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The Impact of Some Macroeconomic Variables on the Foreign Trade of Manufactures in China for the Period (2000-2020)

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Abstract

Foreign trade is considered one of the main components of global economic relations, because it represents the oldest and most developed traditional form of those relations, and it also brings together the countries of the world in one international economic system. China has many industrial fields, the most important of which are the machinery industry and the cement industry, in addition to being the most prominent manufacturers of means of transportation, the most important of which are aircraft, in addition to trains, cars and electronic goods. The research aims to measure and analyze the impact of some macroeconomic variables on the foreign trade of manufactures in China for the period (2000-2020), and the standard study using the ARDL model concluded that the exchange rate affects significantly and directly on the value of foreign trade of manufactures, and this means that the increase of one unit The exchange rate leads to an increase in the value of foreign trade of manufactures by (678) million dollars, and an increase in the domestic product by one unit during the year will lead to an increase in the value of foreign trade of manufactures by about (0.17) million dollars. It means that the increase in public spending leads to an increase in the foreign trade of manufactures by (3.87) million dollars, due to the increase of one unit in the value of public spending. Interest in foreign direct investment will increase the value of foreign trade of manufactures by (0.06) million dollars during the year.

Keywords: Foreign Trade, Macroeconomic Variables, Manufactures, ARDL.

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Introduction

Foreign trade is one of the most important components of economic relations in the countries of the world, and it brings together the different countries of the world in one international and economic system, where foreign trade has moved many economies of the countries of the world towards achieving economic development. Processes that affected and radically changed the global economy. This entails that there should be great interest in the issue of foreign trade, due to what this vital and important sector provides for the development and development of different economies. Foreign direct investment) as a sample for research and its impact on the foreign trade of manufactures in China and an indication of what are the important points that work to improve the economy of this country, the importance of each of the selected variables, and the role that it played in the expansion or narrowing of the foreign trade sector in order to benefit from the results extracted in the future in preparing and drawing up the necessary plans and strategies for the country through which it can develop and raise the efficiency of its commercial center and address the problems that the foreign trade sector suffers from.

Research Problem

The problem can be formulated with the following question: What is the impact of some macroeconomic variables on the foreign trade of manufactures? Is there a quantitative effect of it? How much does it affect the foreign trade of manufactures in China?

Research Hypothesis

The research is based on the hypothesis that some macroeconomic variables play an important role in the foreign trade of manufactures and that the impact of these variables on the foreign trade of manufactures can be measured.

The Importance of the Research

The importance of the research lies in tracking the size of some macroeconomic variables and the foreign trade of manufactures, the nature of the relationship between the two variables, and the extent of the ability and success of these variables in supporting the foreign trade of manufactures.

Research Objective

The research aims to clarify the theoretical framework for the research variables and to measure and analyze the relationship between the macroeconomic variables and the foreign trade of manufactures in China.

Spatial and Temporal Limits of Research

- Temporal research limits for the period (2000-2020).
- Spatial search limits include China.

Research Method

It ranges between theoretical analysis when studying the theoretical framework of each of the macroeconomic variables and the foreign trade of manufactures and the use of standard analysis to show the impact of some macroeconomic variables on the foreign trade of manufactures in China.

The Conceptual Framework of Foreign Trade and Some Macroeconomic Variables

The Conceptual Framework of Foreign Trade

Today, the world is witnessing within the framework of the formation of a new global trading system many fluctuations, which are mainly due to the complexity of economic life in all parts of the world due to the expansion and multiplication of commercial transactions between them, which led to the emergence of international economic blocs seeking to lift customs barriers and restrictions in front of international exchange based on the principle of specialization International division of labour.

A. The Nature of Foreign Trade

Foreign trade is defined as one of the areas that the state adopts to get out of its isolation and search for a way to sell its products and benefit from the price differences, i.e. quick profit (Al-Azzawi, 2018, 29). Despite the different political systems in different countries of the world, they cannot achieve self-sufficiency completely and for a long period of time, because following them forces the state to produce all its needs, despite its economic and geographical conditions that may not enable it to do so. It cannot live in isolation from other countries, meaning that the state, like individuals, cannot produce all the goods and services it needs. Rather, it is required to specialize in the production of goods that its natural and economic conditions qualify it to produce, and then exchange them for surplus products of

other countries that it cannot produce within its borders. Or you can produce it, but at a high cost, as then importing from abroad becomes preferable (Younis and Mubarak, 1996, 12).

