

Impacts of FDI on the Chinese economy

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Since China began its economic reforms and opened to the World in 1978, it has made tremendous progress in its economic development. In 2010, China overtook Japan to become the world's second largest economy behind the United States. Today, China is not only the world's largest manufacturing economy and exporter of goods, but also the world's fastest-growing consumer market and second-largest importer of goods. Meanwhile, attracting foreign investment, which is considered one of the most important aspects for China to integrate into the global economy, has played a significant role in promoting its economic development, and the FDI technology spillovers are one of the core forces to drive China towards reaching new growth. For a long time, the Chinese government has attached great importance to the issues of attracting foreign investment into the country's economy, and also contributed to improving the investment climate of the country, defending the legitimate rights and interests of foreign investors. In recent years, China has been the largest FDI recipient among the developing countries and foreign-invested enterprises have become an important irreversible element of the Chinese economy.

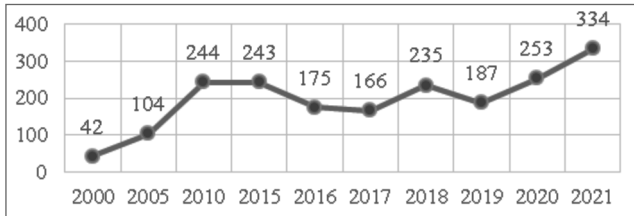


Figure 1. – Dynamics of the net inflow of FDI in China 2000–2021, billion U.S. dollars.

Source: own development based on [1; 2]

As shown in Figure 1, net FDI inflows to China increased rapidly from around 42 billion U.S. dollars in 2000 to 244 billion in 2010, but growth rates have dropped thereafter. This was mainly due to limitations to market access for foreign investment and growing competition from domestic companies. In 2017, this indicator reached 166 billion U.S. dollars. At the end of 2019, in order to improve the investment environment, the Chinese government issued a new Foreign Investment Law and took further measures to safeguard the interests of foreign investors. This was at least partly responsible for increased net FDI

inflows to China between 2020 and 2021 even despite Covid-19 [1]. In 2021, China's net FDI inflows was 334 billion U.S. dollars [2]. A strong increase in foreign direct investment occurred in the period from January to August 2022, despite the continuing restrictions associated with COVID-19. Thus, the actual use of FDI in China reached 138.4 billion US dollars, which increased by 21% compared with the same period in 2021. Utilized foreign investment originating from the Republic of Korea saw the fastest growth rate, up 58.9 % from the same period the previous year. This was followed by Germany (30.3 % year-on-year), Japan (26.8 %), and the United Kingdom (17.2 %) [3]. All this testifies to the huge market potential and development potential of domestic China.

As for the importance of FDI on the Chinese economy, it mainly involves the following aspects: 1) FDI has helped China's economy grow and made it to obtain additional financial resources; 2) FDI has improved the export competitiveness of Chinese products. Under the influence of the FDI technological spillovers, China's domestic related industries have developed rapidly, and the exports of processing enterprises and service industries with certain technological content have increased; 3) FDI has promoted the upgrading of China's industrial structure. FDI brings foreign advanced technology to China, accelerates the development of China's industrial technology, and thus realize the upgrading of industrial structure from resource-intensive and labor-intensive to capital-intensive and technology-intensive.

In addition, it should be noted that although FDI has brought a huge impetus to China's economic development, some foreign investors have brought a lot of pollution to China while investing in China, which seriously has damaged its ecological environment. Moreover, large-scale foreign investment and increasing dependence on foreign technology have brought a certain threat to the national economic security.

In summary, given the importance of FDI for the development of China's economy, it is necessary to facilitate market access to give new opportunities to attract FDI. However, considering the negative impacts of FDI, China should vigorously develop domestic production, improve the ability of independent innovation of enterprises, and ensure sustainable development in its economy while ensuring its economic security.

Литература

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Безработица: сущность, виды, причины и меры по борьбе

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Безработица – неминуемое явление в рыночной экономике, а также важнейшая макроэкономическая проблема, заключающаяся в издержках, прежде всего, для экономической и социальной сфер общества, что характеризуется недостаточным количеством определенных товаров и услуг, сокращением налоговых доходов в бюджет государства, снижением уровня жизни для населения в целом [1].

Такая проблема в масштабном объеме проявляется для большого количества стран в мире.

Важно заметить, что раньше безработица являлась по-особенному неприятным делом, с которым приходилось бороться любыми способами, с обязательными государственными методами регулирования. Но отношение к безработице с течением времени меняется, и сегодня многие экономисты убеждены, что безработица абсолютно устоявшееся социально-экономическое явление, которое может выражаться в краткосрочном, долгосрочном периодах или иметь застойный характер. Чтобы не позволить безработице нанести обществу значительный экономический и социальный ущерб, принимаются во внимание определенные исследования и меры по недопущению застойной или снижению уровня иной безработицы.

Существует большое число видов безработицы, из которых можно выделить фрикционную, структурную и циклическую. Данные виды проявляются в различных формах и отличаются обстоятельствами. В нормальных условиях тип безработицы определяется характером факторов, вызвавших ситуацию. Другим важным фактором классификации безработицы является то, как возникает ситуация и как долго она возникает. В Беларуси преобладает структурный вид безработицы, который обусловлен стремительным изнашиванием существующих знаний из-за перехода экономики на современный путь развития [2].

Хотя безработица носит экономический характер, ее причины и последствия выходят за рамки экономических факторов и затрагивают социальную, политическую сферы общества. Безработица вызывает снижение