

The Development of China's Policy of Opening-Up to the Outside World: The case example of Northeast Asia

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Opening-up to the outside world was something new for China's economic construction, and, at the beginning of the reform and opening period, in all areas a comprehensive opening-up to the outside world was neither feasible nor possible. On 10 July 1979, China set aside certain areas including from the four cities of Shenzhen, Zhuhai, Shantou, and Xiamen, and designated them as Special Economic Zones and Opening-Up Pilot Zones. After the practical experience of the establishment of the special zones achieved success, the pilot areas spread gradually from the coastal areas along the rivers, to the border areas, and to the inland provincial capitals, then reached the central and western regions, and ultimately formed an all-round regional open configuration. At the same time, foreign trade, foreign investment, foreign exchange management and other areas of reform were also promoted.

Since the Reform and Open-Door strategy was implemented in 1978, over the past 30-odd years China has maintained a striking average annual economic growth rate of 9.8%. From the perspective of economic history, however, the rapid growth rate behind the "Chinese Miracle" is nothing more than a phased development phenomenon. In particular, many studies have shown that China's economic growth has already been characterized by structural changes, the potential growth rate of the Chinese economy is currently on a downward path, and China will enter a transitional period from a high-speed growth phase to a medium-speed growth phase.

In the coming phase, against a background of the population dividend disappearing and the marginal return on investment diminishing, China's economic growth will be increasingly dependent on the total factor productivity growth rate, namely the institutional dividend. It is not difficult to understand that since China implemented reform and opening-up the redistribution of the factors of production has played an important role in economic growth and total factor productivity growth, but with the continuous improvement of the market-oriented system the movement of the labor force from agriculture to manufacturing has basically been completed, and along with these sectors beginning to shift to service industries, the great driving force of the redistribution of the factors of production on the total factor productivity growth rate is currently weakening. Although during this time China acceded to the WTO and a series of changes occurred in economic operating mechanisms, this trend has not yet given rise to a fundamental turning point.

Against the background of the stalling of the WTO Doha Round, China has also expanded its international markets through regional cooperation, attracted foreign investment, and raised labor productivity and economic efficiency. China's Free Trade Area coverage has been consistently low, however. One of the biggest reasons is that China has not concluded FTAs with its major trading partners, among which in Northeast Asia the China–Japan–ROK FTA is a blank. In terms of Northeast Asian cooperation, taking into consideration the intent and reality of the respective cases, Northeast Asian cooperation can be promoted in three respects. First, steadily promote subregional cooperation, and especially undertake facilitation of trade and investment and the interconnection of regional infrastructure. Second, after the Japan–US bilateral FTA and the China–US bilateral investment treaty (BIT), rapidly promote negotiations on a China–Japan–ROK high-level investment agreement, and provide impetus for

continuing to promote the China–Japan–ROK FTA negotiations. Lastly, as the entire Northeast Asian regional cooperation mechanism has still not been established, construction of regional cooperation mechanism formation for the Northeast Asian region as a whole should be placed on the agenda.

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