B. The Importance of Foreign Trade

The importance of foreign trade emerges through the role it plays in economic, social and political life, as it is possible through this role to define the political features of the state and the basic aspects, problems and manifestations of its relationship with other countries (Al-Sarn, 2000, 57). The importance of foreign trade can be summarized through the following: (Al-Wadi et al., 2009, 270-271).

1. Foreign trade plays an effective role in achieving the process of economic and social development in developing countries, through which these countries can obtain what they need in terms of technology, manufactured and semi-manufactured materials, and technical expertise necessary to achieve their development programs. The importance of foreign trade for developing countries appears if we take into account Considering that there are many developing countries that depend on the formation of their national income on the raw materials and raw materials (agricultural and mineral) they export, as is the case with the countries of (the Gulf - oil), (Brazil - coffee).
2. Foreign trade helps increase the interdependence and overlap between the different economies, and this has an impact on reducing regional and international conflicts and the rule of stability in the world.
3. Foreign trade helps to improve the conditions of the trade balance of many countries, and this has an impact on improving their balance of payments.
4. Foreign trade is of great importance in the process of specialization and division of labor, which has become one of the manifestations and basics of the international economy, given what it can do in reducing costs, increasing production and productivity, improving quality and optimal use of available resources, as according to this trend, each country will specialize in the production of goods and services that are distinguished for its production. With a comparative advantage over the rest of the other countries and depends on the import of commodities that are not distinguished by their production with a comparative advantage.
5. Foreign trade gives the opportunity for every country to obtain some goods and services for which the means of production are not available to it, either for the lack of material and human capabilities that allow their production or for the lack of appropriate natural and climatic conditions, and even if those capabilities are available, they may produce them at greater costs than If it had imported it from abroad (Al-Azzawi, 2018, 34).

C. Factors Affecting Foreign Trade

There are many factors that affect foreign trade, and they can be summarized as follows: (Al-Wadi et al., 2009, 231-232)

1. Ease of transportation and transportation costs. A country that enjoys cheap costs and good transportation between it and other countries increases its trade volume, unlike other countries that are less than it in this respect.
2. The absence of artificial barriers between countries. The system of quotas, customs duties, and other systems followed by different countries in terms of imports impede foreign trade and reduce its quantity.
3. The relative superiority in most branches of production and the high production efficiency thereof. Whenever the state enjoys relative superiority and high efficiency in some industries, this in turn leads to support for countries' tendency to specialize and thus to their expansion in this industry and increase in exports.
4. Different tastes and opinions about commodities: Sometimes there are many types of the same commodities, such as (types of cars, soft drinks, etc.), and often countries export some brands and import others at the same time, which creates what is called the phenomenon of intra-commodity trade. itself.
5. Income Effect: Theories of foreign trade give an effective role and an important place for the demand side, especially the Linder theory, which is one of the most important and well-known. per capita income (Al-Azzawi, 2018, 32).
6. Multinational companies: Trade between these companies and their branches represents a large and growing part of the total volume of trade, and given its additional importance in transferring capital and technology between countries, the process of producing goods is no longer carried out in one country, but rather through the production of parts by companies with The comparative advantage or ownership of the technology required to produce this part in different countries (global commodity). Multinational companies contribute significantly to the growth of foreign trade volume, especially among countries that have important branches (Shafie, 2008, 15).

The Conceptual Framework for Some Macroeconomic Variables

At the global level, many variables appeared in various political, economic, scientific, technological, environmental and other fields that began to overlap with each other, which made them have a great impact on the balance of political

and economic forces, and were reflected in their impact on the overall internal conditions of each country, and on this basis we will discuss in this The topic is some macroeconomic variables, my agencies:

A. Exchange Rate

The exchange rate mechanism is the main element in modern financial thought due to its importance in adjusting and settling the balance of payments for all countries following the path of growth, which are characterized by the presence of chronic structural deficits in accordance with macroeconomic policies (Hatem, 1995, 131).
Therefore, the exchange rate can be defined as the price at which the local currency is exchanged for a foreign currency, that is, it is the price at which the local currency is converted into a foreign currency (Khalaf, 2001, 203).
It can also be defined as the number of units of a particular currency that must be paid to obtain one unit of another currency (Al-Habib, 2000, 573). It is also defined as the number of units of the national currency that pays the price of one unit of the foreign currency (Hamidah, 2008, 7).

