FEATURES OF THE DEVELOPMENT OF CHINA'S NEW ECONOMY

Abstract. During the last 10 years, the following features of the development of the Chinese economy have been observed: First, the tendency to slow down the growth of investments in fixed capital. Since the implementation of measures to limit the purchase of housing and the issuance of loans in May 2018, a decline in the pace of construction of new apartments has been recorded, and the volume of land acquisition has also fallen. This indicates that the volume of investment in real estate will continue to decrease. Secondly, the stage with a decrease in the inventory of enterprises is coming to an end. Following a significant drop in prices and a reduction in warehouse volumes, enterprises will gradually adjust to purchasing raw materials at a higher price. At the same time, the stabilization of the cost of oil, iron and agricultural products will be recorded in the near future. The factory prices of industrial producers will begin to stabilize, and the rate of reduction in the inventories of enterprises will also slow down. Thirdly, a relatively stable increase in consumption will be observed. The growth rate of residents' incomes, which significantly exceeded the corresponding GDP indicator this year, laid the foundation for consumption. Fourth, the change in the international economic situation in general will not affect the development of the Chinese economy. The volume of exports will remain approximately at the same level, imports will increase slightly, the balance of foreign trade will be about 200 billion dollars. A slight improvement in the world economy will contribute to the growth of Chinese exports and foreign investments of the PRC.

However, due to the fierce competition of various countries fighting for the international market, severe trade protectionism will limit Chinese exports. Fifth, commodity prices are stabilizing. Due to the serious influence of the USA and other countries, the prices of agricultural products on the world market are constantly at a
high level. Futures for imported soybeans and corn reached record highs. Since soy is related to oil, corn is mainly used to make bread. For some time in the future, there will be an upward trend in the prices of agricultural products and pork in China.

However, through the fierce competition of different countries, as they fight for the international market, serious trade protectionism intervenes with Chinese exports. By the way, prices for goods are stabilizing. Through a serious injection of the United States, those other countries' prices for agricultural products on the world market are constantly changing on a high level. Futures on imported soybeans and corn reached record highs. Shards of soybean are tied with olive oil, corn behind the head rank is beaten for making bread. For some time now, there will be a trend towards an increase in prices for agricultural products and pork in China.

**Keywords:** new economy, China, corporations, transformation, economic development

Бусарєва Тетяна Геннадіївна доктор економічних наук, доцент, Державний торговельно-економічний університет, https://orcid.org/0000-0001-9563-8120

**ОСОБЛИВОСТІ РОЗВИТКУ НОВОЇ ЕКОНОМІКИ КИТАЮ**

Анотація. Протягом останніх 10-років спостерігаються такі особливості розвитку економіки Китаю: По-перше, тенденція уповільнення зростання інвестицій у основний капітал. З моменту здійснення заходів щодо обмеження купівлі житла та видачі кредитів у травні 2018 року, зафіксовано спад у темпах будівництва нових квартир, впав та обсяг придбання землі. Це вказує на те, що обсяг інвестицій у нерухомість продовжується зменшуватися. По-друге, добігає кінця етап зі зменшенням товарних запасів підприємств. Слідом за значним зниженням цін та скороченням обсягів складів, підприємства поступово пристосовуються до купівлі сировини за вищою ціною. Одночасно найближчим часом буде зафіксовано стабілізацію вартості нафти, залізняку та сільськогосподарської продукції. Почнуть стабілізуватися заводські ціни промислових виробників, а також уповільнюватися темпи скорочення товарних запасів підприємств. По-третє, спостерігається щодо стабільне зростання споживання. Темпи зростання доходів мешканців, які значно перевищили аналогічний показник ВВП у цьому році, заклали основу для споживання. По-четверте, зміна міжнародної економічної ситуації в цілому не вплине на розвиток китайської економіки. Обсяг експорту збережеться приблизно на тому ж рівні, дещо зросте імпорт, сальдо зовнішньої торгівлі становитиме близько 200 мільярдів доларів. Незначне покращення світової економіки сприятиме зростанню китайського експорту та іноземним інвестиціям КНР.
Однак через гостру конкуренцію різних країн, які борються за міжнародний ринок, серйозний торговий протекціонізм обмежуватиме китайський експорт. По-п'яті, стабілізуються ціни на товари. Через серйозний вплив США та інших країн ціни на сільськогосподарську продукцію на світовому ринку постійно перебувають на високому рівні. Ф'ючерси на імпортні сою та кукурудзу досягли рекордних максимумів. Оскільки соя пов'язана з олією, кукурудза головним чином використовується для приготування хліба. Протягом деякого часу у майбутньому спостерігатиметься тенденція зростання цін на сільськогосподарські продукти та свинину у Китаї.

