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## CHINA'S NEW ECONOMIC MODEL AS A MARK OF RE-GLOBALIZATION

After the end of Cold War, China has progressively started its trade competition among top developed states such as USA, Japan, Russia and Europe states in the world. Especially, since joining to the WTO in 2001, China has reached the global trade prominence in the market economy. However, the recent outbreak of Covid-19 pandemic has seriously knocked the most countries' economic sector, and Chinese economic ties and budget trade relationship in the world has also shown considerable reduction. On this point, China's own strategic policy and measure could, in a short time, effectively overcome the spreading virus and surprisingly captured world attention how to survive in such pandemic situation due to Xi Jinping strict administrative policy. In addition, Chinese massive effort for recovering its economy and further strategic plan for the creation of a new trade area has remarkably resulted in the region. Consequently, the signing another new trade agreement known as Regional Comprehensive Economic Partnership (RCEP) has created a new wave of trade relations as well as integration process not only in one region but involves European trade partners as New Zealand and Australian trade interests. As a result, Chinese reshaping its trade interest with RCEP members might consider as most leading competitive countries in the Asian region which has signaled as a new drive of market economy as well as the process of re-globalization. In this article, authors identify to what extent the Chinese current economic policy changes the globalization process in the Asia-Pacific region. Also, how China will affect the new integration zone and lead to the process of so-called re-globalization.

**Key words:** China, globalization, geo-economic, Asia-Pacific region, cooperation, integration, ASEAN, Re-globalization.

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### Қытайдың жаңа экономикалық моделі қайта жаһандандудың белгісі

Қырғи-қабақ соғыс аяқталғаннан кейін Қытай АҚШ, Жапония, Ресей және Еуропа елдері сияқты дамыған мемлекеттер арасында сауда бәсекесін біртіндеп бастады. Әсіресе, Қытай 2001 жылы ДСҰ-ға кіргеннен кейін нарықтық экономика жағдайында әлемдік саудада беделді орынға қол жеткізді. COVID-19 пандемиясы кезінде індет көптеген елдердің экономикалық секторын қатты тұралатты, ал Қытайдың әлемдегі экономикалық байланыстары мен бюджеттік сауда қатынастары да айтарлықтай қысқарды. Дегенмен Қытайдың өзіндік стратегиялық саясаты мен шарасы қысқа уақыт ішінде таралып жатқан вирусты тиімді жеңіп, Си Цзиньпиннің қатаң әкімшілік саясатының арқасында мұндай пандемия жағдайында қалай тез жеңіп шығуымен әлемді таңғалдырды десек те болады. Сонымен қатар Қытайдың экономикасын қалпына келтіруге бағытталған ауқымды күш-жігері және жаңа сауда аймағын құру бойынша одан әрі стратегиялық еркін сауда жоспары керемет нәтиже берді. Демек, Аймақтық жан-жақты экономикалық әріптестік (АЖЭӘ) деп аталатын тағы бір жаңа сауда келісіміне қол қою тек бір аймақта ғана емес, сонымен қатар Жаңа Зеландия мен Австралияның сауда мүдделері ретінде еуропалық сауда серіктестерін тарта отырып, сауда қатынастарының, сондай-ақ интеграциялық үдерістердің жаңа сауда қарым-қатынас толқынын тудырды. Нәтижесінде, Қытай АЖЭӘ мүшелерімен сауда мүддесін қайта қалыптастыратын Азия аймағындағы ең жетекші бәсекеге қабілетті елдер деп санауы мүмкін, бұл қайта жаһандану процесі ретінде нарықтық экономиканың жаңа қозғаушы күші ретінде интеграциялық процесс десек қателеспейміз. Сондай-ақ бұл мақалада Азия-Тынық мұхиты аймағындағы, Қытайдың жаңа экономикалық модель ретінде және оның бұл интеграциялық аймақтан қаншалықты ықпал ететінін және жаңа жаһандану үдерісін алып келуін талдайды.

**Түйін сөздер:** Қытай, жаһандану, геэкономикалық, Азия-Тынық мұхиты аймағы, ынтымақтастық, интеграция, АСЕАН, қайта жаһандану.

