
Opening-Up of Developing Economies and China International Import Expo

At the 5th China International Import Expo (CIIE) Opening Ceremony, President Xi Jinping pointed out: “We should commit ourselves to openness to meet development challenges, foster synergy for cooperation, build the momentum of innovation, and deliver benefits to all. We should steadily advance economic globalization, enhance every country’s dynamism of growth, and provide all nations with greater and fairer access to the fruits of development.”¹ The CIIE has become a showcase of China’s new development paradigm, a platform for high-standard opening-up, and a public good for the whole world. For other developing economies, the CIIE has played a more prominent role as the four major platforms of international procurement, investment promotion, people-to-people exchanges, and openness and cooperation, and vigorously assisted them in integrating into industrial and supply chains to achieve inclusive and sustainable development.

1. Developing Economies Are Important Participants and Developers of Global Openness

Economic globalization is experiencing headwinds, and the global order is seeing a new round of reshaping. As important players in global openness, emerging markets and developing economies (hereinafter referred to as *developing economies*) share stronger aspirations and more urgent needs for mutual benefit and openness. Actively and steadily expanding openness is conducive for them to seize the opportunities of globalization and better promote their own modernization process.

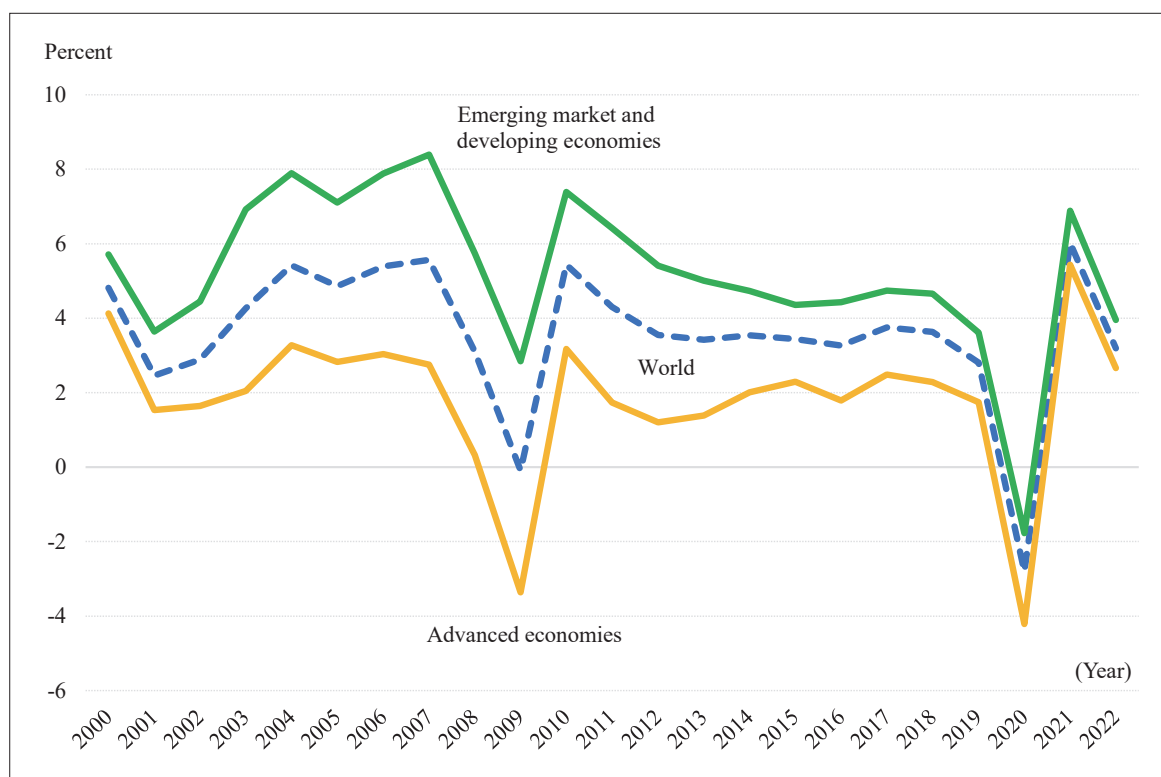


Fig. 10.1 Economic growth rate of the world, advanced economies, and developing economies, 2000–2022

Source: IMF, World Economic Outlook Database, April, 2023.

