

# Analyzing the relationship between fair trade and sustainable development indicators in China for the period (2004-2021)

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**Abstract:** *The research sheds light on the relationship between fair trade and sustainable development indicators in China for the period (2004-2021). It aims of determining whether this improvement or deterioration that fair trade has witnessed is due to a recovery or contraction in the size of some sustainable development indicators or due to other factors, by conducting an analytical study to clarify this. The research includes six components focusing on various aspects: firstly, examining the concept of fair trade and its economic goals; secondly, exploring the concept of sustainable development and its economic objectives; thirdly, analyzing the structure of foreign trade in China; fourthly, studying the geographical distribution of foreign trade in China; fifthly, evaluating certain indicators of sustainable development within China; and finally, assessing the role of fair trade in advancing sustainable development in China.*

**Keywords:** China's economy, fair trade, sustainable development indicators.

## Introduction

The relationship between developing and developed countries in the exchange of industrial goods for raw materials has been manifested in unfair prices and terms that favored the developed countries. They could obtain a very large quantity of raw materials, manufacture them in company factories, and resell them at very high prices to ensure huge profits without paying fair wages to these farmers proportional to their trade volume and the profits these companies make. This has clearly impacted the economies of countries, as developing nations remain unable to meet their needs. Small business owners cannot achieve the desired gains from their projects due to the lack of fair trade. This has led some cooperatives and companies to adopt fair trade as a remedy for the economies of developing countries. Choosing fair trade-certified products is considered a way to support individual producers and emerging companies. The main goal of fair trade is to build a global model based on economic empowerment and sustainable livelihoods, which is the foundation of a market that works for everyone. The issue in research stems from the widening disparity between developed and developing countries in economic development measures, as advanced nations secure significant profits and gains at the cost of developing countries. This is accomplished by exploiting developing nations through buying their goods at low prices, while selling their own products at higher prices.

## Research objectives

The research aims to uncover specific facts regarding the relationship between fair trade and sustainable development indicators, as well as to identify the economic aspects that lead to imbalances in China's foreign trade structure.

## Research Hypothesis

- 1- It is expected that under the implementation of fair trade by both developing and developed countries, foreign trade rates will increase, and developing countries will achieve significant economic gains and returns for both parties.
- 2- Some monopolistic trade policies of certain companies and institutions in some developed countries may hinder the positive effects of fair trade implementation.

### Research methodology

To achieve the desired objectives of the research, the deductive approach was adopted to clarify all theoretical aspects of the study, along with the descriptive-analytical method that facilitates the comparison between the theoretical aspect of the study and the field reality of the economy in China. China is considered the spatial dimension of the research, and the temporal boundaries will cover the period (2004-2021).

## 1. Fair trade

International economic relations, post the signing of the General Agreement on Tariffs and Trade (GATT), are typically driven by specific reasons and motivations that vary from one country to another. These motivations may stem from political, economic, or social factors, indicating that trade is guided by the objectives influencing countries to engage in trade with other nations. Consequently, advanced countries have seized control of the global economy by following a path that deviates from fairness. The inception of this system commenced immediately after World War II and was epitomized in the outcomes of the Bretton Woods Conference held from July 1 to 22, 1944, which established key components such as the International Monetary Fund, the World Bank, and the GATT. This era was marked by the dominance of advanced nations, with the relationship between them and developing countries evident in the exchange of industrial goods for raw materials at unjust prices and terms that favored the developed nations.

The necessity for an international trade system founded on the principles of fair trade and enhancing human well-being has become apparent. This form of trade emerged in certain impoverished communities in the United States following World War II. A straightforward definition of this trade model could be described as a collection of economic and social principles and practices with the primary aim of promoting trade justice and equality between developed and developing nations, supporting small producers by establishing equitable prices for their goods (Karmieh & Hamo, 2022). It can be characterized as a trade partnership governed by specific criteria to achieve fairness and equality in trade, safeguarding the rights of all participants in global trade, including producers, importers, and exporters, while also enhancing the commercial environment for vulnerable producers to foster sustainable development (Fitzgerald, 2012). Additionally, it can be interpreted as a term embraced by individuals aspiring to live in an environmentally conscious economy, where their consumption choices contribute to the preservation of the environment and communities (Njamar & Marion, 2020).

The majority of goods produced and traded under this system are organic products. Farmers and craftsmen involved in this trade initially become members of cooperative organizations that oversee production and trade based on fair trade principles. This system offers several benefits that set it apart from previous trading systems. One key advantage is the establishment of a minimum price, referred to as the price floor paid to farmer organizations when they sell their products through fair trade. This form of trade is recognized as a fair trade movement where producers receive a fair price, and buyers pay an additional premium to safeguard the rights of producers, aligning with the estimated average cost of sustainable production (Darko et al., 2017).

The concept of fair trade became more apparent through the initiatives of Oxfam, representing a consortium of organizations dedicated to alleviating poverty and creating conducive environments for small artisans and farmers to engage in the market. They establish regulations that cater to production in developing countries, marginalized producers, and advanced nations.

