

The Impact of Business Environment on the Development of Service Trade

-- Taking the Yangtze River Economic Belt as an Example

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Abstract

Since China brought up the policy of reform and opening up, a great number of achievements in international trade has been made and astonished the world with its burgeoning results. During the time, however, one of the most undeniable result underneath is the high-speed developed of service trade. It means that China is no long a country that only export product with low complexity, it has shown the world that a growing business partner has arisen. Meanwhile the business environment has been optimized since the beginning. This article would take one of the most major regions, the Yangtze River Economic Belt, as an example, analysis the mechanism between business environment and service trade, providing workable suggestions.

Keywords

Business Environment; Yangtze River Economic Belt; Service Trade.

1. Introduction

Trade in services high quality development is the important Issues to be solved by the government under the New Development Pattern Strategy. Since the 20th National Congress of the Communist Party of China (CPC), China has further improved its level of opening-up and its trade in services has grown faster than ever before. In the "14th Five-Year Plan," trade in services as one of the important ways to achieve supply-side reform, its rapid development, making China's competitiveness in the international market continue to increase, innovation and management skills has been significantly optimized. It has played an important role in stabilizing the trade and invest between foreign countries and China. According to the World Trade Organization (WTO), the total amount of import and export in our country has rocketed from 419.1 billion US dollar to 2022 year \$1.1534 trillion US dollar. It has become a fundamental part of China's economic growth. One factor that cannot be ignored is the effect of the optimization of the business environment. A good business environment can bring many conveniences and promote the development of import and export of service trade. Policies, laws, infrastructure and labour markets can make important contributions to the high-quality development of trade in services. Taking one of the most developed economic belts, the Yangtze River Economic Belt as an example, it would explode the relations hip between trade in services and business environment is more important for China's current development, which is conducive to China's further opening up and promoting policy as well as the high-quality development of China's trade in services.

2. Literature Review

2.1. Research on Business Environment Optimization

The history of "doing business environment" research is relatively short, the concept was first introduced by the World Bank Group Finance Corporation in # to urge countries to improve their business environment Zhang Huiqing (2017) took the manufacturing industry as an example and used the Business Environment Index published by the World Bank to analyze the impact of business environment development on manufacturing exports. The study believes that a superior business environment is conducive to the development of manufacturing and promote the high-quality development of its exports, and the impact on different regions has obvious heterogeneity. Yu Xiao (2022) used the experience data from 2016-2020 to calculate and compare the development of business environment in China's provinces, and further studied the impact of free trade zone settings on the optimization of business environment. The study believes that the establishment of free trade zones is conducive to narrowing the business environment development gap between regions.

2.2. Research on the Development of Trade in Services

Scholars Bukht and Heeks (2017) propose that the transformation of the new and old functions of the digital economy plays a catalytic role in international competitiveness of the service trade. Jing Wenjun and Sun Baowen (2019) believe that the digital economy promotes the balanced development of service trade resources with new factors under a good technological environment and promotes economic growth. Gao Yanchun, Chen Yi (In 2007, a comparative analysis of the competitiveness of the BRIC countries in services trade showed that: the BRIC countries have different competitive advantages in various service sectors, China and Russia are internationally competitive in traditional service sectors, India is more internationally competitive in emerging service sectors, and Brazil's service trade lacks international competitiveness. Wurz (2008) that the core factors to improve the competitiveness of trade in services are service openness and labor quality, labor productivity and industry size. Vehicle (2009) Comparative analysis of four countries: the United States, Singapore, China and India. The study shows that the overall competitiveness of China's service trade is relatively underdeveloped, especially compare to United States and Singapore. Wang Shuji, et al. (2011) considers foreign direct investment to a country trading in services international competitiveness does not have a significant impact, but economies at different levels of development are heterogeneous in the impact of FDI. PEI Changhong, YANG Zhi yuan (2012) that the main reason of the growth of trade in services include services Industrial market opening, scientific and technological innovation, international direct investment. Azmat (2016) on OECD and Developing Countries The results show that regulatory quality and laws will influence the import and export of financial services significantly. AL-Majali (2018) analyzes the market share of Middle East and North Africa countries for transportation, communications, tourism, and transportation Levels of competitiveness in tourism and other business services sectors. An empirical analysis of gravity models using cross-country panel data is conducted to derive population, GDP, distance and openness have significant effects on service trade. Thousands (2020) Think China and the United States China's service trade competitive advantage is still dominated by labor and resource-intensive traditional service sectors, while the United States has absolute international competitive advantage in capital, knowledge and technology-intensive emerging service sectors.

