

## **Preface: Common World Openness —The Right Path to the Future**

The original intention of the *World Opening Report* is to build a global consensus on openness, promote the common opening of the world, and enhance the well-being of all people on the earth, just as President Xi Jinping pointed out, “**Let Spring Breeze of Openness Warms the World**”.

Over the past year, the world has experienced a chilly spring, with the specter of the COVID-19 pandemic lingering on, wars and conflicts breaking out one after another, and such headlines as “The global economy enters an era of chaos” and “Globalization is behind us” emerging from time to time. As the world enters a new period of turbulence and transformation and is once again at a crossroads, it is time to ask such questions as “What happened to world openness?” and “What about future openness?” This also endows us with a new mission to compile *World Openness Report 2022* in the new year.

### **Retrospect and reflection: Economic globalization is encountering headwinds and a chilly spring**

The world today is undergoing profound changes unseen in a century. These changes are not the changes limited to specific time, a single event, one country or one region, but profound and far-reaching changes of the times. The pandemic, geopolitical tensions sparked by the Ukraine crisis, and disrupted supply chains have brought new variables and sudden changes to the world economic pattern, with more uncertainties and more contradictions and conflicts exposed.

——In the past, efficiency was given priority and globalization developed

rapidly, but now some countries pay more attention to security, protectionism and populism are on the rise, economic problems are politicized, and globalization is encountering adverse currents.

—In the past, developed countries were the driving force of world openness and played a leading role in the development of globalization, but now emerging economies are very involved, and the interests of openness are more diverse.

—In the past, capital, technology and population served as stronger and more dynamic support of globalization, but now the new-added “cake” is shrinking, and resistance to globalization is on the increase.

—In the past, multilateralism was based on rules and orderly governance, but now unilateralism is on the rise to injure others and oneself, institutions are failing. The four major deficits of governance, trust, peace and development are posing increasingly obvious challenges, and interactions between politics, economy, security and ideology are intensifying.

—In the past, economic globalization was once regarded as Alibaba’s cave, but now it is regarded as Pandora’s box and is in the most difficult time since the end of the Cold War.

But there is nothing new under the sun. Through the telescope of history, we can see that without contradictions, there would be no world, and without unity of opposites, there would be no advancement of the times. In the three rounds of ebb and flow of globalization, contradictions have always existed and never been eliminated. Today’s anti-globalization, games among big countries, and decoupled and disrupted chains can all find answer in the analysis of the contradictions in the process of world openness. Through the measure of openness index, Chapters 1-4 of this report make a long-term scanning of the openness trend of 129 economies in the past 11 years, and make a close-up of the status of world openness under the background of the pandemic and the Ukraine crisis, so as to explore the “logic of openness” in the unity of opposites.

—**Pushing or resisting? Various forces are still seesawing.** The results of the openness index show that the trend of world openness is consistent with the real challenges. On the overall level, the World Openness Index continued to show a downward trend in 2020, decreasing 0.02% and 4.1% compared with

2019 and 2008, respectively. As far as the fields of openness are concerned, the overall pattern of “the most open in economy, relatively open in society and relatively less open in culture” continues, but the pace of social and cultural openness has been accelerated in recent years, narrowing the gap with the economic openness. The latest ratio of world economic openness index, social openness index and cultural openness index was 2.8:1.6:1, but 3.5:1.5:1 in 2008. Openness policy index reflecting the government’s willingness to open up and openness performance index reflecting openness performance have both declined. Compared with last year and 2008, the latest world openness policy index decreased by 0.2% and 8.1% respectively, while the world openness performance index decreased by 0.09% and 0.9% respectively during the same period. From a regional perspective, the most open regions in the world are Europe, North America, East Asia and the Pacific. Only two regions --- East Asia and the Pacific, and North America --- expanded their openness compared with the previous year, while the remaining five regions all saw shirking openness. Both theory and practice indicate that the evolution of world openness shows not a linear but an oscillating trend, while at present it is still in a turbulent downward stage.

——**Conservative or reformist? The order is being reshaped.** Although the process of globalization has gone against the current in the short term, it will still follow the general trend of history and roll forward in twists and turns in the long term. In the face of challenges and obstacles, we really need to respond to urgent needs, **divide the cake well**, and let different economies, strata and groups share the fruits of globalization. The most fundamental thing is to jointly **make the cake bigger**, make the flow of goods, services, capital and people freer and more convenient, and create greater opening dividends. To make the cake bigger and share it better, we need a more just and reasonable international order and a more effective governance mechanism. Although the overall openness level of developing countries was lower than that of developed countries, the openness index of many developed economies showed a downward trend, which reduced the global opening momentum. In sharp contrast, economies involved in the Belt and Road Initiative continues to broaden openness, and the openness index of the BRICS countries has significantly increased, both releasing positive

effect of wider openness. This makes us rethink: to solve the problem of anti-globalization, we need to consider the transformation of the original unbalanced and unequal world order; to achieve more just global governance, we need to better leverage the role of emerging forces; to share the opportunities of global common development, we need to resort to a more inclusive global approach. **Globalization is not Westernized or Orientalized, but makes each other meet halfway.**

