

# Research on the Path of High-Quality Development and Structural Optimization of China's Foreign Trade from the Perspective of Comparative Advantage

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**Abstract:** The comparative advantage theory occupies an important basic position in international trade and division of labor, and is a reference index for most countries to choose import and export trade. However, with the constant changes of the international situation in recent years, the traditional theory of comparative advantage has been biased from the reality in theory and practical application. Therefore, when applying the comparative advantage theory, we should combine China's current national conditions and industrial structure, as well as the complex and volatile international trade environment different from the theoretical assumptions, to improve China's foreign trade development strategy with the times, so as to provide more practical theoretical guidance for the sustainable and high-quality development of China's foreign trade and the upgrading of domestic industrial structure.

**Keywords:** Comparative Advantage; Foreign Trade; Industrial Structure

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## 1. Introduction

### 1.1 Summary of the development of the theory of advantages

The earliest advantage theory can be traced back to the absolute advantage theory proposed by the famous economist Adam Smith. In this theory, each country is considered an absolute advantage to produce a certain product. If each country specializes in specializing in its own advantages according to its absolute advantage, it can effectively use the labor force and capital of various countries in international trade to increase the economic development efficiency of various countries through the effective use of the labor force and capital of various countries. Under such concepts, the absolute advantage theory constitutes the basis of international trade.

D.Ricardo made theoretical improvement on the basis of Adamsmi and proposed a comparative advantage theory. He creatively proposed that even if one country is at a disadvantage in the production of various products and another country, the two countries still have sufficient interest driving to trade. The two parties have obtained the maximum benefits. In this theory, the limitations of absolute advantage theory have been broken in production, and the real motivation of trade between the two countries has been explored.

### 1.2 Research Background

In international trade, comparative advantage theory has always occupied the theoretical foundation. In the context of global economicization, achieving the high-quality development of foreign trade and optimization of domestic industrial institutions have become an increasingly urgent demand in China. Since China joined the WTO, foreign trade has made rapid development, and the trade volume has also increased year by year. However, in recent years, the international trade situation has been complicated and changing. The theory of comparative advantages also needs to meet the requirements of international trade in the new era. At present, China has undergone subtle changes in the development trend of foreign trade. The comparative advantages of traditional labor-intensive industries in the international market are gradually narrowing, and the resource-intensive and technical dense industries in the disadvantages are being chased by catching up the developed countries. Therefore, in the context of the increasingly increasing importance of calling for high-quality development and foreign trade in this article, this article has upgraded the combination of comparative advantage theory with the current basic national conditions and the international trade environment.

## **2. Analysis of the overall foreign trade situation in China**

### **2.1 The development of foreign trade in China**

The first stage is before the international financial crisis, through inspection of the data of China's foreign trade from 2001-2007, we can find that low-tech products represented by the textile and apparel industry have always expanded. From 2001 to 2007, China's trade deficit in capital technology-intensive products continued to expand, which also confirmed that the comparative disadvantages and developed countries in this period have continued to expand during this period.

The second stage can be roughly summarized as 2008-2012. During this period of time, the comparative advantages of China's labor-intensive industries have begun to shrink. At the same time, innovative technology industries have begun to rise. The comparative advantage of trade has gradually emerged.

The third stage is from 2013 to the present. With the new development goals proposed the idea of China's foreign trade, China has indeed gradually developed investment in technology dense and capital-intensive densely. The type of industry is inclined. In the current development process, what China must follow is to ensure that the domestic labor-intensive industries are active while promoting the development of capital technology-intensive industries.

### **2.2 The risks and challenges faced by our country's foreign trade**

China is mainly densely exported resources and labor-intensive products in foreign trade. Capital and technology-intensive industries generally have not yet matured. In the long run, China will fall into the "comparative advantage trap", that is, the role of low-tech product providers and resource losers in foreign trade. As the technological upgrade and cost increase, China's development will be hindered. The risk challenges faced by China's foreign trade basically originate from existing problems in the industrial structure.