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### **Новая экономическая модель Китая как признак реглобализации**

После окончания холодной войны Китай постепенно начал свою торговую конкуренцию с ведущими развитыми государствами мира, такими, как США, Япония, Россия и европейские государства. В частности, после присоединения к ВТО в 2001 году Китай добился выдающегося положения в мировой торговле в условиях рыночной экономики. Недавняя вспышка пандемии Covid-19 нанесла серьезный удар по экономическому сектору всего мира, в частности, китайские экономические связи и бюджетно-торговые отношения в мире также значительно сократились. Однако, собственная стратегическая политика и меры Китая смогли за короткое время эффективно преодолеть распространяющийся вирус и неожиданно привлечь внимание всего мира к тому, как выжить в такой пандемической ситуации благодаря строгой административной политике Си Цзиньпина. Кроме того, масштабные усилия Китая по восстановлению своей экономики и дальнейший стратегический план по созданию новой торговой зоны принесли заметные результаты в регионе. Следовательно, подписание еще одного нового торгового соглашения, известного как Всеобъемлющее региональное экономическое партнерство (ВРЭП), создало новую волну торговых отношений, а также процесс интеграции не только в одном регионе, но и с участием европейских торговых партнеров, таких как торговые интересы Новой Зеландии и Австралии. В результате Китай, меняющий свои торговые интересы с членами ВРЭП, может считаться наиболее конкурентоспособной страной в Азиатском регионе и на мировой арене, что сигнализирует о новом движении рыночной экономики как процессе ре-глобализации. Также в данной статье проанализировано, насколько нынешняя ситуация в Азиатско-Тихоокеанском регионе меняет процесс глобализации и как Китай повлияет на зону интеграции и приведет к процессу реглобализации.

**Ключевые слова:** Китай, глобализация, геэкономика, Азиатско-Тихоокеанский регион, сотрудничество, интеграция, АСЕАН, реглобализация.

## **Introduction**

Since the end of Cold War and beginning of the twenty first century, the economic growth of China has become more competitive among the developed countries. Especially, the trade competition of U.S-China has significantly attracted attention for last decades. It is true to say that China's intensive economic growth in the region has positively influenced to the South East Asia countries in the context of free trade partnership (Heath, 2021). For instance, Chinese government with ASEAN countries established Free Trade Area known as ACFTA in 2002. Moreover, geopolitical position of China as the centre of influence has been demonstrating its political dominance by establishing the Shanghai Cooperation Organization in the region of Central Asia. It is important to note that an intensive rise of Chinese economic leverage has demonstrated its geo-economic and geo-political power in the East Asia and Pacific region (Wong, 2018).

A new trade deal in the Asia-Pacific region, the Regional Comprehensive Economic Partnership has

changed the architecture of international relations in the context of world market economics. Also, one of the economic trade agreements on regional cooperation is Regional Comprehensive Economic Partnership (RCEP) has been understood by many experts as geopolitical and geo-economic shifts in the region. Over several years, members and non-members of ASEAN has been analyzed to establish a free trade agreement within the regional cooperation. Consequently, after several attempts on free trade between South East Asian countries and other nearby states have been took place and they ultimately agreed and signed in 15<sup>th</sup> of November, 2020 a new integration free trade relations within the membership of RCEP (Middlemas, 2020).

The recent outbreak of Covid-19 pandemic has seriously knocked the most countries' economic sector, and Chinese economic ties and intensive trade relationship in the world has shown slow weakness. However, China's own strategic policy and measure could, in a short time, effectively reduce the spreading virus and surprisingly captured world attention how to survive in such pandemic situation

due to Xi Jinping strict administrative policy. In addition, Chinese massive effort for recovering its economy and further strategic plan for the creation of a new trade area has remarkably resulted in the region. Consequently, the signing another new trade agreement as Regional Comprehensive Economic Partnership has created a new wave of trade relations as well as integration process not only in one region, but expand trade relations out of the region. As a result, Chinese reshaping its trade interest with RCEP members that considered as most leading competitive countries has signaled as a new model of market economy as re-globalization process. In this article, authors analyze to what extent the Chinese current economic policy impacts the new integration zone and leads to the process of so-called re-globalization in the Asia-Pacific region.

#### *Aim and objectives of the research*

The purpose of the study is to identify a new model of China's trade as a sign of re-globalization

To achieve this purpose, the following objectives will be defined:

- to analyze a conceptual approaches to the term of re-globalization,
- to identify the role of China as a center of influence in the process of re-globalization,
- to identify a new model of Chinese trade in the Asia-Pacific region.

