

ANALYSIS OF COMPETITIVENESS OF THE CHINESE ECONOMY

Yao Jiahui^a, Shenturk Shenay^b

*^aBelarusian State University, Niezaliežnasci Avenue, 4, 220030, Minsk, Belarus
xiaomao-123@qq.com*

*^bBelarusian State University, Niezaliežnasci Avenue, 4, 220030, Minsk, Belarus
shenayka@mail.ru*

The concept of achieving leadership in world markets and the development strategies of countries and enterprises are related to each other as a goal and a means of achieving it. The problem of competitiveness in the world economic space is extremely important for any country, especially in the context of the current evolution of world economic structure. This article identifies the relatively appropriate definition of national competitiveness, analyzes the competitiveness of the Chinese economy on the world stage, points out the challenges faced by China, and proposes possible directions and ways to enhance the international competitiveness of the Chinese economy.

Key words: competitiveness; national competitiveness; the World Competitiveness Ranking (WCR); foreign direct investment (FDI); innovation; China.

АНАЛИЗ КОНКУРЕНТОСПОСОБНОСТИ ЭКОНОМИКИ КИТАЯ

Яо Цзяхуэй^a, Ш. Г. Шентюрк^b

*^aБелорусский Государственный Университет,
проспект Независимости, 4, 220030, Минск, Беларусь, xiaomao-123@qq.com*

*^bБелорусский Государственный Университет,
проспект Независимости, 4, 220030, Минск, Беларусь, shenayka@mail.ru*

Концепция достижения лидерства на мировых рынках и стратегии развития страны и предприятий соотносятся друг с другом как цель и средство ее достижения. Проблема конкурентоспособности в мировом экономическом пространстве чрезвычайно важна для любой страны, особенно в условиях современной эволюции мирохозяйственной структуры. В данной статье определяется понятие национальной конкурентоспособности, анализируется конкурентоспособность китайской экономики на мировой арене, указываются вызовы, с которыми сталкивается Китай, а также предлагаются возможные направления и пути повышения международной конкурентоспособности китайской экономики.

Ключевые слова: конкурентоспособность; национальная конкурентоспособность; рейтинг мировой конкурентоспособности; прямые иностранные инвестиции (ПИИ); инновации; Китай.

The problem of competitiveness in the world economic space is extremely important for any country, especially in the context of the current evolution of world economic structure. Since the launch of economic reforms in the late

1970s, China has become one of the most competitive countries in the world with its economy through major changing strategies, methods, and reforms.

Competitiveness can be interpreted as the ability to compete, but for a country, it is the most important indicator of a country's effective development and a key to positioning in the world economic arena. Understanding of the national economy as a whole, this complex economic, social, organizational, scientific and technical system regularly undergoes structural and organizational changes due to the characteristics of a particular country for meeting the needs of its citizens, competitiveness is an important factor in realizing this series of structural and organizational changes. In this sense, a nation's competitiveness can be defined as the ability of a country to achieve economic growth, ensure a steady increase in real wages, promotion of domestic firms on the world market represented by high-performance clusters that improve the quality of products and services that enable the creation of new jobs in the future [1, p. 41]. In this sense, competitiveness is the most important indicator of a country's effective development and a factor in positioning in the world economic arena. Thus, one of a nation's main tasks is increasing its competitiveness and ensuring its economic substantial development, which includes structuring its law and policies to create a competitive environment.

China's place in the modern global economy is determined by its economic power, thanks to the competent policy of the leadership, China was able to realize its competitive advantages, including cheap labor, the huge potential of the domestic market, and occupied a niche in the world economy. On the one hand, given that China has the leading position in the production of labor-intensive products and products necessary for new construction and large infrastructure facilities all over the world, China has become a leading supplier of products to many countries in the world, both developed and developing. In 2022, according to the General Administration of Customs of China, the total goods trade reached 42.07 trillion yuan (In US dollar terms, the trade value was 6.31 trillion US dollars), topping the world for six consecutive years. In particular, China's vast export market contributed to the trade growth, and it takes up 14.7 % of the global export market, leading the world for 14 consecutive years [2].