Ключові слова: нова економіка, Китай, корпорації, трансформація, економічний розвиток.

**Formulation of the problem.** In the conditions of globalization and intensive development of the new economy, it is advisable to single out the factors that led to the emergence and development of the new economy, in particular, the globalization of the economy, which is characterized by the development of free trade and the liberalization of markets, increased capital mobility, lower taxes on the profits of enterprises, the ease of moving industries between states for reduction of costs for labor and natural resources; creation and distribution of networks, general informatization; creation of new forms of employment and payment, work through a system of remote offices; distribution of skilled and intellectual labor; rapid development of technologies and equipment. The most important factor in the existence of the new economy is knowledge, which becomes an independent factor of production. The peculiarity of this factor is belonging to intangible, inexhaustible and non-scarce resources. That is why the analysis of the ways of the development of the new economy in China is extremely relevant nowadays.

**Analysis of recent research and publications.** Among scientific researches in the field of the importance of the development of the new economy, the specific features of the new economy in different countries, the economic development of China presented in a number of theoretical, methodological and methodical approaches by foreign and domestic scientists such as B. Milner, I. Nonaka and X. Takeuchi, P. Senge, V. Bukovich, K. Viig, D.Ye. O’Leary, D. Snowden, Y. Vovk, M. Martynenko, A. Degtyar and M. Bubliy, A. Nalyvayko, N. Butenko, N. Smolinska and I. Hrybyk, S. Leonov, Kholiavko, N., Kodaneva S.I., Yi, Y., Karetna, O., Baharun, R., Awwad, M., Breznik, K., Yi, Y. and other scientists. At the same time, it is important to note that at the beginning of the XXI century, the understanding of the importance of the development of new economy in China has a lot of unsolved questions.

**Methods of the article.** The methodological basis of the article is the methods and forms of scientific knowledge adopted in national science, such as system approaches, comparative and synthesis methods, methods of abstract logical
evaluation, methods of detailing, groupings and generalizations, experts’ evaluations. Dynamics series, logic analysis, paired and multiple correlation techniques were applied, and the Google Trends search engine was used.

**Formulation of the goals of the article.** The main goal of this article is to analyze the directions and features of the development of China's new economy.

**Presentation of the main research material.** The new ideology, the new economy should be based on a methodological approach, taking into account two fundamentally different components compared to the previous epistemological achievement. The first component is the recognition of an active conscious beginning in the cognitive object, which already possesses some information and has at its disposal a set of psychological properties adequate to the modern economic society, which allows the latter to respond to a changing competitive environment. The second component (it should be noted that economists ignored it until recently) is the recognition of properties and goals in people that go beyond the narrow utilitarian boundaries by which economists traditionally distinguish their analytical constructions, and the inclusion of active reflexive models first in cognitive activity, and then and in management decisions. Information technologies become the subject of work, and human consciousness, which manifests itself in various manifestations, becomes the subject of economic sciences.

The term "new economy" has been actively used since the early 2000s. The first attempts to explain the phenomenon of the new economy appeared in 1976 in the works of M. Porat and M. Rubin, employees of the American Stanford Center, in which a significant and intensively growing sector of the information economy was singled out and a system of basic concepts and the basis of the methodology for studying the influence of the information sector were developed to other sectors of the economy [1]. According to the first approach, the "new economy" is understood as a complex of knowledge-intensive industries engaged in the production and provision of services of information and communication equipment, the creation and distribution of software products, the development of communication networks, as well as the entire system of forming, storing, distributing and receiving information on the Internet. According to this approach, the "new economy" includes all business activities that use modern electronic information and communication technologies.

Talking about China, it is necessary to mention, that in August 2022, China's trade with countries along the Belt and Road Initiative amounted to about $12 trillion. The volume of direct non-financial investments in the countries of the route exceeded 140 billion US dollars. At present, the skilled co-builder of the Belt and Road Initiative has received the active support of more than three-quarters of the world's countries and dozens of international organizations, and continues to "play" a symphony of "hard link", "soft link" and "warm link". In the future, China is ready to work with countries along the Belt and Road Initiative to deepen political mutual
trust, explore the possibilities of creating new cooperation mechanisms, promote the transformation of political consensus into concrete actions and conceptual identity and practical results [2].

