

## Chapter VII

# History and Great Achievements of China's Opening-up

*Openness brings progress, while closed-door policy is set to make a country lag behind.* This is an objective law that has been verified by history at home and abroad. Since the founding of the new republic in 1949, China has been committed to developing mutually beneficial cooperation with foreign countries, opening its door to promote development, gradually achieving the great transition from a closed and semi-closed country to one adopting an all-round Opening-up policy.

China adheres to the concept of openness and development and pursues a mutually beneficial and win-win opening-up strategy, and has made important contributions to promotion of the common development of the world and improvement in the well-being of people globally.

Openness has become a distinctive label of contemporary China, a deeply entrenched memory of hundreds of millions of Chinese people, and the only way for the country to prosper and develop.

### **I. China's Road of Opening-up and Development**

China has actively participated in economic globalization while taking into consideration its national conditions, promoted reform, development, and innovation through opening-up, closely coordinated inbound and outbound opening-up, and achieved benign interaction with the international community. In the practice of *crossing the river by feeling the stones*, China has explored and found out an opening-up path with Chinese characteristics.

### **1. China's opening-up moving forward amid difficulties and setbacks after the founding of the PRC (1949-1978)**

The People's Republic of China was founded in 1949. On the basis of sticking to independence and self-reliance, China made efforts to break external blockade and actively carried out economic, trade and cultural exchanges with other countries under extremely difficult conditions. "The Chinese people wish to have friendly co-operation with the people of all countries and to resume and expand international trade in order to develop production and promote economic prosperity," Mao Zedong pointed out in 1949. In the 1950s, China actively cooperated with the "socialist camp" countries. It launched 156 major projects with the support from the Soviet Union, covering industrial sectors, especially the heavy industry sectors. It also carried out barter trade with countries in East Europe and members of the Council for Mutual Economic Assistance. Under the guidance of its openness policy, which includes introduction of large-scale equipment and technology, China saw its industrial development move forward at a fast pace, which laid the foundation for pushing the development of China's industrialization. The launch of the Canton Fair in 1957 opened a window to the outside world and promoted the development of its national economy and foreign cooperation. In the 1960s, China gradually started developing economic and trade exchanges with Western countries such as Japan, the United Kingdom, and France. In the 1970s, China restored its legitimate seat in the United Nations, and the Sino-US relations gradually became normalized while it began to establish diplomatic relations with Western countries. Meanwhile, the pace of opening-up has accelerated. At the same time, in line with its import substitution opening-up strategy, China has established a foreign trade management regime and implemented foreign trade monopoly, import and export licensing system, and unified foreign exchange management.

In general, in the 30 years after the founding the People's Republic of China, the country had, restricted by subjective and objective conditions, struggled in its exploration of the opening-up road in a relatively closed environment, which provided support for the building of socialism.

### **2. Openness expands amid globalization wave after the start of the Reform and Opening-up policy (1978-2012)**

In the 1970s, amid the new wave of economic globalization, some newly

industrialized countries had developed rapidly, which was in sharp contrast with China as it had just experienced the catastrophic *Cultural Revolution* and was in dire need of economic reconstruction. On the basis of a calm analysis of the domestic and international environment, the Third Plenary Session of the 11<sup>th</sup> CPC Central Committee made a historic decision to implement reform and opening-up. As Deng Xiaoping has pointed out, “it is impossible to succeed in construction behind closed doors, and China’s development cannot be separated from the world”. The implementation of reform and opening-up is a historical turning point in the process of China’s construction, development and modernization, and a key move to determine the future of contemporary China.

China first established four special economic zones in Shenzhen, Zhuhai, Shantou, and Xiamen, using special economic zones as a window and pilot projects, taking advantage of their location along the coast, especially adjacent to Hong Kong, SAR and Macao, SAR, to try new systems in foreign trade, use of foreign capital, use of foreign exchange, foreign economic and trade management systems. Subsequently, more regions have gradually been opened up — from coastal regions to those along the river and borders, and from the eastern regions, such as the Yangtze River Delta, the Pearl River Delta, and the Bohai Rim to the central and western regions; a regional opening-up pattern has largely taken shape. In 2001, after 15 years of difficult and tortuous negotiations, China successfully joined the World Trade Organization, and it started to implement an all-round, multi-layer, and wide-ranging opening-up. China has made full use of the open legal rules and market orientation under the WTO framework to promote the integration of the socialist market economic system with international rules. Correspondingly, reform of opening-up institutions and mechanisms has accelerated. In 2004, the Foreign Trade Law was promulgated, and foreign trade operators began to subject to registration and filing management; and China has implemented strategies, such as winning by quality, market diversification, mega economy and trade, promotion of trade with science and technology, going out, and free trade area. The policy of attracting foreign investment has gradually expanded from focusing on “three plus one trading mix” (it refers to processing imported raw materials, manufacturing products in accordance with provided samples, assembling imported parts, and repayment of loans for imported equipment and technologies with products) to encouraging the entire manufacturing and service industries to utilize

foreign investment. Through opening up its mind and embracing the world, China has become a truly open major trading power.