#### **Methods and Review**

It is possible to say that the perspective basis of our research is based on secondary data analysis through researching the dynamic economic progress of the Chinese government in the Asia Pacific region and comparative analysis which compare the varieties of regional economic union over the decades in the Asia-Pacific region.

The theoretical and methodological basis of the research is based on the provision of thoughts of neo classical economists by Chicago school such as Milton Riedman, George Stigler who supported the idea that markets should be totally liberalized.

Another school of thoughts in our research is Roland Benedikter, in his work "Rethinking of Globalization" he explained a new face of globalization know as the process of re-globalization. Hannas Thees et al. proposed Chinese a New Silk Road as a new wave of globalization process which may enormously impacts on the world trade and market economics

Another ideology as a basis of school in our research is the work of Ingrid Kofler and Mirjam Gruber who explained the work known as "Re-

Globalization and its Challenges" where authors examined a development of labor market, the prominence of Chinese new market economy and its effect on economic regionalization. Thus, in this article the authors deeply analyze the diverse comprehension of the reading materials and use them in our research question. The question is how Chinese a new economy model possibly influences on the process of globalization as the transformation of a new regional economic development which some experts consider it as a re-globalization process?

#### *The Emergence of Re-globalization*

It is true to say that we live in the era of neoliberal globalization which seems to come to the point of destabilization of world financial system and international institutions. In other words, a neoliberal character of the system of international relations raises many criticism of globalization process which impacts on climate change crisis, unfair capital distribution, rise of economic nationalism (protectionism) and a less globalism. In addition, the last decades of the world politics has impacted on the process of globalization with series of events such as war on terror 9/11, world economic crisis in 2008, the Arab spring riots in 2010-2011, Brexit and refugee crisis the EU in 2016, Trump administration 2017-2021 and his economic nationalism, Pandemic Covid-19 crisis and still the lasting conflict between Ukraine and Russia. On these points of view, some scholars argue that the process of globalization likely shifts towards another phase of process known as re-globalization (Benedikter, 2022).

According to professor of the Centre for Advanced Studies, Kofler the term re-globalization means another phase of globalization that needs to reshape ideology of economic, political and cultural globalism. The author examined that the current state of globalization has been shown tension increasing and impacting on economic, political and social parts of the world. On this perspective, re-globalization is a running process of changing perception of world society throughout all areas.

Moreover, according to the speech of UN Secretary-General Antonio Guterres, contemporary crisis of multilateralism can be interpreted a world needs "re-invention" of our global organization system which means re-globalization of world governance (Guterres, 2020). In other words, the lack of trust and ambitious among world leaders may hardly achieve multilateralism that emphasized a new multilateralism and another phase of political globalization or (re-globalization).

Yet, another idea of re-globalization process was used by Hannes et al. who examined the rise of Chinese massive infrastructures impact on economic and financial sectors of the region and may change the status of globalization in the world. For instance, Chinese a new project One Belt and One Road can be considered as a new global trade system, rising influence on business and political sectors in the Europe and Asia Pacific region. Furthermore, another big shifts in the process of globalization is world's biggest free trade relations, a new launched economic union known as Regional Comprehensive Economic Partnership, by the leading role of China (Hannes et al.).

As above mentioned a new trade economic trade has emerged as an engine drive in the Asia-Pacific region, and also this big change has shown by involving of three states (China, Japan and South Korea) with essential developed technology members. In addition, entering of another one of the world big exporters are New Zealand and Australia. As a result, this can be supported by the considerable tectonic shift in the Asia-Pacific region. In other words, according to some experts that the world politics has been transformed, and this transformation means this tectonic shift (Athukorala, 2016).

#### *China as the center of influence*

As Ferchen suggested that the significant economic rise of Chinese power has shown leverage in the geo-economic platform and the concept of geo-economic is considered as tool of great power politics. In other words, a geo-economic interest of powerful state is mainly demonstrating power politics of realism theory; because there is predominant interest is national interest in which other states can economically depends on a particular state with the centre of influence (Ferchen, 2016). In this regard, the People's Republic of China has remarkably become hegemonic power of the economic platform in system of international relations.

Geo-economic position of China as the centre of influence has been demonstrating its economic dominance and establishing organization as Shanghai Cooperation Organization in the region of Central Asia. Hence, the main idea of great power and its involvement in the region can possible say Chinese geopolitical and geo-economical interests. In addition, the recent regional development shift and integration process in the South East Asia region has shown another big change in the foreign policy of the People's Republic of China. Thus, this economic trade and integration has shown a new

face of globalization as we mentioned before re-globalization process.

