Research on the Challenges and Strategies of China's Opening to the Outside World

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Abstract: Over the past 30 years, China's opening up to the outside world has achieved brilliant achievements. At present, China's opening up to the outside world faces a different international and domestic environment. The future sustainable development of the economy is facing increasingly severe environmental and resource pressures, and foreign trade development faces enormous challenges. Under this new situation, China's future strategic goal of opening to the outside world will undergo major adjustments, and internal transformation of development methods will continue to adhere to the mutually beneficial and win-win opening-up strategy and create a favorable external environment for China's peaceful development.

1. Introduction

Since 1978, China has implemented a strategy of opening to the outside world. In the 29 years from 1978 to 2007, China has attracted more than 800 billion US dollars of foreign direct investment. Since 1993, it has been the developing country that has absorbed the most foreign direct investment. China's exports have grown 124 times, with the status in the global trading system rising from 32nd to 2nd. China’s trade structure has undergone major changes, with the proportion of manufactured goods in exports rising from 46% to 95%, making it the most competitive low-cost manufacturing country. China has 774 exports of goods ranking first in the world. From a country with a shortage of foreign exchange, China has become the country with the largest foreign exchange reserves in the world. At the end of 2008, China’s foreign exchange reserves exceeded US$1.9 trillion. Undoubtedly, China's opening up to the outside world has achieved brilliant achievements. Therefore, the World Bank believes that China is one of the few "winners" in development in the process of economic globalization. At present, China's opening up strategy faces new situations, new challenges and new adjustments.

2. The New Situation Facing China's Opening up to the Outside World

At present, China's opening up to the outside world faces a different international and domestic environment. On the one hand, opportunities and challenges coexist in the international environment, and economic globalization continues to deepen. The transfer of multinational industries is in the ascendant, and service outsourcing and internationalization of R&D of multinational companies have provided new opportunities for the upgrading of industrial structure in developing countries [1]. On the other hand, multilateral negotiations have been blocked, trade protectionism has risen, and China and a growing number of trading partners have experienced trade imbalances, and the contradictions have intensified. Global climate change has increased more external pressures for energy conservation and emission reduction in developing countries. International financial risk factors have increased, and the international financial crisis has been one after another. The pressure of sustainable development in the country is growing. All of these have placed urgent demands on China's adjustment of its opening-up strategy. (I) China's economic sustainable development faces enormous challenges. In the past 28 years since the reform and opening up, China's economy has maintained a long-term and stable development at an average annual rate of 9.7%. The GDP has increased from 364.5 billion yuan in 1978 to 21 trillion yuan in 2006. The US dollar ranks fourth in the world. If calculated according to purchasing power parity,
the total size of the Chinese economy is second only to the United States, ranking second in the world. However, the future sustainable economic development is facing increasingly severe environmental and resource pressures.

International factors play a dual role in China's sustainable development. On the one hand, China imports a large amount of resources and energy from the international market, which alleviates the shortage of domestic resources and energy supply. On the other hand, international factors have also exacerbated China's challenges in the field of resources and environment. In the process of economic globalization and international industrial restructuring, some high-consumption and resource-based industries have been transferred to China, which has correspondingly increased China's total resource consumption. With a large number of "Made in China" going to the world, China has also directly or indirectly exported a large amount of energy resources. For example, many countries no longer produce or reduce coke production. In the same period, China's coke exports increased from 1.08 million tons in 1991 to 14.5 million tons last year. In addition, China also exported more than 25 million tons of coal in 2006, which is a direct export. At the same time, China has also indirectly exported a lot of energy resources. In 2006, China exported 34.34 million tons of crude steel, 700,000 tons of unwrought aluminum, 104 million sets of color TV sets and spare parts, and 121.7 billion US dollars of mechanical and electrical products. This includes energy resources. For example, one ton of aluminum consumes 15,000 kWh, and a net export of 700,000 tons of aluminum is equivalent to more than 10 billion kWh of electricity. In this sense, China's increased resources and energy consumption, a considerable part of it is a "substitution" of resource consumption in other countries or regions, and is a contribution to the world's energy resources supply. The latest report from the UK's New Economy Foundation says that every item produced in China that is exported to the UK has one third more emissions than it is produced in the UK. The Western world relies heavily on manufactured goods produced in China, essentially transferring environmental pressures to China [2].

