FOREIGN DIRECT INVESTMENT AND ECONOMIC GROWTH IN CHINA: REGIONAL ASPECT

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After the end of the Second World War, with the rapid development of multinational corporations, foreign direct investment (FDI) has gradually become an important form of global economic activity. Since 1978, opening up, as one of China’s basic national policies, has attracted a large amount of foreign direct investment for China, which has made tremendous contributions to the rapid development of China’s economy. In China, foreign direct investment refers to the investment activities carried out by foreign investors in China through the establishment of foreign-invested enterprises, partnerships, joint exploration and development of petroleum resources with Chinese investors, and establishment of branches of foreign companies. Besides regular foreign investors, foreign investors also include overseas Chinese; compatriots in Hong Kong, Macao and Taiwan; and Chinese enterprises registered abroad. FDI usually plays a non-negligible role in the economic growth of a developing country.

This paper used the FDI and gross domestic product (GDP) data of different regions of China in 2016 and 2017 to calculate the relevant elasticity coefficient; then analyzed the FDI situation in different regions of China and the impact of FDI on economic growth in different regions in China.

Under the new economic normal, China’s GDP in 2017 increased by 8.59 % over 2016, and the GDP of various provinces generally showed an upward trend. Among them, Shanxi, Jiangsu, Anhui, Fujian, Henan, Guangdong, Hainan, Sichuan, Guizhou, Yunnan, Shanxi, Xinjiang and other provinces all increased by more than 10 %, and only Inner Mongolia fell by 11.21 %. This is mainly due to the suspension of infrastructure projects in two cities, Hohhot and Baotou in Inner Mongolia. Since then, Inner Mongolia has begun to review the government-invested projects under construction and planned construction [1]. As a result, a number of government debt-raising projects have been suspended or postponed. Baotou City alone reduced 55 government investment projects and reduced investment by 70.2 billion yuan.

China's realized FDI in 2017 increased by 8.15 % over 2016, but the growth rates of FDI in different provinces are quite different. Among them, Beijing and Liaoning have increased significantly, with 86.72 % and 77.89 %. The increase in Beijing’s realized FDI was mainly due to the increase in the use of foreign direct investment in information transmission, computer services and software industries [1]. The increase in FDI in Liaoning is mainly due to its location on the Chinese border, and the direct investment in China by countries along the “Belt and Road” has increased significantly. The realized FDI in Hebei, Jilin, Qinghai and Ningxia all maintained high growth, with an increase of more than 20 %. The realized FDI of Shanxi, Inner Mongolia and Chongqing is in a high decline, with a decline of more than 20 %. The realized FDI in Gansu and Xinjiang declined the most significantly, reaching 62.41 % and 51.06 %.
On the whole, the elasticity of FDI's impact on GDP is 1.05. The growth rate of FDI is roughly the same as the growth rate of GDP. China's GDP growth has a more obvious dependence on FDI inflows. This is because after China entered the new normal state of the economy, it continued to adhere to an open policy, using FDI to promote the adjustment of China's economic structure and industrial upgrading, and helped China cultivate new international competitiveness.

The east part of China has the largest FDI value, accounting for 60.93% of the China's realized FDI, and the use of FDI is at a relatively high level. And it is currently in a state of rapid growth. In 2017, the realized FDI in the eastern region increased by 10.95% compared to 2016. The east part of China is China's coastal zone. Early advantages, such as support for national open policies, convenient transportation, and cheap labor, made it absorb FDI much earlier than the middle and west parts of China. Currently, about two-thirds of the FDI absorbed by China is still concentrated in China's eastern region. By taking advantage of technological spillover benefits and economies of scale brought by FDI, the east part of China has greatly developed its economy and raised its GDP level. The GDP of the eastern region in 2017 increased by 8.95% compared to 2016, and its GDP was much higher than the sum of the GDP of the middle and western regions. However, the elasticity coefficient of the impact of FDI on GDP in the eastern region is 0.82, which is close to 1, indicating that the current FDI in the eastern region has a negligible driving effect on economic growth, but it is not very significant. This is because under the new normal economy in China, the economic growth momentum of the eastern region is being adjusted, and some FDI is absorbed and used by the central and western regions of China.

