SUMY NATIONAL AGRARIAN UNIVERSITY

SUMY NATIONAL AGRARIAN UNIVERSITY

Qualification scientific work
as a manuscript

JI ZHI

UDC [339.923:316.46] (510) (043.5)

DISSERTATION

CHINA'S COMPETITIVE LEADERSHIP STRATEGY IN THE CONTEXT OF GLOBALISATION CHALLENGES

in the specialty D3 Management

Areas of Expertise D Business, Administration and Law

Applying for a PhD

The dissertation contains the results of his own research. The use of ideas, results and texts by other authors have a link to the corresponding source _____Ji Zhi

Supervisors: **Valeriia LYMAR**, Doctor of Economics, Professor
Ksenia BLIUMSKA-DANKO, PhD in Economics, Associate Professor

Sumy – 2026

АНОТАЦІЯ

Цзі Чжі. Стратегія конкурентного лідерства Китаю в умовах глобалізаційних викликів. – Кваліфікаційна наукова праця на правах рукопису.

Дисертація на здобуття наукового ступеня доктора філософії за спеціальністю D3 «Менеджмент». – Сумський національний аграрний університет, Суми, 2026.

Дисертація присвячена обґрунтуванню теоретико-методологічних засад та розробці практичних рекомендацій щодо формування стратегії конкурентного лідерства країн в умовах глобальних викликів, зокрема на прикладі феномену конкурентного лідерства Китаю в умовах глобалізаційних викликів.

У першому розділі визначено основні рушійні фактори, які здійснюють вплив на міжнародну торгівлю. Визначено, що в основі міжнародної торгівлі лежать рикардіанські порівняльні переваги. Проте нові дослідження в цьому напрямі відкривають нові джерела порівняльних переваг. Традиційні теорії базуються на відносних перевагах у продуктивності капіталу та праці, а також різному рівні забезпеченості факторами виробництва. Нові теорії відкрили нові порівняльні переваги, як-от гетерогенність фірм в одній галузі, неповноцінність контрактів, вплив державних інституцій на міжнародну торгівлю тощо.

У роботі визначено основні фактори, які здійснюють вплив на зовнішню торгівлю Китаю: розвиток міжнародного поділу праці та інтернаціоналізація виробництва; інтеграція до Світової організації торгівлі (СОТ); валютна політика Китаю; вплив світових фінансових криз; незначний рівень торгівлі послугами в Китаї; важливість інновацій та виробництво продукції з низькою доданою вартістю.

Основними напрямами стратегії зовнішньої торгівлі Китаю визначено: переорієнтацію з «покладання на власні сили» на експорт; імпортування

технологій та обладнання ззовні для технічного переоснащення власних виробництв; залучення іноземних інвестицій та формування сприятливого інвестиційного клімату; використання кредитів і позик міжнародних фінансових організацій та іноземних держав; активний розвиток приморських регіонів та участь у регіональних економічних організаціях; диверсифікація форм управління зовнішньоекономічною діяльністю; перегляд і створення нормативної бази, яка сприяє розвитку зовнішньої торгівлі.

Визначено, що результатами співпраці країн у межах ініціативи «Один пояс, один шлях» є такі: Азійський банк інфраструктурних інвестицій (Asian Infrastructure Investment Bank, AIIB); Університетський Альянс нового Шовкового шляху (The University Alliance of the New Silk Road – UANSR); Стратегічний союз вищих начальних закладів та Туристичний союз міст «Одного поясу, одного шляху».

Також обґрунтовано стратегічні пріоритети формування конкурентного лідерства країн на засадах дослідження шляхів імплементації ініціативи Китаю «Один пояс, один шлях» в умовах глобалізаційних викликів, а саме: забезпечення регіонального лідерства шляхом експансійної політики; розбудова фінансової та логістичної інфраструктури; впровадження інструментів неопротекціонізму у зовнішньоекономічній політиці; економічна інтеграція країн-учасниць ініціативи.

У другому розділі визначено, що останні 40 років Китай веде політику відкритості до зовнішнього ринку, таким способом зміщуючи центр ділової активності з Європи та Америки в бік Азійського регіону. Незважаючи на те, що останні 10 років темп економічного зростання Китаю уповільнився, він залишається найбільшим гравцем на зовнішньому ринку, про що свідчать показники експорту та імпорту цієї країни.

У результаті проведення кількісного та якісного аналізу зовнішньоторговельних відносин України та Китаю визначено, що взаємовідносини аналізованих країн отримали розвиток ще за радянських часів, коли фахівці з України направлялися в КНР для обміну досвідом,

зокрема в металургійній та сільськогосподарській сферах. У 2011 році зв'язки країн стали тіснішими через підписання Декларації щодо стратегічного партнерства між Україною та КНР. У 2013 році зовнішньоекономічні стосунки двох країн отримали додатковий імпульс для розвитку після проголошення китайського лідера про ініціативу інклюзивної глобалізації «Один пояс, один шлях». Визначено, що співпраця України та Китаю в рамках цієї ініціативи має двобічний вигідний характер: Україна розташована в географічному центрі Європи, для транзиту китайських транспортних засобів у Європу вона має важливе стратегічне значення.

Визначено, що розвиток подальших зовнішньоекономічних зв'язків України з Китаєм в межах ініціативи «Один пояс, один шлях» має носити й інклюзивний характер для України. Вона в межах цього співробітництва має використовувати не лише свій транзитний потенціал, а й отримає порівняльні переваги у високотехнологічних галузях, які було виявлено за результатами проведеного аналізу.

Автором удосконалено науково-методологічний підхід до технологічної ефективності двосторонніх торгівельних відносин як основи формування міжнародного конкурентного лідерства країн, зокрема розроблено алгоритм визначення рівня технологічної ефективності міжнародної торгівлі між двома країнами, який має таку послідовність дій: декомпозиція торгового портфелю країн у двосторонній торгівлі та визначення груп високотехнологічних товарів; визначення часток високотехнологічної продукції у взаємній торгівлі; розрахунок індексу порівняльних переваг країн у двосторонній торгівлі, визначення рівня технологічної ефективності двосторонніх торгівельних відносин за категоріями товарів відповідно до Класифікатора УКТЗЕД в таких діапазонах: [0; 1] – спеціалізація країни у виробництві товару є недостатньою; [1; ∞] – країна має порівняльні переваги або спеціалізується на виробництві *i*-того товару.

У проєктному розділі визначено, що стратегія конкурентного лідерства Китаю «Один пояс, один шлях» для країн Центральної Азії має низку переваг.

Насамперед це стосується актуального питання розбудови інфраструктури, оскільки вона є доволі застарілою та орієнтувалася на сполучення лише між країнами Центральної Азії. Також всі країни цього регіону потребують інвестицій, а Китай пропонує фінансові ресурси на вигідних умовах.

У роботі здійснено узагальнення підходів до трактування конкурентного лідерства країн у міжнародній торговельній системі на основі поєднання управлінських рішень держави, інституційних механізмів та стратегічної поведінки на зовнішніх ринках в умовах глобалізаційних викликів. Розвинено теоретичні положення щодо взаємозв'язку регіональної економічної інтеграції та формування конкурентного лідерства, які, на відміну від наявних наукових підходів, доповнено обґрунтуванням управлінських механізмів залучення країн-партнерів до інтеграційних торговельно-економічних процесів.

Автором удосконалено механізми формування стратегії регіональної інклюзивності в системі міжнародної торгівельної взаємодії на прикладі ініціативи «Один пояс, один шлях», зокрема визначено, що регіональна економічна інтеграція Китаю розглядається як залучення сусідніх країн по регіону до глобальних ланцюгів створення вартості, в яких бере участь Китай як технологічний лідер.

Ключові слова: менеджмент, зовнішньоекономічна діяльність, міжнародні економічні відносини, сталий розвиток, Китай, Україна, механізми, конкурентоспроможність, стратегія, стратегічне лідерство, глобалізація.

ABSTRACT

Ji Zhi. China's competitive leadership strategy in the context of globalisation challenges. – Qualification research paper as a manuscript.

Thesis for a PhD Degree by Program D3 Management. – Sumy National Agrarian University, Sumy, 2026.

The thesis is devoted to substantiating the theoretical and methodological foundations and developing practical recommendations for the formulation of a strategy for countries' competitive leadership in the context of global challenges, in particular, on the example of China's competitive leadership in the context of globalisation.

Chapter one identifies the main drivers of international trade. It is determined that international trade is based on Ricardian comparative advantage. However, new research in this area is opening up new sources of comparative advantage. Traditional theories are based on relative advantages in the productivity of capital and labour, as well as on differences in factor endowments. New theories have revealed comparative advantages, such as heterogeneity among firms in the same industry, contractual imperfections, and the influence of government institutions on international trade.

The paper identifies the following main factors that influence China's foreign trade: the development of the international division of labour and internationalisation of production; integration into the World Trade Organisation (WTO); China's foreign exchange policy; the impact of the global financial crises; the low level of trade in services in China; the importance of innovation and the production of low-value-added products.

The main directions of China's foreign trade strategy are as follows: reorientation from «self-reliance» to export; import of technologies and equipment from outside for technical re-equipment of own production; attraction of foreign investment and formation of a favourable investment climate; use of loans and credits from international financial organisations and foreign countries; active

development of coastal regions and participation in regional economic organisations; diversification of forms of management of foreign economic activity.

It is determined that the results of cooperation between countries within the framework of the «One Belt, One Road» initiative are as follows: Asian Infrastructure Investment Bank (AIIB); The University Alliance of the New Silk Road (UANSR); Strategic Union of Higher Education Institutions and the Tourism Union of the Belt and Road Cities.

The first chapter also substantiates the strategic priorities for the formation of competitive leadership of countries on the basis of research on ways to implement China's One Belt, One Road initiative in the context of globalisation challenges, namely: ensuring regional leadership through expansionary policy; development of financial and logistics infrastructure; introduction of neo-protectionist instruments in foreign economic policy; economic integration of the countries participating in the initiative.

Chapter two identifies that, over the past 40 years, China has pursued a policy of openness to foreign markets, thereby shifting the centre of business activity from Europe and America to Asia. Despite China's economic growth rate slowing over the past 10 years, it remains the largest player in the global market, as evidenced by its exports and imports.

The quantitative and qualitative analysis of foreign trade relations between Ukraine and China shows that these relations have been developing since Soviet times, when specialists from Ukraine were sent to China to exchange experience, particularly in the metallurgical and agricultural sectors. In 2011, ties between the countries became closer with the signing of the Declaration on Strategic Partnership between Ukraine and China. In 2013, the foreign economic relations between the two countries received a further impetus for development after the Chinese leader announced the One Belt, One Road initiative for inclusive globalisation. The cooperation between Ukraine and China within the framework of this initiative is definitely beneficial for both sides: Ukraine is located at the geographical centre of Europe and is of strategic importance for the transit of Chinese vehicles to Europe.

It has been determined that the development of further foreign economic relations between Ukraine and China within the framework of the One Belt, One Road initiative should also be inclusive for Ukraine. Within the framework of this cooperation, Ukraine should leverage not only its transit potential but also its comparative advantages in high-tech industries identified in the analysis.

The author has improved the scientific and methodological approach to the technological efficiency of bilateral trade relations as the basis for the formation of international competitive leadership of countries, in particular, an algorithm for determining the level of technological efficiency of international trade between two countries has been developed, which includes the following sequence of actions: decomposition of the trade portfolio of countries in bilateral trade and identification of groups of high-tech goods; determination of the shares of high-tech products in mutual trade; calculation of the index of comparative p [0; 1] – the country's specialisation in the production of a product is insufficient; [1; ∞] – the country has comparative advantages or specialises in the production of the product.

Chapter 3 «China's Competitive Leadership in the Face of Globalisation Challenges» identifies that China's «One Belt, One Road» strategy of competitive leadership for Central Asian countries has a number of advantages. First of all, it concerns infrastructure development, which is a very urgent issue because it is outdated and focused solely on communication between Central Asian countries. Also, all countries in this region need investment, and China offers financial resources on favourable terms.

The paper systematizes approaches to interpreting countries' competitive leadership in the international trading system, grounded in a combination of state management decisions, institutional mechanisms, and strategic behavior in foreign markets amid globalization challenges. It further develops theoretical provisions on the relationship between regional economic integration and the formation of competitive leadership which, in contrast to existing approaches, are complemented by a substantiation of management mechanisms for involving partner countries in integration-driven trade and economic processes.

The author improves the mechanisms of forming a strategy of regional inclusiveness in the system of international trade interaction on the example of the «One Belt, One Road» initiative determines that China's regional economic integration is seen as involving neighbouring countries in the region in global value chains in which China participates as a technological leader.

Keywords: management, foreign economic activity, international economic relations, sustainable development, China, Ukraine, mechanisms, competitiveness, strategy, strategic leadership, globalization.

LIST OF PUBLISHED WORKS ON THE TOPIC OF THE DISSERTATION

Articles in scientific publications included in the list of scientific professional publications of Ukraine

1. Лимар В. В., Цзі Чжі. Стратегія інклюзивної глобалізації «Один пояс, один шлях». *Бізнес Інформ*, 2020. № 2. С. 23-28. URL: https://www.business-inform.net/export_pdf/business-inform-2020-2_0-pages-23_28.pdf.

Особистий внесок здобувача: аналіз економічного поясу стратегії «Один пояс, один шлях».

2. Цзі Чжі. Макроекономічні показники Китаю в контексті ініціативи «Один пояс, один шлях». *Інтернаука*. 2021. № 1 (45). С. 49-57. URL: https://www.inter-nauka.com/uploads/public/16149752556726.pdf.

3. Ji Zhi, Lymar V. International economic relations of China and the USA in the context of the struggle for global leadership. *Економіка та організація управління*. 2023. № 2. С. 76-85. URL: https://jeou.donnu.edu.ua/issue/view/468.

Особистий внесок здобувача: компаративний аналіз конкурентних переваг Китаю та США на міжнародному ринку.

Articles in foreign publications included in the international scientometric databases Scopus and Web of Science

1. Ji Zhi, Abuselidze G., Lymar V. Problems and perspectives of sustainable trade development in China under the one belt one road initiative. E3S Web of Conferences. Vol. 258. Iss. (Article No.:) 06050. URL: https://doi.org/10.1051/e3sconf/202125806050.

Особистий внесок здобувача: характеристика шляхів імплементації ініціативи «Один пояс, один шлях».

2. Ji Zhi, George Abuselidze, Valeriia Lymar. Renewable Energy Sources Based on Agricultural Production: Potential Applications Within the Silk Road

Economic Belt Framework. *European Journal of Sustainable Development*. 2023. Vol. 12. № 1. P. 159-179. URL: https://ecsdev.org/ojs/index.php/ejsd/article/view/1381.

Особистий внесок здобувача: розробка блок-схеми оптимізації автомобільних перевезень та параметрів агропромислового парку для виробництва біопалива.

Publications based on conference proceedings

1. Ji Zhi. Some aspects of R. Vernon's life cycle theory. Paradigmatic view on the concept of world science: Collection of scientific papers «ΛΌГОΣ» with Proceedings of the International Scientific and Practical Conference (Vol. 1), August 21, 2020. Toronto, Canada: European Scientific Platform. URL: https://repo.dma.dp.ua/5800/1/2020.%20Toronto%2C%20Canada_P.%20146-149.pdf.

2. Цзі Чжі. Деякі аспекти зовнішньої торгівлі Китаю. Праці XXI Міжнародної наукової конференції студентів, аспірантів та молодих вчених «Управління розвитком соціально-економічних систем: глобалізація, підприємництво, стале економічне зростання» (2-3 грудня 2021 р., м. Вінниця). Том 2. Ред. кол. Хаджинов І.В. (голова) та ін. Вінниця: ДонНУ імені Василя Стуса, 2021. 214 с. С. 132-135. URL: https://drive.google.com/file/d/1onZ8u8-GxScaWlsr1xqC05_fAjPPar82/view?usp=drivesdk.

3. Ji Zhi, Lymar V. Export of agri-food commodities in China. Міжнародній науково-практичній конференції «Глобальні та національні тенденції у галузі наук про життя» (12 травня 2022 р., м. Ніжин). Ніжин: НДУ Гоголя, 2022. 270 с. С. 43-45. URL: http://nati.org.ua/docs/science/2022/Conference_12052022_p001.pdf.

Особистий внесок здобувача: аналіз динаміки експорту продукції агропромислового комплексу Китаю протягом 2005-2021 рр.

4. Лимар В. В., Цзі Чжі. Стратегія конкурентного лідерства Китаю в Центральній Азії. Scientific Collection «InterConf», (123): with the Proceedings

of the 1st International Scientific and Practical Conference «Science in the Environment of Rapid Changes» (September 6-8, 2022). Brussels, Belgium: De Boeck, 2022. 351 p. P. 16-21. URL: https://dspace.hnpu.edu.ua/server/api/core/bitstreams/4f8f12e6-7369-4b1e-9fa5-713b29627e7a/content.

Особистий внесок здобувача: аналіз конкурентних переваг Китаю у торгівлі з країнами Центральної Азії.

5. Цзі Чжі. Зовнішньоекономічні зв'язки Китаю з країнами ЄС. Праці XXII Міжнародної наукової конференції студентів, аспірантів та молодих вчених «Управління розвитком соціально-економічних систем: глобалізація, підприємництво, стале економічне зростання» (2 грудня 2022 р., м. Вінниця). Том 1. Ред. кол. Вінниця: ДонНУ імені Василя Стуса, 2022. 240 с. С. 191-194. URL: https://drive.google.com/file/d/11VSQ40y2hrMLDkFi7qqvlIEFaSoR49Vz/view?usp=drivesdk.

