

## **Chapter VIII**

# **Fostering a New Development Paradigm through High-Level Opening-up**

China accelerates the construction of a new development paradigm, with domestic cycle as the mainstay and domestic and international cycles reinforcing each other. It is China's strategic choice to tackle major changes *unseen in a century* and realize the great rejuvenation of the Chinese nation. It is a systematic and deep-level reform that concerns the nation's overall interest. It is another major theoretical achievement of Xi Jinping Economic Thought on Socialism with Chinese Characteristics for a New Era.

### **I. New Development Paradigm Set to Be the Choice in the New Development Phase**

Since the 18<sup>th</sup> National Congress of the Communist Party of China, in accordance with the new situation that economic development has entered a stage of new normal, China has adhered to the new development concept of innovation, coordination, greenness, openness, and sharing, and promoted the supply-side structural reform. At present, facing the internal and international imperatives, China, based on the new development phase, fully, accurately and comprehensively implements the new development concept, and accelerates the construction of a new development paradigm. This is the progressive deepening of the supply-side structural reform. It is also the new version of previous development strategies after they are merged and upgraded. therefore, it carries great practical and far-reaching historical significance.

### 1. Inevitable requirement for building a modern socialist country

China has embarked on a new journey of building a modern socialist country in an all-round way and it is marching towards the second centenary goal. From an international perspective, it is a universal law for major economies that domestic demand is the main driving force for economic development. In 2020, the US' foreign trade dependency is only 18.2%. It is 25.6% in Japan. In China, it was 31.5%, still at a relatively high level compared with developed countries. From a domestic perspective, China's growth momentum is undergoing changes and is increasingly dependent on domestic demand. In 2020, China's final consumption rate is close to 55%, which is 11.2 percentages higher than the total capital formation ratio, but it is still about 20 percentages lower than the world average, and there is still much room for improvement. The supply of high-quality goods is insufficient in China. In 2019, Chinese residents' overseas consumption reaches 1.7 trillion yuan, but high-quality medical, education, and elderly care services cannot meet the demand. Therefore, it is in line with the objective laws of economic development and historically inevitable to accelerate the construction of a new development paradigm, increase the autonomy of economic development, and keep up with the times and raise the level of economic development.

### 2. Strategic choice for coping with major changes unseen in a century

The world today is undergoing major changes *unseen in a century*. **Uncertainty in external demand has increased.** After the 2008 global financial crisis, the external environment has changed for the worse. The growth rate of international trade was twice the economic growth rate of the world in the past; now it is lower than economic growth. International investment has been largely on the decline amid fluctuations. After the outbreak of the novel coronavirus pandemic in 2020, backlash against economic globalization has increased, and the momentum of the international cycle has significantly weakened. In 2020, the world economy shrank by 3.3%, global trade in goods dropped by 7.6%, trade in services fell by 19%, and foreign direct investment decreased by 42%.

**International competitiveness needs to be continually enhanced.** China's traditional advantages, such as population, land, and resources, have weakened. And it is yet to develop and have new advantages, such as innovation, management, and

standards. China faces an greater pressure of stabilizing the industrial and supply chains. The reshaping of the global industrial and supply chains has accelerated, the challenges brought by anti-globalization movement have increased, and the external environment is becoming complex and changeable. Therefore, it is more urgent to improve the resilience and security of the industrial and supply chains. China needs to accelerate the construction of a new development paradigm to help foster its new advantages in international cooperation and competition, increase leeway for economic maneuvers, and protect its economic security.

### **Box 8-1 Role of Standards in International Economic and Trade Cooperation**

As the world's "universal language", standards are the passport of international trade. Countries in the world attach great importance to standardization cooperation and exchanges, as well as the application of standards to carry out international economic and trade exchanges, such as production capacity cooperation and technical exchanges.

China has actively promoted the adoption of international standards, especially in more than 40 industries such as machinery, chemical industry, light industry, and electronics. It has formed a relatively complete standard adoption system, which has effectively promoted the development of foreign trade. At the same time, it also actively participates in the formulation of international standards, especially in the fields of home appliances, UHV power transmission, information technology, traditional Chinese medicine, apparels, among others, actively submitting standard proposals to the International Organization for Standardization, and making its contribution to the improvement of international trade rules in relevant fields.