China will expand trade relations with countries along the route, deepen trade and investment liberalization and facilitation, expand trilateral or multilateral market cooperation, and continue international cooperation on manufacturing capacity. This will facilitate the integration of capital by attracting more international financial institutions, as well as improving diversified investment and financial systems. It will intensify interpersonal and cultural exchanges, strengthen exchanges and cooperation in the field of information, and create new growth points in areas such as artificial intelligence, big data, digital finance, e-commerce and green energy. Efforts will be made to implement a range of high-quality, sustainable and high-quality projects that will benefit the population and contribute to quality development and shared prosperity.

China's reforms and opening up not only gave a new impetus to the stability of the world economy, but also contributed to the inclusion of Chinese programs in the global governance agenda. Since the beginning of the reforms, China has not borrowed any dogmas, has not copied any existing model, path or so-called well-known principle, but has focused on the development of productive forces, increasing the overall national strength, and improving the material conditions of people's lives [3]. Adhering to gradual reform, he adhered to the concepts of reform, development and exchange, and explored the successful way for developing countries to achieve national rejuvenation. China does not seek world economic dominance, does not promote its development model. He actively advocates for developing countries, especially developing economies, champions the idea of building a community with a common future for humanity, and proposes initiatives for global development, global security and global civilization. China has made important contributions to the development of global openness and cooperation, provided a large number of public goods and established many platforms for international cooperation, provided Chinese wisdom to solve global problems, promoted the construction of an open, clean and beautiful world for many years, long-term peace, global security and general prosperity.

At the moment, in the context of globalization, the following features of the development of China's new economy can be distinguished, namely:

First, China is the world's biggest energy buyer, and its troubles are dampening the price of oil, Russia's main export. It is forced to voluntarily reduce production and give up part of the income, already limited by the sanctions of the West for the war unleashed by the Kremlin in Europe [4].Secondly, after the invasion of Ukraine, Russia lost access to Western markets, technologies and investments, due to which it has developed over the past decades. The Kremlin hopes...
that China will now replace them. So the problems of China are the problems of the Kremlin.

Thirdly, one of the main brakes on the Chinese economy is the trade and technological war with the United States. Xi's new course is aimed precisely at removing this barrier, or at least mitigating the consequences. Any rapprochement with Russia and support for Vladimir Putin would add more arguments to the Americans to increase pressure on China and complicate Xi's efforts to maintain good relations with the European Union, the main market for Chinese goods.

And fourth, the war has caused a crisis in Europe, and it has less and less money to buy Chinese imports - one of the three main engines of the economy along with investment and consumption. Every day of Russian aggression inflicts direct losses on China [5]. In 2022, despite the impact of many unexpected factors inside and outside the country, China has stabilized the macro economy, economic strength has risen to a new level, employment and inflation have stabilized, voluntary momentum has continued to rise, and a high-level openness policy has expanded, showing the following characteristics:

**General ascent.** The Bulletin of China's National Economic and Social Development Statistics 2022 shows that in 2022, the total volume of the Chinese economy continues to grow, it exceeded 121 trillion yuan, or about 18 trillion US dollars, up 3% over last year, also more than than the largest economies in the world. The total grain harvest reached 686.55 billion kg. It should be noted that this figure has been exceeding 650 billion kg for 8 years. The consumer price index rose 2% year on year, well below the roughly 8% inflation in the US and Europe. The volume of foreign trade for the first time exceeded 40 trillion yuan, reaching 42 trillion yuan or about 6.3 trillion US dollars, maintaining the status of the world's leading country in the field of trade in goods for 6 years. The international balance of payments continued to improve, and the balance of foreign exchange reserves at the end of the year amounted to 3127.7 billion US dollars, ranking first in the world [6].