B. Gross Domestic Product

The Gross Domestic Product (GDP) is one of the most important economic indicators that express the level of economic activity of the state and the efficiency of its performance. Data related to the GDP help the possibility of rational economic decision-making, because the GDP is linked to the material and service side on the one hand, and the labor market and the labor market (labor supply and demand) on the other hand. On the other hand (Al-Jubouri, 2017, 113).
GDP is defined as the total market value of final goods and services that a country produces during a given year (Taurus, 2010, 150). It is also defined as the values of final goods and services of all kinds, including (allocations for the consumption of investment goods or replacement investment) produced by the economic community from residents within the national borders of the country during a certain period of time, often a year. Based on the two previous definitions, the gross domestic product includes all goods and services that are produced locally (within the geographical area of the country) even if part of these products are produced in units owned by non-citizens of the concerned country because they have residency status, and on this basis, the income generated from Domestic product is local income, so the view of GDP is geographically based, regardless of the nationality of those who own the production units. Therefore, the income obtained by a foreign company that invests in a specific country is included in the estimate of the domestic income of that country, and in return the income received by citizens of the same country. As a result of their investment abroad, it is included in the estimate of the national income and is not included in the estimate of the domestic income of the concerned country (Al-Jabouri, 2017, 114).

C. Public Expenditure

- ***The Concept of Public Expenditure***

It is an amount of money that comes out of the state's financial responsibility or one of its governmental institutions with the intention of satisfying public needs. Cash paid by the public treasury after being approved by the legislative authority to be spent by a public person to provide public goods and services and achieve economic and social goals (Zughair, 2017, 8).

- ***Forms of Public Expenditure***

The state's public expenditure, despite its multiplicity and different purposes, takes the following forms: (Al-Omar, 1981, 205)

1. Salaries and wages of state employees and workers, and pensions.
2. State purchases of goods and services.
3. State repayment of principal and interest on public loans.
4. The prices of grants, in-kind aid and social security amounts.

D. Direct Foreign Investment

The process of foreign capital inflow is one of the main features of the phenomenon of financial globalization, in addition to being an important source of external financing necessary for programs and projects of economic growth in the countries of the world. The first economists talked about it as the movement of capital, and because of the importance of this topic, we will discuss the concept and importance of foreign direct investment.

- ***The Concept of Foreign Direct Investment***

It is the inflows of foreign capital with the aim of creating companies in a particular country or expanding another country. The distinguishing feature of this investment is that it does not include the transfer of resources only, but also

the acquisition and ownership of assets in the host country (Abu Sharar, 2010, 222). Foreign investment is defined by the International Monetary Fund as a set of desired and different operations in influencing the market and running the national institution in a country that differs from the mother institution's country (Al-Eid, 2011, 2).

Foreign direct investment is also defined by the Organization for Economic Cooperation and Development as an activity that demonstrates the goal of a resident entity in an economy to obtain a sustainable benefit in a resident entity in another economy. The concept of sustainable benefit is imposed by the existence of a long-term relationship between the institution and the direct investor, and the exercise of effective influence. In the management of the institution on the other hand (Al-Samarrai, 1999, 11).

Through the previous three definitions, we can obtain a specific definition of foreign direct investment as a long-term relationship between two countries, the first is an investor and the second is a host of the investing country, and through this relationship, institutions and projects that belong to the host country are controlled and owned by both countries, and they may share this ownership (foreigners) or (citizens).

- ***The Importance of Foreign Direct Investment***

Economists differed among themselves about the importance of foreign direct investment to the host countries, as they were divided into two parts, the first: the proponents of the modern theory, and the second the owners of the traditional or classical theory, and the owners of the modern theory believe that there is a relationship linking both sides of the investment (companies multinational and host countries) called the relationship of common interest and thus benefit each other to achieve a specific goal or set of goals as there is no one-sided match, but rather a match of a special nature in which each party gets many returns, and therefore the type, number and size These returns that each party obtains depend on the policies followed in the host countries (Al-Jubouri, 2016, 25).

