

# HOW CHINA EMBRACES GLOBALIZATION: FROM ECONOMIC REFORM TO GLOBAL OUTREACH

**Ridha Amaliyah**

Beijing Foreign Studies University, China  
ridha\_amaliyah@outlook.com

## ABSTRACT

China's status as a world economic and political power affects the structure of relations in the Asia region and the global economy. Understanding China's responses to the globalized economy and its current position is a crucial intellectual exercise that offers insights into alternative economic development and governance models. China is an example of a country that has successfully developed utilizing the momentum of globalization, which many scholars overlook. This paper aims to describe China's political-economic relations in response to globalization. A literature review method is utilized through various academic sources. This paper finds that China's tremendous productive modalities have been a significant factor in the country's march to global economic dominance. China's accession to the WTO and sustained economic reform and restructuring efforts in the domestic political economy sphere induced a convergence towards internationally accepted financial and market interaction standards. Development milestones ranged from the sources and destination of foreign investments, export-led manufacturing, and BRI projects to green economy policies. China introduced three brand-new initiatives as a strong impetus for advancing humanity's modernization process and building a community with a shared future for mankind.

**Keywords:** Globalization, China, Development, BRI, Political Economy

## INTRODUCTION

Globalization has proven essential to a nation's ability to yield the maximum potential from its available resources (Levy, 2012). The economic development of a country depends on its capacity for globalization. Given the profound impact of the international integration of national economies, globalization plays a central role in determining the world's future. One of the countries with the most prominent economic development is China. The transformation of China over the past quarter century is influenced by political, economic, and social forces, as well as the impact of competing foreign and Chinese national interests on the citizens and the world (Guthrie, 2009). China's economic growth over the past few decades has been unprecedented in scale and speed. From 1998 to 2019, investment in fixed assets, consumption, exports, and employment significantly promoted China's economic growth to an average of 6.6% (Xiong, 2022). The growth surpassed Japan's, South Korea's, and Singapore's actual per capita gross domestic product growth rates in the same period. In the early 2000s,

growth in exports to China and Hong Kong accounted for 50 percent of overall export growth in Korea and 66 percent of overall export growth in Taiwan (Bransetter & Landy, 2008).

China has made significant political and economic power strides in the past two decades. The world's most populous country has experienced the fastest-growing economy, with double-digit growth figures in the 1980s and 1990s and high single-digit growth in the 2000s. In the forty years between 1978 and 2018, China's economy grew at an annual rate of 9.44%. As a result, in real terms, the Chinese economy in 2018 was thirty-seven times as large as in 1978 (Yang, 2019). China's economic reforms have been remarkable and dramatic, and it now has the fourth-largest economy in the world overall in terms of GDP.

China's rise as a worldwide economic and political force has significantly affected Asian and global relations. China's fast economic growth has created an unrelenting need for fossil resources. Despite its vast coal, oil, and gas resources, the country imports a lot of oil and natural gas, putting it at risk of reliance on imports (Hafner & Luciani, 2022). Due to its size, China's role as an Asia Pacific leader will likely be more critical than stated. Along with the Belt and Road Initiative (BRI), China's involvement in regional multilateral organizations, such as the Shanghai Cooperation Organization (SCO) and the Asian Infrastructure Investment Bank (AIIB), highlights its commitment to shaping the regional economic and security landscape. China's assertive foreign policy, including its actions in the South China Sea and its strategic partnerships with neighboring countries, further cements its leadership position. Against this backdrop, understanding China's political-economic relations response to globalization has become a crucial intellectual exercise. Rather than comparing views, the paper emphasizes how China responds to globalization with its characteristics and resources.

## **METHOD**

This article employs a comprehensive literature review to explore and analyze China's response to globalization. The literature review involves a systematic examination of existing research and findings related to China's economic policies, the historical context of these reforms, and the outcomes. To ensure a thorough and well-rounded analysis, this study utilizes a variety of secondary sources, including academic articles that gain insights into scholarly perspectives on China's economic reforms; books written by experts in the field provide in-depth explorations of China's economic history and policy decisions; working papers from research institutions official documents and reports from Chinese government agencies, and official websites.

## **RESULT AND DISCUSSION**

### **The Nature of Globalization**

Although no single definition can hold globalization's extensive characteristics, impacts, scale, and scope, people may admit that globalization is a multifaceted phenomenon that has significantly impacted various aspects of human life, including economics, culture, politics, and technology. Held et al. (2000) claimed that globalization should be understood as the widening, deepening, and speeding up of worldwide interconnectedness in all aspects of contemporary social life, from the cultural to the criminal, the financial to the spiritual. It is a process that transcends borders, connecting people and societies worldwide.

Several vital elements characterize the nature of globalization, such as economics, culture, politics, technological advancement, and the environment. Friedman (2005) attached the term to global economic networks. Economic globalization involves goods, services, capital, and information flow across borders. Multinational corporations play a vital role in shaping the global economic landscape as economies become more interdependent. According to Tomlinson (1999), globalization has facilitated the exchange of cultural ideas, practices, and products. This includes spreading music, films, fashion, and culinary traditions from one part of the world to another.

Held and McGrew (2007) stated that global interconnectivity had impacted the political arena, as it fosters cooperation and conflict on a worldwide scale. International organizations like the United Nations and regional trade agreements exemplify how politics have become increasingly globalized. Observing the rapid movements of humans, goods, and services, Castells (2000) emphasized that advances in information technology and communication have accelerated the pace of globalization. The Internet and social media platforms have connected people worldwide, facilitating the rapid exchange of information and ideas. At the same time, globalization touches people's concerns about environmental issues. Global supply chains and increased consumption have led to climate change, deforestation, and pollution, which transcend national boundaries (Lechner, 2009).