It is widely accepted that China, known as geo-economic influencer in the East Asia region, however, the US-China rivalry rising the tension on the centre of growing economic power in the system of international relations. Yet, Chinese government has moved straightforward with giant economic productions not only in nearly regions, but also overseas presence of China and its investment policy including major markets and technologies placed in the boundary of Europe zone. This is Beijing renewed old Silk Road economic network known as Belt and Road Initiative ambitious project which aims to enter into European market zone in order to involve a much more their consumers and elite companies (OECD, 2018).

The emphasis on prospect of China's foreign policy is the Chinese new project known as Belt Road Initiative which has been demonstrating not only a massive geo-economic platform, but also the centre of political influences. This building a new infrastructure of economy may recognize Chinese diplomacy and its strong support towards Europe-Asian cooperation on the base of BRI project. However, this progressive economic power of China may distract the economic development and diplomatic policy of the USA.

Another factor of Chinese government in geo-economic influencer is establishment Asia Pacific Economic Cooperation and Free trade Area with these Asia-Pacific states has seen Chinese geopolitical and geo-economical presence in a particular region. Even though, this multinational trade relations in Asia-Pacific region may touch on the competition of US-China rivalry and consequently, Chinese stable presence and initiative in the region could likely output the Washington diplomacy with Asia-Pacific states.

#### **Discussion**

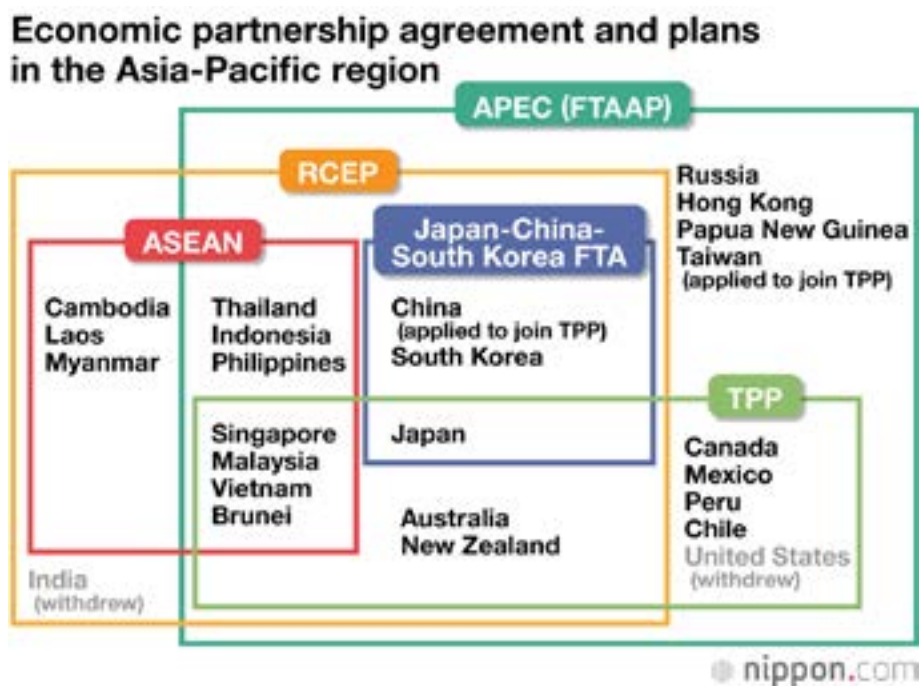
Contemporary time has shown to what extent politics and economics of the states changing, the transformation of structure of international relations has been moving towards a new cooperation between states and the development of technological relations. In addition, international relations take a change not in global form, but in regional formation too. Also, one of the economic trade agreements on regional cooperation is Regional Comprehensive Economic Partnership (RCEP).

Over several years, members and non-members of ASEAN have been analyzed to

establish a free trade agreement within the regional cooperation. In addition, China, with each individual members of ASEAN has traded in the context of natural economic partner in the region, however, unlike China, European states have also been aiming to enlarge their Foreign Direct Investment in the Southeast Asian region (Desierto, 2018). Nevertheless, after several attempts on free trade between South East Asian countries and two post European colonial states have ultimately agreed and signed in 15<sup>th</sup> of November, 2020 a new integration free trade relations within the membership of RCEP.