CONTENTS

LIST OF SYMBOLS

GATS – General Agreement on Trade in Services

RCA – Index of Identified Comparative Advantages

AIB – Asian Investment Bank

GDP – Gross Domestic Product

NPC – National People's Congress

SIU – Bilateral Investment Agreement

EU – European Union

Media – Mass Media

PRC – People's Republic of China

CCP – Communist Party of China

IMF – International Monetary Fund

ILO – International Labour Organization

R&D – R&D

STP – scientific and technological progress

OECD – Organization for Economic Co-operation and Development

United Nations – United Nations

OPOSH – One Belt, One Road Concept

South Africa – South Africa

FDI – Foreign Direct Investment

RF – Russian Federation

WTO – World Trade Organization

SDRs – Special Rights Borrowed

USSR – Union of Soviet Socialist Republics

USA – United States of America

TNCs – transnational corporations

UCGFEA – Ukrainian Classifier of Goods of Foreign Economic Activity

SCO – Shanghai Cooperation Organization

UNCTAD – United Nations Conference on Trade and Development

INTRODUCTION

Relevance of the topic. In the context of scientific and technological progress, each country faces the task of effectively leveraging and expanding its innovation potential by quickly adapting to changes in the international economic system. development of the state's high-tech sectors and increasing its global competitiveness.

The dynamic development of states and subjects of international economic relations across all historical periods was driven by advances in high technology and their effective commercialization across all spheres of production. As you know, it is scientific and technological progress that has always been the driving force behind changes in economic models and development strategies of countries and companies, ensuring that each subject of economic relations remains highly competitive. The interconnection and impact of high technologies on society and world economic processes form global competitive leadership, which depends on the ability of subjects of international economic relations to modernize industry and introduce innovations into production processes, effectively build up and implement their priorities and national economic interests with the help of modern mechanisms and tools, take an active part in the process of globalization and integration of society, to have an impact on global economic, social, scientific, technical, political, demographic processes through the use of the latest technologies.

From the standpoint of management and strategic management, the problems of forming and maintaining China's competitive leadership in the face of globalization challenges are covered in the works of domestic and foreign scientists who study institutional mechanisms, state economic policy, and management tools to increase competitiveness. In particular, a significant contribution to the development of this direction was made by G. Abuselidze, D. Arase, A. Bernard, C. Cha, J. Jensen, L. Li, J. Liu, H. Long, L. Mamaladze, T. Miller, S. Redding, P. Schott, as well as Ukrainian researchers Z. Atamanchuk, M. Varlamova, L. Vlasenko, L. Hanushchak-Yefimenko, D. Yefremov, S. Zakharin, Y. Danko, A.

Dibrova, N. Davydenko, S. Lukash, O. Nifatova, T. Orekhova, L. Rudenko-Sudareva, A. Skrypnyk, L. Slobodianyk, I. Sokhan, L. Ukrainets, S. Yakubovsky and others.

Despite ongoing developments in this area, China's importance stageon the international arena is constantly increasing. This becomes evident from the state's competition with the United States and leading European countries, which has been especially pronounced in recent years. Also, the analysis of the transformation of Sino-Ukrainian relations deserves special attention. In view of the above, the globalization challenges China faces. It can influence within the framework of implementing the "One Belt, One Road" strategy and positioning itself as a dominant global economic and political leader require a detailed study.

Connection of work with scientific programs, plans, and topics. The dissertation research was carried out in accordance with the topics of scientific research of the Department of International Economic Relations of Vasyl Stus Donetsk National University within the topic "Formation of competitive strategies of national producers in the modern paradigm of the global economic environment" (state registration number 0118U002395, 2018–2020). Within the framework of this scientific topic, the author investigates the theoretical and methodological foundations of the formation of strategies of competitive leadership of countries In the context of the transformation of the global economic environment, the management mechanisms for the realization of competitive advantages are substantiated and the role of international trade and institutional factors in ensuring long-term competitiveness is determined.

Further development of certain provisions of the dissertation research was carried out within the framework of the research topic "Marketing for the sustainable development of educational institutions and scientific institutions" (state registration number 0125U002389, deadline: 01.01.2025–01.12.2029), which made it possible to expand the managerial and applied dimension of the results obtained. Within the framework of this topic, approaches to the strategic management of competitive positions of organizations in a globalized environment are deepened, considering the

principles of sustainable development, institutional adaptability and interaction with external stakeholders.

The purpose of the study is to substantiate the theoretical and methodological foundations and to develop practical recommendations for the formation of a strategy of competitive leadership for countries in the face of global challenges, using the example of China's competitive leadership in the face of globalization.

The purpose of the study necessitates the solution of the following **tasks:**

- to determine the genesis of the evolution of theories of international trade;
- to determine the system of levers of the mechanism of China's state policy in the regulation of foreign trade;
- to explore the strategy of inclusive globalization "One Belt, One Road";
- to analyze the macroeconomic situation of the Chinese economy;
- to analyze China's foreign trade relations with the EU countries;
- to assess foreign economic relations between China and Ukraine;
- to analyze China's competitive leadership strategy in Central Asia;
- to determine the prospects for China's global leadership;
- to provide recommendations on the development of a model of foreign trade cooperation between China and European countries.

The object of the study is the formation of a strategy for competitive leadership of countries in the face of global challenges.

The study examines the theoretical foundations and organizational and economic levers for the formation of China's competitive leadership strategy in the face of globalization challenges.

Research methods. The theoretical and practical basis of the dissertation research is the provisions of economic theory, the theory of international relations, scientific works of Ukrainian, Chinese and other foreign scientists and practitioners on China's competitive position in the face of global challenges.

In the process of conducting the study, general scientific and special methods were used: *dialectical scientific cognition* – when systematizing views on the

concepts of foreign trade; *analysis and synthesis* – in determining the driving factors influencing international trade and China's trade, in particular for the analysis of the main trade indicators of the PRC, the USA, the EU, Ukraine; *theoretical generalization* – in the study of the main stages of development and strategic directions of the "One Belt, One Road" initiative; *system-structural, induction and deduction* – to determine the prospects for China's leadership; *comparison* – to compare China's foreign economic indicators with the United States, the EU and Ukraine; *communicative* – when determining the prospects for China's relations with the United States and the EU; *statistical* – to summarize data on GDP, exports, imports, FDI and a number of other trade and economic indicators of China, the USA, the EU and Ukraine; *economic and mathematical modeling and correlation-regression* – to determine the factors influencing Ukraine's exports of goods to China; *graphic* – for visual display of research results.

The information base of the research consists of official materials of the World Bank, the International Monetary Fund, the Ministry of Foreign Affairs of the People's Republic of China, the Ministry of Commerce of the People's Republic of China, the National Bureau of Statistics of China, the State Statistics Service of Ukraine, monographs and periodicals.

The scientific novelty of the results obtained lies in the substantiation of theoretical and methodological foundations and the development of practical recommendations for the formation of a strategy for competitive leadership of countries in the face of global challenges, in particular, on the example of the phenomenon of China's competitive leadership in the face of globalization challenges.

The scientific results of the study are as follows:

For the first time:

- strategic priorities for the formation of competitive leadership of countries are substantiated on the basis of the analysis of modern approaches to the implementation of large-scale international infrastructure and economic initiatives in the context of globalization challenges, namely: ensuring regional leadership

through the use of expansionary development strategies; development of financial and logistics infrastructure; the use of neo-protectionism tools in foreign economic policy; deepening of economic integration of the countries participating in relevant international initiatives;

Improved:

- scientific and methodological approach to the technological efficiency of bilateral trade relations as the basis for the formation of international competitive leadership of countries, in particular, an algorithm for determining the level of technological efficiency of international trade between the two countries has been developed, which contains the following sequence of actions: decomposition of the trade portfolio of countries in bilateral trade and identification of groups of high-tech goods; determination of the shares of high-tech products in mutual trade; calculation of the index of comparative advantages of countries in bilateral trade, determination of the level of technological efficiency of bilateral trade relations by categories of goods in accordance with the Classifier of Ukrainian Classification of Foreign Economic Activity in the following ranges: [0; 1] – the country's specialization in the production of goods is insufficient; [1; ∞] – the country has comparative advantages or specializes in the production of *the first* product;

- systematization of types of concepts of foreign trade of countries, which contains: the concept of trade in raw materials; the concept of intellectual leadership; the concept of competitive leadership in strategies focused on cost reduction;

- conceptual provisions on the model for the implementation of China's foreign trade strategy, which defines the following elements: accelerated development of export-oriented labor-intensive industries with a focus on both large and small enterprises; parallel formation of competitive leadership in the production of capital- and high-tech products (equipment, automotive, electrical appliances); investing in R&D in high-tech industries (biotechnology; electronics, computer science, etc.);

were further developed:

- mechanisms for forming a strategy of regional inclusiveness in the system of international trade interaction on the example of the "One Belt, One Road" initiative, in particular, it is determined that China's regional economic integration is considered as the involvement of neighboring countries in the region in global value chains in which China participates as a technological leader;

- approaches to the interpretation of countries' competitive leadership in the international trade system, through a combination of management decisions of the state, institutional mechanisms and strategic behavior in foreign markets in the context of globalization challenges;

- theoretical ideas about the relationship between regional economic integration and the formation of competitive leadership, which, in contrast to existing approaches, are supplemented by the substantiation of management mechanisms for involving partner countries in integration trade and economic processes.

The practical significance of the results obtained lies in the fact that the theoretical and applied results obtained in the process of the study serve as a scientific and methodological basis for formulating recommendations for the implementation of China's competitive advantages in the formation of the country's competitive leadership position at the global level, and can also be used in the educational process of higher education institutions in teaching disciplines in international economics and foreign economic activities.

The results of the empirical research, conclusions and developed practical materials were introduced into the educational process during the teaching of the disciplines "International Economic Activity of Ukraine" and "Cross-cultural communication" at Vasyl Stus Donetsk National University (certificate dated September 25, 2023 No. 263/01-13/01), as well as the discipline "Fundamentals of Foreign Economic Activity" at Sumy National Agrarian University (certificate dated December 14, 2025 No. 263/02-14/01). Certain provisions of the dissertation research were used in the educational process of the Sumy College of the Henan

Institute of Science and Technology (People's Republic of China) in the training of specialists in economic and management specialties.

Personal contribution of the applicant. Scientific provisions, conclusions and recommendations submitted for defense were obtained independently by the author and were reflected in scientific publications. Of the scientific papers published in co-authorship, only provisions, ideas and conclusions are the result of the author's independent work.

Approbation of research results. The main ideas and results of the dissertation research were tested at international conferences: Paradigmatic view on the concept of world science: Collection of scientific papers "ΛΌΓΟΣ" with Proceedings of the International Scientific and Practical Conference (August 21, 2020, Toronto), XXI International Scientific Conference of Students, Postgraduates and Young Scientists "Management of the Development of Socio-Economic Systems: Globalization, Entrepreneurship, Sustainable Economic Growth" (December 2–3, 2021 Vinnytsia), International Scientific and Practical Conference "Global and National Trends in the Field of Life Sciences" (May 12, 2022, Nizhyn), Scientific Collection "InterConf", (123): with the Proceedings of the 1st International Scientific and Practical Conference "Science in the Environment of Rapid Changes" (September 6–8, 2022), International Scientific Conference of Students, Postgraduates and Young Scientists "Management of the Development of Socio-Economic Systems: globalization, entrepreneurship, sustainable economic growth" (December 2, 2022, Vinnytsia).

Publications. The key results of the dissertation research are presented in 10 papers with a total volume of 4.4 academic papers, of which the author personally owns 1.85 academic papers, including 1 article in the publication classified as the Scopus scientometric database, 1 in the publication classified as the Web of Science scientometric database, 3 in the publications classified by the Ministry of Education and Science of Ukraine as professional, and 5 abstracts of reports in the materials of scientific and practical conferences.

Structure and scope of the dissertation. The dissertation consists of an introduction, three sections, a conclusion, a list of used references, and appendices. The total volume of the work is 214 pages. The work presents 17 tables, 45 figures. The list of references contains 184 sources across 19 pages. The volume of the main text of the work is 185 pages.

CHAPTER 1
THEORETICAL FOUNDATIONS OF MANAGEMENT OF CHINA'S FOREIGN TRADE DEVELOPMENT

1.1. Evolution of managerial theories of international trade

The world economy of the XXI century is characterized by rapid globalization and integration. An increasing number of countries are actively involved in international trade; in turn, the flows of goods, services, and technologies are growing very rapidly.

The relevance and necessity of studying modern trends in international trade is due to several objective reasons. Firstly, as already mentioned, a very large number of countries today are oriented towards foreign markets, and, secondly, the beginning of the XXI century is characterized by a certain strategic uncertainty of further development of world economic relations and aggravation of socio-economic contradictions. Therefore, modern businesses should consider not only trends in international trade but also geopolitical challenges.

The study of the peculiarities of international trade is devoted to the works of the following foreign scientists: W. Stafford, T. Mann, O. Monchretien, J. S. Schumacher. Stewart, D. North, D. Hume, A. Smith, D. Ricardo, R. Torrens, J. Smith. S. Mill, F. Liszt, I. Yankul, D. Mendeleev, E. Hekscher, B. Olin, V. Leontiev, P. Samuelson, P. Krugman, Art. Lander, R. Vernon, M. Posner, J. Bhagvati, M. Porter, B. Xang, S. Cao, V. Peng, L. Sabelnikov and others. In addition, when studying various aspects of international trade, official publications of the World Trade Organization (WTO), the World Bank, UNCTAD and other international organizations were used.

International trade is a system of commodity-money relations that consists of the foreign trade of all countries of the world [39]. The emergence and development of international trade are due to the formation of the world market in the 16th

century. For its part, the expansion of international trade is an important factor in shaping the modern world economy as a whole.

The concept of international trade was first used in the XIX century by the economist Antonio Margaretti, who is the author of the work "The Power of the Masses of the People in Northern Italy".

The development of international trade is determined by the benefits countries derive from it. The theory of international trade makes it clear what is the basis of that benefit or what is characterized by the directions of trade flows. International trade acts as a certain engine, thanks to which a country develops specialization or cooperative ties with other countries; It can also stimulate an increase in the productivity of available resources and thus increase the volume of production and export of goods and services, and, as a result, raise the standard of living of the population.

The main theories of international trade are mercantilism, the theory of absolute advantages of A. Smith, the theory of comparative advantages of D. Ricardo and D. S. Mill, the theory of Heckscher–Ohlin, the paradox of Leontiev, the theory of the life cycle of goods, the theory of M. Porter, the theorem of Rybchinsky and the theorem of Stolper–Samuelson. These theories have received the greatest distribution and analysis in modern scientific works, but others began to develop rapidly and received confirmation in the late XIX-early XXI centuries. The development of these theories is associated with the names of P. Krugman, E. Helpmann, B. Balass, M. Vernon, M. Melitz and others.

To understand the fundamental principles of international trade, it is worth exploring the evolution of scientific views on the concept. Earlier it was noted that international trade began to actively develop and be studied from the XVI century, when the mercantilist theory was born. The most famous representatives of this theory are T. Mann, A. de Monchretien, W. Stafford. The theory was based on the state’s active participation in the economy. An interesting fact is that the term "mercantilism" was coined by A. Smith, who criticized the views of its proponents.

Mercantilism arose during the initial accumulation of capital and the era of geographical discoveries and was based on the idea that gold reserves were the basis of national wealth. Mercantilists believed that international trade is a tool for accumulating gold in the country, the volume of which is growing as a result of commodity exchange relations.

Trading looked like a zero-sum game, in which one participant received all the winnings and the other, accordingly, completely lost. To maximize benefits, the State proposed interventions and controls. Such a policy of mercantilists was called protectionism and was based on the creation of barriers for foreign competitors, as a result of which imports were restrained, and exports, in turn, were stimulated, and in this way gold entered the country.

The main provisions of mercantilism can be summarized as follows:

- maintaining an active trade balance (prevalence of exports over imports);
- recognition of the need to attract gold and other precious metals to the country in order to increase its wealth;
- recognition of money as a driver of trade, since the growth of the money supply stimulates the growth of the commodity supply;
- support for protectionism aimed at the purchase of raw materials and the export of finished products;
- restraint of the export of luxury goods, since as a result of this there is an export of gold and other precious metals [109].

As already noted, mercantilism was developed and imitated during the period of primary accumulation of capital and great geographical discoveries. Gold was the basis of wealth, and protectionism was very actively supported, which is not an incentive for the development of international trade as such. Therefore, criticism of mercantilist views seems generally logical.

One of the first to criticize mercantilism was Adam Smith. In his work "Investigations into the Nature and Causes of the Wealth of Nations" [151] he emphasized that free trade is an incentive for the development of the state, and in

this case, both exporters and importers benefit. This becomes possible when each country specializes in the production and export of those goods for which it has an absolute advantage, which reflects differences in production costs across countries participating in international trade. A. Smith believed that the country should abandon goods in the production of which it does not have absolute advantages and concentrate attention on those whose production can grow at low costs.

The theory of absolute advantages is based on the fact that the wealth of a particular country is the goods and services that are available to its people. If a country can produce a good or service more cheaply than other countries, it has an absolute advantage. Therefore, some countries may be more efficient at producing a given product than others that lack those advantages. Thus, the country's resources are shifted to profitable industries, since it cannot compete in unprofitable sectors in the international market. As a result, the country's productivity increases, its macroeconomic situation stabilizes, and the workforce's qualifications improve.

It is worth noting that there is a distinction between absolute advantages: natural advantages (resources, climate, soils) and acquired ones (technology for the production of a specific product).

A. Smith's research became the basis for the theory of relative advantages, whose representatives are D. Ricardo and D. S. Mill [111; 25]. D. Ricardo emphasized that absolute advantages are a special case and that only a few countries can have them; he mainly focused on relative advantages. When analyzing international trade, it is worthwhile, firstly, to take into account the availability of natural and labor resources, and secondly, the availability of production technologies.

As D. Ricardo believed, the absolute benefits a country derives from a specific period of time are not permanent, and therefore, even countries with higher production costs can subsequently benefit from international trade. The basis of D. Ricardo's theory of relative advantages is the thesis that a country should specialize in production in which it has the most significant advantages and the least weakness, and for which not absolute, but relative benefit is the greatest. A country's aggregate

output will be at its maximum when each product is produced in the country with the lowest opportunity cost. Therefore, a relative advantage is a benefit based on lower opportunity costs in the exporting country, which is why both countries involved in trade benefit. D. Ricardo cited the exchange of English fabrics for Portuguese wine as an example, which is ultimately beneficial for both countries, even if the absolute costs of producing fabrics and wine in Portugal are lower than in England [111].