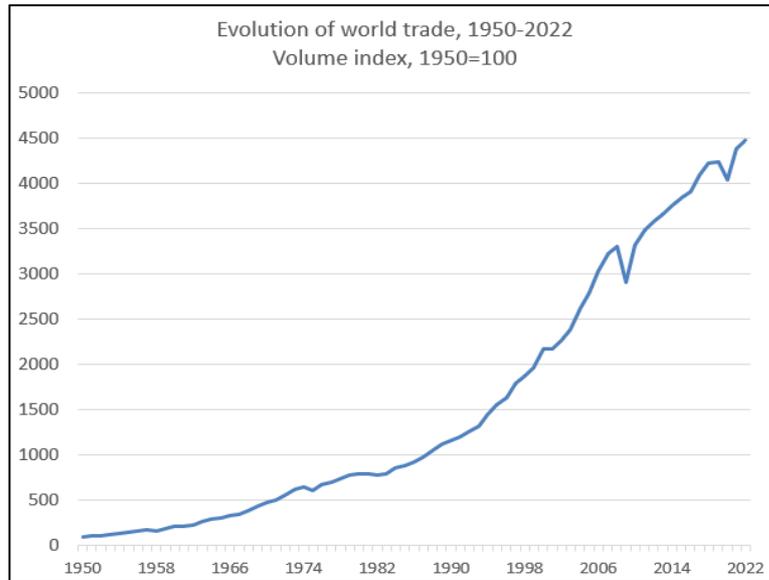
Globalization is complex and affects many sectors of society. It can boost worldwide collaboration and cause global problems. One thing is sure: globalization has changed the world. Economic integration, political contestations, social movements, and cultural exchanges have all changed due to globalization. Globalization should not be confused with Americanization or Westernization. Instead, it's a complicated process with global actors and influences.

## **Globalization Expedites Economic Development**

Economic globalization plays a significant role in global security, and the march towards economic globalization, a multipolar world, and digitalization is irreversible. Globalization was not and is not a self-running process (Bishop & Payne, 2021). Still, powerful actors behind it have made decisions based on their ideas and conceptions, pushing globalization's development in an increasingly problematic direction. The hegemony of neoliberalism in globalization was not a fluke but actively promoted by several powerful actors. It would be whimsical to believe that globalization can be stopped or reversed despite its negative effects. Instead, it is about finding global solutions to its challenges (Bishop & Payne, 2021). It is crucial to see globalization not as a process without alternatives or control but as an assembly of possibilities and choices that make positive change and transformation.

An example of how globalization is a series or process that continuously generates new ideas is the practice of outsourcing. One of the issues related to globalization is the cross-border movement of human capital. It has been massive and irresistible. In advanced industrial countries, the demand for more-skilled workers has increased at the expense of less-skilled workers, and the income gap between the two groups has grown. To fill the gap, multinational companies apply outsourcing. Yet, globalization is a common criticism since it can leave many people without opportunities. The perspectives are divided into two: those who support and those who reject. Those who support outsourcing admit that because labor costs are lower, consumers can benefit from lower prices. In comparison, the other side argues that international commerce hinders their ability to progress economically. They also contend that they know enormous profits from cheap labor elsewhere.

Globalization is frequently cited as the leading cause of income disparity inside a country. Hence, the actors must identify domestic policies, particularly policymakers, to discover the ideal balance of home and international trade rules. As more individuals participate in the market, more economic activity and specialization occur, resulting in substantial technological advancements. By boosting exports, productive nations can take advantage of their comparative advantage. According to WTO, global trade volume has progressed since World War II ended. It is roughly 45 times the level recorded in the early days of the GATT (4500% growth from 1950 to 2022). As of 2022, world trade volume and value have expanded by 4% and 6% on average since 1995 (WTO, 2022).



**Figure 1.** Evolution of World Trade 1950-2022

Source: WTO

Globalization is a collection of long-lasting, multidimensional, and self-replicating processes that alter the global structure (Duarte et al., 2023). These processes result from significant technological and social advancements and involve extensive networks of complex interdependencies across continents linked by increasing material, immaterial, intense, and permanent flows of interconnectedness. Delving into globalization and economic development, China is the perfect model that benefits from rapid progress worldwide. Despite these controversies, China's economic reform, with all its problems, is widely perceived as successful (Zhang, 2000). China's tremendous productive potential has been a major factor in the country's march to global economic dominance. This is related to the policy taken by the Chinese government in the 1970s, namely reform expansion and family planning. The two decisions were complemented over the next three decades (Yang, 2019).

In the early year 2000s, China's process of reintegration with the global economy in its accession to the World Trade Organization (WTO) in 2001, combined with sustained economic reform and restructuring efforts in the domestic political economy sphere, induced a gradual yet irreversible convergence towards internationally accepted standards of financial and market interaction. Tariffs on some important classes of goods, such as information technology products, have already been cut to zero (Schortgen, 2009). Nevertheless, China's leader realized that reducing import barriers alone was insufficient for the country to benefit from globalization. China needs to become a market economy to be part of the global economic system and the globalization process. China's top leadership made extensive commitments to the WTO to advance its domestic reform agenda (Branstetter & Landy, 2008).

Another milestone development has been China's emergence as a source of foreign direct investment (FDI), alongside its attractiveness as a leading destination of global FDI (Schortgen, 2009). China has committed to opening up its distribution services sector by granting foreign firms more control over domestically produced and imported goods' advertising, distribution, and after-sales service. This increased participation of foreign distributors is anticipated to enhance the sector's efficiency, addressing the persistent challenges foreign firms face when marketing goods outside major cities (Branstetter & Landy, 2008). In 2006, 82% of China's non-financial outward FDI was conducted by state-owned enterprises. Of the thirty largest companies by outward FDI, only two are state-controlled, reflecting political objectives rather than profit maximization. These objectives may include promoting domestic development, ensuring regime survival, supporting Chinese foreign policy, or promoting host country development (Morck et al., 2008; Kolstad & Kiig, 2009).