In 2001, four international organizations operating within the fair trade framework—comprising the Fair Trade Federation, the Fairtrade Labeling Organization International (FLO), the Network of European Workshops (NEWS), the European Fair Trade Association (EFTA), and the International Fair Trade Association (IFTA)—introduced a unified definition of fair trade. It is described as a trade partnership built on specific principles like dialogue, transparency, and respect, aiming to promote fairness in international trade by providing advantageous conditions for producers and consumers. This endeavor contributes to improving living standards in Southern countries and fostering sustainable development (Njamar & Marion, 2020).

Fair trade can be described as a system that aims to improve trading conditions, focusing primarily on goods exported from developing countries to more advanced nations. This trade model is rooted in principles of justice and fairness, ensuring fair pricing for exchanged products based on established social and environmental standards. Beyond exporting products from small producers to global markets, fair trade also incorporates local markets. The primary objective of fair trade is to guarantee fair wages for producers in developing and impoverished nations, aiming to reduce inequalities and support the growth of these countries.

Based on the aforementioned concepts, a comprehensive understanding of fair trade suggests a system with explicit principles and standards that benefit communities. It is designed to assist producers in developing and underprivileged countries in establishing sustainable and equitable trade relationships. Fair trade promotes sustainable development by offering improved trading conditions and protecting the rights of marginalized producers and workers in developing nations. Additionally, it advocates for heightened awareness, the transformation of traditional trade regulations, and the adoption of fair trade practices grounded in equitable principles for the benefit of both producers and consumers.

### ***The objectives of fair trade***

The objectives of fair trade encompass the development of communities, involvement of local populations in production decisions, and the enhancement of their living standards. These are core aims pursued by fair trade organizations. The International Fairtrade Labeling Organization (FLO), the largest certifier of fair trade, is among these organizations. Their focus is on reducing poverty levels, eradicating deprivation and marginalization experienced by a significant portion of the population in impoverished countries, particularly in developing nations that have not kept pace with global advancements. These fair trade entities strive to regulate the

utilization of economic resources in these regions, provide support, facilitate their access to global markets, and ensure fair wages that cover production costs without exploitation. Fair trade is driven by explicit goals to enhance economic and social conditions, diminish disparities among individuals, and support the growth of underprivileged countries (Brooke, 2011). Herbert et al. (2021) set the following objectives of fairtrade.

- 1- The primary objective of the Fair Trade Organization is to ensure consumers achieve a satisfactory level of economic well-being.
- 2- Producing goods at the most economical cost possible and selling them at fair prices without compromising quality or product characteristics.
- 3- Safeguarding small producers, artisans, and small production establishments by providing information to facilitate the marketing of their products.
- 4- Fair trade introduces fresh opportunities for producers in developing countries to market their products at prices comparable to global rates.
- 5- The organization strives to establish trade relationships founded on principles of fairness and justice within the framework of sustainable development in developing nations, aiming to enhance livelihoods through offering stable prices that cover sustainable production expenses.
- 6- Providing avenues for development to small producers facing deprivation and individuals in impoverished communities to safeguard their well-being and aid them in managing production processes (Abdul Ghaffar, Bilal, 2019: 77).
- 7- Engaging in efforts to raise consumer awareness regarding the adverse effects of unfair international trade, its influence on consumer choices, and its societal implications (Ruben & Fort, 2012).

## **2. Sustainable development**

The notion of development surfaced in the post-World War II era, introducing a qualitative aspect to the predominantly quantitative concept of growth. Sustainable development is characterized by effective and distinct management practices aimed at averting the depletion of crucial natural resources through ongoing maintenance and the formulation of investment strategies aligned with developmental objectives. These objectives cater to diverse societal needs encompassing social, healthcare, cultural, educational advancements, and more. Sustainable development strives to meet both current and future human demands by leveraging plans, technologies, and contemporary economic and socially viable approaches (Samurai, 2016).

The tenth Conference of the Parties convened in Nagoya, Japan, in October 2010, where the Modern Strategy for the International Convention on Biological Diversity, also known as the Aichi Biodiversity Targets, was crafted for the 2011-2020 period. This agreement outlined twenty primary objectives categorized into five goals, with the aim of regulating economic sectors at the community level through the integration of biodiversity and the avoidance of adverse impacts resulting from direct pressures on biodiversity. It stressed the imperative of halting the degradation of natural resources and optimizing their use to achieve sustainable production and consumption (Walid, 2017).

Sustainable development has recently garnered significant attention from global institutions and countries, all united in their pursuit of a singular objective: ensuring decent living standards for both present and future generations. A seminal definition elucidating the essence of sustainable development was articulated by the World Commission on Environment and Development in its 1987 report "Our Common Future," characterizing it as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (Raqam & Boushnqir, 2012).

