

UDC 141

DOI <https://doi.org/10.36059/978-966-397-284-8-51>

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THE PREREQUISITES OF ECONOMIC DEVELOPMENT OF THE PEOPLE'S REPUBLIC OF CHINA IN THE GLOBAL ENVIRONMENT

Key words: economy, global level, development, potential.

The rapid development of the People's Republic of China (PRC) as a new global power is gradually turning into one of the leading trends in the modern development of the world economy [1]. As a result of the redistribution of the international balance of power with the participation of the PRC, the existing integration blocs are being modified, additional opportunities for creating new configurations of international partnership are emerging. In this context, the efforts of the Ukrainian authorities to deepen Ukrainian-Chinese economic relations are a timely and adequate response to the transformations in the international environment. The economy of the People's Republic of China is the second largest economy in the world after the United States. The country is the largest country in the world by population (more than 1,38 billion people).

The People's Republic of China is a powerful agrarian-industrial country. Traditional industries are being developed – textile, coal, ferrous metallurgy, phosphorus and earthenware production, as well as new industries – oil refining, gas, chemical, aviation, space, electronic, mechanical engineering, instrumentation. China is a world leader in the production of coal, cement, mineral fertilizers, steel, electricity. Companies in China are classified by ownership and size.

State-owned companies are fully or partially owned by the state. Equity capital can be in the form of investment at the local government level or full ownership by the central government. Private enterprises are created by individuals and do not receive state funding. Small, medium and micro enterprises in the PRC are generally private enterprises that are subject to a government-imposed limit on the number of employees, revenue and total assets.

Amid a broader economic recovery in China in 2021, SMEs are struggling with rising production costs. SMEs in the manufacturing industry have faced high raw material costs, which have risen sharply as industrial production has recovered. Prices for raw materials such as iron ore and copper rose to record highs as the global economy recovered from the coronavirus.

Power outages and rising electricity prices have also led to reduced production at SMEs. More than half of China's provinces have imposed strict electricity rationing since September 2021, forcing many factories to cut production capacity, putting jobs at risk. The Global Investment Trends Monitor report published by the United Nations Conference on Trade and Development in January 2021 stated that in 2020, China became the world leader in foreign investment inflows, overtaking the United States [2].

First, China responded decisively to the epidemic, which allowed the resumption of production. Secondly, in terms of medium and long-term factors, China's economic policy is stable, and the potential for economic growth is huge. Thirdly, China continues to expand its openness. In recent years, restrictions on access to the Chinese market have been constantly eased, the level of openness has been steadily increasing, and the business environment has been improving. For example, the new version of the Catalogue of Industries to Promote Foreign Investment at the Wayback Machine, which officially came into force in January 2021, has further promoted foreign investment.

According to Ernst&Young (EY), one-fifth of the 2020 IPOs (180 offerings) were made on the Shanghai Stock Exchange [2]. For comparison, 119 placements were made on the Nasdaq stock exchange for the same period of time. In total, in the first three quarters of 2020, Chinese stock exchanges, according to EY, conducted 45% of global IPOs.

Business influences government policies through lobbying, and generally expects and eventually receives support from the government. But, on the other hand, business demands non-interference. This leads to a much more market-oriented behavior of Western multinational enterprises, but also to a decrease in their competitiveness in relation to Chinese companies. On the other hand, the market creation of conditions for innovation involves reaching ever larger scales. And although the American giants create such opportunities for themselves by capturing the consumer market (B2C) as much as possible, while being criticized and punished by governments, they do not have the ability to scale as much as the Chinese in the application of digital technologies throughout the economy, especially in industry (B2B).

On March 4, 2021, the sessions of the National People's Congress were held. The work of the sessions is not limited to meetings to approve the

government's report, budget, development plan for the 14th Five-Year Plan, etc. The most interesting product of the sessions is the Long-Term Development Goals of China until 2035[1].

The initiatives are positive and vague: post-covid recovery and GDP growth of 6%, 11 million new jobs in cities and unemployment at 5.5%, low annual inflation (up to 3%) and exchange rate stability. China aims to improve the overall standard of living of its citizens, provide them with quality healthcare (Healthy Nation 2020 Initiative), restore the birth rate (two-child policy) and improve the environmental situation by reducing the energy intensity of GDP (by 13,5%) and carbon dioxide emissions (by 18% per unit of GDP). The planned actions should help to overcome the current difficulties, "bring the Chinese economy to new heights" and ensure a doubling of GDP by 2035.

The main goal of the Chinese state for the nearest future is a «new philosophy of development» based on the «high-tech transformation of China in 2025» [1]. The agenda includes not only further technological developments, but above all their practical application in infrastructure and industry. In the course of overcoming the crisis of 2008–2009, Chinese technocrats were convinced that investment in infrastructure is the best solution, because it not only guarantees to restore aggregate demand, but also creates a spillover effect for entrepreneurs in the form of improved business conditions.

When multinational technology companies Apple Inc., Google and others began to move production from China and rebuild global supply chains, China proclaimed the rejection of credit and financial corporate capitalism and the transition to a closed system of the state economy with incorporated fragments of the private sector. The channels of concentration of investments in targeted sectors have become the funds for the management of the transformation of scientific and technological achievements of the PRC.

New institutions (spreading since 2018) arise mainly under the specialized departments of regional ministries and agencies and operate on the principles of investment management. The funds enjoy fiscal preferences from the government, but behave independently in their specific sectors and areas. 60% of them work only with innovations [3].

During the 2020 crisis, the proven means of overcoming the crisis was creatively rethought: the object of investment was not physical, but digital infrastructure. Money was spent on improving communication networks, 5G base stations, the introduction of AI in the basic infrastructure, new computing and processing centers, blockchain and satellite communications. This approach is in sharp contrast to the "Rescue Plan" of the US economy, where about \$ 1 trillion is proposed to be distributed to the population in the form of direct transfers or unemployment benefits.

In general, according to the data announced by the Chinese Prime Minister, by 2020, China has brought the volume of direct investment in R&D to 350 billion US dollars. In 2021, the country will make a confident first step towards the formation of a new concept of development (double circulation economy), in which the domestic and foreign markets will strengthen each other with the support of the development of the domestic market [4].

Currently, the Chinese economy is facing the need to change its development model. The current model has demonstrated (and still continues to demonstrate) unprecedented growth rates, mainly due to foreign investment and rapidly growing exports. Although such a model, given its role and scale (the second economy after the United States in the world and the first – in terms of world exports), cannot be quickly modernized, the Chinese authorities seek to minimize the risks of external shocks as soon as possible, the threat of which, given the growing problems of China's economic development, is increasing.

Restructuring of the Chinese economy; changing the quality of economic growth, transition from extensive development to increasing the level of technological production. At the moment, many Chinese enterprises, especially in the public sector, still remain uncompetitive and will have to face serious financial difficulties if the government cancels subsidies, which now include both land and energy aid. For bilateral cooperation, the change in the emphasis of China's national development will be marked by increased competition between enterprises with similar competitive advantages, equally interested in building technological capacity and entering new markets.

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