In order to promote the implementation of the BRI, China has engaged in extensive cooperation and exchanges with the International Organization for Standardization and standards organizations of countries involved in the BRI. By the end of 2019, China's Standardization Administration had signed 97 multilateral and bilateral standardization cooperation documents with 54 countries, regional standardization agencies and international organizations.

### **3. Only path to promoting the building of a community with a shared future for mankind**

Human beings live in the same global village and are increasingly becoming an intimate community of a shared future where people engage in close interaction. The historical trend of economic globalization is irreversible. The world as a global village is highly interconnected, and the economies of all countries are deeply integrated and share a common future. It is impossible for any country to develop behind closed doors, which, from an objective perspective, requires the domestic and international dual cycles to reinforce each other. The international community has had significantly higher expectations towards China. China has a large economy and it is among the world's leaders in terms of major economic indicators. It is a major trading partner of more than 120 countries. The international demand for cooperation with China is even greater. China should take the opportunity to proactively push forward opening-up to promote a common future of the world, and expand the world's openness through China's own opening-up. As a single large market with a population of 1.4 billion, China should proactively expand opening-up and push forward free trade, which will help promote interaction between China and the rest of the world, so that close cooperation can lead to improving wellbeing of both China and other countries. China will accelerate the construction of a new development paradigm, promote win-win cooperation with the rest of the world, and demonstrate its responsibility instead of pursuing success without helping others to succeed. It is conducive to the world sharing China's development dividends and promoting common development.

## **II. Expanding Domestic Consumption to Foster A Powerful Domestic Market**

Accelerating the cultivation of a complete domestic demand system is a major scientific judgment and strategic choice made by the Party Central Committee, which has profound insights into the general trend of domestic and international development. It highlights the importance and urgency of adhering to expansion of domestic demand. It is a must for China to form a powerful domestic market and shift to a development strategy based on the domestic cycle.

**On the one hand, the proportion of domestic demand, especially consumption, is too low.** Domestic demand includes investment and consumption. The investment rate in China is generally very high, and its consumption rate is obviously low. At present, the ratio of retail sales to export value in major countries, such as the United States and Japan, has stabilized at 4:1 and 6:1, while in China, it is less than 2:1. Both retail sales and export value reflect the final commodity demand, and the low ratio largely points to an unbalanced domestic and foreign demand ratio in China, indicating that the role of domestic demand needs to be improved.

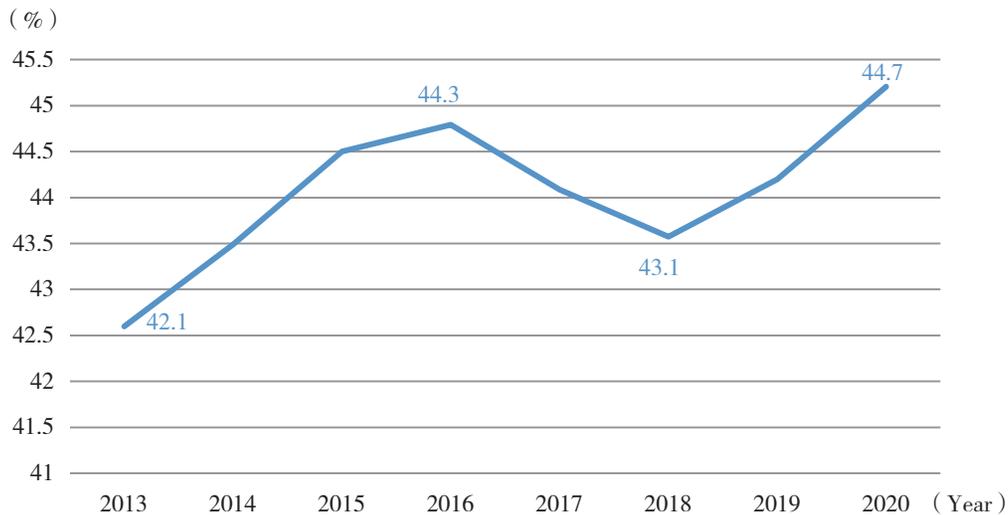
**On the other hand, China has huge market potential.** As it is moving towards a modern socialist country, China has seen its domestic market expand continually. According to McKinsey's research, by 2035, the scale of China's consumer market will exceed that of Europe and the United States combined. Implementing the strategy of expanding domestic demand and continually increasing consumption rate are conducive to bringing out the great advantage of domestic market and promoting long-term stable economic development.