Finally, the agreement of RCEP came into force on January, 2022.

According to some experts that within this partnership union, 15 countries have shaped around ‘thirty percentage’ of the globe population and it is 2.3 billion people. Even the GDP growth has been shown around 30% of the world GDP (Borrell, 2020). Furthermore, initially India has agreed to enter the union, but some issues of government prevented joining to this partnership. However, India has already had free trade relations with Indonesia state and it may also give an effect to current RCEP new trade market.



Source: <https://www.nippon.com/en/in-depth/d00782/>

**Figure 1** – Regional Economic partnership agreements in the Asia Pacific region

It can be demonstrated in the figure 1 that the ambitious of China in RCEP is to combine three progressive partnerships in the context of free trade market economy. In another words, it can be accepted by some scholars that RCEP with mostly leading Chinese market primacy, has taking reorientation in a trade and economic relations may change the process of globalization from less depending on western market and more oriented to regional Chinese market. Thus, this changing process and launched the largest trade union may define a new wave of globalization as re-globalization. As well as, China as the leading partner in this partnership

makes a significant contribution to global market production in the framework of a trade war with US (Petri, 2020).

In addition, in the framework of TPP, the role of Japan, New Zealand and Australia has shown another integrated trade union. It is also indicated that some individually ASEAN countries has integrated to that union in a sense of enlarging their trade connectivity. However, the role of USA in the context of TPP was withdrawn due to the Trump administration and his economic protections policy. Thus, the membership of US in the TPP was withdrawal in 2017 which was consider by Trump administration as an equal

agreement harming the interest of the US economy (Malik, 2018).

In the comparison between RCEP and TPP, we note that India and US as members of withdrawal, the former from RCEP and the latter from TPP. However, Indian government during the early year in 2012, has joined the initiation of RCEP, later due to the political issue with some members of new organized RCEP, left partnership (Wicaksono, 2021).

Another analysis of RCEP formation in the region may show the theories of neo-functional and neoliberal institutionalizing process of multinational economics. However, the creation of ASEAN has shown an integration process of Asian countries, but as a neo-functional shift has taken place by substantially shaping the presence of Tokyo and Beijing into integration. As well as, the final trade agreement of five additional countries has shaped the liberalization of their common market such as goods and service. It can be emphasized ASEAN and new RCEP became as most and first multilateral liberal trade in the region and shaped re-globalization process. It is true to note Chinese market dominance in the world as one of the characteristics of world globalization economy. Consequently, this Chinese globalization, reshaping its interest with other states which are considered as most leading competitive countries, has signaled as a new drive of market economy as re-globalization (Munandar, 2020).

As regards re-globalization process, some experts stated that current situation in the Asia-Pacific region has been likely displaying manufacturing supply chains. As a result, they argue three conceptual changes that first, the world needs a new born project in global development, that is a re-globalization process where multilateral regulation may lead to progressive development of globalization process. Second, the Covid-19 shock potentially represents the dénouement of a long period of neoliberal decay which means pandemic issue considerably revealed the problem of several supranational institutions and states' survivals during the health crisis. Finally,

considering all of these issues the world needs neo-functional system in context of globalization that is to rebuilding embryonic plan for future development (Matthew, 2020).

### Conclusion

It could be concluded that a new trade agreement has changed integration trade markets by involving another five countries with leading technology and developed economics in the Asia-Pacific region. ASEAN, with its number of consumers has involved with the biggest GDP economics in the world since the joining to Regional Comprehensive Economic Partnership. However, RCEP has a huge influence on Chinese welfare which might create a substantial model of multi-regional economic progress. The result of research supports the idea that RCEP will bring a tectonic market development to all members and significant economic change in the region will magnitude national welfare perspective. From the perspective, the emergence of a number of industry and manufactures will change the phase of globalization process in the context of Chinese or RCEP oriented market system. Therefore, this a new economic model of China as considered as re-globalization which more oriented on regionalization rather than global market.

In addition, a new regional economic model, RCEP can be considered as a mark of re-globalization process in the Asia Pacific region. In other words, a new trade integration and deep change might include a new reform which fundamentally impact on regional and global economics, as well as shape the multilateral trades in the South East Asia region, including major economic actors into market integration. Though, China with its dominant market has globalized the world, but when entering of the Chinese government as alone into a big economic partnership considered as a mark of re-globalizing economic progress in the Asia Pacific region.

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