



# Research on the Path of High-Quality Development of China's Service Trade from the Perspective of New Development Philosophy

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**Abstract.** The new development philosophy relates to the overall situation of China's socialist modernization and is the baton leading high-quality development. The high-quality development entails the practical implementation of the new development philosophy, embodying its principles and serving as the fundamental task in the comprehensive construction of a modern socialist country. Service trade, as an important component of international trade and a key area of international economic and trade cooperation, has a significant effect in the implementation of new development philosophy and the establishment of a new development paradigm. Based on the new development philosophy, this paper analyzes the challenges and influencing factors confronting the high-quality development of China's service trade. Hence, proposing propose a pathway for promoting the high-quality development of China's service trade.

**Keywords:** service trade; new development philosophy; high-quality development.

## 1 Introduction

Presently the service trade has evolved into a pivotal driver for facilitating global free trade. and propelling world economic growth. The global economic exchanges and cross-border trade are increasingly expanding beyond the exchange of tangible goods to encompass a wide range of services, with the emergence of new business models such as digital services driving the robust development of service trade. In accordance with the "Global Trade Outlook and Statistics" released by the World Trade Organization, global service trade denominated in US dollars is projected to reach 7.54 trillion US dollars in 2023, representing a 9% increase from the preceding year. The service trade has emerged as a new momentum for economic globalization in the 21st century[1].

Report of the 20th Party Congress emphasized the imperative to comprehensively implement the new development philosophy, foster a new development pattern, and expedite the construction of a powerhouse in trade with the theme on facilitating high-quality development[2]. Vigorously developing service trade is an inevitable require-

ment for responding to the changes in the global value chain, promoting the high-quality development of China's trade, comprehensively implementing the new development philosophy, establishing a new development pattern, and building a trade powerhouse. In view of this, the paper conducts an analysis of the influencing factors on the high-caliber development of service trade, based on the new development philosophy, and proposes a pathway to promote the high-quality development of China's service trade.

## **2 Challenges Confronting the High-Quality Development of China's Service Trade**

In recent years, China has vigorously promoted the exploration and practice of innovation in services trade, therefore trade in services has developed rapidly, playing a crucial role in advancing economic globalization and facilitating high-level opening up. However, compared with the inherent requirements for high-caliber development, the quality and competitiveness of trade in services still confronts challenges such as insufficient extent, uneven level and unreasonable structure, and there is much room for improvement.

### **2.1 Regional Imbalance in Service Trade Remains Serious**

The regional distribution of service trade is imbalanced, with the eastern region exerting dominance while the central and western regions lag behind in development. At present, the development of trade in services between the eastern region and the central and western regions still show a more prominent imbalance. According to the Report on the Development of China's service trade (2022), the import and export of services in 2022 reached US \$780.82 billion in the eastern region, accounting for 88.3% of the country's import and export of services. By contrast, the development of service trade in the central and western regions lags far behind that of the eastern region[3]. This disparity is partly due to their industrial structure being mainly constrained by a weak foundation in the service industry, resulting in greater pressure on their development.

### **2.2 The Structure of the Service Trade Needs to be Optimized**

The optimal structure of service trade demonstrates strong resilience during economic development, focusing on intelligent and high-end positioning within the global value chain[4]. Specifically, knowledge-intensive service trade holds a dominant position and serves as the focal point for development. As the service trade structure advances and digital capabilities improve, the proportion of traditional service trade will decrease, leading to a shift towards higher-end industrial and value chains. Table 1 illustrates that China's current service trade industry is primarily composed of traditional services, positioning it in the middle to lower end of the global service industry value chain. Although there is a noticeable growth in knowledge-intensive service trade, its

proportion has yet to exceed half of total imports and exports, and the resilience of services trade development is insufficient.

**Table 1.** Classified statistics of China's service trade in 2023 (unit: USD 100 million).

Categories of Services		Export and Import amount	Proportion of service trade	
Processing services		184.6	1.98%	
Maintenance and repair services		158.4	1.70%	
The traditional service sector	Transportation	2583.2	27.68%	54.49%
	Travel	2108.2	22.59%	
	Construction	392.9	4.21%	
Trade in knowledge-intensive services	Insurance and pension services	243.8	2.61%	41.36%
	Financial services	80.9	0.87%	
	Intellectual property royalties	534.7	5.73%	
	Telecommunications, computer and information services	1290.1	13.83%	
	Other business services	1651.1	17.69%	
	Personal, cultural and recreational services	58.5	0.63%	
Government services not mentioned elsewhere		44.7	0.48%	

Source: Business Data Center (mofcom.gov.cn)

### 2.3 The Service Sector's Liberalization Needs Further Improvement

According to a relevant survey conducted by the Organization for Economic Cooperation and Development (OECD), China's manufacturing industry is essentially on par with developed economies in terms of openness. However, the service industry exhibits lower levels of openness compared to developed economies, as well as certain gaps when compared to some emerging economies. The survey also indicates that China's opening up in value-added telecommunications, medical health, and other service industries lags behind, and there is a need for further expansion in the breadth of the service industry opening.