**Strong stability.** First, the strong stability of the industry. Through more than 40 years of reform and opening up policy, especially since the 18th Congress of the Chinese Communist Party, China has gradually built the world's most complete and largest industrial system, and has the world's most complex and complete industrial chain. Through full integration into the global supply chain, China's economy is closely linked to the global economy, and its status as a "global factory" has been strengthened. Second, strong market stability. China's super-scale domestic market is characterized by diversity and richness of demand, significant scale advantage, and strong resilience, innovation leadership, and risk tolerance. Third, strong security stability. China's industrial chain is characterized by comprehensive categories, large scale, close integration of research and production, strong independent innovation capacity, and has obvious advantages in terms of industrial stability and risk tolerance [7].
Big potential. As a developing country, China has the advantages of late development to gain great opportunities to improve the efficiency of technology, industry and management through the introduction of new technologies and industries, mastering them to create a new great potential for rapid growth. China's digital industry has made impressive progress in recent years, and with the introduction of new technologies and the expansion of their application in the future, China will have great opportunities for economic growth [8]. In addition, China's traditional industrial sector is huge, and the digitalization of traditional industry will continue to develop, and the combination of traditional industry with artificial intelligence, the Internet and other technology applications will greatly enhance productivity.

Zeal. The rapid growth of new industries has breathed new life into the Chinese economy. In 2022, the value added of high-tech manufacturing increased by 7.4% compared to the previous year, accounting for 15.5% of the value added of industrial enterprises. The equipment manufacturing industry accounted for 31.8% of the total industrial value added. Production of new vehicles, solar panels and industrial robots increased by 90.5%, 46.8% and 21% respectively compared to last year. Spending on public research and development reached 3.1 trillion yuan, or about 460 billion US dollars, up 10.4% year on year and maintaining double-digit growth for 7 consecutive years. By the end of 2022, the number of invention patents in China was 4.212 million, ranked first in the world. The dominance of enterprises in the field of innovation has strengthened, and the pace of implementation of innovative achievements has accelerated [9]. The industrialization rate of invention patents of Chinese enterprises reached 48.1%, up 1.3 percentage points from last year.

Good prospects. Since the beginning of 2023, the Chinese economy has been on the rise, major contracts have been signed for major projects in various parts of the country, and the food and tourism market is gradually gaining momentum. The value of Hong Kong stocks, Chinese concept stocks and Class A stocks continues to rise sharply, and foreign investors' confidence in Chinese assets has grown significantly. Morgan Stanley raised its forecast for China's economic growth to 5.7%. Thanks to the great victory in the prevention and control of the epidemic, China's economic and social vitality has increased, and it continues to be the "stabilizer" of the global economic recovery and the "engine" of growth.

Conclusion. Over the past 44 years, China has bet on economic system reforms. This greatly contributed to the increase in labor productivity and ensured long-term economic development. The concept of a socialist commodity economy was developed without denying state planning, but taking into account the role of economic laws, which formed the basis for the creation of a unique socialist market economy. The reform transformed China from a backward agricultural country into
an industrial one, and by stimulating the development of entrepreneurship, it contributed to a huge increase in labor productivity, while at the same time raising incomes and living standards of the population.

The annual growth of industrial and agricultural production has a positive trend, however, agricultural production is particularly prone to global crises: there was a decline in its growth in the crisis years of 2009 and 2020, as well as a general downward trend in the growth of agricultural production from 1998 to 2022. In contrast, the growth of industrial production is steadily growing, regardless of the global crises. By joining the WTO, China has successfully integrated into the world economy and received significant additional economic advantages, becoming a world commercial and industrial power. China will continue to deepen economic reforms, adhere to a higher level of openness, rely on scientific and technological progress and population dividends as economic growth potential. In pursuit of economic development, China will continue to strengthen international economic cooperation on mutually beneficial terms strengthen the global nature of the economy. It is these factors that distinguish the information economy from the industrial one [9].

Conclusions. The information economy has significantly different characteristics compared to command and market economies both from the point of view of using a system approach and from the point of view of the placement of productive forces, the circulation of goods and capital, etc. For example, in the information economy, the placement of production forces acquires a socio-economic character, which to the greatest extent corresponds to the interests of the world community. According to such patterns in the last third of the 20th century. There was a transition to the fifth information and technological order, the core of which was the electronic industry, computer technology, software, telecommunications, global and regional information networks and information banks, cosmonautics, robotic construction, and the gas industry. The development of the information and innovation economy resulted in the formation of a network economy, one of the conditions for its formation was the replacement of the fourth technological order by the fifth in the late 1990s, in which the leading positions are occupied by the latest computer and information technologies, means of space communication, fiber optics, biotechnology. The information economy arose at the junction of the traditional economy and information and communication technologies.

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