

GLOBALIZATION AND THE INTEGRATION OF CHINA INTO THE WORLD ECONOMY

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A SUMMARY OF THE PRESENTATION

A new feature of the recent globalization drive is the wider involvement of people and economies in global economic exchange. Additionally, economic actions are no longer limited to national economies and regions but can – and are even obliged to – cover global markets as well. Both these factors, i.e. wider involvement and wider coverage, mean that the changing influence of globalization on businesses and economies is now stronger than ever.

Due to its complexity, interpretations on globalization are manifold. Globalization is an ever-evolving concept that changes shape and the shape of the world. Accordingly, assessments of globalization are subjective, different and divided into negative and positive evaluations. Thus, globalization cannot act as a panacea for world development.

The future of globalization will be characterized by ever-increasing globalized trade and financial markets. All this will lead to the rising importance of transnational corporations and banks. Thus, globalization will, on the one hand establish its own inherent new rules and, on the other demand for the establishment of an international regulative framework. In achieving the establishment of a rules-based global economy, globalization will finally lead to a more effective participation of all players of the global markets.

China's integration into the global economy began with its open door policy in the late-1970s and early-1980s under the regime of Deng Xiaoping. Since then, China has step-by-step approached its target of a socialist market economy. The culmination of China's transition and integration into the world economy was reached with China's accession to the WTO in 2001.

China's gains and outcomes from globalization are manifold. Supported by a more active Chinese role in regional economic cooperation, China ranked third in world exports and fourth in world imports with a trade volume of US\$620.7 billion in 2002 and more than US\$800 billion in 2003. China received US\$52.7 billion in FDI in 2002, making it the world's most important recipient of FDI in total terms. Moreover, China's investors increasingly go abroad and integrate themselves into the world economy with 2,382 enterprises in 128 countries and regions and a total investment of US\$29.9 billion in 2002.

The positive outcome arising from China's integration is due to its successful use of emerging opportunities. These opportunities are mainly triggered by the readjustment of the industrial structure of developed countries and newly industrializing economies and their trend towards relocating labour-intensive industries. China was able to attract these industries by providing a stable and reliable policy environment and at the same time promoting innovative reforms. Moreover, through this, China could establish a mutual beneficial environment for international and national investors and an ever-rising standard of living for its own population.

There are challenges ahead. On the international level these challenges culminate in the increasing vacuum of insufficient rules in the global trade and financial system. On the national level the main challenge for China lies in the ever-increasing disparity of economic wealth and the unequal participation in economic growth. A closer cooperation between UNCTAD and the People's Republic of China will thus contribute to a better understanding of the challenges of globalization and its implications for China's development strategy.