Later, D. S. Mill, in his work "Principles of Political Economy" [125], explained that exchange is carried out at what price. D. S. Mill believed that the exchange price corresponds to the laws of supply and demand in such a way that the country's aggregate exports cover aggregate imports, which reflects the law of international value.

The next theory of international trade that deserves attention is the theory of the Swedish economists E. Heckscher and B. Ohlin [108; 133], which is known as the "Heckscher–Ohlin theory" in the scientific literature. This theory appeared in the 30s of the 20th century and belongs to neoclassical theories. The scientists who developed this theory did not rely solely on the labor theory of value; they also considered capital and land to be factors of production. Therefore, the prerequisite for the development of international trade is the availability of production factors in participating countries.

The main provisions of the Heckscher–Ohlin theory are as follows: a country should export those goods for the production of which factors are in surplus, and import those for the production of which relatively rare factors are needed; in international trade, there is an equalization of "factor prices"; the movement of factors of production beyond national borders can replace the export of goods.

The neoclassical Heckscher–Ohlin theory explains well the reasons for trade between countries of different levels of development, in which raw materials imported into developed countries are exchanged for equipment and high-tech products and, accordingly, exported to developing countries [17]. However, modern international trade cannot be fully explained by this theory, because today the

exchange of mostly similar goods between countries of comparable levels of development takes place.

The American economist made a significant contribution to the study of international trade of Russian origin, Nobel laureate V. Leontiev [118], who criticized the Heckscher–Ohlin theory. According to his observations, in the post-war years, the US economy specialized in the production of goods that required significant labor, not capital. The essence of the paradox was that the share of capital-intensive goods in exports was growing, while that of labor-intensive goods was decreasing. In fact, the share of labor-intensive goods did not decrease.

V. Leontiev's paradox explained that the labor intensity of goods imported by the United States was significant. Still, the cost of labor in the price of goods was much lower than in goods exported by the United States. The capital intensity of labor in the United States is substantial, and high labor productivity has a significant impact on the cost of labor in exports. Consequently, the share of labor-intensive goods in US exports is growing, which justifies Leontief's paradox. It is also due to an increase in the share of services, labor costs, and the structure of the US economy. All this subsequently leads to a rise in the labor intensity of the entire US economy, including its exports.

The next stage in the development of theories of international trade is the 60s of the 20th century. This period is associated with the name of R. Vernon [167], who proposed the theory of the product life cycle. The basis of this theory is the thesis that international trade in finished products is carried out with the life cycle of goods in mind.

R. Vernon believes that a product's life cycle consists of several stages.

The creation phase is the development of a new product that meets market and consumer needs. At this stage, a small amount of goods is produced, production requires highly qualified employees, and it is also concentrated in the country of origin.

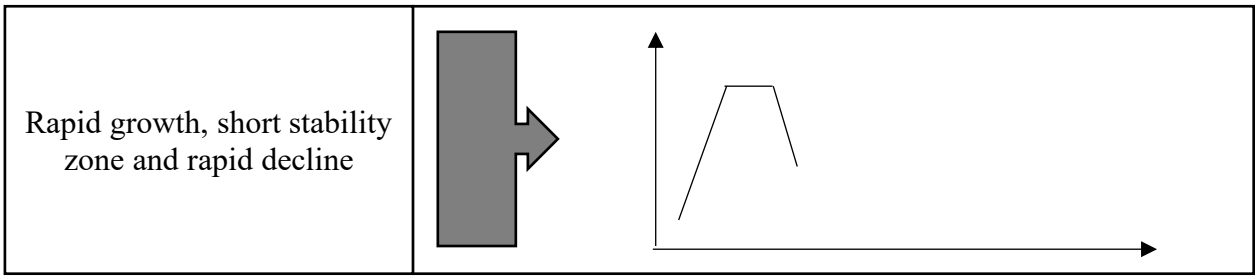

Figure 1.1 – Phase of creating a new product

Source: compiled by the author based on [170]

The next is the growth phase, which is characterized by satisfying the needs for the created product outside the country. At this stage, the product becomes more standardized, competition between manufacturers increases and export volumes increase.

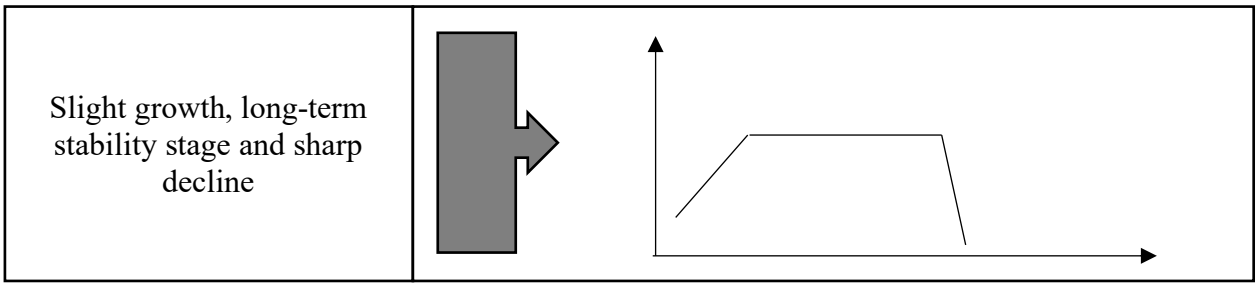

Figure 1.2 – Growth phase of a new product

Source: compiled by the author based on [170]

According to the theory of R. Vernon, the growth phase is followed by the maturity phase. During this phase, demand for a product is satisfied both domestically and internationally. This phase is characterized by large-scale production, in the competition the price factor is the most important; Production is transferred to developing countries, where labor resources are also cheaper and can be used efficiently in standardized production processes.

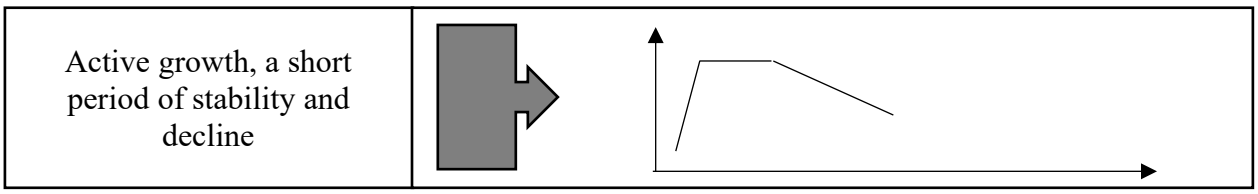

Figure 1.3 – Maturity phase of a new product

Source: compiled by the author based on [170]

After the maturity phase, there is a saturation phase, characterized by a decline in product sales in the international market. Accordingly, the next phase is the decline, characterized by the producing country's refusal to continue producing a certain product and by the satisfaction of domestic demand through imports.

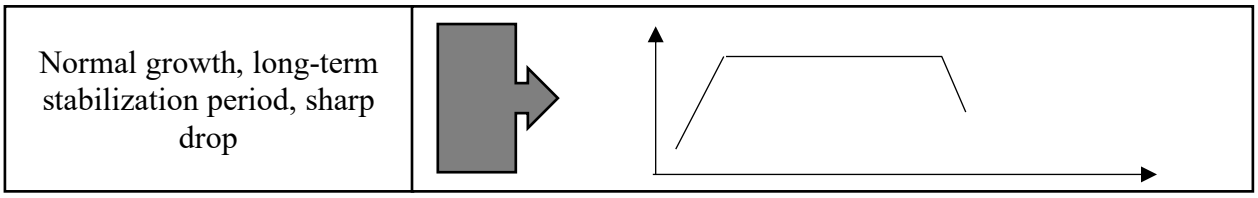

Figure 1.4 – Phase of the fall of a new product

Source: compiled by the author based on [170]

Note that this theory has certain features: first, the number of product types determines the number of life cycles; second, each life cycle stage has its own characteristics.

The above theory reflects the development of many industries, but in general it cannot explain the trends in the development of international trade. Modern production is characterized by a large number of product types, each with a distinct life cycle (e.g., short life cycle, significant transportation costs, specialized target audience, etc.).

Despite the fame and widespread distribution of this theory in the literature, it has several drawbacks. In particular, the production of new types of goods usually offers certain advantages, allowing you to obtain a monopoly and increase profits, but this state is temporary and is associated not with the concentration of capital or production, but with the use of innovations and scientific developments. This theory does not explain the range of life-cycle stages that can fluctuate.

The next theory, which has also become the subject of research, is Porter's theory of international competition [137]. This theory is identified with the name of an outstanding economist, however, as the author himself emphasizes, almost fifty scientists from ten countries of the world took part in the development of the theory, who studied the problems of competition in more than a hundred industries. Thus,

the author's team, headed by M. Porter, proposed a sufficiently powerful scientific product, which explains the widespread of this theory.

As M. Porter himself notes [137], it is not countries but firms that compete in the international market; therefore, it is worth understanding how a firm creates and maintains a competitive advantage to assess the role of the state in this process. Today, product competitiveness is no longer constrained by state borders but has reached a global scale [14].

M. Porter considers competition not equilibrium, but constant change. An important role in improvement is played by the country of origin of the product, where the strategy and technology of production are developed and the necessary labor resources are available. M. Porter defines «determinants of the country's competitive advantage" [137] and introduced the term "national rhombus" into scientific circulation (Fig. 1.5).

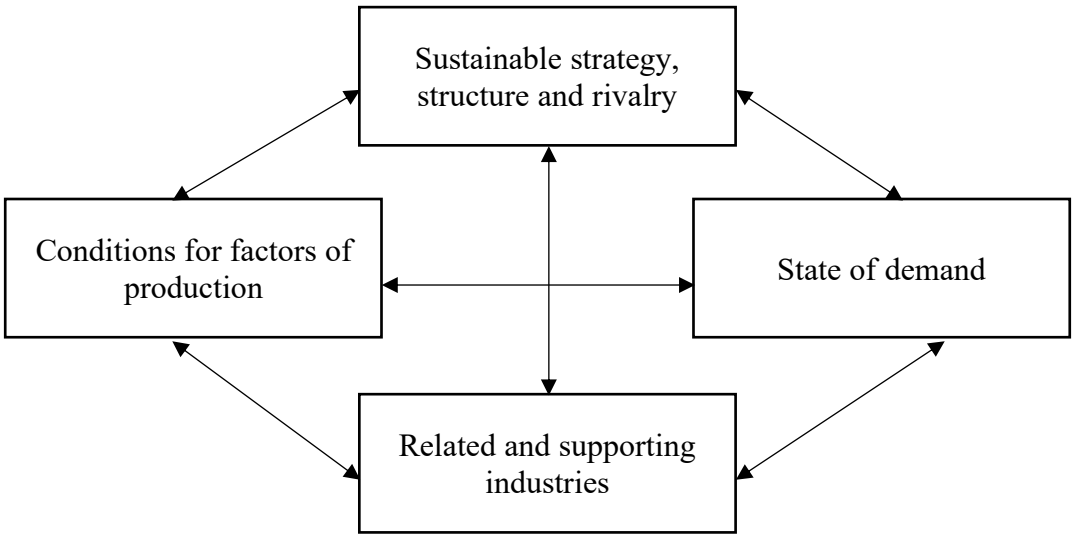

Figure 1. 5 – Determinants of the country's competitive advantage according to M. Porter

Source: compiled by the author based on [137].

It is worth dwelling on each of the rhombus's blocks. Conditions for factors of production. This block reflects the country's place in the international market in terms of the main factors of production: availability of natural resources, highly

skilled labor, powerful infrastructure, that is, those advantages that can ensure a certain competitive place of the country among the rest, which are also actors in the international market.

State of demand. This element of the rhombus reflects the peculiarities of demand for a particular product in the domestic market. It is not only about the quantitative expression, but about the qualitative aspect, that is, the traits of consumers, their awareness, needs and preferences, etc., are considered.

Related and supporting industries. This element of the rhombus includes industries that, for example, supply raw materials for the production of finished products or perform further maintenance of goods. The presence of such industries in the country positively affects the country's overall competitiveness in the international market.

Sustainable strategy, structure and rivalry. This element includes the existing conditions in the country for competition or rivalry (e.g. government competition policy, antitrust policy) between firms, primarily in the home country.

The following table presents the ranking of countries in 2020 according to the Global Competitiveness Index (Table 1.1).

Table 1.1 – Global Competitiveness Index in 2020

Position	Country	Ball	Change in position compared to the previous year	Change in score compared to the previous year
1	2	3	4	5
1	Singapore	84,8	1	1,3
2	USA	83,7	–1	–2
3	Hong Kong	83,1	4	0,9
4	Netherlands	82,4	2	–
5	Switzerland	82,3	–1	–0,3
6	Japan	82,3	–1	–0,2
7	Germany	81,8	–4	–1
8	Sweden	81,2	1	–0,4

Continuation of Table 1.1

1	2	3	4	5
9	United Kingdom	81,2	–1	–0,8
10	Denmark	81,2	–	0,6
11	Finland	80,2	–	–
12	Taiwan, China	80,2	1	1
13	Korea	79,6	2	0,8
14	Canada	79,6	–2	–0,3
15	France	78,8	2	0,8
85	Ukraine	57	–2	–

Source: compiled by the author on the basis of [145]

The index is measured on a 100-point scale annually. In 2020, 141 countries were included in the ranking (the table above shows the first 15, as well as Ukraine, which took 85th place, down 2 positions from 2019). As for China, in 2020 it took 3rd place, compared to the previous year it moved up 4 positions, which indicates an increase in the country's overall competitiveness in the international market.

M. Porter [137] emphasizes that national competitiveness is based on the industry's potential. The basis of competitiveness is the home country and its opportunities for improvement and renewal. A special place in this theory is reserved for the state, which should influence factor conditions, domestic demand, supporting and related industries, and the strategies and rivalry of firms. M. Porter's theoretical conclusions served as the basis for recommendations to increase the competitiveness of exported goods in the USA, Australia, and New Zealand in the 90s of the 20th century.

Interesting results of the study of international trade are also available by the English economist of Polish origin T. Rybczynski [121], who contributed to the Heckscher–Ohlin theory of factors of production. He derived a theorem according to which, with unchanged world prices and the presence of only two industries, an increase in the use of the surplus factor in one of them leads to a reduction in production in the other. Let's consider a specific example (Fig. 1.6).

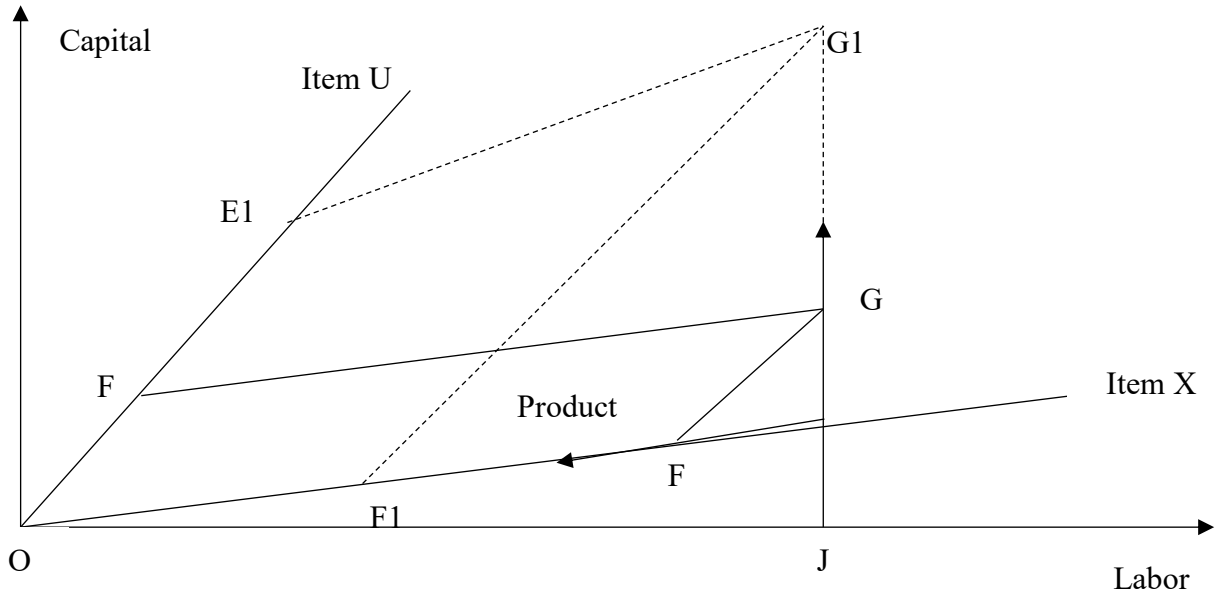

Figure 1.6 – Graphical representation of Rybchinsky's theorem

Source: [121]

Let's assume that the country produces 2 goods – X and Y – using two factors of production: capital and labor. For example, product X is more labor-intensive, and product Y is more capital-intensive. The vector OF reflects the optimal amount of labor and capital based on the use of the most efficient technology in the production of commodity X, and the vector OE – respectively, in the production of commodity U. Provision of the country with factors of labor and capital is reflected by point G, which means that there is OJ of labor and GJ of capital in the country. In the absence of foreign trade, commodity X is produced in the volume F, and commodity B – in the volume E [121].

When a country enters the international market, the production of commodity B increases (that is, its exports increase), in the creation of which a factor that is in surplus, in particular, capital, is used. As a result, GG1's capital increases. With the same volume of another factor (labor), the ratio of production of goods X and Y is reflected in the form of a parallelogram. The production of capital-intensive commodity Y, which is exported, will move to E1, that is, it will increase by EE1. And the production of a more labor-intensive good X will move to F1, that is, it will

decrease by FF1. Moreover, the transfer of capital to the export-oriented industry will lead to a disproportionately significant increase in the production of goods U.