At present, China's domestic consumer market is not fully developed, which is mainly reflected by the following factors.

**Weak consumption capacity.** The proportion of residential income in the primary distribution is low. In 2020, the monthly per capita disposable income of Chinese residents is 2,682 yuan, which is only 44.7% of per capita GDP. There is no solid foundation for expanding consumption. After the eruption of the 2020 pandemic, the instability of residential income increased, the recovery of consumption was relatively slow, and the total value of retail sales failed to register positive growth throughout the year.

**Inadequate consumption momentum.** China is facing such challenges as worsening aging and declining proportion of working population. The consumption of some major commodities, such as automobiles, is becoming saturated. Online consumption is actually the transfer of offline consumption, and efforts should be made to tap new and sustainable momentum of consumption.

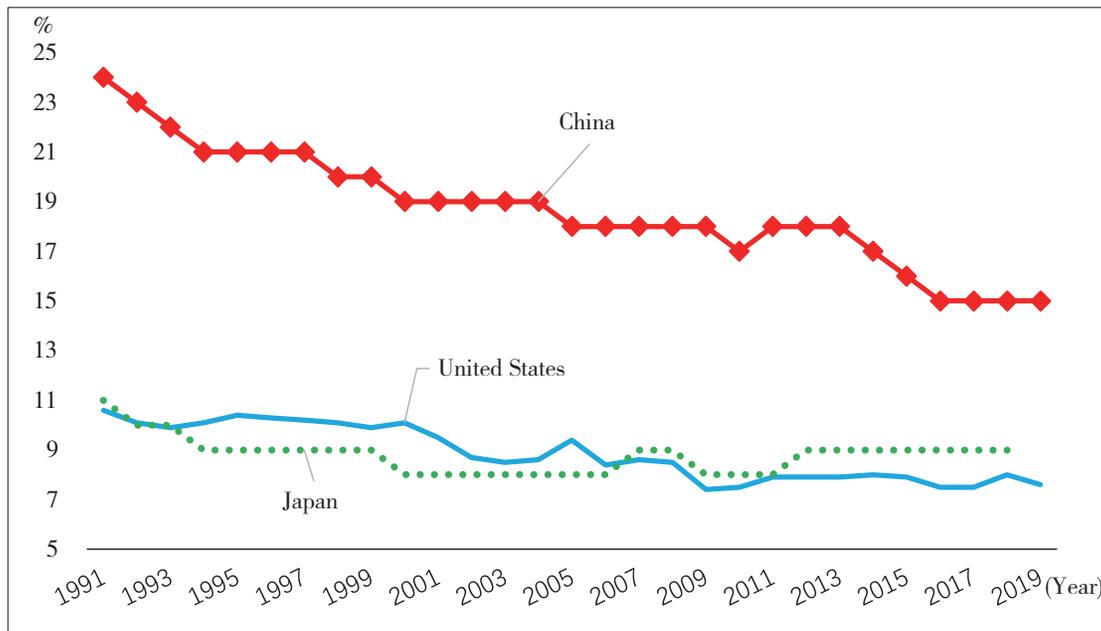
**Imbalance in urban-rural development.** The rural population accounts for 36% of the nation's total, but rural retail sales accounts for only 14% of the national total. The overall consumption in China's urban areas is 3.7 times that in rural areas, and per capita consumption in the urban areas is twice that in rural areas.



**Figure 8-1 Ratio of Per Capita Disposable Income to Per Capita GDP (%), 2013-2020**

Source: National Bureau of Statistics.

**Inadequate development of modern commerce and trade logistics.** China’s logistics cost as a percentage of GDP is 14.7%, which is 6-7 percentages higher than that of developed countries. China’s logistics companies have a low level of internationalization. The number of stores of online retailer Suning is almost the same



**Figure 8-2 Total Logistics Cost to GDP Ratio in China, the US and Japan (%), 1991-2019**

Sources: China Federation of Logistics & Purchasing, Council of Supply Chain Management Professionals, Japan Institute of Logistics Systems.