Recent developments of the Belt and Road Initiative (BRI) are examples of China's commitment to interact with the rest of the world and to determine the actor itself (Wang & Cao, 2020). The Belt and Road Initiative is a significant milestone for China in embracing globalization as it promotes economic expansion, geopolitical influence, global connectivity, technological advancement, and financial integration. The megaproject represents a pivotal milestone for China's pursuit of globalization, reflecting a strategic shift towards a more inclusive and interconnected global economy. As globalization deepens, China has emerged as a key proponent, with the BRI serving as a cornerstone of its efforts to foster global economic integration and cooperation (Xie, 2023). The BRI is designed to address the limitations of the previous wave of economic globalization by promoting equal opportunity, balanced benefits, shared development, and openness, thus embodying the principles of inclusive globalization (Yang, 2023).

### **China's Way of Embracing Globalization**

In China, the term "globalization" first appeared in official discourse in 1996. China is welcoming the age of globalization, and its political elites recognize that it has advantages and disadvantages for the nation (Deng & Moore, 2004). While it is a driver of the country's economic expansion, it might trip China's aspirations to become a great power if handled poorly. China's opinions on globalization have changed along with its turbulent pursuit of status, security, and growth. From economic reform and openness, promotion of foreign investments, export-led manufacturing, and WTO membership to the recent grand vision of the Belt and Road Initiative, China is embracing the moments of globalization to become one of the world's horsepower.

### 1. *Economic Reform*

The Chinese government, led by Deng Xiaoping, shifted its economic policy in 1980, opening the nation to significant economic reform. Amid neoliberal globalization projects in the 1980s and 1990s, China implemented reform and opening-up policy and gradually became involved in the world economy in the 1980s; integration sped up after Deng's Southern Tour through Chinese provinces in 1992 (Wang, 2017). There was, however, neither a unified strategy nor a detailed blueprint for carrying out such a reform, partly because the leadership was still divided on what shape reform should take. As a result, reform advocates adopted a cautious strategy of 'crossing the river by feeling the stepping stones' (Zhang, 2000).

The Chinese government took risks by implementing policies and programs of rural reform, urban reform, macroeconomic reform, and open-door policy (Zhang, 2000). Rural reform led to a considerable increase in output and net income gains for most Chinese agricultural workers. The fall in the number of people with low incomes between 1978 and 1996 was impressive: the number of people with low incomes was reduced from 260 million in 1978 to 96 million in 1985 and then to 58 million in 1996 (Zhang, 2000). In urban reform, the non-state sector has grown much faster than the state sector and now accounts for more than half of China's industrial output. Town-village enterprises (TVEs), foreign-invested firms, and private enterprises have become the engine of China's economic growth. At the same time, they represent a significant competitor for state-owned enterprises. New reforms in favor of the market price were not introduced until 1992. Over 90 % of retail sales are now priced according to the market. In 1987–88, the tax system was replaced by the 'contract responsibility system' under which SOEs remitted a certain percentage of their profits and retained the rest (Zhang, 2000).

Half a billion people have been lifted out of extreme poverty in China since 1978, thanks to annual income growth that has increased at an average rate of 8.3% since 1978. Many young people migrated from the countryside to the city, contributing significantly to China's export-driven development and industrialization. Between 1980 and 2004, the output per worker in China tripled, and the growth of commerce has made it possible for people to benefit from globalization and their enormous labor force (Guthrie, 2009). The living standard of the average Chinese person increased by twenty-six times in real terms in the period 1978–2018. Although income disparities remain significant, the rising tide has lifted most people's living standards (Yang, 2019). In particular, poverty has been drastically reduced.

Amid the changes and adaptations, questions of how China adapts to openness and how fast to hasten this process are intriguing. Compared to 'shock therapy' in Russia and elsewhere, China's market-opening is gradual, integrating market mechanisms while maintaining state control over key sectors. This strategy is related to the conundrum of how to engage global competition (Mittelman, 2006). China has

pursued a "socialist market economy" with "Chinese characteristics," focusing on economic rather than political reform. China's reforms have also been characterized by a unique blend of state-led industrial policies and market-driven mechanisms, creating a distinctive economic model that cannot be categorized as state versus market (Alberto, 2022). Furthermore, China's reforms have been more successful in maintaining economic stability and growth than the often disappointing outcomes in Eastern Europe and the Soviet Union, where reforms frequently led to fragmented control and underdeveloped markets (Hewett, 2016). China has many advantages when it comes to globalization. It has a large population, which means it has a vast domestic market, a high rate of savings, much foreign investment, a hardworking and cheap labor force, and many cultural resources. People are sure of their ability to direct global flows as they meet local needs. This promise is tied to putting much money into infrastructure, ensuring everyone gets a primary education, and industrializing it.

## 2. *Foreign Direct Investment*

China initiated the change from central planning to mainly market exchange, simultaneously opening up to international trade and investment. China promoted foreign direct investment policies. The government subsequently established several areas for foreign investment, including special economic zones, open coastal cities, economic and technology development zones, delta open zones, peninsula open zones, open border cities, and high-tech industry development zones (Yang, 2019). The establishment of these zones provided the trigger for massive inflows of foreign investment, primarily from companies in Hong Kong and Taiwan. At the same time, China promoted its socialist market economy concept. The changes brought an entrepreneurial boom that resulted in the emergence of vast numbers of entrepreneurs and venture businesses within China (Yang, 2011). Foreign capital, technology, and management know-how inflows enabled China to turn its immense labor resources and space into rapid economic growth.

Due to massive foreign investment, China's exports have significantly transformed, making it the world's second-largest electrical and information technology manufacturer. With imports from China more than doubling from \$25 billion in 1999 to \$59 billion in 2003, the US is a significant consumer of these products (Branstetter & Lardy, 2008). China's FDI outflows have snowballed after 2005 and exceeded FDI inflows for the first time in 2015. In 2016, China sent a record \$196.1 billion in FDI out of the country. Still, they went down in 2017 and 2018. This was because the Chinese government cracked down on investments that they saw as wasteful, and other governments paid more attention to China's attempts to get advanced technology companies and other strategic assets. Still, China was the second-largest sender of FDI in the world. China's economy is slowing down, and labor costs are going up. This has led to more Chinese FDI going abroad to help companies spread their risk and find new business possibilities outside China (Morrison, 2019).