The next noteworthy theory is the Stolper–Samuelson theorem, which is part of the Heckscher–Ohlin theory. The main idea is to reflect the dependence of the prices of factors of production on the prices of finished products. According to this theorem, in free trade, the remuneration of factors that are intensively used in the production of products, the prices of which are increasing, increases, and, accordingly, to a decrease in the remuneration of factors that are intensively used in the manufacture of products, the prices of which are decreasing, regardless of the structure of consumption of these goods by the owners of the factors of production [117].

As in the previous case, the theorem is proved graphically using an example (Fig. 1.7).

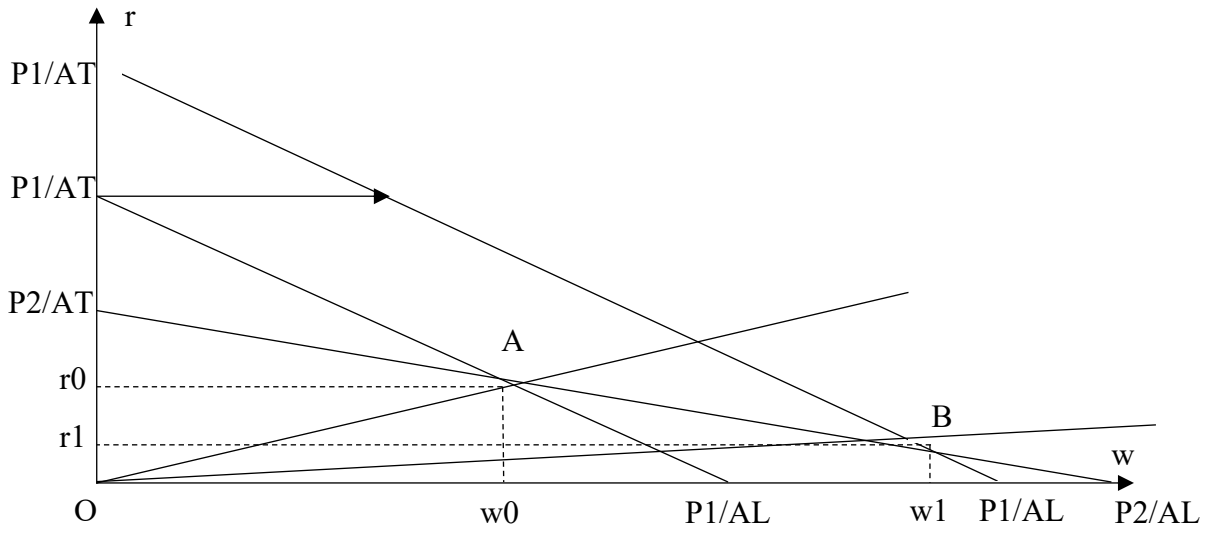

Figure 1.7 – Graphical representation of the Stolper–Samuelson theorem

Source: compiled by the author on the basis of [128]

It is assumed that a country produces 2 goods using 2 factors of production: labor L and land T. P1 is the price of commodity 1, P2 is the price of commodity 2, w is the wage rate per unit of labor, r is the rate of rent for the use of a unit of land, AT1 is the amount of land that is necessary for the production of commodity 1, AL1 is the amount of labor required for the production of commodity 1; AT2 is the

amount of land that is needed to produce commodity 2, AL2 is the amount of labor required to produce commodity 2. The price of a commodity is equal to the sum of the price of labor and land that are necessary to produce that commodity:

$$P1 = AL1w + AT1r, \quad (1.1)$$

$$P2 = AL2w + AT2r \quad (1.2)$$

More labor is required to produce commodity 1 than for the production of commodity 2, in particular:

$$AL1 / AT1 > AL2 / T2 \quad (1.3)$$

The primary equilibrium at point A determines the price of the factors of production at the primary price of goods 1 and 2, the price of labor is w0, the price of land is r0.

The change in the price of commodity 1, which is associated with an increase in demand for this commodity (it has become export-oriented), from P_1 to P11 and the direct dependence on the prices of goods P1/AT1P1/AL1 shifts to the right to P11/AT1 P11/AL1. At point B, there is a new equilibrium, where the price of land has decreased from r0 to r1, but the price of labor has increased from w0 to w_1. which is intensively used in the production of commodity 1, the price of which increased by P_{1P11}. The price of the second factor of production (land), which is less used in the production of commodity 1, fell by rr_1. With an increase in the price of commodity 2, rent would increase and wages would fall [129].

Despite its wide application, the theory has certain debatable and critical points, in particular:

- assumptions about an ideal competitive environment, a fixed supply of labor and capital and the presence of only two factors of production;

- unrealistic assumption about the use of the same production technology in different countries, as well as the same consumer preferences;
- assumptions about the homogeneity of labor and capital (it is worth introducing a classification feature in relation to the qualification of labor force here) [134].

As we can see, during the classical period, the theories of international trade were based on two main provisions: the basis of trade is comparative advantages, in particular, differences in the opportunity cost of goods between countries; Trade is carried out by countries, namely firms that are in these countries, and firms must be homogeneous. However, at the beginning of the XXI century, these postulates lost their relevance.

About the first postulate, which holds that international trade is carried out on the principle of comparative advantage, in modern conditions of trade diversity it has lost its relevance. Comparative advantage can arise from differences in performance (D. Ricardo's theory, developed by J. Mill and A. Marshall) [111; 125] or from differences in the provision of factors by individual countries or industries (Heckscher–Ohlin factor model) [108; 133]. These theories explained intersectoral trade, partial income redistribution, and the sources of profit from trade [130].

In the 80s of the 20th century, a new theory of international trade was put forward by P. Krugman [116] and E. Helpman. [109], which, based on B. Balassa's earlier theories [61] and R. Vernon [105], explained trade in the middle of industries (e.g., the exchange of cars between Japan and the United States). The explanations were based on economies of scale, imperfect competition, and consumer attitudes and preferences.

P. Krugman and E. Helpman combined the old and new theories, adding to the model of comparative advantages, which are based on differences in the provision of factors, returns on scale and differentiation of products, introducing into it concepts that have been used for a long time. Trade in goods, especially within TNCs, began to be considered as an alternative to direct investment. After expanding this theory by assuming differences in technology, trade costs, and the prices of

factors of production, it explained the existing trade flows until the end of the 90s of the 20th century.

At the beginning of the XXI century, there were significant changes in the approach to the study of international trade: previously, the top-down principle was applied, and research began to be conducted according to the bottom-up principle. This became possible thanks to statistical data at the level of individual firms in England, France, Germany and the USA. Firstly, it was determined that, for example, in the United States about 4% of firms export products, in France 17%, and the rest do not participate in international trade at all [64]. A fact was also identified that contradicted D. Ricardo's conclusions, that firms with comparative advantage did not participate in international trade at all, whereas those with relatively weak positions entered the foreign market.

Recognizing the heterogeneity of firms, the theories of international trade of the XXI century focused on firms' organizational decisions: to produce products in accordance with domestic needs or to focus on exports; to export finished products or raw materials; to involve internal or external suppliers, etc. Consequently, the development of international trade depends on firms' management decisions.

One of the first theories regarding the heterogeneity of firms was the theory of M. Melitz [124], which emphasized that firms within the same industry differ in productivity. According to his vision, only firms with high productivity can withstand high costs, for example, the costs of creating a new product for export that is adapted to the needs of another country's market.

The simplicity and clarity of the theory became an impetus for the development of other theories in this direction. For example, one of these theories is trade liberalization, which was developed by R. Baldwin and R. Forslid [62]. They proved that trade liberalization leads to a reduction in costs, which makes it possible to increase profits and reduce the threshold level of productivity, which is a necessary factor for a firm to start exporting products; But, a higher level of productivity is necessary for the survival of firms that only work for the domestic market. From this, we can conclude that trade liberalization leads to a higher average

level of productivity, since only more efficient firms can afford the high costs of entering foreign markets.

Of interest in this study is the trading factor model, developed by A. Bernard [65]. A team of authors led by A. Bernard showed that differences in firm productivity enhance the results of international trade in accordance with the Heckscher–Ohlin theory, because a country exports those goods for which it has relative advantages, i.e., better factor endowments. Export costs segment markets and increase firms' productivity. This, in turn, means that trading increases productivity. In addition, in each country, trade increases productivity in industries where the country is relatively well endowed with factors of production [130].

Interesting research results also have a team of authors led by E. Helpman [110], who proposed a gravitational model. The model's meaning is as follows: models of trade size as a function of countries' economic size and the distance between them have been used for many years to compare the real volume of trade with its potential. However, they cannot explain why there is no trade at all between some countries. E. Helpman and colleagues showed that firms can be ranked according to the level of productivity, from the minimum to the maximum.

Also noteworthy is the theory of the business cycle by F. Gironi and M. Melitz [102]. Based on the heterogeneity of firms and monopolistic competition, they showed that the rise and fall in international trade can be linked to firms' business activity. However, this theory has certain drawbacks, namely that it is difficult to determine whether a firm exports because it is profitable, or whether it is profitable because it exports. That is, a certain casuistry is observed. Also, this model shows only the long-term advantages of reallocating production to the most productive firms by allowing them to enter the foreign market. However, it does not model the significant transit costs associated with the closure of less efficient firms, which international trade leads to [130].

The next interesting direction in the study of theories of international trade is the use of macroeconomic models of incomplete contracts [110]. According to this

theory, most of the contracts that are signed by the parties are defective, since in the contract, all the terms and circumstances are difficult to predict and reflect.

In the Heckscher–Ohlin theory, comparative advantage arises from differences in the provision of countries' factors of production and, accordingly, in the factor intensity of the product, which is the ratio of the cost of factors of production to the cost of the product [6]. In the theory of incomplete contracts, a similar concept is used: contract input intensity, which is the amount of costs for an intermediate product controlled by the manufacturer of the finished product, or the costs incurred by a subcontractor supplying the necessary parts to produce the final product. The method of supplying the intermediate product is determined by the manufacturer of the final product, and this method depends on the relative size of the profits. The goal of the business is to obtain maximum profit, so the manufacturer will choose the method of supplying the intermediate product that yields him the greatest profit [130].

In the 1990s, interest in spatial models was also revived in the scientific literature, as first described in 1962 by J. S. Miller. Tinbergen [163]. The theory holds that international trade between two countries is directly proportional to the economic development of both countries and inversely proportional to the distance between them. This idea began to be widely used in other areas (logistics, demography, marketing, and others). And although this theory explained trade between countries much better, it was heavily criticized for its so-called "non-theoretical".

The next theory of international trade that is worthy of attention is the theory of political economy of trade policy, which is rooted in Western literature (political economy of trade policy). The political economy of trade policy shapes the modeling of motives for the creation of groups that lobby for specific trade policy measures.

Trade policy modeling emerged from mathematically formalized political science and industrial organization, where, since the 1960s, attempts have been made to develop models of decision-making across various fields. For example, K. Gawande and K. Praveen [100] proposed:

- pressure groups model – the creation of lobbying organizations to improve the terms of trade in a certain industry;
- the Adding Machine model – the application of trade policy measures to support industries with the largest number of voters;
- the status quo model – support for any state in the domestic market, opposition to imports, support for the national producer;
- social justice model – justification of trade policy measures by the need to maintain social balance and protect low-income segments of the population;
- comparative cost model – the protection of export-oriented industries will be less than those that compete with imports, because politicians do not believe that exporters need protection in the form of trade policy instruments;
- Foreign policy model – the level of trade barriers depends on its strength in negotiations with trading partners.

Hence, this is where the owners of the factors of production and the government stand out. This is how groups form that put pressure on the government to introduce measures to support certain industries, and the government, for its part, receives remuneration in various forms, thus ensuring the well-being of society.

Studying the theories of international trade, it is worth dwelling on the analysis of such theoretical paradigms as liberalism and protectionism. The first involves free trade, in which governments set minimum trade barriers to imports or exports. They contribute to global competition, which is the basis of globalization. Protectionism, on the other hand, is the practice of protecting a country's industry from foreign competition, achieved through various measures, such as border controls, import duties, trade barriers, and other government policies. Recently, there has been a shift away from democratic norms, especially in the United States and Europe. This unleashed a new era of protectionism that seeks to deconstruct the existing world order.

The main factors contributing to the growth of trade protectionism in 2023 are the implementation of protectionist trade policies in response to the COVID-19 pandemic and the war in Ukraine. The domestic industry in the United States uses

national environmental or consumer-safety regulations to mask protectionist policies. The coronavirus pandemic has led to a wave of protectionist measures worldwide, and trade policy has become even more protectionist than after the global financial crisis. The global financial crisis and the trade war between the United States and China have weakened the liberal trade regime, leading to norm change, evasion, and abuse. The global financial crisis also led to increased trade barriers, especially in the U.S., as countries implemented protectionist economic policies domestically [174].

Appendix B and Figure 1.8 present the evolution of scientific views on international trade theories.

Summarizing all the above regarding the evolution of theories of international trade, certain conclusions can be drawn.

Several assumptions are made, and the main driving factors influencing international trade are identified. There have been no radical changes in approaches to understanding these factors. It is currently believed that international trade is based on Ricardian comparative advantages. However, further research in this direction opens new avenues for comparative advantage. Traditional theories are based on relative advantages in the productivity of capital and labor, as well as on differences in the provision of factors of production. New theories have opened up new comparative advantages, such as the heterogeneity of firms in one industry, the inferiority of contracts, the influence of state institutions on international trade, etc.

In addition, for the analysis of international trade, they began actively using the mathematical apparatus and tools from other branches of science, including political science, psychology, macroeconomics, and marketing. This is quite understandable, since the research began to focus on the level of firms and their managerial decisions, and the basis for international trade shifted from purely economic to political decisions.

As a result of studying the above-mentioned theories, it was determined that the difference between domestic and foreign trade is decreasing. At the level of the production function and the consumption function, the motives of domestic and

foreign trade are almost the same. The goal of each individual firm in modern conditions is to manufacture and sell a competitive product. The company decides personally whether to achieve this goal by purchasing raw materials or components domestically or by outsourcing from outside.

Figure 1.8 – Evolution of scientific views on the theories of international trade.

Source: built by the author

Modern theories are based on very real prerequisites for the development of international trade. We are talking about spatial theories that consider both the distance between countries (natural conditions) and customs barriers (created conditions). Without calculating future costs, it is difficult to explain the direction and volume of international trade flows. Unlike early theories, which were based on specialization choices driven by opportunity cost and without considering distances between countries, the latest theories show that specialization choices and relative advantages depend on distance and interstate barriers. It should also be noted that theories of international trade will continue to develop dynamically in the future, driven by the rapid pace of globalization and the broader digitalization of trade.

Nothing is said here about the contradictions between liberalism and protectionism / neoprotectionism in traditional and recent theories of international trade. It is desirable to complete this section with the author's scheme of generalization of the genesis of theories of international trade.

1.2 Instruments of state regulation and management of foreign economic activity of enterprises

Over the past 30 years of economic reforms, China has achieved tremendous results. From a poor, underdeveloped country, it has turned into a "factory of the world", occupying a leading position in several macroeconomic indicators.

The success of the Chinese economy is largely due to the implementation of the policy of openness, which began to be implemented with the expansion of the degree of openness of China to the outside world and was reflected in the growth of foreign trade turnover, improvement of its structure and attraction of foreign investments. The rapid growth of foreign trade, changes in its structure and geographical directions took place within the framework of deepening the concept and implementation of the policy of openness and are a reflection of export-oriented development [170, p. 21].

At the third plenum of the Communist Party of China in 1978, a course was taken to open the economy to the outside world. This idea became the basis of a long-term foreign economic policy and a prerequisite for reforming the Chinese economy. The government has radically revised the country's competitive advantages. Earlier, in the 1960s and 1970s, the country's leadership relied on "its own forces" ("jili gensheng") in the spirit of autarky, promoting the rejection or minimal use of imports and of any forms of foreign investment.

In 1980, Deng Xiaoping first used the term "openness to the outside world" at a meeting with a foreign delegation. He also noted that "China pursues a policy of openness in international affairs, strengthens its entry into the international arena, paying special attention to the use of the experience of developed countries, imports of equipment, foreign capital to support national development" [41].

As indicated in the previous paragraph, when entering the international market, countries a priori have different opportunities and competitive advantages; Accordingly, they will also receive various benefits from trading. At the same time, many researchers believe that more developed countries will receive fewer benefits from international trade than developing countries, since they can fully meet the needs of developed countries, which, in turn, affects the formation of world prices.

Evaluating China's foreign trade, we can conclude that it is carried out in accordance with the Heckscher–Ohlin theory [108; 133], discussed in detail in the previous section and also known as the theory of the ratio of factors of production. Its basis is the theory of D. Ricardo, which is based on comparative advantages [111].

Therefore, each country has a different potential for development and, accordingly, different factors of production, some of which may be in surplus, others in shortage. For example, some countries have significant capital reserves, others have labor resources, and the rest have natural resources. According to the Heckscher–Ohlin theory, a country should specialize in the production and export of exactly those goods for which it has a significant number of factors of production.

An excess of resources causes a low-price level. Accordingly, if a country has a significant amount of labor resources, it must produce labor-intensive products; If a country has abundant natural resources, it must export agricultural products, etc. [152].

This is what creates the prerequisites for the development of China's foreign trade, where there is a surplus of such a factor of production as cheap labor. In addition, government support was significant, which contributed to the investment attractiveness of the Chinese economy by creating free economic zones. As a result, today there are industrial sites of many foreign companies and 400 TNCs in China [173].

Large-scale foreign investment and the selection of appropriate methods for cross-border market access of potential investment interest have a decisive impact on the success of large Asian companies. Investment activity in the corporate sector and selected Asian countries continues to grow at an average annual rate of 6.7%. From 2013 to 2021, direct investment by Chinese enterprises in countries along the Belt and Road reached US$15.622 billion [129].

China, applying the Heckscher-Ohlin theory, is moving forward purposefully. However, the Chinese economy did not always follow this course; it chose it at the beginning of the XXI century, although the beginnings of these processes are associated with the 80s of the XX century. Also, changes in the foreign economic strategy are closely related to changes in the government.