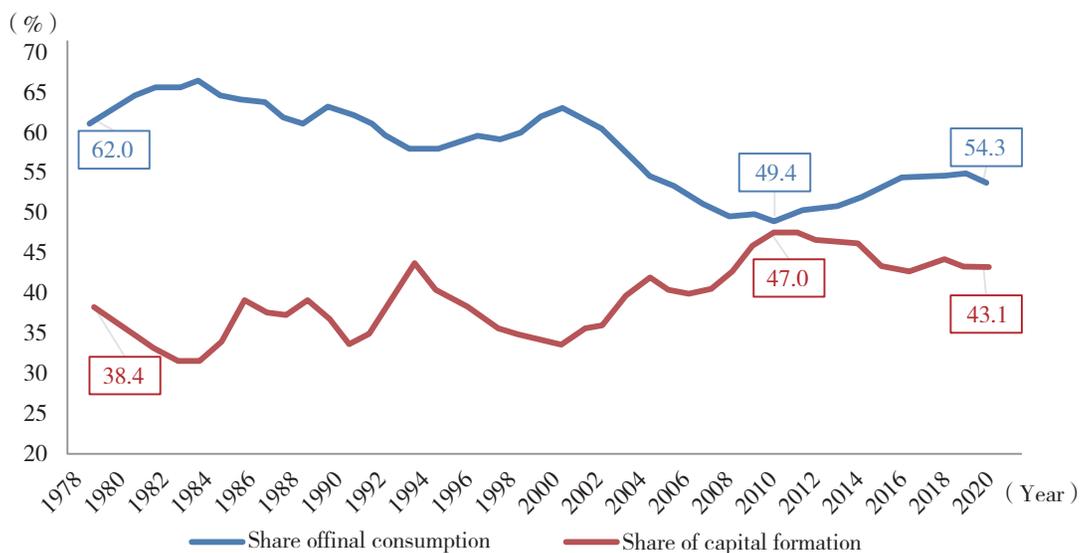
with that of Wal-Mart stores, but Suning's overseas stores only account for 0.5% of its total, which is much lower than Wal-Mart's 60%. China suffers from low cold chain circulation rate and insufficient supporting capacity of infrastructure. The per capita possession of refrigerated and insulated vehicles is only about 8% of that of the United States and Japan.

Meanwhile, China has great potential in expanding domestic consumption. **Its fundamentals of consumption that is expected to expand in the long run have not changed.** China's total population and the size of its middle-income group rank first in the world, and its per capita GDP exceeds 10,000 US dollars. The implementation of the rural revitalization strategy and the acceleration of urbanization will lead to the rapid growth of rural consumption.

**The overall trend of consumption upgrade has not changed.** China's younger generation, represented by those born in the 1990s and 2000s, accounted for about one fourth of its total population, and the proportion is even higher among netizens; they have increasingly become the backbone of consumption. Individualized and diversified consumption has become the mainstream trend. New forms of consumption, such as unmanned sales and sharing economy, development-oriented and enjoyment-oriented consumption have continued to heat up, and people's service consumption in tourism, culture, entertainment, health, and ecology will continue to increase.

**China has the foundation, condition and room for expanding consumption.** China will hopefully become the largest consumer market of goods in the world. In the past ten years, China's final consumption rate has increased by an annual average of 0.5%. It is expected to reach about 62% by 2035, and the scale of consumption will increase by about 1.5 times.

While pursuing a new development paradigm, China must take the supply-side structural reform as the main focus, pay attention to demand-side management, and reach a higher level of dynamic balance in which demand drives supply and supply, in return, creates demand. It should continue to expand consumption and make more efforts to build a modern circulation system. It should sort out the blocked links in circulation, strengthen areas of weakness, improve both "hardware" (such as infrastructure) and "software" (such as management expertise), channels and platforms, so as to turn the strong domestic market into a huge "magnetic field" that attracts global factor resources.



**Figure 8-3 China's Fiscal Consumption Expenditure Ratio and Capital Formation Rate (%), 1978-2020**

Source: National Bureau of Statistics.

**Promoting consumption in an all-round way.** China should further bring out the fundamental role of consumption in economic development and tap urban and rural consumer markets. It should promote commodity consumption, develop service consumption, expand rural consumption, promote the high-quality development of county-level commerce, establish and improve the rural commercial system, improve urban consumption, and promote the quality and upgrading of urban consumption.

**Cultivating new patterns of consumption.** China should cultivate a new pattern of consumption featuring information technology, multi-business aggregation, and multi-scenario coverage, develop new commodity consumption models, support consumer platform companies creating new digital consumption environment, strengthen the construction of intelligent service terminals, and foster an orderly environment for developing new forms of consumption.