The Economic Reality in China

China is located in southeastern Asia and is bordered to the north by Russia, Mongolia and Kazakhstan, to the west by Tajikistan, Afghanistan, Pakistan, India, Nepal, Bhutan and Myanmar, to the south by Laos, Vietnam and the South China Sea and to the east by the East China Sea, the Yellow Sea, North Korea and Russia.

Estimates for the year 2020 show that the population of China has reached (1.414) billion people (World Bank data).

The population density of China for the year 2020 is (154) people / km2 (population density in China hijra. news)

China is looking forward to reviving its economy like other countries, as China has begun a growth strategy for its economy. Here are the most prominent of these steps: (https://mawdoo3.com)

1. Focusing on heavy industries, as China is today the largest exporter of steel in the world and produces and manufactures half of the world's production of steel.
2. Its mining fields are thriving, as China mines many materials such as coal, gold, and oil in addition to gas.
3. China is trying to reduce its dependence on coal, increase reliance on renewable energies in the future, and increase the use of natural gas.
4. China has several oil resources and natural gas sources, but not all of them have been discovered yet.
5. China is one of the countries that are candidates for the production of hydroelectric power in huge proportions, as it completed in 2012 the construction of the Three Gorges Dam, which is today the main producer of electricity for cities located in southern China.
6. China is a striking industrial superpower. In addition to the huge textile and fabric sector, China is distinguished by many industrial fields, the most important of which are the machinery industry, cement industry and food processing.
7. China is one of the most important regions that work in assembling foreign electronic parts, and it is the most important pioneer in this field.

China is distinguished for being a good example for manufacturing and exporting, as it enjoys a high export advantage, and its exports of goods and services amounted to (27232.5) billion dollars for the year 2020. The exports of technology and information goods amounted to about (39) billion dollars, and the exports of bases and minerals constituted 1.12% of the exports of goods. The exports of manufactures accounted for 93.5% of the exports of goods, and the exports of foodstuffs accounted for (2.7%) of the exports of goods. (World Bank data)

While the total value of imports in China amounted to (23571) billion dollars at current prices

In the year 2020, this huge economic giant imports a lot of commodities, the most important of which are electrical equipment and medical instruments. Insider Monkey has published a list of the ten largest exporting countries to the Chinese market, led by South Korea (https://www.argaam.com).

These countries are South Korea, Japan, Taiwan, the United States, Germany, Australia, Malaysia, Brazil, Switzerland and Thailand.

China is located in advanced centers in economic development, with a gross domestic product of (143,348) billion dollars in 2020, according to World Bank statistics, and the per capita GDP is (10,435) US dollars in 2020, and the unemployment rate is low, reaching about (5%) for the aforementioned year. About (27.4%) of the workforce works in manufacturing, (47.3%) in community and social services, and (25.3%) in agriculture.

Measurement and Analysis of the Impact of Some Macroeconomic Variables on the Foreign Trade of Manufactures in China for the Period (2000-2020)

Description of the Model Variables

The impact of some of the macroeconomic variables described in Table (1) on the foreign trade of manufactures in China is measured according to the statistical program E-views 9. The following is a description of the model variables:

A. Dependent Variables

It is expressed in one variable, which is the foreign trade of manufactures (Y), which is in billions of dollars.

B. Independent Variables: It Consists of Four Variables

- The foreign exchange rate representing the explanatory variable (X1).
- GDP, which is the explanatory variable (X2).
- Public expenditure, which represents the explanatory variable (X3).
- Net foreign direct investment flows, which represents the explanatory variable (X4).

The following table represents the study data:

Table 1: Some Macroeconomic Variables and Foreign Trade of Manufactures in China for the Period 2000-2020 (Billion Dollars)