The preceding explanation of sustainable development underscores two core components: prioritizing individuals as a primary objective and ensuring the efficient utilization of resources while safeguarding the rights of future generations. Sustainable development can also be characterized as a process that broadens the scope of choices for both present and future generations, establishing a connection between current and future societies to enable them to attain adequate sufficiency without squandering natural resources (Al-Taweel, 2009).

Furthermore, sustainable development has been described as the prudent and rational management of natural resources to maintain a balance between the collective interests of present and future generations. This entails carefully utilizing natural resources while ensuring their capacity for self-renewal, thereby protecting the interests of future generations. It represents a collaborative effort between the present and the future in terms of costs and benefits. Mostert's (2006) definition of sustainable development in 1998 emphasizes the guidance of renewable resource utilization, such as water, to align with renewal rates, and the rationalization of non-renewable energy sources to prevent depletion before alternative sources become available. Additionally, it prioritizes the preservation of environmental systems.

The concept of sustainable development can be bifurcated into two dimensions. Firstly, an environmental dimension is focused on safeguarding natural, agricultural, and animal resources while emphasizing the efficient utilization of agricultural land and water resources worldwide to enhance green areas on Earth. Secondly, a technical dimension pertains to transitioning societies towards

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industries and technologies that minimize energy and natural resource usage, thereby reducing emissions and pollutants that contribute to global warming and ozone depletion (Saleh, 2002).

Only a minority of individuals possess the capability to fully embrace the comprehensive concept of sustainable development. This approach involves employing various methods to conserve the environment, as well as the richness of animal and plant life, with the aim of safeguarding these resources to meet the needs of future generations while preserving biodiversity .

The concept of sustainable development, allocates as outlined by Kafi (2017) several foundational principles:

1. Affirming nations' entitlement to utilize environmental resources for development while safeguarding the rights of future generations to these resources and environmental wealth.
2. Acknowledging the responsibility of nations to safeguard and conserve the environment against depletion and unsustainable exploitation of its resources.
3. Viewing sustainable development as an integrated process involving both the environment and the economy, achieved through individual commitment to embracing sustainable practices.
4. Pursuing environmental equilibrium as a core principle across all human endeavors to prevent disruption of ecological systems.

In essence, sustainable development can be comprehensively defined as a holistic process aimed at enhancing human material and social well-being. It prioritizes meeting basic human needs like food, clothing, education, and health while also addressing the needs of future generations through prudent resource management, environmental conservation, and biodiversity preservation. This approach ensures the continued viability of natural resources to support the needs of present and future generations (Mustafa, 2017: 56).

Sustainable development is characterized by several distinct features:

1. It is an ongoing and progressive process that adapts to the evolving and growing needs of changing societies over time.
2. It is a societal endeavor that engages all sectors and segments of society, rather than relying on a limited number of individuals or groups.
3. It is a deliberate and guided process with well-defined objectives and goals, driven by a long-term strategy aimed at achieving societal objectives while safeguarding the rights of both present and future generations to these resources.
4. It is a transformative and productive process that entails structural changes in adopting countries, encompassing social, political, and economic frameworks. This distinguishes it from mere economic growth. Furthermore, it aims to establish a productive foundation with high capacity, resilience, and efficient and renewable societal energy.

### ***Sustainable development goals***

The sustainable development goals (SDGs) constitute a global initiative aimed at ending poverty, comprising a set of objectives established by the United Nations. These seventeen goals were outlined in a resolution of the United Nations General Assembly on September 25, 2015, and January 1, 2016. They address a range of issues pertinent to development, encompassing social, economic, and political dimensions. These goals are designed to be universally applicable, spanning across all countries and societal levels. The majority of these objectives align with international standards and principles of human rights, advocating for the assurance of adequate living standards for all individuals (Al-Jayousi, 2013).

**Table 1**

*Sustainable development goal (United Nations Development Programme, 2024)*

No poverty	Sustainable development prioritizes the ambitious goal of poverty reduction in all its forms, which encompasses seven sub-goals and fourteen indicators. The primary sub-goal targets the complete eradication of extreme poverty, while the secondary sub-goal aims to halve the poverty rate.
Zero hunger	Another critical objective pursued by sustainable development is the reduction of income inequality through equitable resource distribution and improved living standards for individuals. Emphasizing the importance of fostering a healthy environment conducive to sustainable and efficient production, this objective seeks to decrease child mortality rates to below 25 deaths per 1,000 live births and maternal mortality rates to 70 deaths per 100,000.