**Upgrading consumer platforms.** China should take the lead in cultivating and building central cities for international consumption in Shanghai, Beijing, Guangzhou, Tianjin, and Chongqing. It should promote the differentiated development of urban commercial districts, and carry out high-quality renovation and upgrading of pedestrian streets. China should also foster a convenient life circle in the cities, where people can go to any major destinations within a quarter of an hour. Moreover, it should establish and improve the normalization mechanism for promoting consumption, and support

efforts by the China International Consumer Products Expo to build a global platform for displaying delicate consumer products.

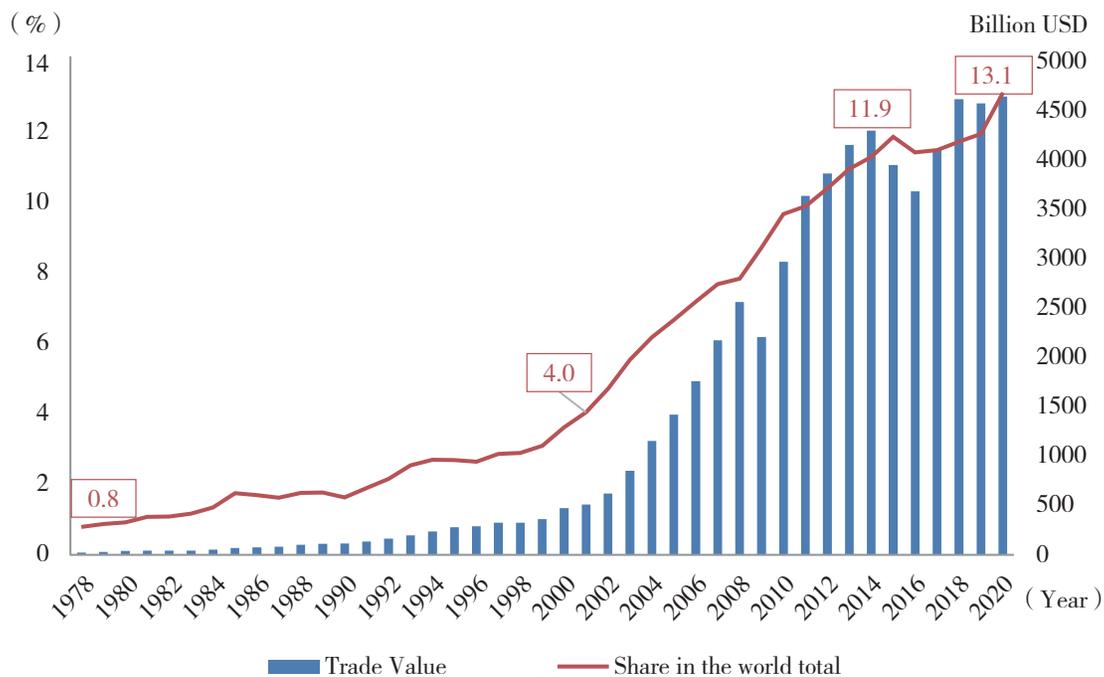
**Improving circulation system.** China should improve backbone circulation networks, build an efficient urban and rural distribution system, improve the rural circulation system, raise circulation efficiency, and reduce circulation costs. It should cultivate modern circulation enterprises with global competitiveness, stimulate the vitality of small and medium-sized commercial enterprises, strengthen protection and growth of time-honored brands, promote the innovative development of the commodity market, and foster and expand e-commerce enterprises. It should also support the upgrading of physical commercial entities, accelerate the innovation and transformation of circulation, and strengthen the construction of commerce and trade circulation standard system.

### **III. Promoting An Internal-External Virtuous Cycle to Push Forward High-Quality Development**

In the era of globalization, internal and external cycles are intertwined and it is impossible to clearly separate them. The new development paradigm is by no means a closed domestic cycle, but an open and mutually reinforcing dual cycles, including both domestic and international cycle. With the domestic cycle as the mainstay, it is by no means a closed-door operation. Instead, it aims to better connect domestic and foreign markets through leveraging the potential of domestic demand and better utilize resources of both domestic and international markets to achieve more robust and sustainable development.

**From the perspective of external cycle promoting internal cycle,** the smoother the external circulation is, the better the internal cycle will be in terms of quality and outcomes. China's development has always been inseparable from the outside world. International talents, technology, management, and data resources are the most fundamental production factors. Through the benign interaction between internal and external cycles, more high-quality global resource factors will be attracted, which can help meet domestic demand, improve the level of domestic industrial technology development, and form new advantages for China to participate in international economic cooperation and competition.