Year	Exchange rate (X1)	GDP (X2)	Public expenditure (X3)	Foreign direct investment (X4)	Exports of Industrial goods	Imports of Industrial goods	Foreign trade of manufactures (Y)
2000	8.27	12113.5	1176.7	42.1	981.7	1684.5	2666.2
2001	8.27	13394.0	1178.4	47.1	1049.5	1888.9	2938.4
2002	8.27	14705.5	1304.3	53.1	1306.8	2349.8	3656.6
2003	8.27	16602.9	1428.1	57.9	3516.7	3256.3	6773.0
2004	8.27	19553.5	1611.3	68.1	4803.1	4223.8	9026.9
2005	8.19	22859.7	1890.2	1041.1	6383.8	4822.2	11206.0
2006	7.97	27521.3	2145.7	1240.8	8291.7	5633.6	13925.3
2007	7.60	35521.8	2511.8	1562.8	10531.9	6545.5	17077.4
2008	6.94	45982.1	3224.3	1715.4	12552.0	7014.0	19566.0
2009	6.83	51099.5	4272.2	1310.6	10546.8	6475.1	17021.9
2010	6.77	61006.2	4894.9	2437.0	13905.4	8579.9	22485.3
2011	6.46	75725.5	5878.2	2800.7	16866.9	9864.6	26731.5
2012	6.31	85605.5	7391.7	2412.4	18537.3	10032.2	28569.5
2013	6.19	96072.2	8328.7	2909.3	20201.0	10722.9	30923.9
2014	6.14	104820.0	9372.4	2680.9	21089.1	11277.3	32366.4
2015	6.22	110647.0	10219.5	2424.9	20208.3	10361.3	30569.6
2016	6.24	111991.0	10679.2	1705.6	18649.8	10467.3	29117.1
2017	6.24	123104.0	12049.5	1660.8	22540.8	13206.8	35747.6
2018	6.24	138948.0	13735.2	2353.6	24707.3	14948.7	39656.0
2019	6.24	124799.0	14175.6	1871.7	24494.6	14951.6	39446.2
2020	6.24	147227.0	14482.2	1871.7	25547.7	14779.0	40326.7

Source: The table from the researcher's work based on The World Bank data.

The Time Series Stability Test

Table 2: Results of the Stability Test of the Time Series for the Study Variables

KPSS Test						
Vector	Test	At Level				
		Y	X1	X2	X3	X4
With constant	t-Statistic Prob.t	0.9781 ***	0.9548 ***	0.9876 ***	0.9672 ***	0.8421 ***
With constant & Trend	t-Statistic Prob.t	0.1322 *	0.1334 *	0.2153 **	0.2504 ***	0.1887 **

Source: The table was prepared by the researchers based on the outputs of the program Eviews9.

Notes

- (*) Significant at the 10%; (**) Significant at the 5%; (***) Significant at the 1%. and (no) Not Significant
- Lag Length based on SIC

Through the results of Table (2), it is clear that the time series of the variables (Y, X1, X2, X3, X4) are stable at the level, whether in the presence of a categorical at a level of significance (1%) and in the presence of a categorical and general trend at a level of significance (1%, 5%, and 10%) according to (KPSS Test)

Choose the Optimal Deceleration Period

Through the results of Table (3), it is clear that the optimal slowing period in estimating the model is (2) according to the (Akaike, Schwarz, and Hannan-Quinn) test.

Table 3: The Results of Selecting the Optimal Deceleration Period According to Statistical Criteria

VAR Lag Order Selection Criteria						
Endogenous variables: Y X1 X2 X3 X4						
Exogenous variables: C						
Sample: 2000Q1 2020Q4						
Included observations: 61						
HQ	SC	AIC	FPE	LR	LogL	Lag
68.60443	68.70964	68.53662	4.01e+23	NA	-2085.367	0
50.23954	50.87082	49.83268	3.03e+15	1073.799	-1489.897	1
48.29554*	49.45289*	47.54964*	3.14e+14*	155.1356*	-1395.264	2
48.78317	50.46658	47.69823	3.80e+14	30.19906	-1374.796	3
* indicates lag order selected by the criterion						
LR: sequential modified LR test statistic (each test at 5% level)						
FPE: Final prediction error						
AIC: Akaike information criterion						
SC: Schwarz information criterion						
HQ: Hannan-Quinn information criterion						

Source: The table was prepared by the researchers based on the outputs of the program Eviews9.