(1) Developing economies have a major influence on the global openness landscape

Over the recent years, with the collective rise of emerging markets and developing economies, the world economy has escalated in the South while subsiding in the North. According to the IMF, based on Purchasing Power Parity, the share of global GDP of emerging market and developing economies exceeds that of advanced economies, reaching 58.2 percent in 2022. Their economic growth rate is also far ahead. In the past two decades, developing economies have become an important driver for global economic growth (See Fig. 10.1).

The role and impact of developing economies in world trade, investment, and development are continuously increasing. According to the Global Trade Flow Database, developing economies accounted for 43 percent of global exports in 2022, up 3.8 percentages from 2017, and for 38.1 percent of global imports, up 0.8 percentages, further narrowing their gap with advanced economies. Developing economies have intensified efforts to attract foreign investment and actively integrate into the global supply chain by improving the business environment for foreign investors, issuing preferential policies, and other initiatives. The focus of international

investment has gradually shifted from advanced economies to developing economies. According to the World Investment Report 2023 released by the UNCTAD, the global foreign direct investment (FDI) flow was US\$1.3 trillion, of which developing economies accounted for a record share of over 70 percent.

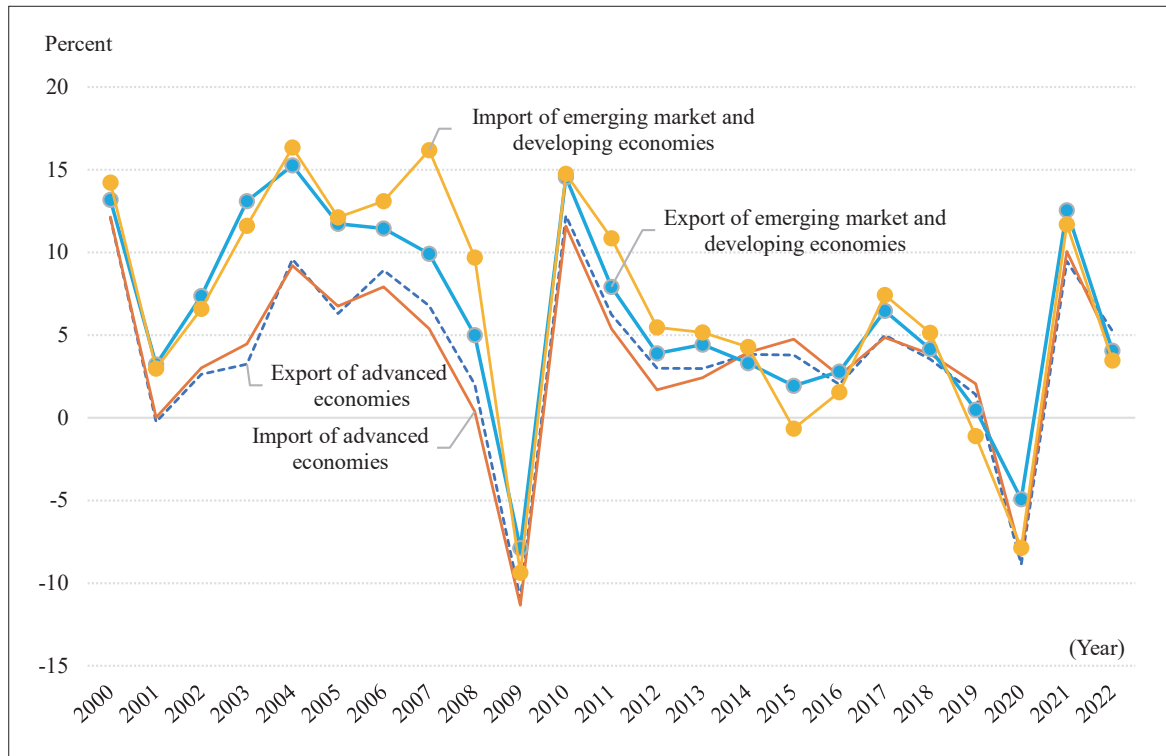


Fig. 10.2 Trade growth rate of the developed and developing economies: 2000–2022

Source: IMF, World Economic Outlook Database.