**From the perspective of development space**, China's foreign demand still has potential to further expand. History shows that the share of international trade in the United States and Britain once reached more than 20%. In recent years, China's share has only been about 13%. China's per capita export value of goods and services is only one fourth of that of the United States, one fifth of Japan, and one tenth of Germany. China should promote the benign dual-cycle interaction, so as to be helpful to realize the coordinated development of domestic and external demand, imports and exports, inbound foreign investment and outbound foreign investment.



**Figure 8-4 China's Trade Volume (\$100 Billion) and Ratio (%), 1978-2020**

Source: World Trade Organization.

China also has some hidden worries as it implements its current domestic and international dual-cycle strategy. In the early stages of reform and opening-up, in order to give full play to the advantages of labor and other resource endowments, China participated in the international economic cycle by relying on the international market for raw materials and sales markets. The effect of relying on external cycle to promote development of the internal cycle was remarkable and it has become an important driving force for China's miraculous development. However, from an objective perspective, the dual-cycle also features the characteristics of internal and

external separation and dual-track coexistence, and there are many blocking points in the smooth flow between the internal and external cycles.

**The domestic and foreign markets need to be further integrated.** Due to inconsistencies in domestic and foreign quality standards, inspection and quarantine, certification and approval, and sales channels, products produced by foreign trade companies can only be sold overseas, and domestic consumers have to resort to e-commerce platforms to buy China-made products from overseas markets.

**The two resources need to be better utilized.** China has adopted a gradualist approach in its opening-up. At present, the physical manufacturing industry has basically been fully liberalized, but there are still some access restrictions in the some fields. As of 2020, China's foreign investment stock and outbound investment stock had both been about 30% of that of the United States, and China's ability to utilize global resources needs to be improved.

**The connection of rules needs to be further strengthened.** The contents of international economic and trade negotiations have extended from *on-the-border* to *behind-the-border* issues. At the same time, the disputes over new topics such as cyber security, digital sovereignty, and data flow have become more intense. China still suffers from a low level of free trade area construction, and it is yet to deepen its participation in the formulation of high-level rules; and it still falls far behind the world's advanced levels.

### **Box 8-2 On-the-border Opening-up and behind-the-border opening-up**

*On-the-border* opening-up refers to reduction of barriers to the flow of goods and capital and the realization of the flow of factors through the reduction of tariffs and non-tariff barriers and the implementation of preferential investment policies. It has been the main method for China to implement reform and opening-up for more than 40 years in the past.

*Behind-the-border* opening-up refers to domestic reforms to increase openness in intellectual property rights, fair competition, environmental protection, labor issues, consumer protection, among others, to achieve conformity with international rules, and attract more factor resources flowing. It is a higher-level opening-up.

To build a new development paradigm, it is necessary to not only smoothen the domestic cycle, but also promote the international cycle, and allow the two cycles to reinforce each other, like in the structure of a horizontal “8”, where the internal cycle leads the external cycle, and the external cycle boosts the internal cycle, so as to form a virtuous circle of openness at a higher level. A virtuous cycle of market connectivity should be promoted, market access should be continually expanded, and a strong domestic market should be turned into the main engine of its own development and an accelerator for common development. A virtuous cycle of industrial integration should be promoted to create a more open, resilient, and dynamic industrial and supply chain in the global industrial structure. A virtuous cycle of innovation should be promoted and it is not about “decoupling”, but about taking the path of openness innovation and deepening of international cooperation in innovation. A virtuous cycle of rules should be promoted, and the effective connection of domestic and international rules should be achieved to enhance the system, integrity, and coordination of openness.

— **Promoting the innovative development of foreign trade.** China should strengthen technological innovation, institutional innovation, model and business format innovation in the field of trade, and promote the coordinated development of imports and exports, trade in goods and services, trade and two-way investment, and coordinated development of trade and industry. It should optimize its trade structure, promote the high-end and sophistication-oriented development of imports and exports, and create a “China commodity” brand. It should improve the trading platform and give full play to the role of important exhibition platforms, such as the China International Import Expo. It should cultivate new momentum for trade development and accelerate the in-depth integration of digital technology and trade development. And it should innovatively develop service trade and build a “China Service” brand.