Significant openings in the services industry, particularly in distribution, telecommunications, and financial services, followed China's entry into the WTO. Before this, China severely limited foreign companies' ability to distribute goods inside China. China gradually eliminated all geographical, ownership, and other constraints on wholesale and retail trade and related distribution services (Guthrie, 2009). In manufacturing, China agreed in principle to cease the practices of pressuring foreign firms to transfer technology to local partners and to increase the domestic content of automobiles assembled in China (Branstetter & Lardy, 2008).

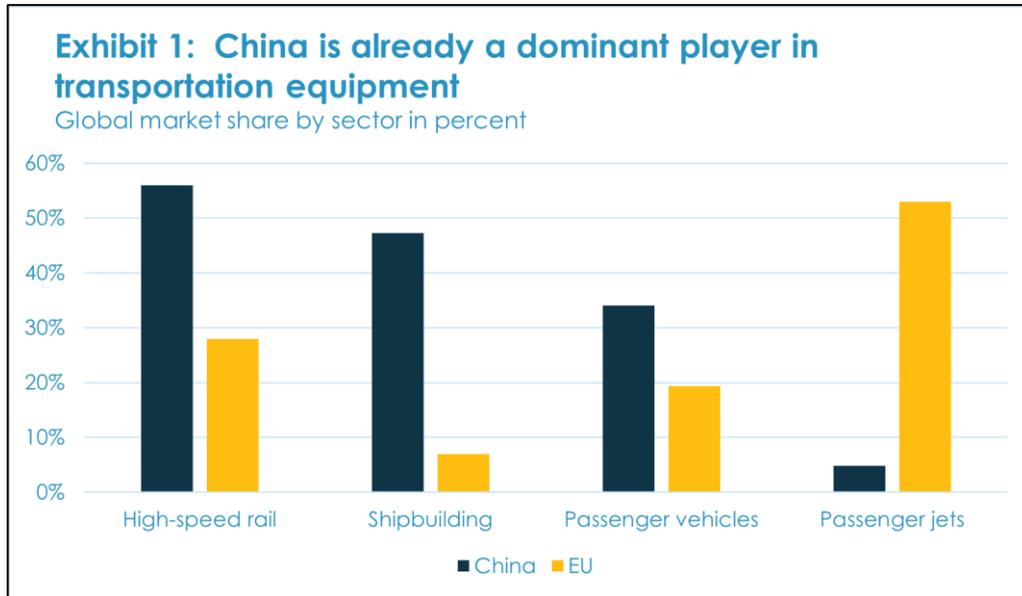
China has also committed to significantly liberalizing its financial services market, including fund management, securities, and banking. Many more international banks operate in China, with over 150 branches spread throughout 23 cities. Since the Asian Development Bank and the International Finance Corporation cleared the door for foreign ownership of Chinese banks, with investments made as early as 1996, the market penetration of foreign banks has increased (Yang, 2019). Unlike the rapid liberalization seen in many Western economies, China's financial liberalization has been characterized by a gradual and controlled process, ensuring that financial regulation and liberalization are not opposites but complementary forces (Guo, 2022). Additionally, China's stock market liberalization has specifically enhanced the pay-for-market-performance relationship in executive compensation, particularly in firms with effective governance and solid legal enforcement, which is only sometimes observed in other liberalized markets (Chen et al., 2023).

### 3. *Export-led Manufacturing*

By allowing globalization to penetrate the country, China experienced a tremendous change in its economic structure and industrial capabilities. China's GDP has experienced double-digit growth over the past 30 years. A large number of rural laborers migrated to the cities. China achieved remarkable growth in manufacturing productivity and ranked top in steel output, shipbuilding, and heavy machinery. China hit a world record by getting millions of people out of absolute poverty (Lin & Yang, 2015). From 2000 to 2008, the annual growth of China's merchandise exports and imports averaged 25.1% and 24.2%, respectively. However, China's exports and imports fell by 15.9% and 11.2%, respectively, due to the impact of the global financial crisis. China's trade recovered in 2010 and 2011, with export growth averaging 25.8% and import growth averaging 31.9%. Since then, China's trade growth slowed sharply. From 2012 to 2014, China's exports and imports grew at an average annual rate of 7.2% and 4.1%, respectively (Morrison, 2019).

China's export-led growth is rooted in a double structural change and demographic transition. Accession to the WTO has allowed China to fully integrate into the world system and capture the gains of its comparative advantage in abundant labor supply. The advantage is indicated by China's dominance in the global transportation industry. China is already the world's largest shipbuilder, producing

47.35% of the global gross tonnage in 2022. A similar distinction is apparent in the high-speed railway industry. China Railway Rolling Stock Corporation (CRRC) held 56% of the global market share in 2022, while French firm Alstom was a distant second, with 15% of the worldwide market (Zenglein and Sebastian (2023)).



**Figure 2.** China and EU in Global Market Share of Transportation Industry 2022

Source: Zenglein & Sebastian (2023)

#### 4. Accession to WTO

Joining the WTO in 2001 was a turning point in China’s integration into the world system. It allowed China to capitalize fully on its ample supply of labor induced by the ‘double transition,’ namely, drastic demographic transition and a fast pace of industrialization (Yang, 2011). The accession drew substantial interest from many stakeholders, particularly economists, Chinese specialists, specialists in US-China relations, investment and trade consultants, and inter-governmental organizations (Blanchard, 2013). China applied for admission to the WTO's predecessor, the General Agreement on Tariffs and Trade (GATT). Despite initial progress, various economic and political obstacles collectively foreclosed an agreement on China's accession before the WTO's birth.