Developing economies have actively participated in global economic governance. At the urging of developing economies, the IMF and World Bank have started reforms to gradually increase the quotas and votes of developing economies. Developing economies represent more than two-thirds of WTO membership and play a significant role in plurilateral negotiations in areas such as e-commerce, services domestic regulation, and investment facilitation. The G20 is an important practice of the developed and developing economies jointly participating in global economic governance and has played an active role in response to the international financial crisis and in the promotion of international economic cooperation. BRICS cooperation has put up a new platform for cooperation for developing economies in areas such as vaccine research and development, scientific and technological innovation, people-to-people exchange, and sustainable development, giving a strong boost to South-South cooperation.

Box 10.1 Agreement on investment facilitation reached plurilateral negotiation

In April 2017, China and some other developing economies and LDCs initiated an informal dialogue on investment facilitation for development at the WTO. At the 11th WTO Ministerial Conference held in December 2017, 70 WTO Members co-sponsored a joint statement calling for the start of Structured Discussions on investment facilitation. 98 WTO Members issued a second joint statement in November 2019 and formally launched negotiations on investment facilitation in September 2020. In late 2022, the participants substantively concluded negotiations on the text of the Agreement on Investment Facilitation for Development (IFD Agreement). In July 2023, IFD participants concluded the negotiations successfully and passed the IFD Agreement.

WTO stuck to a development-oriented approach during the IFD negotiation. The IFD Agreement contains special and preferential treatment to developing and least-developed country Members, as well as technical assistance and support for capacity building. Negotiations on investment facilitation aimed to establish international rules, improve the transparency of investment policies worldwide, and simplify and speed up investment approval procedures so that international cooperation can be further promoted.

(2) Developing economies face challenges in opening up

External pressure is getting more severe. A sluggish economic growth is plaguing the whole world, with economic globalization encountering headwinds, international political uncertainty rising, and global challenges such as the COVID-19 pandemic, climate change, and environmental pollution entwined. A new shock of the Ukraine crisis has pushed up energy and food prices, highlighted acute fragmentation of the industrial and supply chain, and triggered a continuous rise of global inflation and monetary policy tightening, which has put more downward pressure on the economy. The global development process has hit major roadblocks, the momentum of international development cooperation is weakening, and the development gap between the North and the South keeps widening. The steady progress made in reducing extreme poverty over the past 30 years has come to a standstill, and the openness landscape of developing economies has become even more challenging.

Box 10.2 Increased number of the world's poor

The World Bank's *Poverty and Shared Prosperity 2022* shows that global progress in reducing extreme poverty grinds to a halt. In 2020, the number of people living in poverty rose from 648 million to 719 million, and that of those in extreme poverty increased by 11 percent, up 1.2 percentages in the rate of extreme poverty. The report estimates that by 2030, the global poverty rate will be approximately 7 percent, with some 574 million people still struggling in extreme poverty. This rate is far higher than the 3 percent target. The most affected countries are the low-income ones in sub-Saharan Africa and the MENA.

Internal bottleneck constraints are increasing. Confronted by growing internal and external imbalances, the bottlenecks in technology and human resources of some developing economies remained unrelieved for a long time. They are in urgent need of support from the international community in such areas as poverty reduction, food security, industrialization, digital education, sustainable development, and clean energy. Some other developing economies are keen to enhance their capacity for economic development, expand trade and investment opportunities, and call on the international community to provide more international public goods in order to help developing economies better address global challenges and share the benefits of economic globalization.

2. The CIIE Brings Opportunities to Developing Economies

The CIIE has continued to enlarge the functions of the four platforms since its inception. Many developing economies have displayed new products and technologies, developed new business opportunities, and made new partners. They have taken the platform as an opportunity to integrate into the world economy and gain more opportunities in trade, investment, and international cooperation. They also have showcased their culture and enhanced people-to-people exchanges. With an inclusive and fair participation mechanism and adhering to the principle of mutual benefit, the CIIE has connected and integrated China's development interests with the common interest of developing economies, being a vivid example of the GDI.