Furthermore, in terms of the level of openness in China's service industry, post-border measures such as foreign-invested enterprises' business model, license, business scope, business conditions and business licenses require further liberalization. Reforms in service industry standards and mutual recognition of professional qualifications also necessitate deeper advancement.

### **3 Influencing Factors on the High-Quality Development of China's Service Trade Under the New Development Philosophy**

High-quality development of trade in services relies on the new development concept consisting of five key elements: innovation, coordination, sustainability, openness, and collaboration. This Five Major Exhibition concept provides a comprehensive framework for achieving high-quality development of service trade. Therefore, this paper examines the factors influencing China's service trade's high-quality development from the perspectives of "innovation, coordination, sustainability, openness and collaboration.

#### **3.1 The Innovative Factors**

Innovative development primarily addresses the issue of developmental momentum and emphasizes the integration of development standards and efficiency[5]. Since the 18th National Congress of the CPC, China has pushed forward the innovative development of foreign trade, actively cultivated new forms and modes of business, adapted to the new trends in the development of the global digital economy and the new requirements of sustainable development, and continuously improved the level of trade digitization and greening, so as to open up a new space for high-level opening up and high-quality development through innovation. Currently, China's capacity for trade innovation still requires enhancement, presenting ample room for innovation and growth. To expedite the establishment of China as a formidable trading nation, an emphasis on innovation-driven approaches is essential alongside expanded international cooperation to deepen technological innovations within institutions, business forms, and models.

#### **3.2 The Coordinated Factor**

Coordinated development primarily addresses the issue of imbalanced development and emphasizes comprehensive planning. Only through comprehensive, balanced and coordinated development of trade in services can the 'barrel effect' be eliminated and the requirements for high-quality development of trade in services be met. To maintain coordinated development in service trade, it is essential to address imbalances and inadequacies in development, promote overall growth in volume, and optimize industrial structure. The "14th Five-Year Plan" for Service Trade Development emphasizes the necessity to adhere to a systemic approach, promote coordinated development between services and goods trade, as well as between service exports and imports.

### **3.3 The Green Factor**

Green development aims to maintain harmony between humans and nature through the promotion of green and low-carbon practices[6]. The Global Trade in Services Green Development Trend Report 2023 released by the Global Coalition for Trade in Services points out that green development in trade services encompasses not only the establishment of environmentally friendly, low-carbon, and sustainable modes of operation within the trade services sector itself but also extends to facilitating the transformation and advancement of other industries towards achieving green development.

### **3.4 The Open Factor**

Open development emphasizes the interplay between domestic and foreign development, emphasizing mutually beneficial cooperation and the establishment of a global community. The prosperity and strength of a country in the new era, as well as its revitalization and sustained economic development, depend not only on seizing historical opportunities but also on aligning with current trends, engaging closely with the international community, and opening up to external influences. It can be said that embracing open development is essential for national progress in the new era, as well as for achieving high-quality service trade. The "14th Five-Year Plan" for service trade development highlights the need to deepen reforms and openness in this sector, liberalize market access for service industries, enhance cross-border trade openness, and establish a top-tier platform for reform and openness initiatives.

### **3.5 The Shared Factor**

Shared development primarily focuses on addressing issues of social equity and justice, with an emphasis on the fair distribution of development benefits and the achievement of collective prosperity. It represents the ultimate goal of high-quality progress, encompassing not only the impartial allocation of developmental outcomes but also the reduction of wealth disparity, optimization of urban-rural structure, and stimulation of employment and economic expansion[7].