In the first half of 1999, it appeared the terms of China's WTO accession would finally be set. Extensive negotiations in February and April in Beijing and Washington witnessed Chinese and US representatives pushing deals about agriculture, NTBs, and service sectors, such as banking and insurance. In mid-November 1999, Beijing and Washington struck a deal due to concessions in banking, fertilizer, and textile quotas, as well as high-level intervention and support. Six months later, Beijing settled the terms of its WTO accession with European Union (EU) negotiators, again following

compromises by both sides and high-level intervention (Liang, 2002). After that, China's path to WTO membership was a successful move.

Membership required Beijing to embrace core WTO norms like most-favored-nation (MFN) and national treatment. Furthermore, it required China's acceptance of nearly two dozen WTO agreements. The protocols of Chinese accession to the WTO were more demanding than those placed on other developing economies and even those of established developed country members regarding limitations on the application of export controls (Branstetter & Lardy, 2008). China's commitment to WTO accession protocols necessitated extensive national economic reform. Manufacturing and commodity markets across the nation became increasingly competitive and open. This process deepened the integration of the national economy and accelerated the integration of the Chinese economy into international markets (Hardwick, 2018). WTO accession required China to eliminate, dramatically reduce, or bind numerous tariffs on intermediate and finished goods. For example, China agreed to drop overall average tariffs to roughly 10% and information technology tariffs to 0% by 2005 and bind all tariff lines. Beijing surprised observers by committing significant tariff cuts, limiting domestic subsidies, eliminating export subsidies, and ending import monopolies and bans on select agricultural imports (Blanchard, 2013; Hardwick, 2018). The crucial point is that China embraced diverse core WTO norms, such as non-discrimination and national treatment when acceded to the WTO.

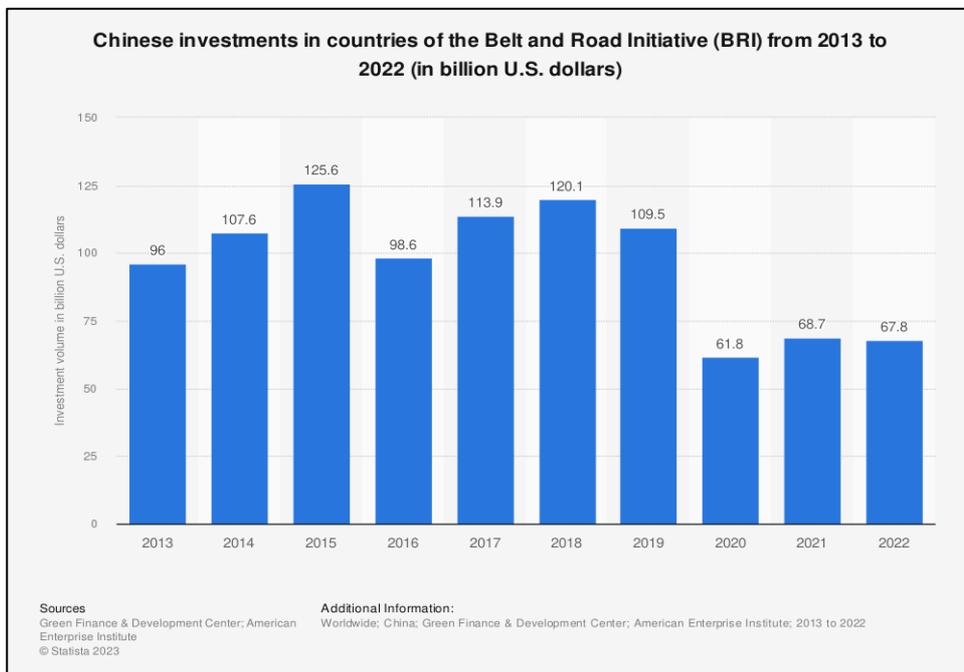
##### 5. *Belt and Road Initiative (BRI)*

China emphasizes its effort to achieve a leading geopolitical role through the Belt and Road Initiative (BRI). Since announcing the project, 140 countries have committed to participating, of which 58 officially signed a MoU. This push in cooperation increased China's non-financial outbound direct investment in the BRI to US\$17.79 billion despite the COVID-19 pandemic (Belt and Road Portal 2021, in Thees et al., 2023). Such growth in outbound investment is driven by state investments and Chinese enterprises' ongoing commitment to international trade cooperation. As of 2022, total Chinese investment in countries of the Belt and Road Initiative (BRI) pared down to around 67.8 billion U.S. dollars, of which approximately 34 percent of the investment flowed to Asian BRI countries (Statista, 2023).

The rising Chinese influence through financing, building, and operating massive infrastructures is still relevant. Questioning the current status of globalization, the BRI project is in many respects a controversial example for the future of global economic systems, which is visible through the discussions on the launch of the world's largest free trade area, Regional Comprehensive Economic Partnership (RCEP), the role of China in the COVID-19 pandemic, the numerous trade agreements in recent decades, or the supposed imbalance in trade relations. Yet, as Duarte et al. (2023) highlighted, allowing globalization to disclose its complexity, specifically how the Chinese

perspective underlying the BRI, can open up new horizons for globalization, not limited to Western instances or spheres.

The BRI opens new markets for Chinese goods and services, supporting China's export-driven economy. By facilitating trade and investment, China can diversify its economic activities and reduce dependence on any single market. Facilitating trade and investment has enabled China to diversify its economic activities and reduce dependence on any single market. The process of structural reforms and trade liberalization has significantly influenced the trade patterns of Chinese firms, leading to a notable increase in export volumes and diversification in products and destinations. Chinese companies gain access to investment opportunities in BRI countries, fostering economic growth and technological advancement domestically and internationally (Jiang et al., 2022).