Box 10.3 Developing economies benefit from the CIIE

The CIIE is China's concrete action to share development opportunities with the rest of the world, including developing economies, aiming at making economic globalization more open, inclusive, balanced, win-win, and beneficial to all. With a population of over 1.4 billion and a middle-income group of more than 400 million people, China is the world's most promising super-large market. In 2022, China's total retail sales of consumer goods were 44 trillion yuan, and its imports of goods were 18.1 trillion yuan. With such huge market demand, China brings opportunities to developing economies in commodity export, two-way investment, cultural exchanges, and cooperation. From the 1st CIIE (in 2018) to the 5th CIIE (in 2022), China's imports from participating developing economies have increased from US\$0.74 trillion to US\$1.09 trillion, totaling US\$4.17 trillion. China's direct investment in participating developing economies has increased from US\$18.1 billion at the 1st CIIE to US\$21.1 billion at the 4th one, with a cumulative investment of US\$77.1 billion.

In terms of participating countries and regions, the volume of their international trade totaled US\$55.39 trillion at the 5th CIIE, increased from US\$45.36 trillion at the 1st, and the transnational direct investment totaled US\$2.87 trillion, increased from US\$2.08 trillion at the 1st. The number of cultural and supporting activities has increased from 380 to 884 at the 5th CIIE. Developing economies have benefited greatly through the CIIE.

(1) Promoting the integration of developing economies into the world economy

Providing market opportunities. The CIIE is an important platform for China to share its market opportunities with developing economies. Exhibitors from developing economies have a more convenient channel to gain an understanding of China's and international market demands, while Chinese customers can learn about their local products. Through the CIIE platform, commodities from developing economies, including LDCs, enter China continuously. These countries benefit from China's growing consumer demand. As China has become one central hub of the GVCs, the CIIE has been an important channel for other developing economies to integrate into the global division of labor and has encouraged them to participate in international economic and trade activities and to integrate into the GVCs.

Box 10.4 The CIIE promotes local commodities of developing economies to China and the rest of the world

Local commodities of developing economies have continually entered China through the CIIE. From 2017 to 2021, the average annual growth rate of imports from Afghanistan, Timor-Leste, Djibouti, Sao Tome and Principe, Togo, and other countries has exceeded 50 percent, with that of Djibouti reaching 675 percent. A large number of local products are popular among Chinese customers. At the 5th CIIE in 2022, Timor-Leste's black pepper, Lao's tea, Ethiopian coffee, wood carving from The Central African Republic, and other commodities have attracted many buyers, with people coming in an endless stream to inquire.

Matching development needs. As China's platform of international procurement and investment promotion for the world, the CIIE emphasizes exchanges and cooperation with developing economies. It carries out matching activities according to the needs of participating countries by providing trade and investment matchmaking for both exhibitors and buyers, which serves as a convenient channel for developing economies to investigate the market and dovetail with the needs of international investors. Companies can learn about the latest technologies, products, and services through participation and active exchanges, which helps to improve their technological level and innovation capacity. Focusing on five themes of Science and Technology Innovation, Digital Economy, Green and Low-Carbon, Rural Revitalization, and Consumption Upgrading, the trade and investment matchmaking fairs held at the 5th CIIE provided comprehensive services integrated with trade negotiation, investment matchmaking, industrial cooperation, and financial services for participants, buyers, local governments, industrial parks, and institutional investors and a more precise and comprehensive matchmaking services for developing economies.

Box 10.5 The 5th CIIE organized special sessions on trade and investment matchmaking activities in Malaysia

On November 7, 2022, a special session for Malaysia of the 5th CIIE trade and investment matchmaking fairs & 2022 China-Malaysia Cross-Border Cooperation Matching Meeting opened in Kuala Lumpur. Over 240 high-quality Chinese enterprises are selected from more than 2700 registered ones to negotiate with 117 Malaysian companies by models of “online plus offline” and “promotion plus matchmaking.” Some enterprises and organizations from both countries signed memorandums of understanding at the opening ceremony. They also carried out negotiations on intended cooperation and virtual signing of trade contracts on trade in goods and services such as food and agricultural products, new energy, green agriculture, automobiles, and technical equipment.

China-Malaysia cooperation matching meeting is an important measure to share new RCEP opportunities and promote China-Malaysia economic and trade cooperation. Chinese Ambassador to Malaysia said at the opening ceremony that, with the full implementation of RCEP, China and Malaysia have committed to open new markets based on the China-ASEAN Free Trade Area and that the bilateral economic and trade cooperation will bring more dividends, further improve supply and industrial chain, and create more cooperation space for China and Malaysia.