3. The Challenges Facing China's Foreign Trade Development

Foreign trade imbalance has intensified, trade friction has continued to rise. With the rapid development of China's foreign trade, China's trade development is facing new problems. First, the development of foreign trade is not balanced. The trade surplus of goods continued to expand, while the international competitiveness of the service industry was low and the service trade continued to be deficient. Second, the bilateral trade imbalance with major trading partners is increasing. Most of the neighboring economies enjoy a trade surplus with China, and China's trade surplus with major trading partners such as the US and the EU continues to expand. According to US statistics, China's trade surplus with the US exceeds 200 billion US dollars. Trade imbalance has become a prominent influence on bilateral economic and trade relations. problem. Third, the trade friction between China and its trading partners has continued to rise. Moreover, the negative effects of trade friction have spread to a wider range of areas, such as the pressure exerted by some countries on China's exchange rate policy, and even exacerbated the "China threat theory." There are many reasons why China faces a lot of trade friction. First, due to the rapid expansion of China's exports, competition with importing countries has intensified. Second, China's accession to the WTO protocol has unfavorable provisions such as “non-market economy” and “special protection”. Third, China is in the global industrial value chain. In labor-intensive links, the added value of export products is low, and the prices of export products are low [3].

Although the proportion of high-tech products in Chinese products is as high as 29%, higher than that of OECD countries, this does not mean that Chinese exports have high added value. Due to the deepening of globalization, the global industrial value chain has been formed. By attracting foreign investment and integrating into the international division of labor network from the final assembly link with low added value, this strategy has created enormous benefits for China's low-quality workforce. Tens of millions of jobs have been attached to manufactured goods and exported to the international market to obtain valuable foreign exchange. The downside is that the added value of export products is too low. Taking processing trade as an example, the value-added rate in China in
2006 was only 37%. In extreme cases, the value-added rate of export products in China is less than 10%. The fundamental way to reduce trade friction is to improve the structure of export products. Therefore, upgrading the structure of export products is an important task in China's opening up, but it faces constraints in the field of intellectual property.

First, technical trade barriers are increasingly constraining Chinese exports. Developed countries rely on advanced technology to continuously raise the technical threshold. For example, the European Union has implemented the Energy Consumption Products Directive (EUP), the Hazardous and Hazardous Substances Directive (ROHS), the Waste Electrical and Electronic Directive (WEEE), and the Chemical Directive (REACH) in recent years. Although it is based on energy conservation and environmental protection, it is objectively serious. It affects production costs and trade opportunities in third countries, especially developing countries. The "positive list system" introduced by Japan in recent years restricts the import of agricultural products by harsh technical standards and constitutes a substantial technical barrier. Developed countries consciously protect their domestic markets through technical barriers such as standards, certifications, and procedures, and become a new obstacle to the export of developing countries.

Second, the upgrading of China's export products faces the dual constraints of the use of intellectual property by enterprises and governments in developed countries. Multinational corporations hold more than 85% of the world's patents. They use their intellectual property rights to gain economic benefits on the one hand and favorable tools to limit their competitors on the other. The WTO Agreement on Trade-Related Aspects of Intellectual Property Rights clarifies the responsibility of Member States to protect intellectual property rights in international trade. Increasing trends in patent standardization have made it more difficult for companies in developing countries. As China's export products upgrade to more technologically intensive products, they have increasingly felt the constraints of intellectual property rights. For example, DVD players exported from China have paid more than one-third of the total price to multinational companies. The DVD player is already overwhelmed and difficult to export. In addition, China's exports are also restricted by the domestic intellectual property laws of trading partners, and China has become the country with the largest number of US Super 301 surveys and 337 surveys.


