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Tao YUAN

# On China's Trade Surplus

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# Preface

China's trade surplus is a focal question, but there are many wrong opinions about it which are very popular, so it is necessary for us to write a book to analyze China's trade surplus and some related questions.

Is China's competitive advantage of foreign trade very strong or not? Some scholars say yes because China's trade surplus is continuously huge. Some scholars say no because there may be just two or three Chinese brands American people know. The book analyzes where the China's trade surplus comes from and what are China's competitive advantages and shortages.

Chinese government, international organizations, foreign governments, Chinese scholars, and foreign scholars are all talking about expanding domestic demand of China, and it seems that some of them believe expanding domestic demand is the only right policy for China because China's huge trade surplus brings trade frictions, dispute about RMB's exchange rate, and environmental pollution. However, expanding domestic demand does not mean giving up export, and the policy of expanding domestic demand should not supplant the policy of supporting export. This problem is one of the emphases in the book.

Trade frictions between China and other countries happened frequently and this problem is closely related with China's trade surplus. How to reduce trade frictions is an important and hard work, and there are some wrong methods like reducing China's exports. We bring forward some methods to reduce trade frictions in the book.

Trade frictions between China and the U.S., dispute about RMB's exchange rate against U.S. dollar are all hot topics which are closely related with China's trade surplus with the U.S. These problems should be solved, but cannot, because the root of these problems is the different basic situations of the two countries' economies. When the U.S. trade deficit with China becomes an excuse for the U.S., China should be clear-headed and find methods to solve it.

There are five graduate students for Ph.D. degree of Department of International Economics and Trade, Nankai University, who participated in this book. They worked hard and supplied materials for this book, and wrote some first drafts.

They are: LIU, Zhi-cheng ([Chap. 1](#)), BAI, Yu-ting ([Chap. 2](#)), LIU, Yan-lei ([Chap. 3](#)), YU, Zi-liang ([Chap. 4](#)), and YANG, Hong ([Chap. 5](#)). We would like to extend our special thanks to Toby Chai.

But the author, YUAN, Tao takes charge of the views of this book.

April 9, 2012

Tao YUAN

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