Officials from Malaysia’s Ministry of International Trade and Industry said that China is its fourth largest source of FDI, with RM16.6 billion (about RM4.7 per US dollar) invested in 2021, which is expected to create nearly 14,000 jobs in Malaysia.

According to the president of the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM), China is the most promising big market in the world. With its economic growth, its people have had higher consumption levels and growing demand for food, daily necessities, and medical and healthcare services for the aging population, which should be green, safe, and healthy. With a good reputation, Malaysia’s products and trade services can gain more opportunities for their development in China. Malaysia can learn more from China in areas such as high-tech industry, digitalization, agricultural technology, and smart ecological industrial parks.

Providing facilitation measures. Since its inception, the CIIE has adhered to the principle of “welcoming guests from all continents and taking into account the interests of the world.” It invites developing economies to participate and reduces the cost of LDCs to participate and enter the international market by providing some free booths and subsidies to them. At the 5th CIIE, the number of free booths exceeded 100, nearly doubling that of the last one. Despite the difficult recovery in the world economy, the CIIE has played an active role in helping LDCs continue to participate in the world economy and trade, alleviate poverty, and gain more trade opportunities.

Box 10.6 Special “booths” help LDCs enter the Chinese market

The CIIE provides some special free booths for the least advanced economies every year. China’s market thus opens a window for them.

At the 5th CIIE, Rwanda showcased some “made in Rwanda” products for sale, including coffee, chili peppers, tea, avocado oil, and handicrafts. Besides the offline exhibition, it also organized a live-streaming event for coffee promotion and an in-depth discussion with its partners on strengthening cooperation in the hope of expanding its exports to China.

(2) Enhancing developing economies’ ability to open and develop

Releasing the potential of trade and investment. The CIIE provides a convenient and open channel for developing economies to expand their export to China and, thanks to its platform effect, enables many small and micro enterprises and niche exhibits to receive large market attention. Through this expo, enterprises from developing economies have more opportunities to strengthen their connection with the international market, deeply participate in global economic competition and cooperation, and thus improve their product quality and competitiveness. The expo provides an important window for developing economies to demonstrate their investment environment, policies, and projects, builds a platform for international investors and enterprises to exchange ideas and cooperate, and creates conditions for developing economies to attract foreign investment.

Box 10.7 China–Laos Railway and the CIIE complement each other perfectly

Since opening to traffic in late 2021, the China–Laos railway has delivered 21 million tons of goods by June 2023, the number of categories increasing from over 10 in the beginning, including fertilizers and daily necessities, to more than 2000, including electronic products and fruits transported via cold chains. Laos mainly receives mechanical equipment, household appliances, vegetables, flowers, mechanical components, etc., from China and sends metal ores, cassava, barley, etc., to 25 provinces (autonomous regions or municipalities) in China. Through the new international railway model, the China–Laos railway connects seamlessly with the new western land-sea corridor and the China–Europe Railway Express, etc., going through over ten countries along the BRI, such as Laos, Thailand, Vietnam, and Myanmar. The railway has saved shipping time, reduced cost, facilitated the entry of partner countries’ products to the CIIE, and enhanced connectivity and efficiency of resource allocation, thus attracting more buyers and investors. The CIIE also has effectively integrated the market demand of partner countries and China, providing strong support for the stability and smooth functioning of industrial and supply chains along the BRI.

The 5th CIIE held Yunnan-themed activities (a promotion session on development and cooperation along the China–Laos railway & 2nd investment matching meeting for the China–Laos Bohan Boten economic cooperation zone) on November 5, 2022, in Shanghai. Yunnan Trading Group and 60 enterprise representatives from 13 countries and regions focused on “logistics driven by channels; trade by logistics; industry by trade” and discussed how to better play the China–Laos railway’s role in facilitating the development of surrounding areas. At the expo, project signing ceremonies on investment cooperation and import procurement were held, and 16 projects were signed. Among them, 11 were about investment, with a total investment of about 23.5 billion yuan, an increase of 14.08 percent year-on-year. And 90 percent of these projects were investment agreements in new energy, biomedicine, information technology, comprehensive development of the forest industry, agriculture, intelligent logistics, headquarters economy, and other fields. The other 5 projects were about import procurement, involving soybeans, copper concentrate, crude copper, petroleum coke, non-standard platinum, beef cattle, and other commodities, with a procurement value of US\$845 million, a growth of 1.2 percent year-on-year.