The realized FDI in the middle part of China accounted for 30.50% of the China's realized FDI, and the use of FDI in it was at a medium level. The realized FDI in the middle region in 2017 increased by 6.25% compared to 2016, but the growth rate was 4.7 percentage points lower than in the eastern region. The GDP of the middle region in 2017 increased by 8.66% compared to 2016, and the elasticity coefficient of FDI on GDP was 1.39. The increase in FDI had a significant effect on the economic growth of the middle region. Compared with the east part of China, the economic growth of the middle part of China is more dependent on FDI. This is because under the new normal economy, more policy support has improved the environment for foreign direct investment in the middle region, and attracted more foreign investors' attention. The advantages of spillovers and economies of scale formed by the use of FDI in the middle region are even more significant.

The realized FDI in the western region is the lowest of the three regions, accounting for only 8.56% of the China's realized FDI, and the utilization of FDI is at a very low level. Although the realized FDI in Ningxia, Qinghai, and Shanxi in 2017 increased significantly compared with 2016, the realized FDI in the western region in 2017 decreased by 3.05% compared to 2016. The provinces with the most significant declines were Inner Mongolia, Chongqing, Gansu, and Xinjiang. The GDP of the western region in 2017 increased by 7.43% compared to 2016, but the elasticity coefficient of the impact of FDI on GDP was negative, that is, while the FDI decreased, the GDP increased, indicating that in the western region, the contribution of FDI to GDP growth was very high small. This is because most western regions are generally backward in terms of investment in hard and soft environments, especially in terms of industrial support, logistics efficiency, financing environment, and service awareness. Its investment environment is still far from the eastern and central regions, which has resulted in foreign investors not focusing too much on the western region in a short period of time.

So, in China the impact of FDI on GDP varies greatly with regional economic levels. The eastern region is relatively developed, and the use of FDI is at a relatively mature stage, which can well enable the technological spillover benefits and scale benefits brought by FDI.
However, due to the relatively high level of economic development in the eastern region, some markets are becoming saturated, leading to a decline in the marginal benefits brought by FDI. At present, the eastern region is more focused on absorbing higher quality FDI. Although China's middle region lags behind the eastern region in terms of development level, because it undertakes industrial transfer from the eastern region and the economy is in a high-speed development stage, FDI brings the highest marginal benefits. In this region, the technological spillover benefits and economies of scale brought by FDI are more significant, and it has become a new hot land for foreign investors. This region should continue to strengthen policy support and make full use of the role of FDI in stimulating its economic growth. In China, the economic level of the western region is low, and the scale of FDI is the smallest, resulting in a weak impact of FDI on economic growth, and the marginal benefit of FDI in the western region is the lowest. In response to the low level of use of FDI in the western region, China can improve its business environment and support enterprises in the western region to participate in the "Belt and Road" construction, so that it can better use FDI to promote its economic development.

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THE CURRENT ECONOMIC SITUATION IN THE FEDERAL REPUBLIC OF GERMANY

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The Federal Republic of Germany is considered to be the driving force of the European Union. The country's economic potential is high, but the economic structure is developing slowly and slowly every year. It is possible to understand what is happening in the economy by assessing the changes in the German economy and its individual sectors that are being predicted and analyzed.

The article will consider the economic situation in Germany, with the assessment of key economic indicators such as construction and sale of housing, sale of new cars, consumer prices and inflation, as well as the unemployment rate of the population.

The unemployment rate is the percentage of people in the workforce who are unemployed. This indicator is somewhat contradictory, as it is not always clear who can be attributed to the workforce. If someone stops looking for work, it can no longer be considered as part of the workforce. Therefore, many people who have been unemployed for a long time are not counted by this indicator (Fig. 1).