Good health and well-being	Furthermore, sustainable development endeavors to ensure quality, inclusive education for all, foster lifelong learning opportunities, and enhance human skills and capabilities through skills development.
Quality Education	Empowering women by integrating them into decision-making processes and production activities, ensuring their access to nutrition, education, health, and social protection without gender bias, is another focal point of sustainable development.
Gender equality	Sustainable development also aims to provide clean, safe water sources for all individuals and enhance water efficiency across various sectors.
Clean water and sanitation	Additionally, it seeks to promote and incentivize the adoption of modern, renewable energy sources, particularly in less developed countries, and ensure universal access to affordable energy.
Affordable and clean energy	Moreover, sustainable development strives to establish an economic system grounded in sustainability and innovation, generating youth employment opportunities to mitigate income inequality and foster economic prosperity.
Decent work and economic growth	Encouraging innovation and increased investment through opportunities for small-scale investment projects and securing necessary funding is a priority. It also aims to promote modern technological advancements in production and manufacturing, and encourage scientific research to enhance countries' economic landscapes.
Industry, innovation and infrastructure	Focusing on creating a conducive social and environmental environment for city and community sustainability, sustainable development aims to develop comprehensive policies to address climate change, potential disasters, air quality, and waste management, thereby reducing urban environmental footprints.
Reduced inequalities	Additionally, it emphasizes prudent, rational use of natural resources to prevent waste and ensure sustainability.
Sustainable cities and economies	Sustainable development seeks to protect marine life by enacting laws to reduce water pollution from various human activities, mitigate its adverse effects on marine organisms, and establish fishing regulations.
Responsible consumption and production	It also aims to conserve terrestrial life, combat desertification, protect forests, counter illegal fishing, and implement necessary measures to preserve Earth's ecosystems.
Climate action	Promoting justice and equality among nations without discrimination and enacting strict laws to reduce crimes, violence, corruption, and bribery that undermine local or international justice are vital sustainable development goals.
Life below water	Enhancing partnerships between developing and developed countries to assist developing nations in achieving their goals and uplifting their populations to address debt, poverty, and underdevelopment is another aim.
Life on land	Sustainable development ensures the provision of employment opportunities, services, and available resources for all individuals, diminishing discrimination and the monopolization of specific services or resources.
Peace, justice and strong institutions	Lastly, it concentrates on reducing carbon emissions and environmental pollution, mitigating the adverse effects of pollution in urban areas, lowering emissions of toxic gases like methane and carbon dioxide, and preserving forests and agricultural areas.
Partnership for the goals	Sustainable development prioritizes the ambitious goal of poverty reduction in all its forms, which encompasses seven sub-goals and fourteen indicators. The primary sub-goal targets the complete eradication of extreme poverty, while the secondary sub-goal aims to halve the poverty rate.

### 3. The analysis of China's foreign trade structure

The analysis of China's foreign trade structure reveals significant growth, particularly since its accession to the World Trade Organization on December 11, 2001, establishing itself as a pivotal trading partner for numerous countries worldwide (source: [www.albankaldawili.org](http://www.albankaldawili.org)). This progress can be attributed to economic system reforms and the implementation of stable monetary policies governing the exchange rate of the Chinese currency. Moreover, China has adopted new economic strategies aimed at stabilizing foreign trade and enhancing its structure. These endeavors have propelled China's economy from a state of underdevelopment to one that competes with major global economic powers. The trajectory of China's foreign trade evolution is detailed below.

#### *Analysis of China's Export Trends from 2004 to 2021*

Since China's accession to the World Trade Organization (WTO), its exports have consistently risen, driven by increasing demand for industrial products in global markets. The reforms initiated in China and its openness to the international community since 1978 have played a significant role in its remarkable export growth. China has transitioned from being ranked thirtieth to becoming the world's leading exporter of goods and services, trailing only behind the United States, thus achieving a substantial trade surplus (World Trade Organization, 2017).

Data presented in Table 2 show that China's exports amounted to approximately \$2338.10 billion in 2004, which surged to \$489.70 billion by 2007, marking a growth rate of 25.9%. However, in 2009, China's exports decreased to \$482.20 billion, with a growth rate of 16%. Subsequently, in 2012, exports rebounded to approximately \$822.10 billion, experiencing a growth rate of 7.9%. These figures underscore the effectiveness of China's trade policies, including the restructuring of its manufacturing sector. In 2015, China's export value dropped again to \$912.30 billion, accompanied by a growth rate of 2.9%. However, exports rebounded in 2018, reaching \$997.990 billion, with a growth rate of 9.8%. This upward trend persisted in 2021, with exports reaching \$1056.80 billion, reflecting a growth rate of 1.6%.

#### *Analysis of Imports for the Period (2004-2021)*

According to the data provided in Table 2, imports totaled \$249.40 billion in 2004. There was a significant surge in imports in 2007, reaching \$424.90 billion, attributed to China's adoption of reform and external openness policies. This shift towards rapid growth and structural modernization aimed to bolster foreign trade development. The growth trajectory of imports continued upward in 2013, reaching \$866.60 billion with an annual growth rate of 7.2%.

However, imports experienced a decline in 2015, falling to \$746.40 billion with a growth rate of 14.2%, mainly due to decreasing prices of essential commodities and a slowdown in demand.

In 2017, imports rebounded, reaching \$819.40 billion with an annual growth rate of 16.1%. The year 2019 saw a decline in imports to \$923.60 billion as a result of the COVID-19 outbreak, which triggered a global economic crisis. Imports saw another increase in 2021, rising to \$918.30 billion with an annual growth rate of 0.4%, as the effects of the global pandemic crisis waned.