Cointegration Test Using Johanson's Method for the Relationship Between Research Variables

Table 4: The Results of the Cointegration Test Using the Johansson Method for the Relationship Between the Research Variables

Sample (adjusted): 2000Q4 2020Q4				
Included observations: 61 after adjustments				
Trend assumption: Linear deterministic trend				
Series: Y X1 X2 X3 X4				
Lags interval (in first differences): 1 to 2				
Unrestricted Cointegration Rank Test (Trace)				
Hypothesized		Trace	0.05	
No. of CE(s)	Eigenvalue	Statistic	Critical Value	Prob.**
None *	0.625345	130.9105	69.81889	0.0000
At most 1 *	0.419323	71.02374	47.85613	0.0001
At most 2 *	0.306440	37.86656	29.79707	0.0048
At most 3 *	0.183188	15.54555	15.49471	0.0491
At most 4	0.051144	3.202410	3.841466	0.0735
Trace test indicates 4 cointegrating eqn(s) at the 0.05 level				
* denotes rejection of the hypothesis at the 0.05 level				
** MacKinnon-Haug-Michelis (1999) p-values				
Unrestricted Cointegration Rank Test (Maximum Eigenvalue)				
Hypothesized		Max-Eigen	0.05	
No. of CE(s)	Eigenvalue	Statistic	Critical Value	Prob.**
None *	0.625345	59.88672	33.87687	0.0000
At most 1 *	0.419323	33.15718	27.58434	0.0086
At most 2 *	0.306440	22.32101	21.13162	0.0339
At most 3	0.183188	12.34314	14.26460	0.0984
At most 4	0.051144	3.202410	3.841466	0.0735
Max-eigenvalue test indicates 3 cointegrating eqn(s) at the 0.05 level				
* denotes rejection of the hypothesis at the 0.05 level				
** MacKinnon-Haug-Michelis (1999) p-values				

Source: The table was prepared by the researchers based on the outputs of the program Eviews9.

Table (4) shows the results of the co-integration test, as it is clear that there are four cointegration vectors according to the (Trace) test, and there are three cointegration vectors according to the (Maximum Eigenvalue) test. Thus, we reject the null hypothesis that there is no co-integration at the level of Significant (5%) We accept the alternative hypothesis that there is a cointegration relationship between the variables of scavenging at a significant level (5%), and this indicates the existence of a long-term equilibrium relationship between the variables.

Autoregressive Test (VAR)

Table 5: The Results of the Autoregressive Test (VAR) for the Relationship Between the Research Variables

Vector Autoregression Estimates			
Sample (adjusted): 2000Q3 2020Q4			
Included observations: 62 after adjustments			
Standard errors in ( ) & t-statistics in [ ]			
	Y	X3(-1)	3.870965
Y(-1)	1.490468		(1.73107)
	(0.17888)		[2.23617]
	[8.33211]	X3(-2)	-1.651057
Y(-2)	-0.473453		(1.55832)
	(0.17894)		[-1.05951]
	[-2.64591]	X4(-1)	0.065132
X1(-1)	678.6208		(0.73455)
	(2295.78)		[0.08867]
	[0.29560]	X4(-2)	0.406827
X1(-2)	-1436.065		(0.74896)
	(2247.66)		[0.54319]
	[-0.63892]	C	7174.047
X2(-1)	0.173380		(4785.60)
	(0.19313)		[1.49909]
	[0.89776]		
X2(-2)	-0.424325		
	(0.21041)		
	[-2.01667]		
R-squared	0.997554	Log likelihood	-470.2075
Adj. R-squared	0.997075	Akaike AIC	15.52282
Sum sq. resids	14037457	Schwarz SC	15.90022
S.E. equation	524.6373	Mean dependent	19382.29
F-statistic	2080.066	S.D. dependent	9699.839

Source: The table was prepared by the researchers based on the outputs of the program Eviews9.

Table (5) shows the results of the (VAR) test to reveal the relationship between the variables of the study, as the results show that there is a direct relationship between the independent variable the exchange rate (X1) and the dependent variable foreign trade of manufactures (Y), meaning that increasing the independent variable by one unit will lead to an increase in The independent variable increased by (678), but after two years the relationship became inverse, meaning that increasing the independent variable by one unit would lead to a decrease in the dependent variable by (-1436). As for the relationship between the independent variable Gross Domestic Product (X2) and the dependent variable Foreign Trade of Manufactures (Y), it is direct, meaning that increasing the independent variable by one unit will lead to an increase in the dependent variable by (0.17). The independent variable by one unit will decrease the dependent variable by (-0.42).