— **Improving quality of foreign capital utilization.** China should fully implement the Foreign Investment Law and relevant implementation regulations, continue to optimize the market-oriented, law-based and international business doing environment, and focus on structure optimization, quality improvement, so as to attract high-quality global production factors with high-level openness. It should further shorten the negative list for foreign investment access. It should accelerate its pace to improve the new foreign investment management system, and improve the level of interim and ex-post supervision. It should also upgrade national economic development

zones in an innovative way, enhance the level of foreign cooperation, and improve the quality of economic development.

### **Box 8-3 Implementation of China's Foreign Investment Law**

The Foreign Investment Law of the People's Republic of China (hereinafter referred to as FIL) took effect on January 1, 2020, replacing the Sino-Foreign Equity Joint Ventures Law, the Foreign-funded Enterprises Law and the Chinese-Foreign Contractual Joint Ventures Law (referred to as "the three laws on foreign investment"). It is a new basic law in the field of foreign investment, which provides a more powerful systemic guarantee for further opening-up and actively and effectively using foreign capital under the new situation. The promulgation of the FIL marks a big step forward in China's institutional opening-up.

The FIL contains six chapters and 41 articles, which clarify the contents of foreign investment promotion, investment protection, investment management, among others, establish a pre-establishment national treatment plus a negative list system, and clearly stipulate that domestic and foreign investment should be treated equally and protection of foreign investment should be strengthened. The law also stipulates some systemic measures, such as the establishment and improvement of the foreign investment service system, and the national foreign investment information reporting system.

The FIL highlights the main theme of actively expanding opening-up and promoting foreign investment, adheres to the positioning of the law as a basic foreign investment legislation, and adheres to the convergence of Chinese characteristics and international rules. Foreign media have paid close attention to the FIL, saying that it has enhanced the confidence of foreign investors and the attractiveness of the Chinese market to foreign investors, and demonstrated China's determination and active efforts to further its opening-up.

— **Optimizing regional opening-up layout.** All provinces and regions are encouraged to expand opening-up based on their comparative advantages, effectively connect their opening-up with major regional strategies and regional coordinated development strategies, promote inter-regional opening-up linkages, and promote the establishment of an openness pattern featuring land-sea and domestic-foreign linkages, as well as mutual assistance between eastern and western regions. The leading role

of the eastern regions in opening-up should be strengthened, the pace of opening-up in central, western and northeastern regions should be accelerated, the opening-up of border areas should be strengthened, and the opening-up to, and cooperation with, Hong Kong, Macao and Taiwan should be deepened.

— **Improving level of foreign investment and economic cooperation.** Support should be provided for enterprises to participate in the reshaping of global industrial and supply chains; domestic and foreign industrial coordination should be promoted. Efforts should be made to promote steady and orderly development of outbound investment and cooperation, and encourage Chinese products, services, technologies, brands, and standards to go global. Outbound investment should be carried out in an innovative way. Efforts should be made to push transformation and upgrading of outbound contracted projects, promote the orderly development of outbound labor cooperation, and improve foreign investment cooperation policies and service systems.

#### **IV. Always Adhering to Reform and Opening-up as A Strong Driving Force**

History at home and abroad has made it clear that openness brings progress, and closure will inevitably lead to a country lagging behind. Opening-up is the fundamental way for a country to become prosperous and strong, as well as a key strategy for China's development. For more than 40 years of reform and opening-up, it is precisely because China persisted in pursuing its development through opening-up to the outside world and promoting reform, development and innovation through opening-up, the country has achieved the great transition from a closed and semi-closed state to a state of all-round opening-up, so that its overall national strength and international influence have improved. The wider China opens up, the better it develops, and the better it develops, the more open it is. The door to China's opening-up will not possibly be closed. China should further deepen reform and pursue higher-level opening-up to provide a strong impetus for building a new development paradigm.

At present, China's reform has entered the deep-water zone. The opening-up dividend of its WTO membership is disappearing, and it still faces severe challenges in carrying out reform and opening-up in some key areas and links. They have become institutional obstacles restricting high-quality development and high-quality life.

**The unified domestic market needs to be improved.** In recent years, China has

made great progress in breaking regional blockades and establishing a unified national market, but some market restrictions and local protectionism still exist.

**The level of opening-up to the outside world needs to be improved.** China has gradually opened up in areas where the cost of opening-up is low, the impact of opening-up is less significant, and it is relatively easy to build consensus. However, there is still huge room for further opening-up. At present, China's openness index is 0.74, ranking 40<sup>th</sup> in the world, which is significantly lower than rankings of developed countries; the openness of the service industry is obviously lagging behind.