**Table 2**

*Development of exports and imports in China for the period 2008-2021 (one trillion dollars)*

Years	Imports	% Growth rate	Exports	% Growth rate
2004	238.10	—	249.40	—
2005	305.80	28.4	293.30	17.6
2006	388.80	27.1	351.70	19.9
2007	489.70	25.9	424.90	20.8
2008	574.10	17.2	503.30	18.4
2009	482.20	16-	447	11.1
2010	633.10	31.2	620.50	38.8

2011	761.80	20.3	774.80	24.8
2012	822.10	7.9	808.100	4.2
2013	886.40	7.8	866.60	7.2
2014	939.90	6	870.70	0.4
2015	912.30	2.9-	746.40	-14.2
2016	841.70	7.7-	705.70	-5.9
2017	908.20	7.9	819.40	16.1
2018	997.90	9.8	949.10	15.8
2019	1003.00	0.5	923.60	-2.6
2020	1039.40	3.6	914.20	-1
2021	1056.80	1.6	918.30	0.4

#### World Bank data

#### 4. Geographical distribution of foreign trade in China

##### A- Geographical distribution of China's exports

The data in Table 3 reveals that countries with high incomes, particularly the United States, represent the primary market for Chinese exports, constituting approximately 84.50% in 2004. This proportion declined to 69.30% by 2021. Emerging economies follow closely behind, where Chinese products have significantly integrated into their consumption patterns. Countries with lower to moderate incomes, exemplified by Central Europe, rank third, succeeded by Latin America, the Caribbean, South Asia, and sub-Saharan Africa, respectively. The geographical distribution of China's exports underscores its ambition to penetrate global markets, notably targeting European markets.

**Table 3**

*Geographical distribution of China's exports and imports for the period 2004-2021*

Years	South Asia of total (%) exports	Europe and Asia Central of total (%) (exports)	Latin America And the Caribbean Sea of total (%) (exports)	Africa South	States of high Income (of total exports%)	Developing countries (% of total exports)	Rest of the world of total (%) (exports)
2004	1.90	2.90	2.20	1.60	84.50	3	3.9
2005	2.10	3.40	2.10	1.70	83.60	3.10	4
2006	2.40	3.80	2.70	1.90	82.10	3.30	3.8
2007	2.90	4.90	3	2.10	49.40	3.70	34
2008	3.10	5.40	2.60	2.50	77.10	4.40	4.9
2009	3.50	4	3.30	2.70	76.80	4.70	5
2010	3.60	4.20	4.10	2.70	75.50	4.10	5.8
2011	3.80	4.50	4.50	2.90	74.10	4.10	6.1
2012	3.40	4.60	4.50	3.10	73.30	4.50	6.6
2013	3.40	4.70	4.50	3.10	72.30	4.60	7.4
2014	3.70	4.60	4.40	3.40	71	4.90	8

2015	4.10	3.50	4.40	3.50	71.30	5.10	8.1
2016	4.60	3.80	4.20	3.20	70.70	4.90	8.6
2017	4.70	4.10	4.60	3.10	70.10	4.30	9.1
2018	4.70	4.10	4.80	3	69.90	4.20	9.3
2019	4.60	4.30	5	3.30	67.90	4.80	10.1
2020	4	4.10	4.70	3.20	68.90	4.70	10.4
2021	4.80	4.50	5.30	3.28	69.30	5.20	7.62

The World Bank [www.albankaldawili.org](http://www.albankaldawili.org)

### **B- The geographical distribution of China's imports**

The geographical breakdown of China's imports is presented in Table 4 below. The data indicates that a significant portion of China's imports originate from countries with high incomes, notably the United States, which has emerged as a key trading partner. This partnership has been particularly strengthened since the adoption of the Most Favored Nation (MFN) treatment by the United States towards China in 1980 (Morrison et al., 2006). In 2021, imports from these high-income countries constituted 59% of China's total imports. Additionally, countries with medium and low incomes in East Asia and the Pacific accounted for 14.10% of China's total imports, closely following the high-income countries. Emerging economies ranked third in terms of imports, followed by countries with medium and low incomes in Latin America, the Caribbean, the Middle East, and North Africa, respectively.

Examining Tables 4 and 5, it becomes evident that Chinese imports and exports are not concentrated geographically, encompassing a diverse range of continents and regions.

Table 4.