**Figure 3.** Chinese Investments in BRI Countries 2013-2022

Source: Statista

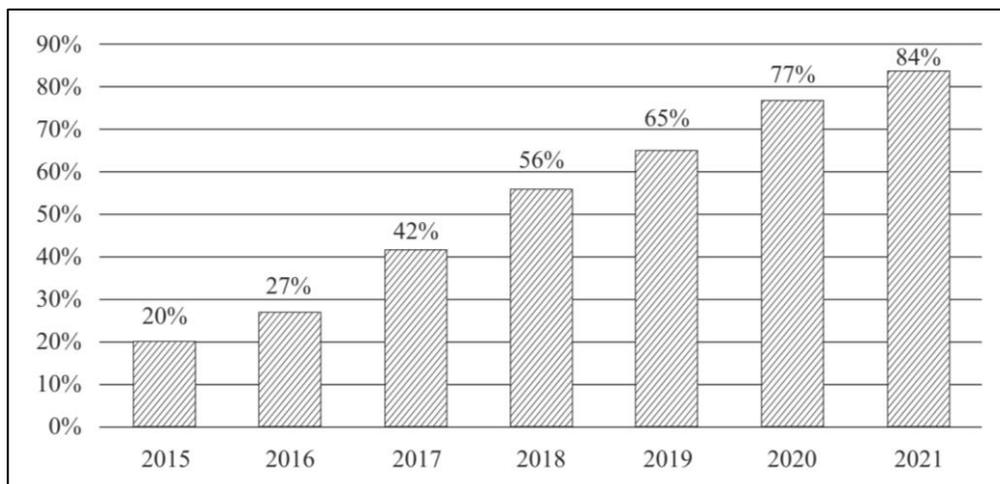
According to Pechlaner and Thees (2020), the BRI is a cultural space where all actors, from institutions, politics, and companies to individuals, behave and interact based on their values and economic and cultural history. The “West”, with its liberal meritocratic capitalism, meets the Chinese political capitalism. The Initiative is a network where the economic systems of China, Russia, Europe, East Asia, Central Asia, and Middle Eastern countries interact based on their particular modifications of capitalism. In this light, the BRI project is an infrastructure network and a meeting place for people from different economic cultures. This dependence on each other

across sectors and countries helps globalization happen by creating value chains spread in various areas.

6. *Green economy*

In the coming decades, China will focus on developing a green, low-carbon, circular economy. An assessment backed by top policymakers suggested that continuing along the same growth track would have been unsustainable and inefficient (Zhou & Huld, 2023). In February 2021, the State Council released a guiding opinion outlining the transition plan for how China will initially form the production, circulation, and consumption systems featuring green, low-carbon, and recycling development by 2025. By 2035, energy and resource utilization efficiency in critical industries and for key products is expected to reach an internationally advanced level, and the goal is to build a beautiful China (xinhuanet.com, 2023).

China endeavors to achieve sustainable urbanization while appreciating and accommodating the demands of the environment. By integrating cities into nature through mountains, waters, and other distinctive landscapes, the location allows urbanites to appreciate the scenery while being reminded of their rural origins. Efforts have been undertaken to augment urban eco-environmental space by establishing parks and greenways within cities, in addition to national garden cities and forest cities. With increased greenery coverage, the urban environment has been effectively restored. From 2015 to 2021, green coverage of built-up urban areas increased from 39 percent to 42 percent (PRC State Council, 2023). Great efforts have been made to construct green and low-carbon buildings, and renovation of existing ones has been promoted, contributing to increasingly higher energy efficiency.



**Figure 4.** Green Coverage of New Urban Building Areas in China 2015-2021

Source: PRC State Council Report 2023

Despite the domestic records, accomplishing the goals requires serious social and economic transformation. Transitioning from coal to renewable energy is critical to

China's efforts. In 2019, renewables accounted for nearly 15% of China's energy mix, compared to 7% a decade earlier (china.org.cn, 2021). China has used hydropower for years, installing more solar panels and wind power generators as the world's leading manufacturer of those technologies. Moreover, Beijing and some provinces are incentivizing the use of electric vehicles. In 2020, 1.37 million so-called new energy vehicles—which include battery electric, plug-in hybrid, and hydrogen fuel-cell vehicles—were sold in China, a nearly 11 percent increase from the previous year.

Experts said many goals and efforts must be more ambitious and match each other or the Paris Agreement (Maizland, 2023). For decades, China opposed pledges, arguing that developed nations like the US should shoulder more environmental protection and that China should stay to forfeit its economic growth. China has been receptive to international cooperation. The European Union agreed to support China's implementation of its emissions trading scheme. China is the world's largest emitter, and the extent to which it focuses on environmental sustainability at home will determine its ability to create a green BRI (Ladislaw & Carey, 2019). China has actively participated in various international environmental agreements, covering many areas such as sustainable development, atmospheric protection, freshwater and marine pollution control, and biodiversity conservation (Jiang, 2015). Despite these efforts, China's environmental challenges are exacerbated by its large population, rapid economic growth, and limited natural resources, which have led to severe issues like air and water pollution, cropland loss, and biodiversity decline (Ladislaw & Carey, 2019). China has made substantial financial contributions to international environmental cooperation; it is often perceived as a recipient rather than a donor, complicating its role in global environmental governance (Zhang & Nan, 2014). While China has had some success in moving toward a more environmentally sustainable energy sector, it still has a long way to go.

### **What Is Next for China?**

Undergoing global changes, such as climate change, terrorism, recessions, and disruptive technologies, has made China aware that it must adapt. Assuming a more global role to guide the international community through the new challenges, China introduced three brand-new initiatives in 2022: the Global Security Initiative (GSI), the Global Development Initiative (GDI), and the Global Civilization Initiative (GCI). The initiatives will inject strong impetus into advancing humanity's modernization process and building a community with a shared future for mankind.

The Global Security Initiative (GSI) is Xi's first attempt to present a more comprehensive vision of a new world order and formulate the ideological backbone for a global governance system that elevates Chinese influence at the expense of American power (Schuman et al., 2023). According to the concept paper (fmprc.gov.cn, 2023), the GSI includes six commitments, covering “the vision of common, comprehensive,

cooperative and sustainable security,” “respect for the sovereignty and territorial integrity of all countries,” “the role and authority of the UN and its Charter,” “the legitimate security concerns of all countries,” peaceful resolution of differences and disputes “through dialogue and consultation,” and the maintenance of “security in both traditional and non-traditional domains.”