2.3. Research on the Relationship between Business Environment and Trade in Services

J.S.Arbaiche, A.Dickerson et al. (2004) analyzed the export comparative advantage of developing countries and studies the advantages of developing countries' service export are concentrated

in resource-intensive and factor-intensive sectors, but scientific and technological innovation, enterprise scale and versatile talents will have positive effects on developing countries export. The New York Times (2011) thinks The better the infrastructure is, the more the export decision and export quantity will be increased. Wilson JS (2012) argues that, overall, infrastructure improvements will lead to export growth. The greatest benefit. The better the development of ICT and physical infrastructure, the greater the marginal impact of the country on export performance. Yao Haitang and Fang Xiaoli(2013) consider that the level of infrastructure, educational development and rule of law in a country's environment has an obvious promoting effect on the competitiveness of a country's service trade. Salleh NH, Yang RR et al (2015) Government instability, internal conflicts, foreign conflicts, restrictions on foreign enterprise policies, and corruption are macro-political risks that adversely affect the overall sustainability of an industry and affect corporate innovation activities. Rialp-Criado (2017) argues that China's export-oriented SMEs will be strategic and when The better the institutional environment is integrated, the more likely it is to increase export intensity. Xia Houxue, Tan Qingmei, et al. (2019) Considered rent-seeking In the transitional economy where the market mechanism is not perfect, rent-seeking is a formal means and "relational capital." To some extent, the existence of rent-seeking hinders the innovation activities of enterprises. Optimizing the business environment greatly affects the rent-seeking behaviour of enterprises and the level of market innovation. Qu Ruxiao and Zang Rui(2019) believe that enterprises' ability to improve independent innovation is to improve the quality of export products. Key Drivers of International Competitiveness, human capital and technology these two elements in the enterprise export product quality improvement a critical role to play. Liang Pinghan, Zhou Wei (Through e-government affairs platform and paperless reform Shorten the time for enterprises to handle tax registration and declaration, enterprise funds to obtain more convenience, directly to the enterprise export products direct impact. Li Xiaoli and Dai Kuizao (2020) believe that the upgrading of human capital structure is conducive to promoting trade in services easy structural upgrading and advanced human capital means that the production efficiency of related talents in the service sector is improved, technological innovation is promoted, and the structure of service trade is optimized.

Most of the current studies only focus on the direct impact of business environment optimization on economic development, rarely specify its impact on trade in services, and often ignore the possible impact mechanism between variables. This paper aims to make some innovations: Through the study of the direct mechanism, the paper focuses on the impact of different business conditions on trade in services and makes further analysis in the rapidly developing area of the Yangtze River Economic Belt.

3. Business Environment Analysis of the Yangtze River Economic Belt

The Yangtze River Economic Belt is one of the most dynamic economic belts in China, covering Shanghai, Jiangsu, Zhejiang, Anhui, Jiangxi, Hubei, Hunan, Chongqing, Sichuan, Yunnan, and Guizhou, it is a strategic development zone in China. Because of its geographical advantage, the Yangtze River Economic Belt has become one of the windows of China's opening to the outside world. It has attracted a lot of foreign companies to invest in the region and accelerated the regional economy. The Yangtze River Economic Belt region also has some deficiencies in the business environment. Specifically, the local government's support for enterprises is not enough, the public service capacity in some areas is weak, and the supervision mechanism is not perfect. Especially in terms of environmental protection and ecological construction, some parts of the Yangtze River Economic Belt also have serious pollution and ecological damage, which also has a certain negative impact on business. To improve, the government should strengthen the support to the businesses, improve the public service system, establish a

standard and transparent business climate and supervision system, and improve the quality of service. In addition, we should strengthen ecological protection and governance, promote the coordinated development of the economy, society and environment, and establish a sustainable development model.

4. Trade in Services Analysis of the Yangtze River Economic Belt

The Yangtze River Economic Belt region is rich in human and technical resources, infrastructure and business services, which provide a solid basis for developing trade in services. In addition, the Yangtze River Economic Belt also has a diversified industrial structure and extensive market needs, providing rich opportunities and space for trade in services. At present, the trade in services in the Yangtze River Economic Belt is developing well. In the Yangtze River Economic Belt, finance, logistics, information and consulting have become the pillar industries. With the further expansion of trade in services, the Yangtze River Economic Belt region will also usher in broader trade. The Yangtze River Economic Belt region still has some weak points, mainly in the following aspects: First, some regions lack diversified and high-end services, which leads to insufficient competitive power; Second, the ability to expand the international market of service trade is relatively weak, and the international market resources have not been fully utilized. Third, policy support in the field of trade in services is insufficient, and there is a lack of more refined policy arrangements and implementation. To further develop trade in services in the Yangtze River Economic Belt region, the government can take the following measures to promote trade in services. The second is to further expand opening up, deepen cooperation in the field of trade in services, and enhance the competitiveness of foreign trade in services; Third, promote the structural adjustment of trade in services, accelerate the blooming of high-end and differentiated service products, and improve the added value and international competitiveness of trade in services.

