
Preface

Huiyao Wang

The year 2018 marks the 40th anniversary of the launch of “reform and opening-up,” as well as the 17th anniversary of China’s accession to the World Trade Organization (WTO). In the past decades, China has gradually integrated itself into the network of global economy, and become a major destination for foreign investment. In the meantime, China has also benefited by abiding by international rules, and it will continue to participate in making global rules, as well as executing them.

Globalization has met with unprecedented questions and challenges across the world in recent years. While I think it’s not surprising to see setbacks to such a huge process as globalization, the point is how we observe the issues and problems accompanying the process, and whether we can frankly share our thoughts and seek out solutions to those challenges.

Globalization Process is Not in Irreversible Retreat

The world’s globalization process seems to have decelerated since the financial crisis in 2008. Official data show that global trade increased only 2.8 percent year-on-year in 2014, marking the first time that the trade growth rate was lower than that of GDP. The number of protectionist measures introduced by G20 countries skyrocketed from 381 items in 2010 to 1441 in late 2015. And after the shocking vote for exiting the EU by Britain, the opposition by most of the presidential candidates as well as the later president-elect of the United States of America, Donald Trump, to the Trans-Pacific Partnership was believed to be a signal that the world should de-globalize or to change the direction of globalization.

Some people think that globalization is on the retreat, while others hold that globalization no longer operates in the same way as it used to. But in my opinion, these are only temporary phenomena in the economic cycle and do not represent long-term global trends. There are three factors to promote globalization: the rapid development of science and technology, international investment and trade by multinational companies, and industrial structural adjustment around the world. So long as these factors are still in full swing, the process of globalization will not be stopped.

Globalization Has to Resolve Social Equity Problems

The setbacks of globalization are not due to economic globalization itself, but the ways in which governments tackle the social changes wrought by globalization. Some social classes gain a good share of the benefits of globalization, while some others do not, spawning social tensions. Therefore, a fair distribution of the fruits of globalization is vital for solving social problems in the globalization era and guaranteeing continuous growth. And for the benefits of globalization to be enjoyed by different social strata, social equity is also a vital attribute in sustaining globalization.

The Chinese government has made social equity a top priority by carrying out targeted poverty alleviation, narrowing regional gaps, and improving income redistribution. The Xiongan New Area plan (150 km away from Beijing in Hebei Province), a strategy unveiled last year and aiming at boosting regional development, is a prime example of this. Most Chinese have begun to recognize the positive role played by globalization, which indicates the success of the Chinese government in dealing with globalization benefit-sharing. In other words, the experience of China could be recommended to other countries given the current de-globalization trend worldwide.

China Can Play Positive Roles in Future Global Governance

Only the collective effort of the world can transform conventions into detailed rules. China will play a leading role in this process, as it is the world's largest investor and a major investment destination.

Some international organizations still do not have rules in some emerging fields of trade. But the Trans-Pacific Partnership Agreement is a constructive one – regrettably, the US Congress did not pass it – and shows many other countries are “doing the math.” China encourages such efforts and holds an open attitude toward them, hoping other countries also have the same attitude toward China's efforts in this regard.

International institutional structures such as the World Bank and Asian Development Bank cannot meet all the countries' demands for infrastructure construction funds. So China took the lead to establish the Asian Infrastructure Investment Bank and the BRICS New Development Bank, but to supplement their functions, not to replace them.

Besides, China opposes the politicization of economic and trade conflicts. Anti-dumping cases in global trade are not bad things, because they can expose the problems and help to find the solutions within a framework of rules. Hence, countries should not politicize them.

China is ready to cooperate with the United States, EU, and other countries – although there are some contradictions in some cases – in making new global rules and improving global governance. The G20, consisting of the largest emerging countries and the most developed countries to represent the interests of countries in different development stages; APEC, a platform for the most economically active area in the world; and BRICS, an organization for the largest emerging countries, are all ideal new mechanisms for future global governance. It is natural for them to play key roles on existing as well as new challenges, such as Internet governance and climate change.

