



# Trends in the Development of China's Trade Diplomacy in Promoting National Interests on the World Stage

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ARTICLE INFO	ABSTRACT
Published Online: 22 May 2022	Today, relations between China and the rest of the world are entering a new phase. China's economic miracle was fueled by industry and investment, but today domestic consumption is the main driver of growth. The country is becoming less open economically to the rest of the world. However, the rest of the world is becoming increasingly open to the impact of China, which is the world's second-largest economy and its leading trading nation. These changes are accompanied by trade tensions and growing protectionism in many countries. Since China decided to open up its economy to the rest of the world and took part in large-scale reforms, it has become a real global force.
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## INTRODUCTION

China's economy is the second largest in the world, and it managed to grow last year despite the difficulties caused by the COVID-19 pandemic. In this context, it is impossible to ignore China, China's international economic activities have made and continue to make an incredibly large impact on the global economy in the twenty-first century. It is worth noting that only in the last 10 years, China's share in the global GDP grew by 4.5% – from 13% to 17.5% [1]. It is advisable to consider what mechanisms, forms and regulations China uses in its international economic activities, which allows it to obtain such growth indicators.

## MATERIALS AND METHODS

The study used methods such as collection, processing and systematization of data, comparative and statistical analysis

of data, generalization of the conclusions and results of research on the economic diplomacy in increasing the competitiveness of countries.

In 2013, China became the world's largest commodity trading country. By 2014, China had surpassed the United States to become the world's largest economy in terms of purchasing power parity (PPP). China is one of the world's leading recipients and sources of FDI. China is the home country for 110 Fortune Global 500 companies.

However, not all areas of China's economy have become globally integrated. Chinese firms still generate a significant portion of their revenue domestically. The complexity of operations and regulation in China's financial markets remains an obstacle for international players. Cross-border data flows are generally limited, despite the huge amount of data generated in China's digital system.

**Table 1.** China's achievements in various areas of international economic activity

Industries	Oil and Gas Industries in China
Trading	China has been the world's largest commodity trading country since 2013
Toorporation	of 110 Global Fortune 500 companies
Financial Market	The largest banking system, as well as the second and third largest equity and bond markets, respectively
Human capital market	China is the world's largest source of international students (17% of university students in 2017) and tourists (Chinese tourists made c for 150,000,000 outbound trips in 2018, worldwide)

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PTechnology	World's market The world's second-largest country in terms of R & D expenditures (R & D expenditures totaled US \$ 293 billion in 2018)
Internet sphere	China has more Internet users in the world (more than 800,000,000), who generate huge amounts of data
Culture	China has invested heavily in developing a global cultural presence (12% of the world's top 50 films were made in China in 2017, compared to 2% in 2010).

China has also reached a global scale as a sales market. Chinese production accounts for up to 35% of global production. China's share in global consumption is 10%, which is second only to the United States. China became the world's largest exporter of goods in 2009 and the largest country trading goods in 2013 (at that time, China's exports amounted to 2.2 trillion US dollars). In 2017, China accounted for 11.4% of global trade in goods. The study, conducted in 186 countries, showed that China is the largest export destination for 33 countries and the largest source of imports for 65 countries in the world [2].

At present, China remains a mixed-market economy, where the regulatory influence of the state is significantly felt. Frequent scandals over the government's mandatory access to data from consumers of Chinese technology and global technologies in China do not allow us to forget about the constant presence of the government in almost all of the country's economic activity. On the other hand, it is the technology industry that is at the center of changing relations between China and the world. For example, China produces 90% of the world's PC shipments, 90% of mobile phones, and 70% of televisions [3]. Because China is deeply integrated into global technology value chains, this is an area where it is particularly susceptible to regulatory changes.

International economic relations may change, and tensions may increase slightly, leading to more uncertainty than usual. However, China leaves many business opportunities for countries, investors, suppliers and consumers that are too large to be ignored in the development of business plans of interested economic partners.

In addition to an effective domestic economic policy, Chinese economic diplomacy also played a significant role in the stable dynamic development of the Chinese economy.

**RESULTS**

It should be noted that the new challenges of globalization have given grounds to determine the priority tasks of China's economic diplomacy, including: ensuring the production needs of the country's economy in natural resources; the need for import coverage of the energy deficit; activating the acquisition of high technologies; effective participation of the PRC in the global trade regime; resolving the problem of "trade protection" and protectionism in trade, to deliberately use technical barriers to competition; adapting Chinese standards to new global food and non-food quality and safety standards; taking measures to attract foreign investment in the Chinese economy and promote Chinese investment outside the country; facilitating both the receipt and provision of economic and technical assistance by China (as a prerequisite for further development of the Chinese economy). promote China's foreign economic interests and export expansion to other countries); optimize China's participation in the international division of labor and ensure the effective use of national labor resources (thanks to an active policy to attract foreign investment in the country and Chinese investment abroad) search for and implement opportunities for using the Chinese currency in external settlements.

**Table 2.** Foreign trade in goods of the People's Republic of China during 2015-2019 billion US dollars [4]

	2015	2016	2017	2018	2019
Commodity turnover	3963.6	3707.7	4112.8	4629.2	4567.6
Growth / decline rate, y-o - y, in%	-93.5	%	110.9%	112.6%	98.7%
exports	2281.9	2119.0	2271.8	2494.2	2498.6
Growth / decline rate, y-o-y, in%	-92.9	%	107.2%	109.8%	100.2%
China's share in world goods exports/	13,9%	13,3%	12,9%	12,9%	13,4%
import	1681.7	1588.7	1841.0	2135.0	2069.0
Growth / decline rate, y-o-y, in%	-94.5	%	115.9%	116%	96.9%
China's share in global goods imports	10,2%	9,9%	10,3%	10,8%	10,9%
balance	600.2	530.3	430.8	359.2	429.6

Although Chinese diplomacy has a long history and traditions, commercial diplomacy of the People's Republic of China in its modern form appeared in the late 1990s.

**DISCUSSION**

From the theoretical point of view, commercial diplomacy has two levels. The first of them is trade diplomacy, which

primarily includes bilateral negotiations on the creation of free trade zones, multilateral negotiations within the WTO, as well as negotiations on anti-dumping tariffs, licensing of export-import operations, quotas, trade and investment barriers. The second level is the promotion of national business abroad, which includes the preparation of market research of various complexity, the development and support of a wide range of business and government relations in other countries, the organization of advertising events, direct lobbying and commercial intelligence.

However, each country supplements this concept with its own content, and China is no exception. M. Lanteigne [5] notes that the term "commercial diplomacy" in the PRC has two meanings. In the first case, commercial diplomacy means the use of negotiations designed to influence government policies in the field of trade and investment. According to the second, commercial diplomacy uses economic power to influence non-commercial decisions in the political and even strategic field. Moreover, everything related to international commercial issues, including tariff regulation, trade in services, competition policy, and privatization, can be used in commercial diplomacy [6].

## CONCLUSIONS

Hence the goals of commercial diplomacy, and the latter of them takes on a broader context of economic diplomacy. The goal of commercial (economic) diplomacy should be to promote trade and investment to ensure continued economic growth. However, in the case of China, it is inextricably linked to traditional diplomacy, the main purpose of which is to witness to the world the return of China to the list of great powers as an alternative center of power to the United States.

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