The beginning of reforms and the opening of the economy changed China's position in international markets, which subsequently led to changes in the structure and volume of exports. Note the difference in the structure of China's exports from developed countries:

- the basis of Japan's exports is cars, other vehicles and parts for them; household appliances, communications, and integrated circuits;
- the lion's share of Germany's exports is cars, parts for them, and medicines;

The United States also exports cars and parts for them, as well as aircraft, to the greatest extent.

China is the largest exporter of goods in the categories of computer equipment and spare parts for it, electronic microcircuits, technological equipment, pumps, etc. [173].

Therefore, it is possible to conclude that specialization differs between developed and developing countries. The gap is caused by the different level of use of the results of STP and post-industrial development.

The transition of a country from one category to another is possible with the use of significant resources, but it also requires state regulation and assistance.

It should be noted that in general, the countries of the world introduce the following concepts of foreign trade:

- the concept of trade in raw materials (Ukraine);
- the concept of intellectual leadership (USA, Japan, some European countries);
- concept of production of cheap goods (China).

Let us determine the main factors that affect China's foreign trade.

Development of the international division of labor and internationalization of production.

The openness of the economy and the timing of reforms are associated with the transfer of labor-intensive and harmful industries from developed to developing countries. At the same time, the Chinese government is developing a strategy to advance coastal regions' participation in the international division of labor and to build an economy focused on foreign markets. This factor affects the development of foreign trade by promoting an export-oriented, labor-intensive industrial economy [112, p. 27].

As already noted, China has a surplus of labor resources, which, in addition, have a low cost. This led to the development of labor-intensive industries and the attraction of foreign investment. For the national economy, this factor is negative, since for a long time the cost of labor was underestimated. Later, labor costs

increased because low wages could no longer attract workers to work in heavy industrial facilities [63].

The rise in labor costs in China is also related to demographic factors, namely population aging. According to the sixth census, almost 90% of Chinese are classified as aged, and this is in addition to the ongoing increase in China's total population. This situation is not observed in any other country in the world [107].

Also, one reason for the rise in labor costs in China is inflation. In an open economy, wages gradually increase and reach international standards. As a result, these factors can no longer influence foreign trade, so there is a need to improve the quality and efficiency of labor and transform the economic model of further development [173].

Integration into the World Trade Organization (WTO).

Accession to the WTO by any country stimulates foreign trade and intensifies competition between domestic and foreign manufacturers for key market segments. And over time, foreign manufacturers begin to engage in export-imports, while competition between foreign economic entities intensifies.

Thus, the export of labor-intensive Chinese products occurs in a tough competitive environment, as Southeast Asian states offer products at even lower prices. China's integration into the WTO enabled it to increase exports of labor-intensive products, which received the same terms of trade in this direction.

For the development of foreign trade, it is necessary to maintain a balance between economic development and the reforms carried out by the Chinese government, thereby creating a positive image of the country in the globalized world. It is worth reviewing the key goals of foreign trade development. Initially, the goal was to attract foreign currency by increasing exports. Next, it is worth paying attention to increasing product competitiveness and the efficiency of the national economy.

After integration into the WTO, Chinese exporters have benefited from reduced export duties and the greatest favor. In other words, China’s accession to the WTO enabled it to gain significant benefits from exports.

According to data, at the beginning of 2020, China ranked first in exports, accounting for 80% of foreign exchange earnings. About 20 million people are involved in export-oriented industries. China exports 20% of its industrial products and agricultural products to the foreign market. The nomenclature of exports is represented by 50 thousand tons. types of products; 182 countries worldwide are trading partners of China, including Japan, the USA, and Western Europe (these countries account for 55% of China's foreign trade turnover) [176].

The Chinese government supports the policy of free trade (free trade), which ensures trade facilitation and liberalization, in particular: openness in the service sector; reduction of import controls; assistance in the simplification of customs procedures and operations; support for settlement transactions in yuan; promotion of foreign investment.

After integration into the WTO, China also reduced duties from 15.3% to 9.8%; reduced subsidies for agricultural exports; reduced import quotas; abolished control over tenders, provided access to service institutions and introduced zero duties on goods imported from less developed countries. Thus, China's accession to the WTO has had an undeniable impact on its foreign trade.

China's monetary policy.

Monetary policy stimulates foreign trade by regulating the yuan exchange rate. The essence of regulation is to internationalize the yuan and elevate it to the status of a world reserve currency alongside the US dollar. In 2005, a reform was launched to form the yuan exchange rate.

Over the past 5 years, the currency policy has had a positive impact on the real sector of the economy, created favorable conditions for macroeconomic regulation, and played an important role in responding to significant changes both in the country and abroad. As of mid-2020, 1 renminbi is equal to $0.14. USA [136].

The reform contributed to increasing the manufacturability of the industrial sector, strengthening innovation potential and increasing competitiveness. Reforms of the foreign exchange sector were necessary for export industries to be highly competitive.

The floating exchange rate contributes to increasing production and openness to foreign markets, as well as to optimizing the structure of exports and changing the model of foreign trade development.

This contributes to changing the economic model of development and achieving long-term development. Under these conditions, enterprises adapt to the floating exchange rate and enhance their capacity to mitigate risks associated with exchange rate fluctuations. As a result, the foreign exchange market begins to develop.

The internationalization of the yuan, as already mentioned, contributes to the development of foreign trade. Firstly, it contributes to China's share in global trade turnover; secondly, the risk of exchange rate fluctuations in foreign trade is reduced; thirdly, transaction costs are reduced. Today, an important role in foreign trade is played by TNCs, which use yuan in international trade to simplify formalities, increase the efficiency of cross-border accounts, enhance the internationalization of Chinese enterprises, and participate in international competition at a higher level.

The impact of global financial crises.

This factor, of course, has a negative impact on China's foreign trade. This is because a decrease in trading partners' activity reduces the expansion of cooperation. For example, after the 2008 crisis, China's foreign trade decreased by 22 % [173].

Also, due to the crisis, there is a need to strengthen the yuan's exchange rate, as a rising exchange rate negatively affects the profits Chinese exporters can earn. The yuan's exchange rate has a negative impact on the export of traditional products, as labor-intensive exports are weakened first.

The yuan's appreciation has a negative impact on attracting foreign investment, leading to a decrease in the reinvestment of profits earned by foreign enterprises and a halt in the localization of production. A decline in exports of labor-intensive goods and a drop in foreign direct investment exacerbate unemployment among the local population. All the above affects China's foreign trade [15].

Negligible level of trade in services in China.

This factor generally negatively affects China's foreign trade, as there is a significant imbalance in favor of trade in labor-intensive goods. Despite China ranking first in foreign trade turnover, an imbalance has been identified in foreign economic activity overall. On the international market, services account for about 20% of trade; in developed countries, this figure is even higher. Services in China's trade account for approximately 10%.

The weakness of trade in services in China is expressed not only in quantity but also in quality. According to the Ministry of Commerce of China, tourism and transport account for a significant share in trade in services (the total share of these industries is 56%). In trade in services, China has a significant negative balance, approximately 110 billion yuan as of mid-2020 [29].

The importance of innovation and the production of low-value-added products.

It is a well-known fact that up to 90% of GDP growth in developed countries are goods with high added value, i.e. high-tech products. In China, this figure is only 15%, which generally negatively affects the country's export structure. According to experts, the lost benefit is approximately USD 1,200 billion. USA.

According to the results of research conducted by analytical agencies, R&D expenditures in China should amount to 1.7% of GDP, but in fact this figure is much lower. That is, innovation activity is not adequately funded, which negatively affects macroeconomic growth and the standard of living of the population [107].

Summarizing all of the above, we can draw the following conclusions: today, China has a few problems that can be solved through scientifically based, effective state regulation. Despite China being the world's leading exporter, its exports are mainly raw materials and low-value goods. Chinese manufacturers should reconsider their business strategies and invest in R&D to increase the innovation of their products.

The study pays special attention to the role of the Chinese government in positioning it in the globalized world. For many centuries, its role has been decisive. Today, the government retains the right to land and its control over it. The

government owns large enterprises that are strategically important for the country's economy, particularly those that create economic infrastructure and produce means of production (communications, aviation, roads and railways, etc.). The government also controls the financial market, plans and controls foreign economic activity, and develops the country's foreign economic strategy.

The political reforms carried out by the Chinese government prove its significant role in the development of the concept of openness to the foreign market, export orientation and import substitution. The combination of these strategies, along with the use of the principle of comparative advantage, modified to meet modern requirements, determines China's leading position in the world market. The government is quite flexible in determining China's place in the modern international division of labor, based on the theory of comparative advantage.

Therefore, the role of the government in the country's economic development cannot but be an important factor, using the tools of free trade and protectionist policy in a balanced way. These mechanisms were actively used in the implementation of an open economic policy and in the development of an export-oriented and import-substitution strategy [170, p. 18].

Famous Chinese economists Lin Yifu, Cai Fan and Li Zhou in their scientific work "The Chinese Miracle" note that "no one – neither Japan nor the "four Asian little dragons" – have clearly announced what strategy they are implementing in the process of economic development... all these countries, with the exception of Hong Kong, at an early stage of their development, tried to practice the policy of import substitution" [119].

However, these countries very quickly abandoned such a strategy because it was not compatible with their comparative advantages. The imitation of the export-oriented strategy does not imply the abandonment of the import-substitution policy. Here we are talking about the use of import restrictions and customs measures to protect their goods. Back in the 1980s, the model of combining the features of these two strategies was called the "double growth model" [77]. The World Bank also noted the effectiveness of using such a [178].

During the implementation of the "double growth model", the role of the state is modified. This can be seen in the example of China, which follows an open-economy policy. In the future, this modification should focus on leveraging the potential of the foreign market to support China's domestic goals. In this context, the role of the state is to support domestic producers and to search for niches in foreign markets where these products can be sold. To do this, it is necessary, based on the principles of an open economy, to expand the use of market rules in the development of foreign economic potential, to improve antimonopoly legislation, and to increase the independence of individual enterprises engaged in export activities in strict compliance with market rules [170].

In 2017, the XIX Congress of the CPC was held, which summarized the accumulated critical mass of new issues related to foreign policy and trade, and set the task of "stimulating the formation of a new architectonics of comprehensive openness and promoting the construction of an open world economy" [50, pp. 28, 48]. The country was focused on using new competitive advantages, improving its position in the international division of labor and improving the structure of foreign trade through services [3].

Cheap labor resources, provision of benefits to foreign investors, reduction of duties and non-tariff barriers for goods from China after its accession to the WTO are factors that contributed to the gradual change of China's position from a "world factory" to a powerful export-oriented state with an ever-increasing range of goods [155, p. 48].

Also, a special role was played by the increase in the number of business entities, various firms and companies after the announcement of the course of openness to the foreign market. The era of state monopolies was over; the dual form of management (state and collective) was replaced by a multi-structure economy with a large number of economic entities with different forms of ownership and types of activity. The number of joint ventures has increased significantly.

The change in China's position in the international division of labor was also influenced by the fact that neighboring, more developed countries in East and

Southeast Asia were seeking industrial sites for relocating their production and settled on China.

China, for its part, began to process imported raw materials, and export finished products. This approach was called by Premier Zhao Ziyan "placing both ends from the outside" (liantou zai wai). Thus, in the structure of China's exports, the volume of finished products produced on imported raw materials and with the participation of foreign capital increased.

In general, during the post-reform period, the share of state-owned enterprises in exports decreased from 42.5% in 2001 to 16.3% in 2019, and the shares of enterprises with foreign investment and the non-state sector increased from 57.7% to 73.7%, respectively [155, p. 49]. A large number of foreign trade entities, and their readiness to respond quickly and flexibly to changes in market conditions, contributed to the formation of a diversified and dynamic structure of China's foreign trade.

Of course, such changes would not have occurred without the government's support and the course taken to open the Chinese economy to the outside world. For example, in the structure of China's exports, the share of primary sectors, in particular agriculture and extractive industries, gradually decreased, while the share of processed products increased. In the 1980s, the ratio was approximately the same, but in 1996 it changed to 1:3; in 2000, it changed to 1:10. In mid-2020, the share of primary sector sectors in exports was only about 5% [155, p. 49].

As noted, trade in the service sector in China is not as developed as trade in goods. However, the government is aware of this and is taking concrete steps to improve the situation.

At the beginning of 2015, the State Council of the People's Republic of China proposed "Proposals for accelerating the development of trade in services", which are focused on the further development of the service sector and attracting foreign investment in this area. Also in August 2015, the State Council established an inter-ministerial body to coordinate the activities of departments involved in trade in services. At the end of 2015, an agreement on the liberalization of trade in services

between China and Hong Kong was signed, under which China opened 153 types of services to Hong Kong, which are included on the 160 WTO list [80, pp. 69–70].

During the period of reforms, one of the directions of China's foreign policy was also attracting foreign investment. At first, loans and credits from the IMF and the World Bank, and then from the governments of other states, prevailed. As for government loans, after 2000 there are no such loans in the statistics.

From the very beginning of the reforms, the Chinese government actively attracted foreign capital, primarily for the creation of joint ventures (the law allowing their establishment was adopted in 1979).

Since the mid-1980s, it has also been permitted to establish cooperative enterprises with foreign capital. This form has become the most successful. For example, in 2019, 24% of attracted foreign investment was accounted for by joint ventures [155, p. 55]. Until the 1990s, China attracted more loans than foreign investment. Since 1992, the situation has changed and foreign direct investment has become the main source of capital. Since 2010, their volume has exceeded 100 billion US dollars; Judging by the statistical information during 1997–2017. China received about $2 trillion in total. and became the world leader in this indicator [52].

Recently, China has not only attracted foreign investments, but also actively invested them. China began actively engaging in foreign investment in the early 2000s after adopting a strategy of capital exit "outside" ("zou chuqu"). In 2003, the first collection of foreign investments of Chinese companies was published.

After 2015, investment volumes increased sharply, and their geography also changed. At first, mining investment in developing countries prevailed, and later Chinese investments were directed to the United States and Europe through acquisitions and mergers [126, p. 38]. This allowed Chinese enterprises to get into and gain a foothold in the markets of developed countries.

An additional incentive was Xi Jinping's "One Belt, One Road" initiative, which will be discussed in more detail in the next subsection of the work. This initiative concerns infrastructure development and economic cooperation along the once-maritime and land Silk Roads.

One of the directions of this initiative is the transfer of production from China to countries along the Silk Road by investing in equipment, construction, etc.

The following are the state authorities that regulate China's foreign trade: the All-China People's Union and its Standing Committee, the State Council (the department of the State Council responsible for foreign trade and economic cooperation), the Ministry of Commerce, the Ministry of Finance, the State Tax Administration, the Tariff and Classification Commission under the State Council and the General Administration of Customs, the Ministry of Science. Below is a diagram showing the listed institutions (Fig. 1.9). [128, p. 213].

The Department of the State Council, which is responsible for foreign trade and economic cooperation, is engaged in the study of laws, the development of quotas, and the preparation of lists of goods that are prohibited for import into China. Direct management of foreign trade is carried out by the Ministry of Commerce [106].

This ministry performs a wide range of functions, including:

- develops a strategy for domestic and foreign trade;
- develops laws and other regulations that regulate domestic and foreign trade;
- develops detailed instructions and rules, monitors compliance with laws;
- draws up plans and rules for the development of domestic trade;
- approves methods of management of export and import operations, determines quotas and licenses;
- develops and implements government policy in the field of trade, export and import control;
- supports the export of technologies and equipment;
- implements the provisions on trade and economic cooperation;
- is responsible for conducting negotiations, coordinates the concept of negotiations, signs documents and monitors their compliance;

- develops a mechanism of multilateral and bilateral economic trade relations and is the representative of the PRC in the WTO;

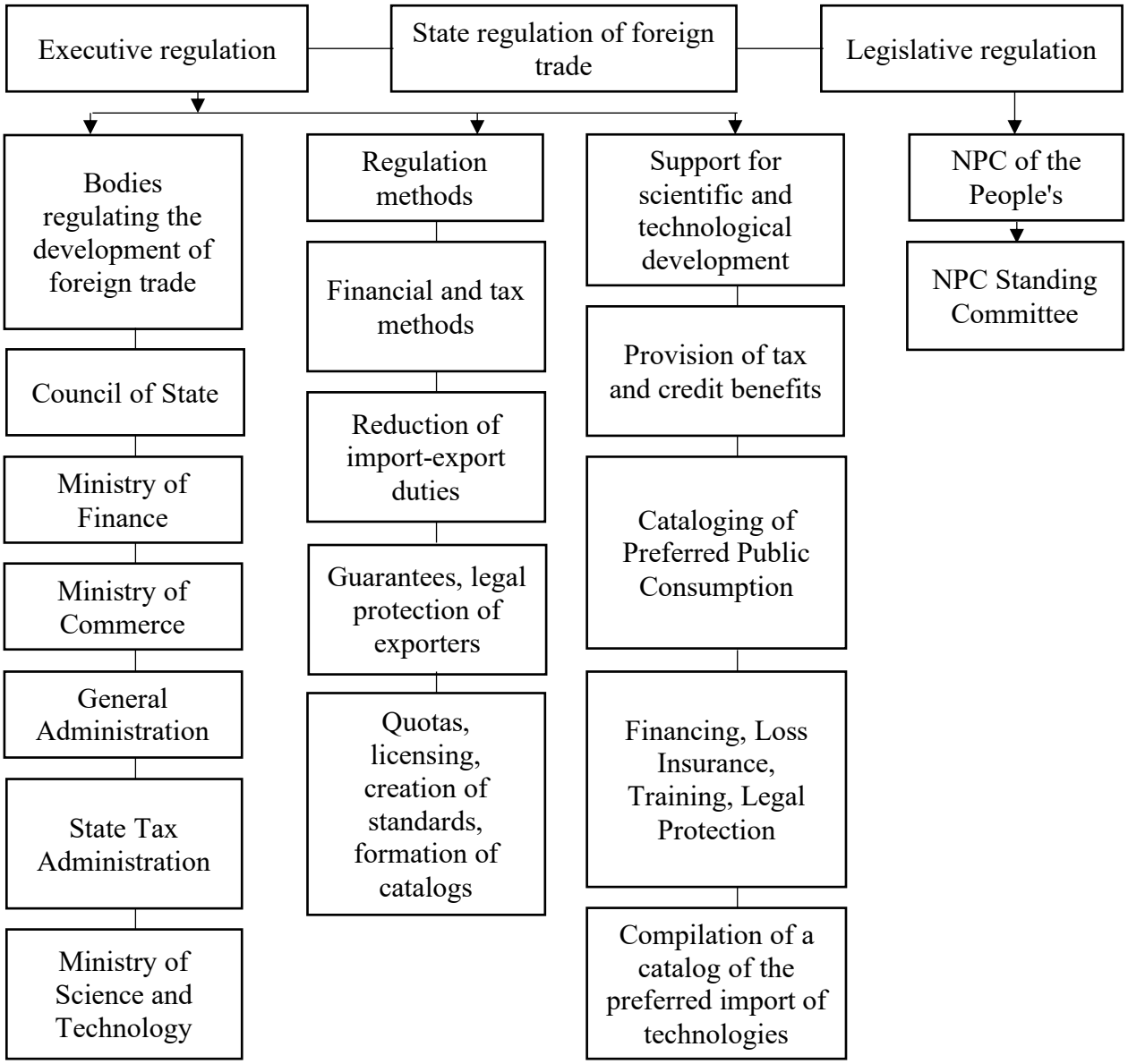

Figure 1.9 – State regulation of China's foreign trade

Source: [128, p. 213]

- manages the work of trade missions and delegations accredited to the UN and other international organizations;
- is responsible for the organization and coordination of anti-dumping and guarantee measures;

- develops a set of measures to attract foreign investments, monitors compliance with laws by enterprises;
- controls the management of business entities created abroad; approves investments;
- creates and implements plans for external assistance, controls the implementation of these plans, manages the PRC's funds for the implementation of aid, preferential lending, etc.;
- develops and implements short-, medium- and long-term trade plans for the Hong Kong and Macao Special Administrative Regions;
- selects personnel of the delegation of the People's Republic of China accredited to the WTO;
- coordinates the activities of the Chamber of Commerce on exports and imports;
- deals with other matters entrusted by the State Council of the People's Republic of China [155, p. 23].