5. Mechanism Analysis

5.1. Introduction of Porter's Diamond Model

The theory was first developed by Michael Porter. Presented in 1990, Porter's diamond theory is mainly through the production factors, demand conditions, related and supporting industries, enterprise strategic structure and peer competition four core elements and opportunities, government two major variables to analyze the competitive advantage of a country or an industry.

5.2. Factor of Production Analysis

The Yangtze River Economic Belt is one of China's service import and export regions. Its excellent resources are undoubtedly the cornerstone of the rapid development of trade in services. By optimizing the business climate, the advanced factor of production can be developed more rapidly, and the senior professionals, professional institutions, and professional facilities can provide a more lasting advantage. At the same time, it can also attract the general factor of production such as capital and unskilled workers.

5.3. Demand Condition Analysis

According to the World Trade Organization, Global trade in services totalled \$6.07 trillion in 2021 dollars. Among them, the tourism services trade and transportation and insurance services trade are the most active, and the Internet and telecommunications services trade is the fastest growing. And the Yangtze River Economic Belt has these advantages. Development of digital, networked and intelligent processes, the demand for services trade will further strengthen, and the world demand for service trade is increasing year by year. With the

development of globalization and intercommunication technology, the proportion of trade in services in the international economy continues to increase and has become a new engine to speed up world economic growth. The demand comes from two aspects. On the one hand, with the development of economic globalization and division of labour, enterprises need to obtain more efficient and professional service support through trade in services to improve industrial competitiveness; On the other hand, with the aging of the population and lifestyle changes, consumers' demand for life services has gradually increased, such as health care, education and training, and domestic services. In addition, governments are increasingly focusing on expanding trade in services, increasing domestic employment opportunities, attracting foreign investment and transferring our trade globally.

5.4. Related and Supporting Industry Analysis

The following industries in the Yangtze River Economic Belt are well developed. ICT Industry, advisory and legal services industries, education and training industries and financial services industries. The optimization of its business environment can significantly affect the quality and quantity of trade-in services. From the ICT industry. It is the key foundation for promoting the digitalization and intelligence of the service industry. In the context of digitalization and intelligence, the ICT industry can provide high-quality service support by improving the technological level of communication, data analysis, and cloud computing. Therefore, policy support and an optimized business environment can promote the development of the ICT industry and further enhance the digital level of the service industry. In addition, professional services such as consulting services and legal services also play an important role in the service trade. By providing expertise and experience, these industries can provide customized services and solutions for other industries, helping companies increase efficiency, save costs and reduce risks. The government can optimize the business environment by improving laws and regulations and providing policy support to promote the development of these service industries. Moreover, in the context of globalization, human capital has become an important resource for enterprises to compete. Therefore, the demand for the education and training industry is increasing. The government can attract international educational institutions into the local market by providing favourable policies and optimizing the business environment, while also promoting integration and cooperation between domestic educational institutions and foreign countries. Finally, financial services are an important component of trade in services. The financial services industry can provide a variety of services for other industries, including settlement, financing, risk management, insurance, etc., to help enterprises to carry out international transactions smoothly. At the same time, an optimized business environment can also promote the development and innovation of financial services companies, and improve their service levels and efficiency.

5.5. Analysis of the Role of Government

The "14th Five-Year Plan" for the Development of Trade in Services was issued in 2021, which listed trade in services as an important part of foreign trade and an important field of foreign economic and trade cooperation. There are also different manifestations in various provinces and cities, such as Anhui Province's "Anhui Province Trade in Services "Action Plan 2022-2025". It is necessary to expand the overall scale of trade in services, improve the quality of trade in services development, optimize the development structure of trade in services, enhance the competitiveness of trade in services brands and improve the development environment of trade in services. Optimizing the business environment is crucial to the development of the service trade industry, and the government should actively take various measures to promote the development of service trade. Reduce market access threshold, provide tax incentives, improve laws and regulations and promote the integration of domestic and international

markets, etc., to create a more favourable environment and conditions for the service trade industry.

5.6. Analysis of Development Opportunities

The economic development of the Yangtze River economy is good, and it is one of the most active economic belts in China. Optimize the business environment, It can reduce trade barriers between countries, industries and enterprises, improve trade efficiency, and further promote the expansion of the service trade market and can reduce transaction costs, improve transparency, and promote cross-border cooperation and investment in trade in services. In addition, optimizing the business environment will also help promote the improvement and innovation of the entire service trade industry chain. To remain competitive, service providers are constantly improving the quality of services to meet the growing needs of customers. Optimizing the business environment can also facilitate the emergence of innovation and enhance international scientific and technological exchanges. The improvement of business climate is usually accompanied by the improvement of government support, including tax incentives, innovative support, etc., which can encourage companies to increase technological research and development input and transfer of results, thereby enhancing the knowledge concentrated degree of pack ice. Finally, optimizing the business environment can promote the development of trade in services, thus bringing more employment opportunities. For example, industries such as legal services and management consulting are in high demand, relatively mature and require high-quality talents, and by optimizing the business environment, these fields will provide employment opportunities for more talents. In summary, the optimization of the business environment can promote several aspects of the Yangtze River Economic Belt. The development of trade in services and the related industries is supported by trade-in service.