At this stage, China seized the historical opportunity of economic globalization, gave full play to its comparative advantages, late-comer advantages and institutional advantages, gradually promoted opening-up and expanded its scope, and became an important participant, beneficiary of economic globalization as well as a major contributor.

### **3. The cause of opening-up has moved towards high-quality development amid opportunities and challenges since CPC's 18<sup>th</sup> National Congress (2012 till now)**

In the face of major changes in the world that are *unseen in a century*, President Xi Jinping has repeatedly declared to the world that China “will not stop Reforms and Opening-up” and “China’s door to opening-up will not be closed, but will only open wider and wider.” China has established the concept of *openness-based development*, put forward the major proposal of jointly building the Belt and Road Initiative, accelerated the construction of a new open economic system, promoted the formation of a new pattern of all-round opening-up, and promoted the construction of an open world economy and a community with a shared future for mankind. China’s opening-up has entered a new era.

**Establishing new concept of openness and development.** Attention has been paid to improving the level of opening-up to the outside world and the internal and external interaction of development. The scope and fields of opening-up have been expanded. The level of opening-up has been deepened. Efforts have been made to innovate methods, optimize planning, and improve quality of opening-up. And the formation of an opening-up pattern of internal and external interaction between land and sea routes and between eastern and western regions have been promoted to push forward high-quality development through high-level openness.

**Promoting joint efforts to build the BRI.** Guided by the Silk Road spirit of peaceful cooperation, openness and tolerance, mutual learning, mutual benefit and win-win results, efforts have been made to adhere to the principle of extensive consultation, joint contribution and shared benefits, and vigorously push forward cooperation to enhance policy, infrastructure, trade, financial and people-to-people connectivity. So that the Belt and Road Initiative can be built into a road of peace, prosperity, openness,

innovation, civilization, integrity, and green development, and become a China-proposed and globally shared international cooperation platform and public goods that provides a China vision in promoting common global development and building a community with a shared future for mankind. Up to now, China has signed more than 200 cooperation documents for the joint construction of the BRI with more than 170 countries and international organizations.

**Promoting pilot free trade zones and exploring free trade ports.** China has created a high-level opening-up platform, given the pilot free trade zone greater reform autonomy, and implemented a pre-establishment national treatment plus a negative list management system. Since 2013, a total of 21 pilot free trade zones have been established, and 278 institutional innovations have been replicated and spread across the country. They have played an effective role in comprehensively deepening reforms and expanding opening-up pilot fields. In 2018, China decided to explore the construction of a free trade port with Chinese characteristics in Hainan. In June 2020, *the Overall Plan for the Construction of Hainan Free Trade Port* was officially released and implemented, and the policy effect began to emerge. In 2020, Hainan's imports and exports of goods combined to increase by 3% year-on-year, which was higher than the national average; 1,005 newly established foreign-funded enterprises, an increase of 197.3% year-on-year; and the introduction of 122,000 talents, an increase of 177%.

**Hosting the China International Import Expo.** China has proactively open its market to the world and continues to build a world-class expo, which has been held annually for three consecutive years, with the fourth to be held this year. The CIIE provides an open cooperation platform for all parties to jointly explore the country's large market, provides international public goods to help maintain the multilateral trading system and support economic globalization, and creates an effective carrier for promoting China's high-quality economic development and meeting the needs of the people for a better life.

**Active participation in global economic governance.** From the Boao Forum for Asia to the G20 and APEC, to the Belt and Road Forum for International Cooperation — China has fulfilled its international responsibilities and obligations, promoted dialogue and exchanges among countries around the world, and pushed forward the continuous improvement of the global governance system. Since 2020, with the global spreading

of the novel coronavirus pandemic, China has promoted the establishment of a human health community with a shared future for mankind, shared pandemic prevention experiences, provided assistance within its capacity, carried out international anti-pandemic cooperation, and made efforts to contribute to the stability of the world economy.

**Leading development direction of globalization.** At the 2017 annual meeting of the World Economic Forum, President Xi Jinping put forward the China plan on how to lead the world economy out of predicament. China has always championed economic globalization, consistently adhered to the rules of the World Trade Organization, supported an open, transparent, inclusive, and non-discriminatory multilateral trading system, and helped build an open world economy. China and other countries have strengthened coordination and improved governance, and jointly pushed forward the development of economic globalization in a more open, inclusive, sharing, balanced, and win-win-oriented direction. China and the international community have strengthened high-quality cooperation in the joint construction of the BRI and jointly promoted global connectivity to allow more people in more countries to share the fruit of development.

At this stage, China has made good use of the general development trend at home and abroad, implemented a more proactive opening-up strategy, developed a higher-level open economy, supported the liberalization and facilitation of global trade and investment, and pushed forward economic globalization in a more open, inclusive, sharing, balanced and win-win-oriented direction.

## II. Achievements and Contributions of China's Opening-up

*When the day comes, the roc will go up with the wind and fly up to the highest sky.*

China's continual expansion of opening-up to the outside world has promoted sustained and healthy economic and social development. As a result, China has developed from a poor and backward country into the world's second-largest economy, largest industrial power, largest trading country, and a major outbound investor and inbound investment destination. While achieving its own development, China has also vigorously promoted the development of the world economy, becoming an important promoter of global openness, a stable driving force for world economic growth, a