### **2.3 The basic conclusion of China's foreign trade status quo**

At the beginning of foreign trade, China took the basic development route of developing countries. It obtained the opportunity to obtain international trade through its huge labor advantages and resource output through its own country. With the steady rise of China's economic development, China has realized the problems of the existence of the "comparative advantage trap", and through the policy to ensure the normal development of the labor-intensive industry, it has vigorously promoted the development of capital-intensive and technology-intensive industries, and strives to convey our country's congenital endowment into elements such as technical capital and other elements. Innovation is the key to the sustainable development of China's foreign trade.

## **3. Suggestions on optimizing the quality of China's foreign trade development and internal industrial structure**

### **3.1 Develop competitive advantages on the basis of maintaining the existing comparative advantages**

Politically refining the above-mentioned domestic industrial structure optimization and adjustment. The first thing to do is to maintain the existing comparative advantages while forming China's own competitive advantage. Labor-intensive products such as the textile industry, as a stable product with a stable advantage in China, need to continue to maintain the original advantages under dynamic management. In the new era and complicated international trade pattern, only the highlands that occupy technological innovation can have the opportunity to enhance the status of the country in international trade. Therefore, for China, the general direction of developing new competitive advantages is to look at the developed countries and use comprehensive utilization.

### **3.2 Promote the development of product technology towards high precision and reverse the image of "Made in China"**

For a long time, China has mainly exported labor-intensive products and raw materials in international trade. However, according to the

theory of dynamic comparative advantages, such a trade method can only make a profitable European and American developed countries that master the cutting-edge technology. improve. In this regard, our country should strive to promote the development of Chinese manufacturing towards high-end and precise directions, and further enhance China's positioning in international trade. When dynamic analysis compares the theory, the level of science and technology is an important variable that cannot be ignored. Therefore, we should strive to improve the current technology content of export products, transform the advantages of labor into technological innovation and market competition advantages, use the opportunity of international trade to attract foreign investment to develop high-end technology industries in China, and use leading technology and technology to reverse the "low" manufacturing in China with leading technology and craftsmanship stereotype.

### **3.3 Strengthen human capital investment and cultivate high-end talents in the new era**

As "Juvenile China" said: talents are the foundation of the country. A country must move towards the dedication of being rich and not from domestic talents. The international situation in the new era is changing, and the requirements for product technology in the international trade market are getting higher and higher. For China, this is the opportunity to improve the level of product technology and occupy the high point of international trade system. Investment of human capital can get a double return after several years, which can not only improve the general quality of China's labor market, but also make up for the current lack of high-end industrial talents. Therefore, one of the important tasks of China's current China is to increase investment in the field of education, cultivate more talents that can stand in the knowledge-intensive industry, and enhance the competitiveness of China's cutting-edge manufacturing industry. The cultivation of talents and the advancement of science and technology are complementary. Therefore, strengthening human capital investment is urgent and improving the status of foreign trade cannot be separated from a large number of national talents.

### **3.4 Strengthening green production in resource-intensive industries is based on sustainable development**

China's resource-intensive industries have developed to this day, and the transformation and upgrading of industries has been urgently needed. Otherwise, the over-consumption and comparative advantages caused by the resource will be irreversible. I think that from now on, China should be aligned with the green standards of international products in the densely resource-intensive industries, and improves the traditional manufacturing methods, so as not to allow highly technological and environmental standards for developed countries to become the trade barriers for our superior product output. After entering the new century of international trade, the green production requirements of resource-intensive industries in various countries have gradually become higher. Traditional single-handed resource-intensive product export trade has become a past. To meet the current international trade requirements The upgrade of product greening and standardization of production processes. In the new era, China's focus on the development of foreign trade should be gradually inclined to technology and capital-intensive industries. For resource-intensive industries, we should combine China's current resource reserves and environment to emphasize green standardized production. As the purpose of development, it is the best strategy to optimize China's industrial structure.

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