Optimizing business models. The CIIE provides enterprises from developing economies with a good opportunity to learn from international experience and helps participating companies learn about the latest business operation models and improve their business management. Meanwhile, by adopting an “online plus offline” model, exhibitors showcase their brands and products, improve their exposure, and enhance their brand image and reputation. Additionally, by bringing together leading enterprises, authoritative industry organizations, and international institutions in various fields, the CIIE helps enterprises from developing economies better understand the industry development trend, learn about advanced business models, and improve their ability to conduct business internationally.

Box 10.8 “Global Digital Trade Accelerator” for SMEs in developing economies comes into function at the CIIE

The ITC and a Chinese e-commerce platform have teamed up and launched a program named the “Global Digital Trade Accelerator” for SMEs in developing economies at the 4th CIIE. It will provide training courses and operational support in showcasing digital products, matching business opportunities, and marketing to cultivate digital enterprises as a benchmark. The first 66 cultivated companies are from 24 developing economies, including Bangladesh, Laos, Myanmar, Cambodia, Ethiopia, Mozambique, Rwanda, and Colombia, and in food and beverage, consumer goods, and other areas.

The program helps to enable SMEs in developing economies to take digital measures to overcome difficulties in knowledge and experience encountered by these “latecomers” in their first step into cross-border e-commerce and to realize their digital upgrading faster, thus connecting with the global market and broadening their business.

(3) Helping developing economies strengthen the exchange of civilizations

Demonstrating cultures. Since the 1st CIIE, its role as a platform for people-to-people exchange has become prominent. It's an opportunity for developing economies to showcase their rich and historic culture and traditions. As an important part of the CIIE, country exhibitions have played a key role in promoting cultural products and demonstrating cultures. The 5th CIIE has included more in the online country exhibitions, with seven developing economies, i.e., Nicaragua, Djibouti, Mauritania, Comoros, Mozambique, the Democratic Republic of the Congo (DRC) and Iraq, participating for the first time. The exhibitions have enriched the themes to include scientific and technological innovation, trade and investment, specialty industries, natural landscape and people, and food culture, and adopted metaverse and other online display techniques so that audiences from the globe can fully immerse into the exhibitions.

Gathering cultural resources. The CIIE has effectively promoted cultural and tourism resources and developed cross-border tourism in developing economies. Participating countries and cultural enterprises have gained more international exposure and publicity and improved their global visibility and image by demonstrating their cultural heritage, tourist attractions, folk culture, and other resources. For example, the 2022 International Culture, Tourism, and Health Summit Forum held during the 5th CIIE aimed to build a public service platform for the international culture, tourism, and health industry, provide all participants with promotion services covering the whole process, offer development approaches for the culture and tourism industry in developing economies, and help to demonstrate the unique charm of their history and culture.

Box 10.9 Cambodian airline expands its influence by participating in the CIIE

Cambodia is one of the most popular destinations among Chinese tourists for its numerous cultural relics and rich tourism resources. Angkor Wat is the most famous attraction for Chinese people. Cambodia has participated in the CIIE for five consecutive years and introduced a new exhibitor at the 5th CIIE, a Cambodian airline.

At the expo, this company not only introduced its basic information and special lines but also showcased representative Khmer specialties and traditional handicrafts, including the statue of goddess Apasara in Angkor Wat, lotus and wood carvings, so that the audience can have a better experience of the Cambodian culture. The president of this airline said that the aviation industry has been greatly impacted by the epidemic, but they have strong confidence in future personnel exchanges between China and Cambodia. It can build a “bridge in the air” for the two peoples to promote integration and exchanges in culture and tourism.

3. The CIIE Provides a Long-Term Mechanism for the Openness and Development of Developing Economies

The CIIE plays an increasingly prominent role in the four platforms. It provides developing economies with opportunities to better integrate with China and the international market and institutional arrangements as sustainable and stable new drivers of their openness.