## **4 From the Perspective of the New Development Philosophy, Promoting High-Quality Development of China's Service Trade**

In the future, China should adopt the new development concept as its guiding principle and persist in advancing profound reforms in service trade, high-level opening up, all-round innovation, and drive overall growth of service trade. This includes optimizing the structure, improving efficiency, and promoting high-quality trade development. Specifically, this can be achieved through focusing on the following five aspects:

#### **4.1 Promote the Enhancement of Innovation and Advancement in the Service Trade Industry**

Firstly, enhance investment in research and development within the service sector, bolster the innovation ecosystem that fosters deep collaboration between industry, academia, and research institutions, and elevate the caliber of research and development conducted at universities and research organizations. Secondly, improve the protection mechanism of scientific and technological innovations, invigorate innovation potential, and facilitate the conversion of scientific and technological accomplishments; Thirdly, innovate the collaborative framework for personnel training in services, fortify international exchanges and partnerships, as well as attract top-tier talents and cutting-edge technologies. Lastly, align with high-standard international economic and trade regulations to enhance policies governing trade in services while cultivating a conducive business environment.

#### **4.2 Promoting the Coordinated Development of Service Trade**

Firstly, to facilitate the transformation and upgrading of traditional industries and expand service exports. Secondly, to enhance the openness of the service industry, improve innovation efficiency, and facilitate coordinated development between service trade and the service industry. Thirdly, to advance digital technology development, integrate traditional service trade with digitization, and enhance the tradability of services. Fourthly, to leverage the mutual reinforcement effect of a dual-cycle economy, optimize regional layout for service trade, and promote the synergistic development of the eastern and western regions.

#### **4.3 Promoting the Green Development of Service Trade**

Firstly, optimizing the policy environment to facilitate the advancement of green trade, supporting the development of green, low-carbon, energy-saving and environmental protection and other industry sectors, encourage the import of energy-saving, carbon-reducing, environmentally friendly, ecological governance and other technologies and services that are urgently needed domestically, and expand the export of green and energy-saving technologies. Secondly, create a platform for the development of green service trade, build a national demonstration zone for the innovative development of service trade, and enhance and perfect the institutional mechanism and correct initiatives to foster the development of green services and service trade[8]. Thirdly, deepening international cooperation on green services trade, accelerating international cooperation on green technology and services trade, actively supporting participation in formulating pertinent international regulations, promoting the establishment of a fair, just, inclusive and universal system of rules and standards for green services trade, and facilitating the development of trade liberalization and facilitation.

#### **4.4 Expanding the Opening Up of Service Trade to the Outside World**

Firstly, market access in the services sector should be relaxed and post-border measures optimized[9]. It is necessary to refine the management system of pre-establishment national treatment alongside a negative list for foreign investment, continue to reasonably reduce the negative list for foreign investment access, classify and relax access, promote the full implementation of opening-up initiatives in the domains of scientific and technological services, financial services, etc., persist in deepening the opening-up of the fields of education, medical and health care, etc., and promote the introduction of the national version and the Pilot Free Trade Zone version of the negative list for cross-border service trade. Secondly, we will build a high-standard system for opening up the service industry in line with high-standard international economic and trade rules. We will strengthen the docking of internal and external standards and mutual recognition of qualifications in the service industry, and accelerate the elimination of barriers within borders.

#### **4.5 Enhance the Level of Shared Development of Service Trade**

Firstly, improve the flexible employment policy of service trade, and gradually relax the restrictive measures on cross-border service trade; strengthen the relevant professional and technical training for the employed personnel in the service industry, enhance the quality of labor force and human resources level, and ensure that the supply of labor matches the market demand; secondly, pay attention to the demand of the residents in the domain of service industry, and promote the expansion of the scale of service trade and the enhancement of its quality, so as to let the general public share the fruits of the development of service trade. Third, encourage the digital transformation of service enterprises. Third, encourage the digital transformation of service enterprises, accelerate the development of the service industry, and promote mass consumption in the vertical upgrading of the depth of expansion[10].

## **5 Conclusions**

This paper first analyses the primary challenges confronting the high-quality development of China's service trade, including the still serious problem of imbalance in the regional distribution of service trade, the need to optimize the structure of the service trade industry, and the need to further improve the level of openness of the services industry. From the perspective of the new development philosophy, we examine the five factors affecting the high-quality development of China's service trade: innovative, coordinated, green, open and shared and on this basis, we put forward the paths to facilitate the high-quality advancement of China's service trade under the perspective of the new development philosophy: improving the level of innovation and development of service trade, promoting the coordinated development of service trade, promoting the green development of service trade, expanding the opening-up of service trade, and enhancing the sharing of service trade.

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