(*Geographical distribution of China's imports for the period 2004 to 2021 billion dollars*)

Years	The Middle East And North Africa from Total imports (%)	Latin America And the Caribbean Sea of total % exports	East Asia And the Pacific Ocean from Total imports (%)	Africa South	States of high Income (of total exports%)	Developing countries (% of total exports)	Rest of the world of total % (exports)
2004	1.30	3.10	3.10	2.60	73.6	3.40	7.10
2005	1.80	3.10	3.10	2.90	70.5	4.20	8.50
2006	1.90	3.20	3.20	3.30	68.4	4.30	9.60
2007	2	3.90	3.90	3.40	67.4	4.30	9.30
2008	2.50	4.70	4.70	4.50	64.6	6.20	8.70
2009	2.30	4.60	4.60	3.80	66	5.20	9
2010	2.50	4.60	4.60	4	64	5.80	9.50
2011	2.90	4.90	4.90	5	62.1	6.80	8.50
2012	2.90	4.80	4.80	5.60	60.1	7.20	9.80
2013	2.70	4.60	4.60	5.70	61	7.10	9.80
2014	2.80	4.60	4.60	5.70	61.3	7	9.10
2015	2.10	4.70	4.70	3.30	64.5	5.50	9.40
2016	1.80	4.70	4.70	3.40	65.9	4.40	8.60
2017	2	5.20	5.20	3.80	64.8	5	7.70
2018	2.50	5.60	5.60	4.20	62.5	6.50	7.20
2019	2.20	6.20	6.20	4.20	61.4	7	6.60
2020	1.50	6.40	6.40	3.40	63.4	5.70	6.20
2021	2.10	6.60	6.60	4.50	59	6.90	6.80

*The commodity structure of China's exports and imports for the period 2004-2021*

### **A - China's export composition**

Table 5 indicates that machinery, equipment, and electronic devices form the largest share of Chinese exports, comprising 48.2% of the total in 2021. Clothing exports closely follow in second place, leveraging China's competitive edge in this sector driven by low



labor costs and extensive production capabilities. Chemicals come in third, followed by agricultural products, fuels, mining products, and pharmaceuticals.

**Table 5**

*Commodity structure of China's exports for the period (2004-2021) Unit (billion dollars) from the total export %*

Years	Agricultural Products	Fuel and mining products	Iron And steel	Chemical Materials	Pharmaceuticals And medicines	Machine devices and transport equipment	cars	Textiles	lClothes
2004	4.06	4.3	2.3	4.4	0.5	45.2	1	5.6	10.4
2005	3.7	4.1	2.5	4.6	0.4	46.2	1.3	5.3	9.7
2006	3.3	3.9	3.3	4.5	0.4	47	1.4	5	9.8
2007	3.1	3.5	4.2	4.9	0.4	47.3	1.8	4.5	9.4
2008	2.9	3.8	4.9	5.5	0.5	47.1	2	4.5	8.4
2009	3.4	2.8	1.9	5.1	0.7	49.1	1.6	4.9	8.9
2010	3.2	3	2.5	5.5	0.6	49.5	1.7	4.8	8.2
2011	3.4	3.1	2.9	6	0.6	47.5	1.9	4.9	8.1
2012	3.2	2.7	2.6	5.5	0.5	47.1	2.1	4.6	7.7
2013	3.1	2.7	2.4	5.4	0.5	47	2	4.8	8
2014	3.1	2.7	3	5.7	0.5	45.7	2.1	4.7	7.9
2015	3.1	2.3	2.8	5.6	0.5	46.6	2.1	4.7	7.6
2016	3.5	2.4	2.6	5.8	0.6	46.9	2.2	4.9	7.5
2017	3.4	2.7	2.4	6.2	0.6	47.9	2.3	4.8	6.9
2018	3.3	3.1	2.5	6.7	0.6	48.7	2.4	4.7	6.3
2019	3.2	3.1	2.2	6.4	0.6	47.9	2.3	4.7	6
2020	3.0	2.3	1.7	6.5	0.8	48.6	2.2	5.9	5.4
2021	2.6	2.6	2.5	7.8	1.4	48.2	2.7	4.3	5.2

#### The commodity structure of China's imports for the period 2004-2021

Machinery and electrical equipment dominate Chinese imports due to increased investments in China and efforts to complete economic reforms across various production sectors, with a focus on rural areas and their development. These imports constitute a proportion ranging from 30.1% to 45% of the total imports. Following them are fuel and mining products, comprising 15% to 27% of total imports, followed by chemicals accounting for 9.7% to 11.7% of China's total imports. Agricultural products and iron/steel come next in line, followed by a distribution of the remaining imports among cars, textiles, and clothing.

**Table 6**

*The commodity structure of China's imports for the period (2004-2021)*

Years	Agricultural Products	Fuel and mining products	Iron And steel	Chemical Materials	Pharmaceuticals And medicines	Machine devices and transport equipment	cars	Textiles	lClothes
2004	7.5	15.8	4.1	11.6	0.3	45	2.5	2.7	0.2
2005	6.8	18.1	3.9	11.7	0.3	44	2	2.3	0.2
2006	6.5	19.9	2.7	10.9	0.3	45.1	2.3	2	0.2
2007	6.8	22	2.5	11.2	0.4	43.1	2.5	1.7	0.2
2008	7.6	27.1	2.3	10.5	0.4	39	2.5	1.4	0.2
2009	7.6	24.8	2.6	11.1	0.6	40.5	3	1.4	0.1
2010	7.7	26.8	1.7	10.7	0.5	39.3	3.7	1.2	0.1