The Global Development Initiative (GDI) aims to pool efforts to tackle challenges, promote post-COVID-19 recovery, and seize opportunities to open up a bright future for achieving common sustainable development and building a global development community. The core principles are prioritizing development, being people-centered, leaving no country and no one behind, harmony between human and nature, innovation-driven, global development partnership, action-oriented, and synergy. Meanwhile, China introduced the Global Civilization Initiative in March 2023. The GCI aimed to explore the action plan for building a global network for inter-civilizational dialogue and cooperation and lay a path for building a community with a shared future for mankind, distinctly scientific, contemporary, advanced, and practical (Yu & Jia, 2023).

However, the initiatives will only be assured with criticism. One of the most prevalent criticisms is directed at the ambiguity of the idea of non-interference. The GSI and GDI are not necessarily China's noble intentions to promote Chinese power and influence. Many of their elements quite brazenly push China's interests. For example, the GSI's noninterference and territorial integrity planks are meant to ward off Western support for Taiwan and criticize China's abysmal human rights record (Schuman et al., 2023). Some experts view the GSI as a Chinese attempt to counter the US influence in the security domain.

## CONCLUSION

Globalization has numerous advantages, including accelerated economic development, increased creativity, and innovation. China's adoption of globalization and new technologies has caused a dramatic shift in the global economy. China has embraced globalization since 1996, focusing on economic reform, openness, foreign investments, export-led manufacturing, and WTO membership. The Chinese government implemented rural, urban, macroeconomic, and open-door policies, leading to significant economic growth and reducing poverty. The country's market-opening strategy is gradual, integrating market mechanisms while maintaining state control over critical sectors. China's unique blend of state-led industrial policies and market-driven mechanisms creates a distinctive economic model that cannot be categorized as state versus market.

China's shift from central planning to market exchange has led to significant economic growth, with the country becoming the world's second-largest electrical and

information technology manufacturer. The government has established various areas for foreign investment, attracting many entrepreneurs and venture businesses. China's entry into the WTO has also led to significant openings in the services industry, including distribution, telecommunications, and financial services. China's commitment to WTO norms, such as most-favored-nation and national treatment, required extensive national economic reform. The BRI has facilitated trade and investment, diversifying China's economic activities and reducing dependence on any single market. This has increased export volumes and diversification in products and destinations.

Despite the controversies, China's efforts in the global political economy deserve worldwide appreciation and consideration. Massive trade and investment flows between the major economies of all regions characterize modern globalization. China is the global economy's intermediate manufacturing hub, even though it continues to rely on imported resources and international financial flows. Soft power diplomacy suggests collaborative initiatives encouraging responsible behavior and adherence to international standards to accommodate China's evolving role and ensure that economic growth benefits are shared more equitably.

## REFERENCES

- Alberto, G. (2022). Enterprise Reforms and Innovation as Key Drivers of Socialism With Chinese Characteristics. *World Review of Political Economy*, doi: 10.13169/worlrevipoliecon.12.4.0558
- Bishop, M.L. & Payne, A. (2021). The Political Economies of Different Globalizations: Theorizing Reglobalization. *Globalizations, Vol.18 No.1*.
- Branstetter, L. & Lardy, N. (2008). China's Embrace of Globalization. *China's Great Economic Transformation*. Cambridge: Cambridge University Press.
- Castells, M. (2000). *The Rise of the Network Society*. New York: Wiley-Blackwell.
- Chen, Y.Y, Wang, X.L., & Chen, K.M. (2023). Stock Market Liberalization And Pay For Market-Based Performance: Evidence From A Quasi-Natural Experiment In China. *Pacific-Basin Finance Journal*, 79:102030-102030. Doi: 10.1016/j.pacfin.2023.102030
- Deng, Y. & Moore, T. G. (2004). China Views Globalization: Toward a New Great-Power Politics?. *The Washington Quarterly*, Vol.27, No.3.
- Duarte, P.A.B., Leandro, F.J.B.S., Galán, E.M. (2023). *The Palgrave Handbook of Globalization with Chinese Characteristics, The Case of the Belt and Road Initiative*. Singapore: Palgrave Macmillan.
- Friedman, T.L. (2005). *The World Is Flat: A Brief History of the Twenty-first Century*. New York: Farrar, Straus, and Giroux.

- Guo, S.C. (2022). Research on Finance Liberalization and Regulation Based on the Experience of China's Liberalization Transformation. doi: 10.2991/aebmr.k.220307.448
- Guthrie, D. (2009). *China and Globalization The Social, Economic, and Political Transformation of Chinese Society*. New York: Routledge.
- Hafner, M., & Luciani, G. (2022). *The Palgrave Handbook of International Energy Economics*. Switzerland: Palgrave Macmillan.
- Hardwick, S. (2018). China and The Global Trading System: Then and Now. *China's 40 Years of Reform and Development: 1978–2018*, ANU Press.
- Held, D., & McGrew, A. (2007). *Globalization/Anti-Globalization: Beyond the Great Divide*. Cambridge: Polity.
- Hewett, E.A. (2016). Economic Reform in the USSR, Eastern Europe, and China: The Politics of Economics. *The American Economic Review*, 79(2):16-20.
- Jiang, X.Y. (2015). China's Participation In Major International Environmental Agreements. *Research Handbook on Chinese Environmental Law*. doi:10.4337/9780857931429.00023
- Kolstad, I. & Wiig, A. (2009). What Determines Chinese Outward FDI?, *CMI Working Papers*, Vol.3
- Ladislav, S. & Carey, L. (2019). Chinese Multilateralism and the Promise of a Green Belt and Road. Retrieved from <https://www.csis.org/analysis/chinese-multilateralism-and-promise-green-belt-and-road>, November 23, 2023.
- Lechner, F.J. (2009). *Globalization: The Making of World Society*. New York: Wiley-Blackwell.
- Levy, B. (2012). *The Role of Globalization in Economic Development* (September 14, 2012), doi: 10.2139/ssrn.2233648.
- Liang, W. (2002). China's WTO Negotiation Process and its Implications. *Journal of Contemporary China*, Vol.11 No.33.
- Maizland, L. (2023). China's Fight Against Climate Change and Environmental Degradation. Retrieved from <https://www.cfr.org/background/china-climate-change-policies-environmental-degradation>, June 17, 2023
- Mittelman, J. (2006). Globalization and Development: Learning from Debates in China. *Globalizations*, Vol.3, No.3, pp. 377– 391.
- Morrison, W.M. (2019). China's Economic Rise: History, Trends, Challenges, and Implications for the United States. *The US Congressional Research Service (CRS) Report*.
- Pechlaner, H., & Thees, H., (2020). Is the Silk Road a Road of Fear? Challenges of Global Transformation. *Global-e*. Retrieved from [www.21global.ucsb.edu/globale/april-020/silk-road-road-fear-challenges-global-transformation](http://www.21global.ucsb.edu/globale/april-020/silk-road-road-fear-challenges-global-transformation), June 17, 2023.
- People Republic of China State Council. (2023). China's Green Development in the New Era. Retrieved from