Having considered the functions of the Ministry of Commerce, we can conclude that the PRC government is seeking to centralize the management of foreign trade within a single institution as fully as possible, making it a center for reform. It should be noted that the main provisions of trade regulation are defined quite strictly, while other aspects that contribute to development are defined more flexibly.

Having studied various aspects of the Chinese government’s role in regulating foreign trade, we can summarize the following: one of the most important components of integration into the global economic space is the liberalization of foreign trade. The main factors in implementing the free trade policy were the large domestic market and cheap labor.

The main directions of China's foreign trade strategy are the following:

- reorientation from "self-reliance" to export;
- import of technologies and equipment from outside for technical re-equipment of own production;

- attracting foreign investment and creating a favorable investment climate;
- the use of credits and loans from international financial organizations, and later from foreign countries;
- active development of coastal regions and participation in regional economic organizations;
- diversification of forms of management of foreign economic activity;
- review and development of a regulatory framework that supports the development of foreign trade.

The reform of foreign trade regulation took place in the following areas:

- weakening control over the activities of enterprises in order to increase their number;
- creation of a system of indirect influence on trade (duties, quotas, licenses, etc.);
- reducing the gap between the real and nominal exchange rates of the national currency;
- reforming the pricing system in order to use price as a force that affects the distribution of resources in the economy.

China's experience demonstrates that the government's priority task in regulating foreign trade is not the efficiency of individual foreign trade operations, but the development of a strategy and determination of directions for the growth of export potential, support for industries and individual enterprises to finance export programs and stimulate the export of finished products with high added value.

It is also determined that at the beginning of the development of export potential, the task of attracting foreign exchange funds to replace imports was fulfilled. During the implementation of the new foreign economic strategy, there was a change in approaches to foreign trade policy. Exports began to be considered not only as a means of attracting currency to cover imports, but its importance was also expanded to the source of development of industry and the national economy in general. This is how China gradually moved away from an import-substitution

policy toward an export-oriented, domestically produced model characterized by direct state control.

The implementation of the foreign trade strategy was carried out according to the following scheme:

- accelerated development of export-oriented labor-intensive industries with a focus on both large and small enterprises;
- shifting the emphasis of industrial policy to capital- and science-intensive products (equipment, automotive, electrical appliances, etc.);
- development of the high-tech industry (biotechnology; electronics, computer science, etc.) [183, p. 295].

So, regarding China's foreign trade, the following conclusions can be drawn in general:

- in 1978, China chose a new course for the development of its economy: there was a transition from the policy of "self-reliance" in the spirit of autarky to the strategy of openness to the outside world;
- China's foreign trade is developing in accordance with the theory of comparative advantage, the main provisions of which were set out in the previous paragraph;
- one of the most important comparative advantages of China is cheap labor resources, which for a long time determined the vector of foreign trade development in the direction of production and export of labor-intensive goods;

The shift in trade from import substitution to export-oriented trade was driven by the government's active support, particularly through the simplification of customs procedures, support for yuan settlements, the internationalization of the yuan, the development of the services market, and exports to neighboring countries. There was also a shift in export orientation from labor-intensive goods to knowledge-intensive ones with high added value;

- the Chinese government promotes the attraction of foreign investment, the creation of joint ventures and the transfer of heavy industry along the sea and land "silk" routes (the "One Belt, One Road" initiative);

- state regulation of China's foreign trade is represented by a wide range of bodies that exert both direct and indirect influence on the volume and structure of foreign trade.

Over the past 40 years, China's position in the global economy has changed dramatically. Relatively quickly, this country moved from the ranks of poor and underdeveloped countries to those of advanced countries, with leading macroeconomic indicators and well-developed infrastructure.

1.3 Institutional and strategic foundations for the implementation of large-scale transcontinental economic initiatives

In the context of the global economy's recovery after the financial and economic crisis, the world community must develop a new model of cooperation and create new mechanisms for economic development. To integrate China into the global economy, it is willing to assume international responsibilities and commitments to contribute to the maintenance of peace and overall economic growth [19].

Today, one of the most ambitious, infrastructure projects on a global scale is China's One Belt, One Road foreign policy initiative, which was put forward by Chinese leader Xi Jinping in 2013. Although the real purpose and reasons for this project have not been fully articulated, it is clear that the priority goals regarding economic and infrastructure benchmarks have already evolved into a long-term plan to promote China's globalization strategy worldwide [49].

From the perspective of the Chinese political elite, this initiative will soon become a platform for harmonious coexistence and the development of various countries, in which, regardless of their political and cultural views, they will be economically interconnected and share a common vision for further development and cooperation. The principles on which dialogue should be built in the context of the Belt and Road Initiative require fundamental study and analysis.

Modern publications on this topic are based on official documents of the Chinese government and expert opinions, reflecting the vision of the prospective development of the "One Belt, One Road" project, which introduces a certain subjectivity into the selection of key aspects for study. But there are scientific developments that, in our opinion, also deserve attention, in particular: A. Kireeva [131], A. Larin [68], A. Salitsky, N. Semenova [163], D. Ereis [59], S. Tiezzi [162], V. Konysheva, M. Lagutin [99], Lee Na [180], I. Makarov, A. Sokolova [66], L. Rudenko-Sudareva [129], M. Mikhalev [149], V. Remyga [158], A. Chernova [177] and others.

In September 2013, during his lecture at the University of Kazakhstan, Chinese Prime Minister Xi Jinping put forward the concept of the Silk Road Economic Belt, which was aimed at reviving the historical Silk Road, which connected China with the countries of Eurasia, the Middle and the Middle East. In October of that year, at a meeting of the Indonesian government, he also proposed the Maritime Silk Road, a revival of ancient maritime routes. These initiatives aim to ensure China's connectivity with European countries via land and sea and have quickly developed into a strategic foreign economic platform known as the "One Belt, One Road". This initiative should contribute to the so-called revival of the great Chinese nation, serving the realization of the following goals: the formation of a wealthy middle class and the construction of a democratic socialist state. The Silk Road Economic Belt aims to strengthen ties between countries.

The economic belt encompasses a variety of routes, such as the route from China through Central Asia and the Russian Federation to Europe, the route from China through Central and West Asia to the Persian Gulf and the Mediterranean, and the route from China to Southeast and South Asia, where it reaches the Indian Ocean. At the same time, the Maritime Silk Road comprises two main routes: the first departs from Chinese seaports through the South China Sea into the Indian Ocean and then to Europe, and the second departs from Chinese ports through the South China Sea into the South Pacific Ocean (Fig. 1.10).

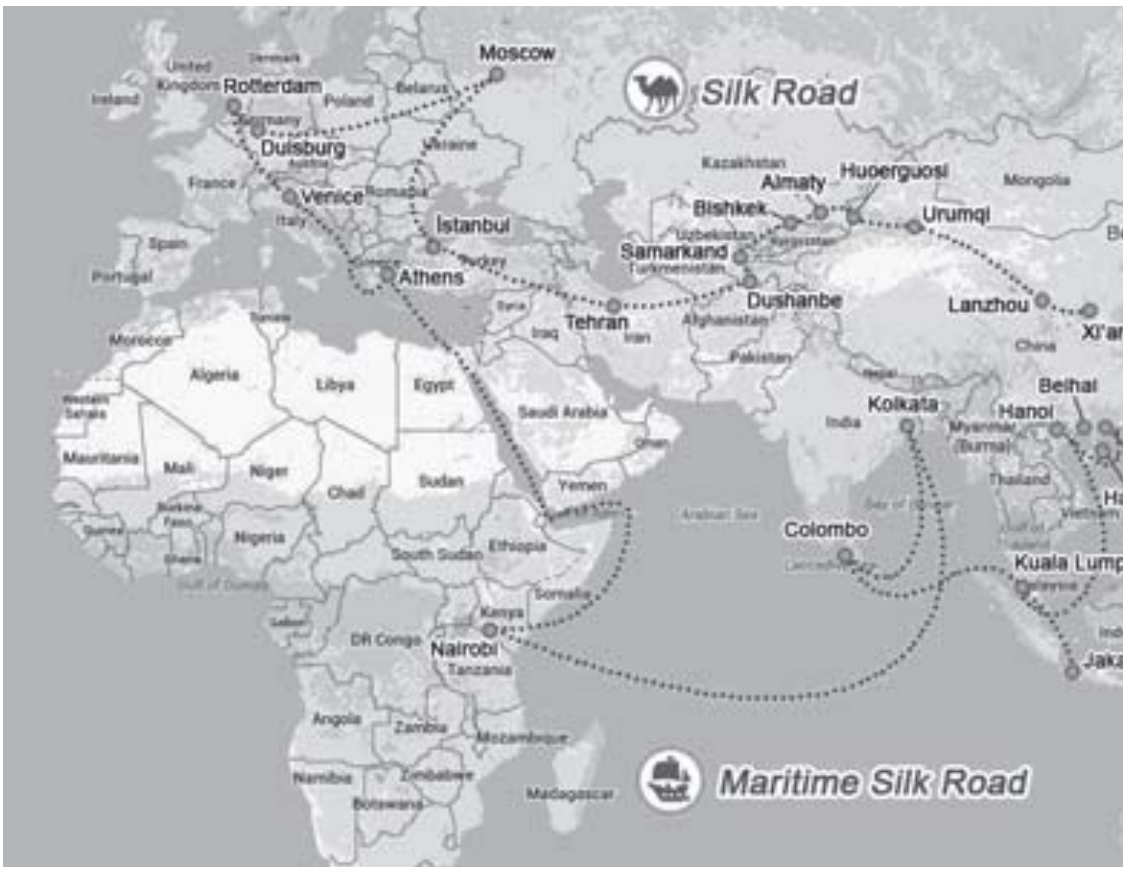

Figure 1.10 – Land and Sea Silk Roads

Source: [97]

The "One Belt, One Road" initiative quickly developed and today is no longer a set of infrastructure improvement projects but has acquired the features of China's foreign economic strategy. The significance of this initiative is evidenced by the fact that the development plans of almost all ministries in China have been changed or edited taking into account its features [70; 66].

In March 2015, a document entitled "Concept and Action Plan to Promote the Joint Development of the Silk Road Economic Belt and the Maritime Silk Road of the XXI Century" was released [137].

The aim of this project is to create new mechanisms for economic growth to improve the efficient allocation of resources and strengthen economic ties and market integration between the countries of Asia, Europe and Africa.

The "Concept and Action Plan to Promote the Joint Development of the Silk Road Economic Belt and the Maritime Silk Road of the XXI Century", which was

prepared by the State Development and Reform Commission of the People's Republic of China, the Ministry of Foreign Affairs and the Ministry of Commerce, presents a framework roadmap for this initiative, which is structured according to the main elements: geographical features, goals and objectives, principles and mechanisms of implementation [127].

In formulating the overall mission of the initiative in 2013, the Chinese president focused on the "new viability of the Silk Road" and invited neighboring countries to join forces, promoting the "gradual formation of large-scale regional cooperation" in order to ensure "closer economic ties and wider interaction between them" [127].

The Prime Minister of China also outlined 5 main areas for implementing the "One Belt, One Road" initiative. The primary goal is to agree on political issues between the participating countries, the next step is cooperation on the development of transport infrastructure; The remaining 3 areas are joint construction, financial sphere and humanitarian direction [72].

Thus, the sequence of implementation directions reflects the strategic nature of the proposed initiative – to promote China's interests deep into Eurasia.

However, it took more than a year for expert assessments and party convocations for a document (the Concept mentioned above) to appear at the official level, which provided a detailed explanation of China's ambitious project "One Belt, One Road".

As for the geography of the project, it is worth noting the following: back in 2013, it was emphasized that the land route, which started from China, was divided into 5 subregions: Central, West and South Asia, European countries and the former countries of the Soviet Union

The Joint Land and Sea Initiative covers at least 40 countries, including the countries of the above-mentioned regions, and has the ability to ensure cooperation and improve the well-being of more than 3 billion people, that is, half of the world's population. Other sources also mention Central and Western Europe and North America [132].

It should be noted that there is a special section of the Concept that provides the basic version of the member countries of the initiative. According to this document, the land route begins in China, passes through the territory of Central Asia to the Russian Federation and Europe (the Baltics); again through Central Asia, as well as Western Asia to the countries of the Persian Gulf and the Mediterranean; Southeast and South Asia and the Indian Ocean [72, p. 245]. In turn, the sea route from the coast of China has 2 main routes: through the South China Sea and the Indian Ocean to Europe; or across the South China Sea to the South Pacific Ocean [127].

Within the Eurasian land route and parallel routes, several economic corridors were also identified, China-Mongolia-russia; China–Pakistan and Bangladesh–China–India–Myanmar. In this case, the initiative's geography expands. In the spring of 2015, experts already announced 65 countries with a population of 4.4 million people [84].

The Concept also states that the "One Belt, One Road" initiative is not limited to ancient roads; it is a cooperative initiative open to cooperation with other countries. Theoretically, the initiative is not limited to geographical boundaries.

The table below shows the countries that, as of 2020, have signed a cooperation agreement under the Belt and Road Initiative (Table 1.2).

A detailed examination of the Concept's provisions shows that it is based on the goals articulated by the head of China in 2013. We are talking about "five priorities". They are defined as the main areas of cooperation: political contacts and coordination of political attitudes; transport and infrastructure; trade freedoms; finance; social and humanitarian relations [72, p. 247].

However, comparing the provisions articulated by the head of China with those reflected in the Concept reveals a difference in the placement of accents. First, the decisive status of political coordination is emphasized. It is considered an important guarantee for project implementation. This underscores China's role in implementing the project, which aims to consolidate diplomatic ties with the countries participating in the initiative.

Table 1.2 – Signatory countries of the cooperation agreement

Part of the world	Number of countries that have signed a cooperation agreement	Signatory countries
Asia	36	Armenia, Azerbaijan, Afghanistan, Bangladesh, Bahrain, Cambodia, Georgia, Afghanistan, Indonesia, Iraq, Iran, Kazakhstan, Kyrgyzstan, Kuwait, Laos, Lebanon, Malaysia, Maldives, Mongolia, Myanmar, Nepal, Qatar, United Arab Emirates, Oman, Pakistan, Saudi Arabia, Singapore, Tajikistan, Thailand, Turkey, Uzbekistan, Uzbekistan, South Korea, Sri Lanka, Uzbekistan
Africa	37	Algeria, Angola, Burundi, Cameroon, Cape Verde, Chad, Côte d'Ivoire, Djibouti, Egypt, Ethiopia, Gabon, Gambia, Ghana, Guinea, Kenya, Republic of the Congo, Libya, Madagascar, Mauritania, Morocco, Mozambique, Namibia, Nigeria, Rwanda, Seychelles, Senegal, Somalia, Sierra Leone, South Sudan, South Sudan, Tanzania, Togo, Tunisia, Uganda, Zambia Zambia
Europe	26	Albania, Austria, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Greece, Italy, Latvia, Lithuania, Luxembourg, Malta, Moldova, Poland, Portugal, Romania, Russia, North Macedonia, Serbia, Slovakia, Slovenia, Ukraine, Montenegro,
Oceania	9	Cook Islands (New Zealand), Fiji, Niue (New Zealand), Papua New Guinea, Samoa, Tonga, Federated States of Micronesia, Vanuatu
North America	11	Antigua and Barbuda, Barbados, Costa Rica, Cuba, Dominica, Dominican Republic, El Salvador, Grenada, Jamaica, Panama, Trinidad and Tobago
South America	7	Bolivia, Chile, Ecuador, Guyana, Suriname, Uruguay, Venezuela

Source: [169; 16]

Secondly, along with the task of joint construction of the land Trans-Asian Bridge, an important goal has been defined, and it is important to ensure not only transport communications, but also the systemic interconnectedness of infrastructure, which includes coordination by the participating countries of their plans for the construction of infrastructure facilities and systems of technical standards. In addition, the concept of network communications has been put into circulation, its complex nature has been defined, which unites not only railways, highways, and waterways, including related infrastructure, but also a network of

pipelines that transport energy resources, as well as a cross-border network of optical fiber.