——**Opportunities or challenges? The perspective needs to be changed.** Whether openness is warranted or not is an important issue facing the development of an open world economy. An economy's openness should match its own development stage, basic national condition and the general trend of the world to find the optimal openness. We study simply the causal relation between openness and development then conclude that one percentage point increase in openness index will increase the development index by 0.512 percentages. For all stakeholders of opening-up, the opportunities and challenges brought by opening-up always coexist. To make full use of the opportunities and properly deal with challenges brought about by opening-up, both require the relations to be effectively balanced between the degree of openness and the level of development, between the course of openness and the upgrading of competitiveness, between openness skill and governance capability, between openness power and responsibility shouldering, and between openness benefit and inclusiveness and sharing, and the “middle way”, i.e., **the most suitable “degree”**, to be found during different times and at different development levels. For developing economies, actively and steadily expanding openness and maintaining the continuity and stability of their opening-up policies are more conducive to seizing the opportunities of globalization and better promoting their own modernization process. **The issue of openness is not a dilemma of 0 or 1, but a choice of “golden bonding point”.**

## **Exploration and outlook: The spring dawn of world common openness is in sight**

Where is globalization going? To answer this question we should “look out

into the sea at a ship whose pointed masts are already visible”. Although the world economy is struggling amid turbulence and the international economic landscape is facing profound adjustments, the theme of our times **has not changed**, the direction of economic globalization **has not changed**, and the historical mission of the international community to work together and achieve win-win cooperation **have not changed**. This is why our world has made positive progress in opening-up.

Focusing on the new trends and new features of global openness, Chapters 5-9 of this report make in-depth analyses of such areas as the reform of the WTO, global economic governance, regional trade agreements, the global manufacturing pattern and resilience of industrial supply chains, financial openness, and digital and green openness. We are concerned that the common security challenges faced by all economies in the world are stern, the trend of oversecritization is intensifying, the linkage, transnational and diversity of security issues are more prominent, and new vulnerabilities, poverty zones and sources of instability are constantly emerging. If we only care about our own absolute security and ignore the security of other countries, we will eventually fall into a prisoner’s dilemma in which everyone is insecure. We should transcend the zero sum thinking of “you lose and I win”, pursue self-reliance and excellence, seek peace through openness and inclusiveness, promote security through win-win cooperation, and jointly create a globalized future from the perspective of human destiny and common development.

——**New consensus gathers opening-up momentum.** In the multilateral scope, the 12<sup>th</sup> WTO Ministerial Conference (MC12) was held in June 2022, reaching a package of 10 outcome agreements on fishery subsidies, food security, e-commerce and other issues. This has not only rescued the WTO from the ICU and given it new life, but also greatly boosted the international community’s confidence in the multilateral trading system and injected a strong warm current into the effort to deal with global challenges and promote world economic recovery. From a regional perspective, on January 1, 2022, the Regional Comprehensive Economic Partnership (RCEP) formally took effect, forming an integrated market with one-third of the world’s economic share, which has released the institutional dividends of strengthening regional trade

and investment cooperation, and transmitted the positive signal of opposing unilateralism and trade protectionism, supporting free trade, and maintaining the multilateral trading system.

——**New impetus has eased the difficulties.** The pandemic has profoundly changed human life and consumption modes, and accelerated the development of digital economy. From agricultural civilization to industrial civilization and to the surging “digital civilization” in today’s world, the new generation of digital economy will become an irreversible and truly global economy that is free from geopolitical influences. In 2020, the scale of digital economy in 47 countries reached \$32.61 trillion, about 43.7 percent of the sum of their GDP. In June 2022, the 14<sup>th</sup> BRICS Summit reached important consensus on deepening BRICS digital economic cooperation with an agreement on the BRICS Digital Economy Partnership Framework, which launched a new process of digital economy cooperation among BRICS countries. The “hard connectivity” and “soft connectivity” brought about by digital technology have been vigorously advancing all the way, being a new driving force for the opening up and globalization of the world.

——**New ideas lead the way to prosperity.** Accelerating low-carbon transition and promoting stronger, green and healthy global development will help the world economy achieve “green recovery”. The *G20 Sustainable Finance Roadmap* adopted at the 2021 G20 Summit and the *Report on the Common Classification of Sustainable Finance -- Climate Change Mitigation*, issued by the United Nations Climate Change Conference and jointly compiled by China and the EU, have established a globally consistent system of sustainable disclosure standards and guided cross-border climate investment and financing activities, making them two important outcomes in regulating global cooperation on green standards. Countries have successively joined and implemented the *Mission Innovation Initiative* (MI) to promote investment in clean energy technologies and achieve global clean energy technology cooperation, and brought green development onto a “fast track”.