[https://english.news.cn/20230119/b9b902af9308417db57bf08ca7a74a9e/20230119b9b902af9308417db57bf08ca7a74a9e\\_XxjwshE007008\\_20230119\\_CBMFN0A001.pdf](https://english.news.cn/20230119/b9b902af9308417db57bf08ca7a74a9e/20230119b9b902af9308417db57bf08ca7a74a9e_XxjwshE007008_20230119_CBMFN0A001.pdf), November 23, 2023.

Schuman, M., Fulton, J., & Gering, T. (2023). How Beijing's Newest Global Initiatives Seek To Remake The World Order. Retrieved from <https://www.atlanticcouncil.org/in-depth-research-reports/issue-brief/how-beijings-newest-global-initiatives-seek-to-remake-the-world-order/>, June 25, 2023

Schortgen, F. (2009). A Contextual View of Chinese Enterprise Internationalization. *China Rules: Globalization and Political Transformation*. New York: Palgrave Macmillan.

Thees, H., Pechlaner, H., Wei, M. W. (2023). A Matter of System? Economic Cultures and Capitalism along China's New Silk Road. *Re-Globalization: New Frontiers of Political, Economic, and Social Globalization*. New York: Routledge.

Tomlinson, J. (1999). *Globalization and Culture*. Chicago: University of Chicago Press.

Xie, J.Y. (2023). Inclusive Globalization and The Belt and Road Initiative. *Review of International Relations*, Vol. 5, No. 1.

Xiong, Y.X. (2022). An Empirical Study on The Main Factors of China's Economic Growth. *BCP Business & Management*, Volume 30.

Yang, Y. (2011). China's Export-led Growth Model. Retrieved from <https://www.eastasiaforum.org/2011/02/27/chinas-export-led-growth-model/>, June 17, 2023.

\_\_\_\_\_. (2019). China's Economic Growth in Retrospect. Retrieved from [https://www.brookings.edu/wp-content/uploads/2019/08/9780815738053\\_ch1.pdf](https://www.brookings.edu/wp-content/uploads/2019/08/9780815738053_ch1.pdf), June 17, 2023.

Yang, J.Y. (2023). Research on the Strategic Position of the 'Belt and Road: Initiative' in China's New Economic Landscape. *Frontiers in Business, Economics and Management*, Vol. 9, No. 1.

Yu, J. & Jia, D. (2023). Experts Share Views On China-Proposed Initiatives. Retrieved from <https://global.chinadaily.com.cn/a/202304/17/WS643c8eb3a310b6054facde80.html>, November 23, 2023

Wang, Z.H. (2017). The Economic Rise of China. *Asian Survey*, Vol.57, No.4

Wang, D. & Cao, D., (2020). *Re-Globalisation: When China Meets the World Again*. London: Routledge.

WTO. (2022). Evolution of Trade Under The WTO: Handy Statistics. Retrieved from [https://www.wto.org/english/res\\_e/statis\\_e/trade\\_evolution\\_e/evolution\\_trade\\_wto\\_e.htm](https://www.wto.org/english/res_e/statis_e/trade_evolution_e/evolution_trade_wto_e.htm), June 15, 2023.

Zhang, W.W. (2000). *Transforming China: Economic Reform and Its Political Implications*. New York: St. Martin's Press.

Zhang, W. & Nan, Y.J. (2014). China's Financial Contribution to International Environmental Cooperation and Preliminary Design of Future Environmental Financial Governance. *Chinese Journal of Urban and Environmental Studies*, 02(02):1450012-. doi: 10.1142/S2345748114500122

Zhou, Q., & Huld, A. (2023). What is China's Green and Low-Carbon Plan, and Why is it Relevant to Foreign Investors?, Retrieved from <https://www.china-briefing.com/news/what-is-chinas-green-and-low-carbon-plan-and-why-is-it-relevant-to-foreign-investors/>, November 23, 2023.

Zhu, X.D. (2012). Understanding China's Growth: Past, Present, and Future. *Journal of Economic Perspectives*, Vol. 26, No. 4.

[https://www.fmprc.gov.cn/mfa\\_eng/wjbxw/202302/t20230221\\_11028348.html](https://www.fmprc.gov.cn/mfa_eng/wjbxw/202302/t20230221_11028348.html)

[http://www.xinhuanet.com/english/2021-02/22/c\\_139759271.htm](http://www.xinhuanet.com/english/2021-02/22/c_139759271.htm)

[http://www.china.org.cn/business/2021-01/13/content\\_77112024.htm](http://www.china.org.cn/business/2021-01/13/content_77112024.htm)