Adhere to the strategy of mutual benefit and win-win, and create a good external environment. China's development cannot be separated from the world. A good external environment is increasingly important for China's future development. China's opening up to the outside world will always adhere to the concept of mutual benefit and win-win, and create a good external environment for China's development. First, China will play a constructive role in multilateral and regional organizations to promote a more free, transparent and stable multilateral mechanism for trade and investment. Second, China will actively promote regional economic cooperation. Third, China will strengthen and mainly The communication partner's communication and rational handling of trade friction; fourth, China will take the initiative to assume international responsibility consistent with its capabilities; fifth, China will adopt various means (aid, investment, cooperation, etc.) to improve relations with developing countries; Sixth, China will strive to improve its international image [4].

China has now become the most competitive low-cost manufacturing country in the world, but it is in the lower value-added link in the international division of labor. In the future opening strategy, it is necessary to focus on improving China's international division of labor. First, China will further promote the liberalization of trade and investment, expand the field of opening up, and vigorously absorb capital-intensive and technology-intensive foreign direct investment. Second, China will vigorously promote the opening of the service sector and develop modern service industries. The competitiveness of the service industry; Third, vigorously develop service outsourcing, China has the advantage of developing service outsourcing. China will learn from the successful experiences of countries such as India and Ireland, and take effective measures to develop service outsourcing.

China has already decided to promote independent innovation as a national strategy. Under the
background of economic globalization, we must persist in promoting independent innovation in the open and use global resources to promote independent innovation. First, China will continue to introduce advanced technologies and equipment, and attach great importance to the digestion, absorption and re-innovation of imported technologies. Second, China will give full play to the positive role of foreign-invested enterprises in independent innovation. China will create a better market environment for equal competition between domestic and foreign-funded enterprises and promote independent innovation through competition; China will strengthen the protection of intellectual property rights and encourage foreign-invested enterprises to carry out higher-level research and development activities in China; China will encourage foreign-invested enterprises Develop R&D cooperation on the basis of equality and mutual benefit, and guide foreign-funded enterprises to cooperate with local enterprises in upstream and downstream; China will encourage the rational flow of talents and the sharing of public technology information on the basis of protecting corporate intellectual property rights. Third, China will support Chinese enterprises to “go global” and use international resources to carry out technological innovation.

From a developing country with insufficient capital, China has developed into the country with the largest foreign exchange reserves in the world, and its foreign investment capacity has been greatly enhanced. Chinese companies face competition from multinational companies and have inherent requirements for foreign investment. Therefore, in China's future open strategy, not only must we continue to introduce foreign direct investment, but foreign investment will also become an important part of it. The state will continue to improve foreign investment policies and regulations, and facilitate foreign investment; through bilateral investment protection agreements with investment target countries, safeguard the overseas interests of Chinese foreign investment enterprises; improve the service system for foreign investment, and provide enterprises with external investment. Information, consulting and other services to reduce the risk of foreign investment; promote the establishment of overseas economic and trade cooperation zones, and build a safe and efficient platform for Chinese enterprises to invest abroad.

China will pay more attention to establishing stable and safe overseas resource energy supply guarantee. First, China will try its best to establish good economic and political relations with resource-enriched countries, and regard resource-exporting countries as a priority for establishing free trade zones. Second, support Chinese enterprises to invest abroad and develop overseas resources. Third, promote imports. Diversified sources and long-term supply mechanisms with exporting countries; Fourth, give full play to the role of existing international mechanisms and strengthen coordination with importing countries and corresponding international organizations; Fifth, encourage the application of advanced technologies for energy conservation and environmental protection, and strengthen management We will vigorously promote energy conservation and improve the efficiency of resource and energy use.

Faced with the new situation in which the risk factors of the international financial market continue to increase, we will continue to achieve profit-seeking and avoidance in the opening up of the outside world, and require China to further improve the risk prevention mechanism for opening up to the outside world. First, we must improve the macro-management mechanism of an open economy. To this end, we must implement a managed flexible exchange rate mechanism and a more flexible monetary and fiscal policy. Second, we must grasp the open process and risk management capabilities, and gradually advance Third, strengthen international cooperation, give full play to the role of international cooperation mechanisms in risk prevention; Fourth, strengthen monitoring and statistics of cross-border short-term capital flows, and guard against the impact of “hot money”; fifth, prudently promote capital The project is freely convertible.

References
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