On the other hand, the continuous improvement of the business environment. In recent years, faced with challenges in the global environment, the Chinese government insisted on advancing reforms, promoting development and maintaining stability so that the national economy continued to develop despite downward pressure worldwide, the overall economic and social development was stable. According to the National bureau of statistics of China, China's GDP reached 121.02 trillion yuan (17.94 trillion US dollars) in 2022, the newly increased number of employed people in urban areas totaled 12.06

million, and the nationwide per capita disposable income of residents was 36,883 yuan [3]. Meanwhile, foreign direct investment (FDI) inflows to China grew 6.3% year-on-year to 1.27 trillion yuan (in US dollar terms, it rose 8% from 2021 to 189.13 billion US dollars). The manufacturing industry, high-tech industries (including electronic and communication equipment, scientific and technological achievements transformation services, and information services) as the main invested industries in China, in 2022, FDI into these industries increased. In particular, FDI into the manufacturing industry jumped 46.1% from a year earlier to 323.7 billion yuan, while that of the high-tech industries increased by 28.3%, of which electronic and communication equipment (56.8%), scientific and technological achievements transformation services (35%), and information services (21.3%). The FDI source countries in China were the Republic of Korea, Germany, the United Kingdom, the EU, and the ASEAN countries. In 2022, FDI from these countries (or blocs) increased by 64.2 %, 52.9 %, 40.7 %, 92.2 % and 8.2 % [4].

To measure the international competitiveness of a country, Institute for Management Development developed the World Competitiveness Index, which is a comprehensive annual assessment that serves as a global benchmark for a country's competitiveness. According to the World Competitiveness Ranking (WCR) 2022, China ranked 17 out of 63 countries. Regarding performance-based on four criteria: China's government efficiency is ranked 29 (Switzerland – 1st), business efficiency has touched a new mark of 15th, which was 17th in 2021 (Denmark – 1st), economic performance (4th) stayed unchanged (Luxembourg – 1st), but infrastructure dropped from 18th to 21st (Switzerland – 1st). China's weaknesses, according to the WCR 2022, include the institutional framework (37th), business legislation (37th) and social framework (31st), and the main challenges faced by China in 2022 were managing the economic and social uncertainty caused by COVID-19 pandemic [5].

In conclusion, considering the above elements, to enhance the international competitiveness of China' economy, the following points should be concerned,

- 1) establishing and developing an institutional framework, business legislation mechanism to address ever growing geopolitical risks and governance crises globally,

- 2) achieving socio-economic development goals by using macroeconomic policy mix,

- 3) expanding domestic demand through effective investment and boosting consumption,

- 4) building a unified national market to enhance long-term economic prosperity, and

5) insisting on innovating in cooperation to build a mutually beneficial, comprehensive, multi-level and sophisticated cooperative network, thus promoting deep-level regional cooperation.

In addition, implement the strategy of innovation-driven development, with “Made in China 2025” for the gripper-driven national economic quality upgrading.

References

1. G.Kharlamova, The International Competitiveness of Countries: Economic-Mathematical Approach / Kharlamova. G, Vertelieva. O // Economics & Sociology. – 2013. – Vol. 6. – No 2. – pp. 39-52
2. China's foreign trade hits record high in challenging year [Electronic resource] // Xinhua. – 2023. – Mode of access: <https://english.news.cn/20230114/dd9d7df9d8a34d4caa0b9621494e3abd/c.html>. – Date of access: 20.01.2023.
3. National Economy Withstood Pressure and Reached a New Level in 2022 [Electronic resource] // National Bureau of Statistics of China. – 2023. – Mode of access: http://www.stats.gov.cn/english/PressRelease/202301/t20230117_1892094.html#:~:text=According%20to%20preliminary%20estimates%2C%20the,last%20year%20at%20constant%20prices. – Date of access: 20.01.2023.
4. China Foreign Direct Investment [Electronic resource] //. – 2022. – Mode of access: <https://tradingeconomics.com/china/foreign-direct-investment>. – Date of access: 26.01.2023.
5. World Competitiveness Ranking [Electronic resource] // IMD World Competitiveness Center. – Mode of access: <https://www.imd.org/centers/world-competitiveness-center/rankings/world-competitiveness/>. – Date of access: 26.01.2023.