As for the relationship between the independent variable "total public spending" (X3) and the dependent variable, foreign trade of manufactures (Y), it is also direct, meaning that increasing the independent variable by one unit will lead to an increase in the dependent variable by (3.87), but after two years the relationship has become inverse. That is, increasing the independent variable by one unit will lead to a decrease in the dependent variable by (-1.65). As for the relationship between the independent variable, foreign direct investment (X4) and the dependent variable, foreign trade of manufactures (Y), it is direct, meaning that increasing the independent variable by one unit will lead to an increase in the dependent variable by (0.06). To increase the dependent variable by (0.40).

It turns out that the significance of the estimated model was substantial, and that the coefficient of determination (R^2) was tested, which amounted to (99%), meaning that the independent variables explain about (99%) of the changes that occur in the independent variable, while the remaining percentage (1%) is random errors. The model did not take it

into account. The significance of the model as a whole has reached the value of (F) statistical (2080), which is significant at the level (1%), meaning that the model is essential, important and can be relied upon in the future for the purposes of planning and forecasting.

Test the Causal Relationship Between Research Variables

Table 6: The Results of the Causal Relationship Test Between the Research Variables

Pairwise Granger Causality Tests			
Sample: 2000Q1 2020Q4			
	Lags: 1		
Null Hypothesis:	Obs	F-Statistic	Prob.
X1 does not Granger Cause Y	63	0.94647	0.3345
Y does not Granger Cause X1		6.12251	0.0162
X2 does not Granger Cause Y	63	8.22373	0.0057
Y does not Granger Cause X2		78.8770	0.0000
X3 does not Granger Cause Y	63	7.41367	0.0085
Y does not Granger Cause X3		71.5763	0.0000
X4 does not Granger Cause Y	63	10.2803	0.0022
Y does not Granger Cause X4		4.99046	0.0292

Source: The table was prepared by the researchers based on the outputs of the program Eviews9.

Table (6) shows the results of the causal relationship, as the following shows:

- There is a one-way causal relationship between (X1 and Y).
- There is a two-way causal relationship between (X2 and Y), that is, a change in the variable X2 causes a change in the variable Y, and also a change in Y causes a change in X2.
- There is a two-way causal relationship between (X3 and Y), that is, a change in the variable X3 causes a change in the variable Y, and also a change in Y causes a change in X3.
- There is also a two-way causal relationship between (X4 and Y).

Conclusions and Suggestions

Conclusions

1. It is clear from the results of the time series stability test that the time series of the variables (X1, X2, 3X, X4, Y) are stable and affect the value of foreign trade of manufactures in China during the period (2000-2020) at a level of (1%, 5%) according to the KPSS test.
2. The results showed that the exchange rate is directly related to the value of foreign trade of manufactures, and this means that an increase of one unit in the exchange rate leads to an increase in the value of foreign trade by (678) million dollars.
3. It is noted from the results of the autoregressive model for the distributed slowing periods of the GDP on the value of foreign trade was significant. This means that an increase in the domestic product by one unit during the year will lead to an increase in the value of foreign trade by about (0.17) million dollars.
4. Public expenditure is associated with a direct relationship with foreign trade, and this means that an increase in public spending leads to an increase in foreign trade by (3.87) million dollars for a one-unit increase in the value of public spending.
5. The interest in foreign direct investment will increase the value of foreign trade by (0.06) million dollars during the year due to an increase in the value of foreign investment by one unit, and that the direct foreign investment coefficient appeared to have a significant impact on the value of foreign trade at a significant level of (1%).
6. It is clear from the results of the causal relationship that there is a causal relationship in one direction for the independent variable, the exchange rate. As for the other three variables, there is a two-way causal relationship between them and the dependent variable (foreign trade of manufactures in China).

Suggestions

1. Certainly, it is not possible to reproduce the experiences of countries in their entirety. The circumstances in which China developed and its geographical location make it a distinguished country in its trade and industry. However, this does not prevent us from drawing some lessons and lessons that could be beneficial to developing countries in general and to Arab countries in particular that were unable to do so. Achieving a comprehensive renaissance despite the fact that some of them possess strategic natural resources, led by oil, and huge financial resources.

2. Developing countries, as they build their development experiences, must take into account the need to open up to the outside world and benefit from globalization and foreign investment, but in accordance with the strategic necessities of national interests and in a way that serves their development goals.

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