account has grown steadily from 103 billion US dollars in 2019 to 249 billion in 2022 and 317 in 2021, while merchandise exports in 2021 hit a record high of 3.2 trillion US dollars.

At the same time, despite significant success in international trade, China still has serious internal problems associated with overestimated real estate prices and the

low financial stability of national banks. And these problems can negatively affect the international competitiveness of the country in the future.

It has been researched that China was an important trade partner of Ukraine. These countries were discussing a creation of a free trade zone and the possible signing of a Free Trade Agreement. However, due to the fact that China, despite Russia's aggression against Ukraine, is deepening economic relations with the Russian Federation, further prospects for strengthening cooperation between Ukraine and China look problematic.

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