**The ability to coordinate openness and security needs to be improved.** Over the past 40 years of Reform and Opening-up, China has strengthened its overall national strength and significantly improved its security maintenance capabilities in the process of expanding openness. The current international situation is more complex, with increasing external risks and challenges. China's ability to manage the complex situation of openness and security is yet to be able to adapt to the changing environment.

China's development is inseparable from the world, and China is also indispensable for the prosperity of the world. Since the Reform and Opening-up policy was launched, China has adhered to the basic national policy of opening-up to the outside world, leveraged its low-cost advantages of labor and other factors, seized the important opportunities of economic globalization, and actively participated in the international division of labor. By utilizing external markets to promote domestic development, China has achieved high-rate economic growth and the Chinese people have succeeded in building a moderately prosperous society. Previously, they cannot even sustain their basic life. Since the outbreak of the COVID-19 pandemic, major provinces such as Zhejiang, Jiangsu, and Shandong provinces, and cities such as Shenzhen and Suzhou, have obvious advantages in terms of complete industry chains. They also have greater awareness and ability to seek opportunities in crisis. As a result, compared with the nation's average level, they have performed better in terms of foreign trade and investment.

Practice has fully proved that opening-up enhances overall strength. The more open a place, the stronger its overall strength, the greater its economic resilience, and the higher its degree of security. Therefore, **full opening-up will bring great development and great development will bring high level of security.**

At the current critical stage, new economic development mode is replacing the old and new growth drivers are replacing the traditional ones. The domestic comprehensive deepening of domestic reforms has entered the deep-water zone; and the international uncertainties are increasing. It is more necessary, therefore, for China to promote the opening-up of the world through expanding its own all-round opening-up, contribute to the global economic recovery through promoting its domestic economic recovery, and unswervingly utilize opening-up to generate growth impetus and dividends.

— **Unswervingly expand opening-up in an all-round way.** It is necessary to comprehensively improve the level of opening-up to the outside world, and promote trade and investment liberalization and facilitation. A new higher-level open economy system needs to be built, efforts should be made to continue to deepen the openness of commodity and factor mobility. And it is necessary to steadily expand the institutional openness of rules, regulations, management, and standards to establish an institutional system and regulatory model that are in line with internationally accepted rules. A shift from *opening-up of factors* to *institutional opening-up* needs to be promoted, and efforts need to be made to push forward reinforcement and deep-level integration of the domestic and international dual cycles.

— **Building a new commanding height of reform and opening-up.** Through institutional innovation, a new reform and opening-up commanding height that play a leading and exemplary role should be established. Reforms should be deepened in an all-round way and action should be taken to implement high-standard market system construction. High-quality development of pilot free trade zones and ports should be promoted. The leading and exemplary role of pilot free trade zones should be brought out, greater reform autonomy should be allowed, opening-up stress tests should be strengthened, and the dividends of Reform and Opening-up should continue to be released continually. And it is necessary to steadily promote the construction of the Hainan Free Trade Port.

— **Better participating in international economic and trade cooperation.** China should adhere to the principle of extensive consultation, joint contribution and shared benefits to deepen the BRI economic and trade cooperation. It should actively participate in the reform of the WTO, push efforts to improve WTO rules, and improve the level of trade policy compliance. It should push forward improvement in global economic governance mechanisms, deepen cooperation with the United Nations and

related agencies, support major economic governance platforms playing a larger role, and actively participate in the formulation of economic governance rules in emerging fields. It should optimize the layout of free trade areas, promote the signing of more high-standard free trade agreements, properly deal with CPTPP-related work, and speed up the negotiation process of the China-Japan-Korea free trade agreement. It should also promote coordination and cooperation among major countries, deepen economic and trade relations with neighboring countries, and strengthen solidarity and cooperation with developing countries.

— **Effectively coordinating development and security.** China should take a holistic view of national security; the more open, the more important it is for China to pay attention to security, and strive to strengthen its own competitiveness, openness supervision capabilities, and risk prevention and control capabilities, so as to improve its resilience. It should improve the industrial damage early warning mechanism, promote international industrial security cooperation, and maintain the security of the industrial and supply chains. It should adhere to opening-up to become more capable of preventing risks, and dynamically maintain national economic security at a higher level.