Thirdly, the goals in the trade and investment spheres are very clearly defined and, from the very beginning, were called the basis of the project. The Concept clearly outlines the intention to begin discussing the idea of creating free trade zones and jointly promoting measures such as reducing or abolishing customs barriers, unifying customs procedures, etc., within the framework of general trade liberalization.

The authors of the Concept propose to make investments the engine of the project, to attract them to industry and agriculture as much as possible, from mineral exploration to the development of alternative fuels (based on bioraw materials or solar energy).

The concept supports channeling investments from participating countries and emphasizes the direct participation of Chinese enterprises in infrastructure construction. The Concept also focuses on the thesis of the division of labor, namely that Chinese companies should use their knowledge and experience in managing construction projects.

Fourthly, the direction of cooperation in the field of finance and monetary policy in the Concept has taken the form of full-fledged financial integration. It is about promoting currency and investment stability, access to financial information, and expanding monetary and financial transactions. The importance of developing the Asian financial market, including the issuance of yuan-denominated bonds, is also emphasized. The funds received could be used in countries along the Belt and Road.

The fifth and last direction defined in the Concept is cooperation in the humanitarian sphere, in particular, it concerns culture, art, education, science, tourism, as well as interaction between party and parliamentary structures.

So, let's summarize the 5 "whales" on which the Belt and Road Initiative is based: political contacts and coordination of political attitudes; construction of

transport infrastructure; trade liberalization; financial sphere and monetary policy; social and humanitarian ties.

Analyzing the Belt and Road Initiative in general, in the political context, one can see China's strategic objectives for the revival of the great Chinese nation, as emphasized by the Chinese leadership back in 2013. This initiative can fully be a tool for achieving the goals set by the Chinese government, increasing the country's capacity and potential.

It should be noted that over the past few years, China's macroeconomic indicators have not shown the same significant, rapid growth as during the reform period. In addition, China can no longer rely on such comparative advantages as cheap labor and extensive development, which necessitates a focus on external instruments of influence.

After announcing the Belt and Road Initiative, Xi Jinping stressed that China's strategic objective in foreign policy is to revive the great Chinese nation. He also noted that China and neighboring countries should actively cooperate to create an economic belt of the Great Silk Road and the Maritime Silk Road in the 21st century. China should establish free economic zones with its neighbors as a basis for accelerating trade and investment, as well as a new example of regional economic integration [166].

The Silk Road Economic Belt is aimed at promoting the free movement of economic factors, efficient allocation of resources, deepening market integration, supporting the coordination of economic policies of countries located along the "One Belt, One Road", expanding and deepening cooperation in the regional context, forming an inclusive and balanced architecture of regional cooperation, within which everyone benefits and opportunities for sustainable development.

Although the Silk Road Economic Belt initiative is quite young, several stages can be distinguished in its implementation [143, p. 19–20].

The first stage is formulation. The economic belt project was proposed by Xi Jinping in the fall of 2013. From the very beginning, this idea was concretized. As noted, the idea of reviving the Silk Road dates back a long time. The New Silk Road,

in particular, the railway from Lianyungang to Rotterdam, measuring 10.9 thousand km. km, was launched back in 2001 [87].

The second stage is approbation. This stage is characterized by a significant number of conferences and meetings held at the state level, with the involvement of international experts from the USA, the EU, russia, Belarus, Kazakhstan and Mongolia. Moreover, the Chinese side did not make specific proposals but only listened to the ideas of the accomplices in the events.

At the next stage (the stage of clarification), the conferences were held in cities that then became part of the Silk Road (Xinjiang Uyghur Autonomous Region, Inner Mongolia Autonomous Region, Gansu Province). Representatives of the already mentioned countries were also invited. The details of the project have not yet been announced, but the Chinese side emphasized only that the new initiative would not compete with existing regional projects. At this stage, funds are also allocated to establish basic centers of the Silk Road Economic Belt at universities.

The "One Belt, One Road" concept contains projects of the Silk Road Economic Belt and the Maritime Silk Road of the XXI century and assumes that infrastructure development through China's efforts will create the basis for the formation of new economic development belts for the whole world. There is also the idea of synchronizing the national development strategies of other countries with the "One Belt, One Road" initiative. Therefore, this initiative does not represent an international or regional organization, but a global process that is not limited by state borders or time. Its main goal, we believe, is the development of transport infrastructure for the economic expansion of Chinese capital.

The financial base of the initiative is the $40 billion Silk Road Fund with an emphasis on infrastructure investments, the China Investment Corporation, the Export-Import Bank of China, and the China Development Bank [143, p. 21].

The financial mechanism for implementing the economic belt is the provision of loans by Chinese financial institutions for infrastructure development. The basic condition is the use of Chinese equipment, goods, services and labor resources.

To date, there have been some achievements in cross-country cooperation within the framework of the Belt and Road Initiative, which will be mentioned in the following sections. One such result is the Asian Infrastructure Investment Bank, an international financial institution that aims to strengthen international cooperation in the financial sector in the Asia-Pacific region and provide financing for projects from road and airport construction to connectivity development.

The bank was founded on October 24, 2014, currently its members are 102 countries, and 64 projects have been approved [60].

The first news about this financial institution appeared in October 2013 during the visit of Chinese Prime Minister Xi Jinping to Indonesia, when he proposed the creation of a bank to promote cooperation and economic integration in the Asian region [58].

The Chinese government has expressed dissatisfaction with the pace of reforms and with other problems related to financial institutions, such as the International Monetary Fund (IMF), the World Bank, and the Asian Development Bank. It was believed that these institutions mostly worked for the benefit of the United States, Japan and Europe. It was determined that approximately $8 trillion of investment is needed to develop infrastructure and ensure further economic growth of the region [159].

In June 2014, it was proposed to increase the bank's authorized capital to $100 billion and invite India to cooperate. On October 24, a Memorandum of Understanding was signed between China, India, Thailand, Malaysia, the Philippines, Singapore, Kazakhstan, Pakistan, Qatar, Bangladesh, Sri Lanka, Brunei, Cambodia, Nepal, Kuwait, Laos, Myanmar, Oman, Uzbekistan and Vietnam. These countries are founding members. The memorandum was also open to other countries that intended to become founders until March 31, 2015 [81].

At the next stage, the Organization Agreement was developed and signed (November 2014 – end of 2015).

It is worth noting that Japan did not become a member of this organization due to the excessive influence of the United States, but the latter advocates the cooperation of the Asian Infrastructure Investment Bank with the World Bank.

The effectiveness of cooperation between countries in the context of the "One Belt, One Road" initiative is also characterized by the creation of the University Alliance of the New Silk Road (UANSR), which was established on May 22, 2015.

It is a non-profit, non-governmental organization that promotes international cooperation in higher education. The alliance currently includes 132 universities from 32 countries and 5 continents.

The objectives of the alliance are as follows:

- improving the quality of education in universities of the countries that are members of the Alliance;
- promoting economic growth of countries located within the Silk Road Economic Belt;
- development of international relations between universities for joint research in the field of economics and politics;
- organization of cultural events to strengthen diplomatic relations between countries;
- development of university-to-university exchange programs in education.

The Belt and Road Strategic Union of Higher Education Institutions were established on October 17, 2015, by Fudan University, Peking University, Lanzhou University, Russian Ural State University of Economics, and other higher education institutions and has become a platform for cooperation between countries located along the Silk Road Economic Belt.

In 2015, the Belt and Road Cities Tourist Union were also established. This union includes more than 30 cities, and the "Kaifeng Declaration" was signed at a meeting of city representatives. In 2017, 8 cities in Italy and the Chinese city of Anyang became members of this union, therefore, today the union includes 43 cities.

The railway industry has been chosen as the main export industry, which can become the locomotive of China's economic development. It is believed that the construction of conventional and high-speed railways overseas will create excess capacity, stimulate the development of high-tech industries and energy-saving technologies, and increase demand for Chinese industrial goods, software, engineering, etc.

This policy is called high-speed rail diplomacy. Chinese industrial and engineering companies participated in the implementation of 348 international projects worth USD 24.7 billion. United States [171].

It should be noted that Kenya (an African country) is a member of the "One Belt, One Road" initiative. In 2014, Kenya and China signed an agreement to jointly construct the Mombasa-Nairobi railway. Thanks to the project, almost 50 thousand jobs were created in Kenya [123].

The new transport routes should reduce the time required to transport goods from China to Europe from 45-60 days (by sea) to 10-13 days (by land). This will save time, make transportation cheaper and help China consolidate its position in new markets.

Today, during the period of slowdown in the development of the Chinese economy, it is extremely important to conquer new markets. Of course, there is still a large rural population in China that is not part of the modern economy, but labor resources are not infinite. Further economic growth requires greater involvement of Chinese goods, technologies and investments outside of China.

China is also interested in taking its construction companies far beyond its borders to provide this industry with work for several decades to come. By 2014, 16,000 had been built in China. km of high-speed highways (this is 60% of the entire world network); At the end of 2019, this figure reached 30 thousand. km. Significant resources have been invested in developing this industry, and the Chinese government recognizes that its reserves will be exhausted very soon. Therefore, the Chinese government is making significant diplomatic efforts to cooperate with other countries. For example, in 2014, there was a merger of large Chinese manufacturers

of equipment for the construction of railways CNR and CSR, which merged to jointly enter the international market, competing with companies such as Siemens and Bombardier. It should be noted that Chinese companies are actively involved in infrastructure construction in underdeveloped countries in Africa.

We will determine the potential outcomes of implementing the "One Belt, One Road" initiative.

The market for Chinese products will be expanded, the demand for Chinese goods will increase in the countries of Central Asia, Eastern Europe and the Caucasus; The redundancy of Chinese capacities will decrease.

There will be an increase in China's macroeconomic indicators, in particular GDP.

There will also be a modernization of the Chinese economy. Due to rising demand for infrastructure projects, an additional incentive will be introduced to boost the production of high-tech goods and their share in Chinese exports.

In general, the structure of China's exports will also change geographically: the share of the United States and the EU in favor of the countries of Central Asia, Eastern Europe and the Caucasus will decrease.

The corporate map of the region will change. Chinese multinational companies and small and medium-sized businesses will also follow Chinese investments in these countries. The firms will advise on the construction of infrastructure facilities, providing trade, technological, software and infrastructure support.

In addition, China's interior provinces will undergo reindustrialization. A new production facility will be created with a focus on the countries of Central Asia, Eastern Europe and Transcaucasia.

Internal migration will decrease. The internal development of the provinces will contribute to a decrease in labor migration and an increase in consumer demand. That is why the shortage and cost of labor in the coastal provinces will increase, which, in turn, will raise production costs and the prices of goods in the eastern provinces of China. The GDP growth rate of the east will decrease, favoring the

north and west; the structure of exports will be shaped by transport and economic corridors.

The main route of the initiative will pass through China, Kazakhstan, russia, Belarus and Western Europe. The remaining branches of the project will be implemented with restrictions due to stability and security problems in the project partner regions.

Along with China's regionalization, its internal globalization will also take place. Advanced free trade zones will expand to neighboring provinces, so-called industrial circles will overlap, and new agglomerations will appear. Probably, the territorial structure will look like this: a megacity – an industrial circle – a branch of the Silk Road – a free trade agreement or a regional free trade area – the global economy [143, p. 25].

Also, during the initiative's implementation, the yuan's share in world trade and the global monetary system will increase, and the yuan will become one of the main currencies within the Silk Road, but the dollar will not take its place. There will be breakthroughs in applied areas of science, energy saving, software, communications and communications.

The initiative will increase the efficiency of large Chinese companies and Chinese businesses in general. The involvement of Japanese or South Korean specialists will help gain experience in international reporting in accordance with global reporting standards. According to the optimistic security scenario, the implementation of the Silk Road Economic Belt will help reduce the likelihood of military conflicts and deepen cooperation in this direction.

There is limited potential for China's aggressive behavior in pursuing its interests, as this could jeopardize the entire Belt and Road project. The confrontation between countries will decrease at the country level but increase competition at the business level.

The main contradictions in implementing the initiative on the use of national products, as well as in the field of project financing, will be resolved among developed countries.

The economic aspect in China's foreign policy will play the most important role. The Silk Road Economic Belt will promote China's interests in maintaining friendly relations with neighboring countries.

In general, the initiative will not try to strictly regulate relations between countries, there will be a smooth interpenetration of the economies of the countries. The structure of the Silk Road will be flexible, based on project financing and further convergence of regulatory norms of individual countries. The implementation of the Silk Road through effective negotiations with participating countries will be an engine not only for China's economy but also for those of the other participating countries.

In the event of a negative scenario, the "One Belt, One Road" initiative will lead to the dominance of Chinese businesses on new international platforms, rather than in favor of national companies. This will lead to protests by national governments and businessmen, who will subsequently be able to influence other projects launched and affect the interests of the rest of the participating countries.

Let's consider the prospects for cooperation between China and Ukraine. Currently, the "One Belt, One Road" initiative is one of the most promising geoeconomic projects for Ukraine. Its main advantages are inclusiveness, openness, profitability for all participants, transition to unified trade regimes, integration of programs and strategies for the development of countries. This initiative does not contradict Ukraine's goals for further cooperation and economic integration with the EU, and, on the contrary, can strengthen Ukraine's competitive advantages in this process, providing motivation and incentives for economic development in general. It can also eliminate the negative consequences of the end of economic relations with Russia and overcome Russia's ban on the transit of Ukrainian products to Asia.

According to analysts at the Institute for Strategic, Political, Security and Economic Consulting Research (ISPSW), the countries participating in the new Silk Road project potentially have 55% of global GDP, 70% of the world's population and 75% of all known energy resources [2, p. 33].

If implemented, the initiative could have a significant impact on the geopolitical landscape and lead to the creation of numerous alternative economic associations and opportunities. China planned to add about $2.5 trillion to its annual trade turnover. through a decade of strategy implementation. This should happen due to the intensification of trade with countries along the new Silk Road.

Even though Ukraine was one of the first European countries to express support for the Chinese initiative, its participation in it remains mostly formal. An attempt in early 2016 to implement practical measures to use the "One Belt, One Road" project to transport goods by rail from Ukraine to Central Asia and China proved economically unviable. Today, Kyiv continues negotiations with partners to reduce tariffs on the transportation of goods along one of the branches of the new Silk Road through Kazakhstan and the countries of the South Caucasus.

Another project Ukraine is considering developing trade with China is the construction of a deep-water seaport, which could significantly expand the capacity of Ukrainian port infrastructure to meet the needs of the new Silk Road. The same port is already under construction by Georgia on the eastern coast of the Black Sea, in the village of Anaklia, with a capacity to transport 100 million tons of cargo per year. Investments in this project amount to approximately USD 2.5 billion. USD, of which only USD 100 million. came from Georgia [2, p. 34]. Ukraine is exploring the possibility of building such a port on the northern coast of the Black Sea, the project is estimated at USD 3 billion. USA.

Ukraine and China continue to explore the possibilities of Ukraine's participation in the One Belt, One Road project. Now it has become obvious that Ukraine is focusing on transport and logistics initiatives, although the potential of the Belt and Road project is much wider.

The experience, as in Belarus, where China acted as an investor in the creation of the Big Fireplace Industrial Park, confirms that the interest of Chinese investors can be directed to cooperation in the creation of technology parks, the exchange of technologies and their joint development, the creation of joint production, as well as the formation of production and logistics centers of China in close proximity to sales

markets and the relocation of excessive capacities of Chinese enterprises to countries, located near the new Silk Road. The volume of investments in this project is $2 billion, with the potential to double. At the same time, investments from Belarus will amount to USD 500 million. [2, p. 34].

Ukraine has an advantage over other countries in Central and Eastern Europe, as its ports enable the delivery of goods in both directions: from China to Europe and from Europe to China. This is important because one of China's problems is that cargo trains from China to Europe return empty. Despite the existing advantages, the russian-Ukrainian war has a negative impact on maritime infrastructure activities. Currently, the Russian side is severely slowing down the activities of Ukrainian ports, delaying the delivery of goods and creating a food collapse, from which not only Ukraine, but also partner countries suffer losses.

Today, Ukraine still lacks a clear vision of the "One Belt, One Road" concept as a systemic innovation strategy that transforms the existing geo-economic model of Eurasia and seeks to create an alternative regional economic space.

"At the moment, it is not so much about creating communication routes as about joint projects with China. If we compare with our colleagues, for example, with Kazakhstan and Azerbaijan, we are lagging behind in a comprehensive understanding of this Silk Road," comments the Ambassador of Ukraine to China Oleg Demin [2, p. 35]. According to the diplomat, Ukraine is not actively attracting real Chinese investments, especially when compared with the achievements of Georgia, Kazakhstan and Azerbaijan. From the standpoint of a deeper understanding of China's new strategy, Ukraine is more interested in attracting Chinese funds to produce products in Ukraine itself and to transport them to Europe and China.

We believe the Ukrainian government needs to be very careful when negotiating with China on investment projects to defend its own interests and needs. First, Ukraine must determine its potential interests in participating in the Belt and Road Initiative. Currently, they are neither defined nor formalized as a strategy.

So, the above can be summarized as follows: in today's globalized world, one of the most ambitious infrastructure projects is China's "One Belt, One Road"

foreign policy initiative. This initiative aims to revive the great Chinese nation and realize strategic goals such as the formation of a wealthy middle class and the construction of a democratic socialist state. The Silk Road Economic Belt promotes the free movement of economic factors, the efficient allocation of resources, the strengthening of market integration and the coordination of economic policies of the countries located along the route. It also helps expand and deepen regional cooperation and foster an inclusive and balanced architecture of regional cooperation, within which the parties benefit from and have access to the opportunities of sustainable development.