2011	8.3	29.6	1.5	10.3	0.6	36.1	3.9	1	0.2
2012	8.6	29.3	1.2	9.8	0.7	35.9	4	1	0.2
2013	8.4	27.9	1	9.7	0.8	36.4	4	1.1	0.2
2014	8.7	26.8	1.1	9.8	0.9	36.9	4.7	1	0.3
2015	9.5	21.2	1.1	10.1	1.2	40.6	4.3	1.1	0.3
2016	9.7	20.5	1.1	10.2	1.3	41.4	4.7	1	0.3
2017	9.8	24.1	1.2	10.4	1.4	39.9	4.5	0.9	0.4
2018	9.1	26.2	1.1	10.4	1.3	39.4	4	0.8	0.3
2019	9.5	27.9	1.2	10.4	1.6	37.9	3.8	0.7	0.4
2020	10.4	26.2	1.8	10.2	1.7	40.1	3.7	0.6	0.4
2021	10.1	29.3	1.6	9.7	1.5	37.5	3.2	0.6	0.4

### Analysis of some indicators of sustainable development in China

#### 1- Development of unemployment rates for the period 2004-2021

Looking at Table 7, it is evident that the unemployment rate in China remained high throughout the years under examination. In 2004, the unemployment rate in China stood at 4.5%, then slightly decreased to 4.3% in 2007. However, this rate did not see a further decline in the subsequent years but instead increased, eventually returning to the same level in 2021. The primary cause of the elevated unemployment rates in China can be attributed to the medium and long-term structural imbalance within the Chinese economy, resulting in a mismatch between labor supply and demand. One contributing factor to this imbalance is the growing disparity between the wage rate that workers aspire to receive and the actual wages paid to them, leading to the proliferation of frictional unemployment within Chinese society.

#### 2- Evolution of poverty rates for the period 2004-2021

China has made notable strides in recent years to eliminate poverty, with a particular focus on rural areas. These initiatives have resulted in a significant reduction in the poverty rate. Upon reviewing Table 7, it is evident that poverty rates were initially high, peaking at 22.1%. However, they started to decrease in 2008, falling to 18%. A substantial drop was observed in 2011, bringing the rate down to 10.2%. The decline in poverty rates can be attributed to drivers of economic transformation and measures aimed at alleviating poverty. China has effectively implemented strategies to uplift individuals from poverty, thereby enhancing the self-development capacities of underprivileged regions (Four Decades of Poverty Alleviation, 2023). By 2019, the poverty rate had significantly decreased to 0.1%. Information on poverty rates for the years 2020-2021 has not been disclosed.

#### 3- GDP growth for the period 2004-2021

Analyzing the Gross Domestic Product (GDP) growth for the period 2004-2021

From the data in Table (7), it is evident that the GDP growth rate in 2004 was 10.1%. This percentage increased to its highest level in 2014, reaching 14.2%. However, it declined in the years 2008 and 2009 due to the mortgage crisis, continuing to decrease until 2020, reaching its lowest level at a growth rate of 2.2% as a result of the COVID-19 pandemic, which led to a slowdown in the Chinese economy. In 2021, the GDP growth rate rose to 8.4%.

#### 4. Export percentage of the total GDP for the period 2004-2021

Table 7 illustrates the percentage of Chinese exports to the GDP. In 2004, this percentage was 31.1%, meaning that exports increased at a higher rate than the overall GDP growth. This percentage rose in 2007 to its highest level at 36%, indicating that exports were growing at a faster pace than the GDP. However, this percentage declined in 2011 to reach 26.6%, and this decline continued until 2019 when it reached 18.4%. It then started to rise again in 2021, reaching 19.9%.

#### 5. Import percentage of the total GDP for the period 2004-2021

In 2004, the import percentage of the GDP stood at 28.4%, maintaining stability in the following years of 2005 and 2006. This suggests that the growth rate of imports was on par with the growth rate of the overall GDP. However, a decline was observed in 2009, with the import percentage dropping to 20.4%, indicating a more significant decrease in imports compared to the decline in the total GDP. Furthermore, there was an increase in this percentage in 2013, reaching 21.1%, signifying that imports grew at a faster rate than the total GDP. Subsequently, there was a decline in 2018 to 18.5%, which continued to decrease until 2021, reaching 17.4%.