5.7. Analysis of Industrial Development Strategy

Our country government already. We will introduce policies and measures conducive to the development of the service trade industry, including reducing industry restrictions, lowering market access thresholds, and strengthening intellectual property protection. Policy support can also promote innovation and technology research and development, and encourage multiple collaborations in multinational operations. In addition to this, Relevant laws, regulations and policies have also been greatly improved. These include commercial contract-making, customer protection, information security and data protection. A transparent and stable legal environment will attract more investment and increase confidence and willingness to cooperate within countries and regions. It's also very important that the government can actively establish various platforms to promote service trade, service outsourcing and cooperation in related industries. For example, international forums and exhibitions, exchange visits and business meetings could be organized to promote communication and information-sharing among enterprises. At the same time, training professionals and technicians will help improve the competitiveness and innovation ability of the service trade industry. In the current digital age, to maximize the potential of the service trade industry, it is necessary to continue optimize digital environment support. This includes promoting the application of new technologies such as big data, artificial intelligence, and the Internet of Things, strengthening information management and security, and introducing digital payment and e-commerce settlement methods. These measures will help improve the efficiency and quality of trade in services and speed up the process of digitization and intelligence in the professional services industry. To sum up, policy support, improving the legal environment, strengthening the construction of cooperation platforms, optimizing the digital environment and other aspects of the improvement, can provide more strategic support for the development of trade in the services industry.

5.8. Industry Competition Analysis

The improvement of the business environment will bring more fair and transparent market competition, which has a profound impact on the competition among the same industry in the service trade industry. By optimizing the business environment, governments can lower market entry barriers and other trade barriers and provide a more level playing field. Such an environment would encourage firms in certain sectors to invest more in capital and technology, thereby improving the quality of the industry as a whole and promoting fair competition among peers. Optimizing the business environment can reduce industry concentration and encourage the emergence of new companies. New entrants are often more innovative and dynamic and face better opportunities. This competitive environment can promote competition among peers and reduce monopolies and cartels. The optimization of the business environment can also promote enterprise innovation, thereby strengthening competition among peers. Good innovations often bring high social benefits and good reputations, such as improving product quality or reducing costs. This kind of innovation also helps to improve the competitiveness of enterprises, attracting more customers and resources. The optimization of the business environment encourages cooperation among peers to increase efficiency and added value across the industry. Enterprises in the service trade industry can cooperate with foreign counterparts to jointly develop products and services or form alliances to promote the upgrading of the entire industry through cooperation in technology, knowledge and market.

6. Conclusions and Suggestion

6.1. Simplifying the Approval Process for Trade in Services, Improving Trade Facilitation

The government can further simplify the examination and approval process of trade in services and reduce the time and links of administrative examination and approval. Specifically, it can improve work efficiency and reduce the cost and time overhead of enterprises by shortening the approval time, shortening the approval process, and implementing online declaration. Enhance the simplicity and convenience of trade, and promote the rapid development of service trade,

6.2. Strengthen Intellectual Property Protection, Improving the Relevant Legal Mechanism

The core of trade in services is intellectual property rights, and the protection of intellectual property rights is crucial to the healthy development of trade in services. The government can take measures to improve the protection mechanism of intellectual property rights and crack down on violations of intellectual property rights to improve the credibility and quality of trade in services. Only in this way can we achieve innovation and development as our constant source of creativity.

6.3. Introduce Advanced Technology and Experience from Abroad and Improve the Relevant Infrastructure.

The government can encourage the introduction of mature models and advanced technologies of foreign service trade so that domestic enterprises can better learn from and learn from, and improve the level and competitiveness of service trade. In addition, international cooperation can be strengthened to expand the import of service trade, provide more abundant and diversified service products and promote the development of service trade.

6.4. Increase Business Engagement and Competitiveness, Creating an Open Business Environment

It can strengthen the support and guidance of enterprises, stimulate the innovation vitality of enterprises, and improve the competitiveness of enterprises in the service trade industry. In addition, we can strengthen the construction and supervision of trade associations, promote the standardization and self-discipline of the service trade industry, and improve the overall level and quality of the service trade industry. Let the companies in the Yangtze River Economic Belt help each other and grow together.

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