China's Role in Globalization

In recent years, China has greatly changed its views on “globalization.” In October 2017, President Xi Jinping addressed the 19th National Congress of the Chinese Communist Party, and said, “We should make economic globalization more open, inclusive, and balanced so that its benefits are shared by all,” marking another key step forward in the process of Reform and Opening-Up launched in the late 1970s.

In 2013 China launched the Belt & Road Initiative (BRI) which is the new impetus that China has injected into the globalization process. This unprecedented infrastructure-led initiative not only will boost the developing world, but will also provide new opportunities

for multinationals in the developed world to jointly participate this twenty-first century new globalization drive. BRI has to benefit the whole world if it is to be successful. China needs to contribute more to this new globalization.

With its outward direct non-financial investment reaching a record high of US\$145.67 billion in 2015, China's accumulated outward direct investment, for the first time, stood above US\$1 trillion by the end of 2015. In 2016, several major deals were announced, including Midea Group acquiring German robot maker KUKA for more than €4 billion, and Chem-China's US\$43 billion offer to Swiss group Syngenta. Such Chinese direct investment in foreign countries has expanded almost ten times in the past decade, and the fields of investment and destinations of companies that go overseas have become more diversified.

China is a large beneficiary of globalization. It became the world's second-largest economy in 2010 and the world's largest trading nation in 2013. However, China is unlikely to replace the United States' leading role in globalization as some media or scholars describe. Although China might have taken more active roles in some certain areas, China still has a long way to go before taking the lead in globalization:

From the perspective of impetus, that is science and technology; although China leads the world in a few areas, there is a big gap compared with developed countries.

From the perspective of being a major driving force of economic globalization, there are more and more Chinese enterprises finding their way on to the Fortune 500 list; however, many are large but not strong, and their core competitiveness is modest, so they cannot be the major force that drives globalization forward.

From the perspective of the basic elements of economic globalization and division of labor in the Chinese industrial chain, most are at the mid-low end, and it takes time to shift into high-end areas of key industries in the global industrial chain.

From the perspective of international rule formulation, China has been away from the center of the world stage for many years and the current systems have existed for decades and are still working; meanwhile, it is also impossible for China to have its own version of globalization.

Hence, I believe it is still too early to say that China should lead globalization, and China has still a long way to go. Yet, I am optimistic about China's positive roles on globalization, and although it is a daunting process, I believe the trend of globalization will not be reversed.

China Should Step Forward to Recruit Global Talents

According to a report released by the Center for China and Globalization (CCG), the Institute of Development under the Southwestern University of Finance and Economics and Social Science Academic Press, 1 078 822 international students departed to the United States for higher education in the 2016–17 academic year, which marks a year-on-year growth of 3.4 percent, compared to the previous year's 7.1 percent. At the same time, China is rapidly accepting more and more developing countries' students to study in-country, and China is now the third-largest international receiver around the globe after the United States and the United Kingdom. In 2017, 442 773 international students

came to China, which marks a remarkable growth rate of 11.4 percent compared to the previous year's figure of 5.5 percent.

The BRI is a vital reason for China's attractiveness to international students. China's efforts to boost academic exchange through providing scholarships among the Belt & Road countries proved to be a significant achievement – according to the report, the growth rate among students from Belt & Road countries – such as Thailand, Pakistan, Indonesia, and Laos – surpassed 20 percent on average.

Now, when other developed countries are tightening their immigration policies, I believe China should open its door wider, provide more friendly talent policies to attract young students and all kinds of talent all over the world. Worldwide immigration is a natural result of economy and capital circulations all over the world.

It has taken four decades for China to become the second-largest economy in the world and to play an increasingly important role in the global governance system. I think it is the right time to undertake a complete review of the process, and examine the new developments in China and globalization from various perspectives, such as the BRI, Chinese companies' internationalization, and so on. These are also what CCG, China's largest independent think tank that I co-founded with Dr. Miao ten years ago, has engaged in for years. I believe this book will be of great value for readers from various circles, either academic or business, or government and media. I am very honored to have invited so many distinguished scholars to contribute to this timely book published by the prestigious Edward Elgar and also I am very pleased to present my views for the book.