### Table 7

. Some Sustainable Development Indicators in China

Years	Unemployment rate %	Poverty rate %	Output growth Gross domestic %	Export ratio Of total local production %	Import ratio Of total local production %
2004	4.5	22.1	10.1	31.1	28.4
2005	4.5	22.1	11.4	33.8	28.4
2006	4.4	22.1	12.7	36	28.4
2007	4.3	22.1	14.2	35.4	26.8
2008	4.6	18	9.7	32.6	25
2009	4.7	18	9.4	24.7	20.4
2010	4.5	13.9	10.6	27.2	23.5
2011	4.5	10.2	9.6	26.6	24.2
2012	4.6	8.5	7.9	25.5	22.8
2013	4.6	2.9	7.8	24.6	22.1
2014	4.6	2.1	7.4	23.5	21.4
2015	4.7	1.2	7	21.4	18.1
2016	4.6	0.8	6.8	19.6	17.3
2017	4.5	0.7	6.9	19.7	17.9
2018	4.3	0.4	6.7	19.1	18.5
2019	4.6	0.1	6	18.4	17.5
2020	5	-	2.2	18.6	16.2
2021	4.5	-	8.4	19.9	17.4

World Bank data

## 6. Contribution of fair trade to achieving sustainable development in China

While awareness of social issues remains relatively low in China, fair trade presents significant potential, despite the fair trade market in China being smaller than that of the United States. Fair trade practices in China involve the production of goods without the use of chemical fertilizers, pesticides, or other harmful substances to the environment, highlighting the high quality of products from this trade.

These goods are often sought after in China by the affluent and educated class to raise awareness of environmental issues within this particular segment of society. Given China's status as the world's largest agricultural producer, it is anticipated that the agricultural market will benefit greatly from fair trade practices.

This movement has achieved notable success in enhancing wages and working conditions. When examining the impact of fair trade on sustainable development in China, it is evident that it has made a significant contribution, alongside economic reforms and overall trade growth, towards achieving the primary objective of sustainable development, which is to eliminate or significantly reduce poverty. The influence of fair trade on sustainable development can be further elucidated through the data presented in the Table 8.

Table 8

*The contribution of fair trade to achieving sustainable development in China*

Years	% Unemployment rate	Poverty rate	GDP growth %	Percentage of exports GDP	Import ratio GDP %	Agricultural products % of total import	Agricultural products % of total exports
2004	4.5	22.1	10.1	31.1	28.4	7.5	4.0
2005	4.5	22.1	11.4	33.8	28.4	6.8	3.7
2006	4.4	22.1	12.7	36	28.4	6.5	3.3
2007	4.3	22.1	14.2	35.4	26.8	6.8	3.1
2008	4.6	18	9.7	32.6	25	7.6	2.9
2009	4.7	18	9.4	24.7	20.4	7.6	3.4
2010	4.5	13.9	10.6	27.2	23.5	7.7	3.2
2011	4.5	10.2	9.6	26.6	24.2	8.3	3.4
2012	4.6	8.5	7.9	25.5	22.8	8.6	3.2
2013	4.6	2.9	7.8	24.6	22.1	8.4	3.1
2014	4.6	2.1	7.4	23.5	21.4	8.7	3.1
2015	4.7	1.2	7	21.4	18.1	9.5	3.1
2016	4.6	0.8	6.8	19.6	17.3	9.7	3.5
2017	4.5	0.7	6.9	19.7	17.9	9.8	3.4
2018	4.3	0.4	6.7	19.1	18.5	9.1	3.3
2019	4.6	0.1	6	18.4	17.5	9.5	3.2
2020	5	-	2.2	18.6	16.2	10.4	3
2021	4.5	-	8.4	19.9	17.4	10.1	2.6

World Bank data

**Conclusions**

The study findings portray fair trade as an intervention by producers and consumers in shaping the commercial reputation of companies and institutions, and overseeing the quality of services provided through it. This aligns with the core objectives of the fair trade movement, which is fundamentally a social initiative endorsed and advocated by global entities like the World Trade Organization. Through an examination of the significance and impact of fair trade on the development of nations, particularly those in the developing world, in enhancing economic growth rates and stimulating demand for exports from developing countries, the following conclusions have been drawn:

1. Fair trade emphasizes the promotion of equality among commercial stakeholders on the global stage and aims to achieve sustainable development for impoverished and developing communities in the southern regions of the globe.

2. The implementation of fair trade practices involves bypassing commercial middlemen and engaging directly with professionals and exporters, thereby ensuring higher wages for them. This empowers consumers in advanced industrial societies to opt for products that adhere to fair trade principles, thereby supporting industries in less affluent nations.
- 4- The adoption of fair trade contributes to sustainable development by offering producers and farmers additional income that can be reinvested in community-benefiting projects like constructing schools, hospitals, and clean water facilities.
- 5- Various challenges impede the wider adoption of fair trade, including the high costs associated with certifications and labels issued by organizations like the FLO.
- 6- Fair trade has effectively bolstered numerous establishments and industries within agricultural communities.
- 7- Fair trade does not always ensure consistent sales within the fair trade framework, as global importers are not mandated to procure fair trade products. They may opt out of purchasing them if they become too expensive.

### Recommendations

- 1 Increasing awareness among farmers and producers about the importance of joining the fair trade system.
- 2 Identifying the reasons leading to a decrease in exports.
- 3 Utilizing the fair trade model applied in China in developing countries.
- 4 Reducing the costs of obtaining fair trade certificates and labels issued by organizations like FLO to encourage producers.
- 5 Assisting countries, governments, and cooperative associations for small farmers and producers to engage in production under fair trade conditions, with the possibility of integrating them into the fair trade system.

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