## Adherence to integrity and sense of responsibility: China's high-level opening up forwards together with spring

China's development is inseparable from the world, and the prosperity of the world needs China. This is a portrayal of China's relations with the world in the new era, also a reflection of China's worldview. **Opening up allows Chinese people to look at the world, discover gaps and differences, learn from and catch up with gaps, and compare and learn from differences.** We not only focus on the internal affairs, focusing on "China in the world" and adjusting ourselves to integrate into the world, but also care about the external affairs, looking to "the world where China is in" and promoting healthy interaction between China and the world.

China adheres to the basic national policy of opening up and unswervingly promotes high-level opening up. The past decade is a decade during which China has **made vigorous efforts** for opening-up. It has pursued a more proactive opening-up strategy, promoted institutional openness, and fostered a new pattern of all-round openness, making it a major stabilizer and source of power for world economic growth. The past decade is a decade during which China's opening-up has **achieved fruitful results**. China's openness index jumped from 0.7107 in 2012 to 0.7507 in 2020 with an growth of 5.6 percent, and its ranking jumped from 47<sup>th</sup> to 39<sup>th</sup>, becoming a key variable for economic globalization. The past decade is a decade of China's openness, **mutual benefit and win-win cooperation**. China has taken an active part in global economic governance and firmly upheld the multilateral trading system, making it a clear banner and pioneer of the times. As Chapters 10-12 of this report show, **China's opening-up is irreversible and irreversible, and the road to national rejuvenation will be the road to wider opening-up.**

——**Stronger openness confidence.** In 2021, China's trade in goods exceeded \$6 trillion, the world's only country with more than \$5 trillion countries in trade in goods, the foreign capital it utilized exceeded 1 trillion yuan for the first time, ranking among the world's top three in foreign investment stock for five consecutive years, its general tariff level was lowered down to 7.4%, and the negative list at a national level was reduced from 93 items in 2017

to 31. All this shows China has taken solid and resolute steps toward high-level opening-up. Standing at a new starting point, we more believe opening-up is the key to China's development. The wider China opens, the more developed it will be and the more open it will become, and China's opening up is always on the way. China will continue to pursue a more proactive, higher-level and more shared opening-up. It will follow the path of emancipating minds and deepening reform, the path of breaking barriers, innovate and break through, and the path of mutual learning among civilizations.

——**More solid opening-up institutions.** In 2021, the Hainan Free Trade Port launched the first negative list for cross-border service trade, along with 19 percent increase in their utilization of foreign investment. Free trade zones, free trade ports and other open platforms aimed at expanding pilot opening-up of the service sector have continuously launched investment liberalization and facilitation measures, with continuing improvements of institutional openness. Standing at a new starting point, the new development pattern has set higher requirements for the level and quality of opening-up. China will make better use of both international and domestic markets and resources to achieve stronger and sustainable development, promote deep-seated reform and high-quality development with high-level opening-up, and with “unchanged” confidence and will of reform and opening-up, respond to the “ever-changing” world political and economic pattern.

——**More evident opening-up determination.** The number of China's free trade partners increased to 26 and is actively promoting its accession to the CPTPP and DEPA. In August 2022, the working panel on China's accession to DEPA was officially established. The CIIE has been successfully held for four consecutive years, providing the world with international public goods that share China's opportunities. In the past two years, President Xi Jinping has put forward the *Global Development Initiative* and the *Global Security Initiative*, which have contributed China's wisdom to reduce the deficits of human development and world peace. Standing at a new starting point, China, with a more open approach and more opening-up initiatives, will promote mutually beneficial and win-win economic cooperation, mutual learning and reference in cultural exchange, and mutual assistance and sharing in global governance, to



contribute its efforts to world common prosperity.

Some 530 years ago, Columbus sailed to the New World and told King Ferdinand II and Queen Isabella I of Spain that “**the earth is round**”. Seventeen years ago, Thomas Friedman, an international affairs columnist for *New York Times*, launched his next book on globalization trends, declaring unambiguously that “**the world is flat**”. With the rapid development of the world, our understanding is not what it used to be. No matter how we interpret it, it is an expansion of consensus in communication, and also a joint creation under the condition of openness and mutual learning. Today, we are willing to follow the path of world peace and development and continue to explore the truth of world openness and development in the cause that concerns the destiny of mankind.

“**Don’t say it’s hard to get the spring light. It’s a sunny day after the floating clouds**”. It is hoped that *World Openness Report 2022* will provide a more objective and comprehensive perspective, inspire more reflection, build bigger consensus and explore more effective strategies for opening-up and cooperation. Regardless of wind and thunder, we are ready to forge a bright future with firefly glimmer, and jointly hold the banner of building an open world economy even higher and more steadily.