(1) Helping developing economies to participate in global economic governance

Since its inception, focusing on the core theme of “global openness” and playing to its position as “international public goods,” Hongqiao International Economic Forum has been a platform for exchanges and mutual learning for developing economies to participate in global governance. Themed “Stimulation of Opening-up Impetus and Sharing of Cooperation Opportunities,” the 5th Hongqiao Forum discussed hot topics in global openness and development. It brought BRICS and SCO members together and invited the UNIDO, UNFPA, the United Nations Global Compact, UNISDR, ITC, WIPO, and other international organizations for the first time to co-hold parallel sessions to stimulate broad discussion on issues related to developing economies among various communities and to build consensus on openness within the multilateral framework.

Box 10.10 The 5th Hongqiao Forum drew more attention to issues related to developing economies

The 5th Hongqiao Forum paid particular attention to global development and newly included issues related to developing economies to advance global discussion. Related topics discussed at the forum included “Accelerating Inclusive and Sustainable Industrialization through South-South Cooperation Exploring the Role of Industrial Parks and Special Economic Zones,” “Acting on the GDI to Build World-class Enterprises,” “Economic and Trade Cooperation for Global Food Security and Rural Revitalization.” The forum has brought together officials from developing economies, business representatives, specialists from international organizations, heads of relevant Chinese ministries, and experts to produce many insights and make suggestions on issues concerning the 2030 Agenda for Sustainable Development and inclusive and sustainable development for developing economies.

As a significant part of the CIIE, Hongqiao Forum has developed into a platform for high-end dialogues and exchanges among the international political, business, and academic communities, released nearly 20 specialized and authoritative reports in openness, and invited Nobel Prize winners to address at five sub-forums. Through the mainstream media at home and abroad, and with various forms of communication, the forum has made “Hongqiao voices” on issues highly concerned by developing economies.

(2) Passing through the effects of implementing high-standard economic and trade rules

As an important platform for China to proclaim its resolve to open wider and align itself with high-standard economic and trade regulations, the CIIE has provided more opportunities for developing economies to learn about and from the practice of opening up. China has comprehensively implemented the RCEP, providing more opportunities to enter the Chinese market and expand business for RCEP members. Meanwhile, the CIIE has provided a platform for countries to discuss and contribute to WTO's IFD Agreement, digital economy, and other important issues, which is also an opportunity for developing economies to learn, study, and participate, thus facilitating them to further integrate into the international trading system.

(3) Innovating the mechanisms for South-South dialogue and cooperation

The CIIE has been an important occasion for China to promote investment in developing economies and two-way opening up and cooperation. The expo has held a number of activities to create opportunities for South-South dialogue and exchanges to help developing economies share best practices and strengthen mutually beneficial cooperation. It has actively brought about cooperation at different levels and between developing economies and international organizations, universities and think tanks, industry groups, financial institutions, etc., and comprehensively responded to the diverse needs for openness and cooperation of developing economies, enriching and improving the mechanism for South-South cooperation. The CIIE has been a key functional platform for Belt and Road Cooperation and further implementing its mechanism.

Box 10.11 Forum on Bilateral Cooperation between Countries along the Belt and Road and Local Governments strengthens South-South exchanges and cooperation

As one of the supporting activities carried out by the CIIE, Forum on Bilateral Cooperation between Countries along the Belt and Road and Local Governments has invited leaders of GATIS, WTO, SCO and other international organizations, envoys of the Belt and Road partner countries to China, officials of Chinese local government, experts and scholars in global economy and trade, and representatives of renowned Chinese enterprises to share insights on the trend of international economic cooperation and the policies and approaches for the Belt and Road construction. It aims to provide valuable advice for Belt and Road countries and government departments and conveniences and services for Chinese and foreign enterprises to cooperate on the Belt and Road construction projects.

Since 2019, the Forum on Bilateral Cooperation between Countries along the Belt and Road and Local Governments has made four successful openings. It actively assists B&R participating countries and Chinese local governments to identify their positions in the B&R cooperation and taps cooperation resources so that they can share resources, complement each other with their respective strengths, and achieve win-win cooperation. It helps participating countries learn more about the markets in China's different provinces, municipalities, and autonomous regions, lends fresh impetus to opening their door wider to the world, and creates much more space and an important platform for enhancing national and sub-national cooperation.

NOTES

1. Xi J., "Jointly Creating an Open and Prosperous Future—Speech at the Opening Ceremony of the 5th China International Import Expo," *Xinhua News Agency*, November 4, 2022.