To date, it is already possible to note some results of cooperation between countries within the framework of the "One Belt, One Road" initiative. They include the creation of institutions such as the Asian Infrastructure Investment Bank, the New Silk Road University Alliance and the Strategic Union of Higher Education Institutions, as well as the Belt and Road Tourism Union.

As for cooperation between Ukraine and China in the context of this initiative, Ukraine was the first European country to support China's idea, but today the cooperation between the two countries is declaratory and has not taken the form of a strategy.

Thus, cooperation between countries within the framework of the "One Belt, One Road" initiative is developing and deepening rapidly, which has sparked interest in further study of this problem.

Conclusions to Chapter 1

The main drivers of international trade have been identified. It is currently believed that international trade is based on Ricardian comparative advantages. However, research in this direction opens new avenues for comparative advantage. Traditional theories are based on relative advantages in the productivity of capital and labor, as well as on differences in the provision of factors of production. New theories have opened up new comparative advantages, such as the heterogeneity of

firms in one industry, the inferiority of contracts, the influence of state institutions on international trade, etc.

It is also determined that for the analysis of international trade, they began to actively use the mathematical apparatus and tools of other branches of science: political science, psychology, macroeconomics, marketing. This is quite understandable, because research began to focus on the level of firms, their managerial decisions, so the justification of the basis of international trade began to vary from purely economic to political decisions.

It is determined that the difference between domestic and foreign trade is decreasing. At the level of the production function and the consumption function, the motives of domestic and foreign trade are almost the same. The goal of each individual firm in modern conditions is to manufacture and sell a competitive product. The management decision on how to achieve this goal: by purchasing raw materials or components in the country or by outsourcing from outside, is made by the company personally.

Despite the fact that modern theories seem somewhat complicated, they are based on very real prerequisites for the development of international trade. Here we are talking about spatial theories that consider both the distance between countries (natural conditions) and customs barriers (created conditions). Without calculating future costs, it is difficult to explain the direction and volume of international trade flows. Unlike early theories, which were based on specialization choices driven by opportunity cost and without accounting for distances between countries, the latest theories show that specialization choices and relative advantages depend on distance and interstate barriers. It should also be noted that theories of international trade will continue to develop dynamically in the future, driven by the rapid pace of globalization and the broader digitalization of trade.

The main factors influencing China's foreign trade have been identified: the development of the international division of labor and the internationalization of production; integration into the World Trade Organization (WTO); China's monetary policy; the impact of global financial crises; the insignificant level of trade

in services in China; the importance of innovation and the production of low value-added products.

The main directions of China's foreign trade strategy are: reorientation from "self-reliance" to export; import of technologies and equipment from outside for technical re-equipment of own production; attracting foreign investment and creating a favorable investment climate; the use of credits and loans from international financial organizations, and later from foreign countries; active development of coastal regions and participation in regional economic organizations; diversification of forms of management of foreign economic activity; review and creation of a regulatory framework that contributes to the development of foreign trade.

The reform of foreign trade regulation took place in the following areas: weakening control over the activities of enterprises in order to increase their number; creation of a system of indirect influence on trade (duties, quotas, licenses, etc.); reducing the gap between the real and nominal exchange rates of the national currency; reforming the pricing system in order to use prices as a force that affects the distribution of resources in the economy.

The implementation of China's foreign trade strategy took place according to the following model: accelerated development of export-oriented labor-intensive industries with a focus on both large and small enterprises; shifting the emphasis of industrial policy to capital- and high-tech products (equipment, automotive, electrical appliances, etc.); development of the field of high technologies (biotechnology; electronics, computer science, etc.).

To date, it is possible to note the concrete results of cooperation between the countries within the framework of the "One Belt, One Road" initiative, which includes the creation of the following institutions: the Asian Infrastructure Investment Bank, the New Silk Road University Alliance, the Strategic Union of Higher Education Institutions, as well as the Tourist Union of Cities "One Belt, One Road".

CHAPTER 2
ANALYSIS OF THE STATE OF MANAGEMENT OF THE STRATEGY OF COMPETITIVE LEADERSHIP IN THE CONTEXT OF GLOBALIZATION CHALLENGES

2.1 Study of macroeconomic conditions of the functioning of the economic system

In the modern world, the place of any country in the world is determined by the peculiarity of the implementation of its foreign trade policy. Depending on how well developed the country's foreign trade strategy is and in which direction the country is moving (i.e., toward protectionism or free trade), this will determine the country's place in the world economy [184].

The end of the XX - the beginning of the XXI century is characterized by a striking feature: the Chinese economy has demonstrated tremendous growth and become a driving force for the global economy. Taking into account the fact that in 2008-2009 most countries of the world demonstrated crisis phenomena in the economy, China showed resilience, stability and confident development, even though the rate of economic growth slowed down. Thanks to China, the center of world development began to shift from Western Europe and North America.

The main goal of China's foreign policy is to achieve superpower status by the middle of the XXI century. China's transformation into the second most important center of world politics supports ambitious political and economic projects aimed at reforming the international economic system, taking into account the country's needs and capabilities. That is why in 2013 the Chinese leader put forward the "One Belt, One Road" initiative, which can be called the concept of China's foreign policy for countries from Western Europe to Southeast Asia. The goal of the project is to accelerate China's development amid new ochallenges in the international stage. These difficulties imply a reduction in export opportunities in the traditional markets

of the US, EU and East Asia due to a slowdown in global economic growth and US attempts to weaken China's political and economic position.

Therefore, the study of China's foreign trade strategy requires attention, because over the past 40 years it has changed significantly, as evidenced by China's position in the global economy.

Today, China is the world's largest producer and exporter of goods, and its influence on world trade is growing rapidly. In recent years, China has completed the modernization of production and continues to reorient its export flows from cheap consumer goods and semi-finished products to finished products with a significant share of knowledge-intensive components, which in turn stimulates and supports competition among domestic manufacturers.

In addition, today China has the world's most powerful investment potential, which will be realized in the coming years. China is an example for many developing countries. Thanks to the Belt and Road Initiative, other countries have the opportunity to draw on China's experience in developing a foreign policy aimed at peaceful, sustainable growth.

Ukraine is an important focus for China in the context of the Belt and Road Initiative, particularly in strengthening foreign trade relations between the two countries, focusing on cost reduction and the development of scientific, technological, industrial, and agricultural institutions.

China's state policy, its contribution to the development of the world economy, and its opposition to existing international relations put it in a central place on the world stage. Even though it has already been pointed out that the pace of China's economic development has slowed down in recent years, by 2030 it can still become the most powerful economy.

The steady growth of the Chinese economy is a major driver of global economic growth. Over the past 40 years of economic opening, China's share in the world economy has increased significantly [111].

According to the World Bank report, global economic growth in 2021-2022 will decline from 3% (in 2019) to 2.8% [177]. Also, according to World Bank

estimates, in 2021, economic growth in developed countries is 2%, in developing countries – 4.2%. Economic growth in developed countries was expected to be 1.5% in 2022 and 4.6% in developing countries (Table 2.1).

Table 2.1 – Global GDP growth rate in 2017–2020 and forecast for 2021–2022, %

Country/Region	2017	2018	2019	2020	2021	2022
World	2.4	3.1	3.0	2.9	2.8	2.8
Developed countries	1.7	2.3	2.2	2.0	1.6	1.5
USA	1.6	2.2	2.9	2.5	1.7	1.6
Eurozone	1.9	2.4	1.9	1.6	1.5	1.3
Japan	0.6	1.9	0.8	0.9	0.7	0.6
Developing countries	3.7	4.3	4.2	4.2	4.5	4.6
East Asia	6.3	6.6	6.3	6.0	6.0	5.8
Pacific Region	6.7	6.9	6.5	6.2	6.2	6.0
Indonesia	5.0	5.1	5.2	5.2	5.3	5.3
Thailand	3.3	3.9	4.1	3.8	3.9	3.9
Europe and Central Asia	1.7	4.0	3.1	2.3	2.7	2.9
Russian Federation	–0.2	1.5	1.6	1.5	1.8	1.8
Türkiye	3.2	7.4	3.5	1.6	3.0	4.2
Poland	3.1	4.8	5.0	4.0	3.6	3.3
Latin America and the Caribbean	–1.5	0.8	0.6	1.7	2.4	2.5
Brazil	–3.3	1.1	1.2	2.2	2.4	2.4
Mexico	2.9	2.1	2.1	2.0	2.4	2.4
Argentina	–1.8	2.9	–2.8	–1.7	2.7	3.1
Middle East and North Africa	5.1	1.2	1.7	1.9	2.7	2.7
South Asia	7.5	6.2	6.9	7.1	7.1	7.1
India	7.1	6.7	7.3	7.5	7.5	7.5
Islamic Republic of Pakistan	4.6	5.4	5.8	3.7	4.2	4.8
Bangladesh	7.1	7.3	7.9	7.0	6.8	6.8
South Africa	1.3	2.6	2.7	3.4	3.6	3.7

Source: compiled by the author on the basis of [182; 40]

According to the expectations of many experts, the greatest economic growth in 2021-2022. associated with China, the Asia-Pacific region and South Asia in general. These countries are expected to show the greatest economic growth, significantly outpacing the rest of the world. Only the countries of Central Asia, Africa and Latin America will reach a level that will be approximately the same as the average growth rate of global GDP. The rest of the world, including North

America, Europe, and the Russian Federation, will gradually converge toward the average global GDP growth rate [177; 55; 57; 56; 91; 103; 88].

China's National Bureau of Statistics notes that in 2019, the GDP growth rate was 6.5%, the lowest since 1990. In 2018, China's GDP growth rate was 6.9%. This figure is expected to be 6% in 2021. Among the reasons for this situation, experts cite the intensification of the trade war with the United States, the COVID-19 pandemic, weak domestic demand and insignificant investment activity [120].

On the negative side, China's participation in international trade is declining, but, on average, over the past 30 years, trade volume has doubled. And today, every $10 in international trade passes through China.

The following figure shows China's GDP growth dynamics over the past 21 years (Fig. 2.1).

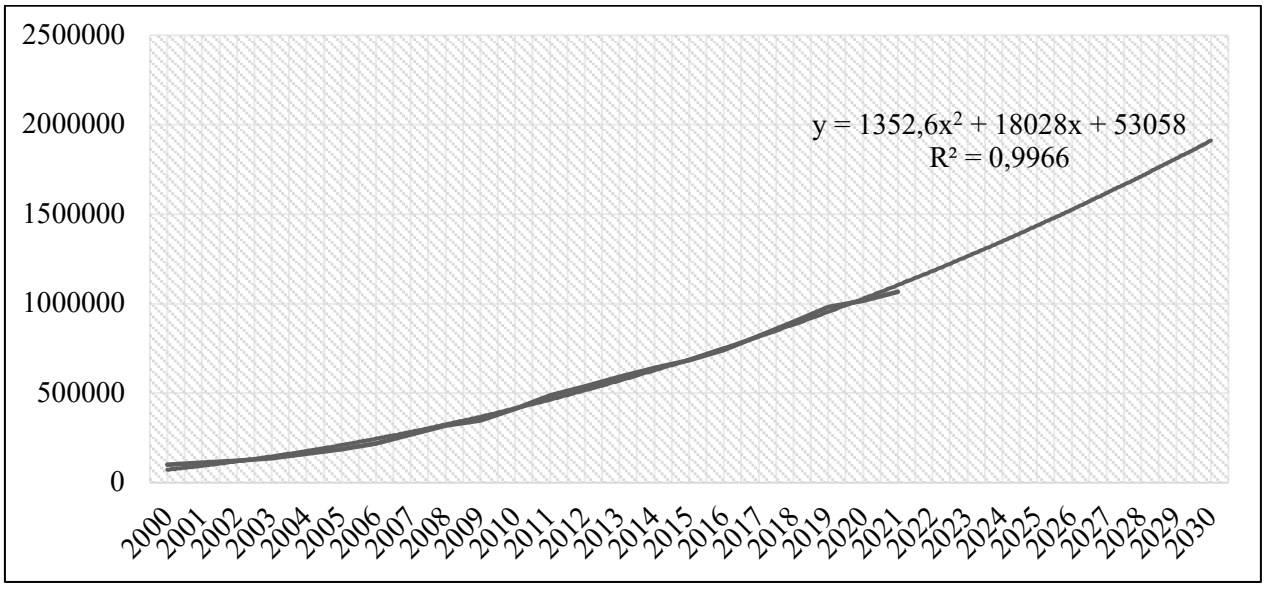

Figure 2.1 – Dynamics and forecast of China's GDP growth until 2030, billion yuan

Source: calculated by the author based on [132]

The figure above shows the steady growth of China's GDP over the past 21 years. Also, based on the polynomial function, the forecast of China's GDP through 2030 is calculated. If current conditions are maintained and the existing coefficient R2 of 99.66 in 2030 is maintained, China's GDP could reach 200 billion yuan.

According to the calculations, the forecast equation for the polynomial function is as follows:

$$y = 1352{,}6\ x2 + 18028\ x + 53058, \quad (2.1)$$

Years of the PRC's far-sighted policy have led it to become one of the world's second-largest economies. China's power enables it to participate not only in discussions of global problems but also in the creation of geopolitical plans and initiatives. In September 2013, in Kazakhstan, the leader of the People's Republic of China announced his own initiative called "One Belt, One Road", which unites almost 60 countries and aims to deepen economic cooperation and revive the "Great Silk Road" in the interpretation of the 21st century.

The development of the global economy depends on the well-being of each country. Since the beginning of the 20th century, there has been a fierce struggle between two fundamentally different economic systems: command-administrative and capitalist. Seventy years ago, the first and only country with a mixed form of economic system appeared in the world. Such an economy combines the features of capitalism, since private property is not prohibited in China, and command and administrative property: the PRC government plays a key role in determining both external and internal vectors of development. Thus, the government directs the economy in a beneficial direction, and the economy is regulated by the market mechanism, leading to a specific outcome.

Seventy years of hard work and thoughtful, far-sighted decisions have turned the PRC into the world's second-most-powerful economy. China's economy has been firmly demonstrating positive trends in development for more than 20 years. If we compare the GDP volumes in the dynamics of the five leading countries in terms of the size of the economy, it becomes immediately noticeable how China has increased GDP almost threefold since the global crisis of 2008.

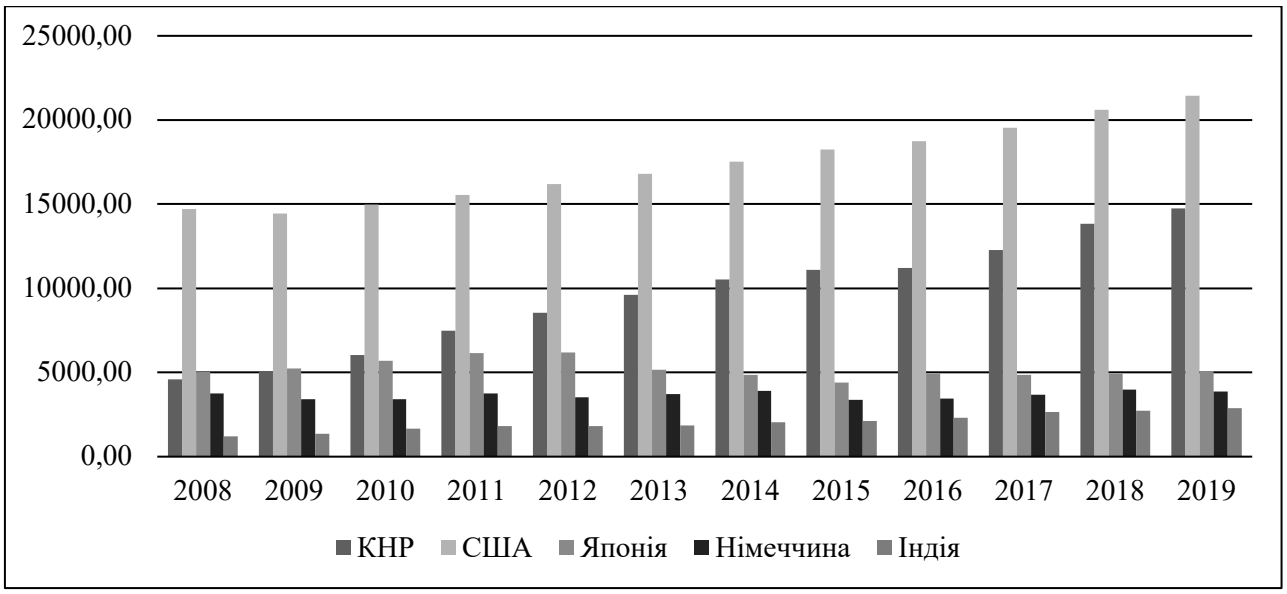

Figure 2.2 – GDP growth trends in the leading countries in economic development, 2008–2019

Compiled by the author based on [23; 4; 9]

Thus, the synthesized economic system demonstrates that the sequence of competent economic reforms and the presence of a reasonable long-term plan lead to a positive result, because on average the Chinese economy grew by 10% annually.

Due to the country's successful development, the IMF included the yuan among its reserve currencies. The SDR now comprises almost 11% yuan, making it the third most important currency, after the dollar and the euro, and ahead of the British pound sterling and the Japanese yen. Such steps by the IMF are quite logical, since the yuan is one of the most secure currencies in the world. China's gold and foreign exchange reserves grew steadily and rapidly during 2000–2014 (Fig. 2.3). Of course, China's power forced the United States, as an advanced partner, to reconsider relations with China and to reduce investment flows to China.

Due to the increase in the standard of living in China and the surplus of the money supply, the PRC invests in other less developed countries (Fig. 2.6). China is a classic example of how investments can revive economic processes and increase the needs of the population, which has a positive effect on the well-being of the country. Many factors indicate the improvement of socio-economic conditions: life expectancy, average wages, etc., but if we analyze the unemployment indicators, we

immediately see that the percentage of unemployed is extremely low, even lower than the natural unemployment rate of 5% (Fig. 2.4).

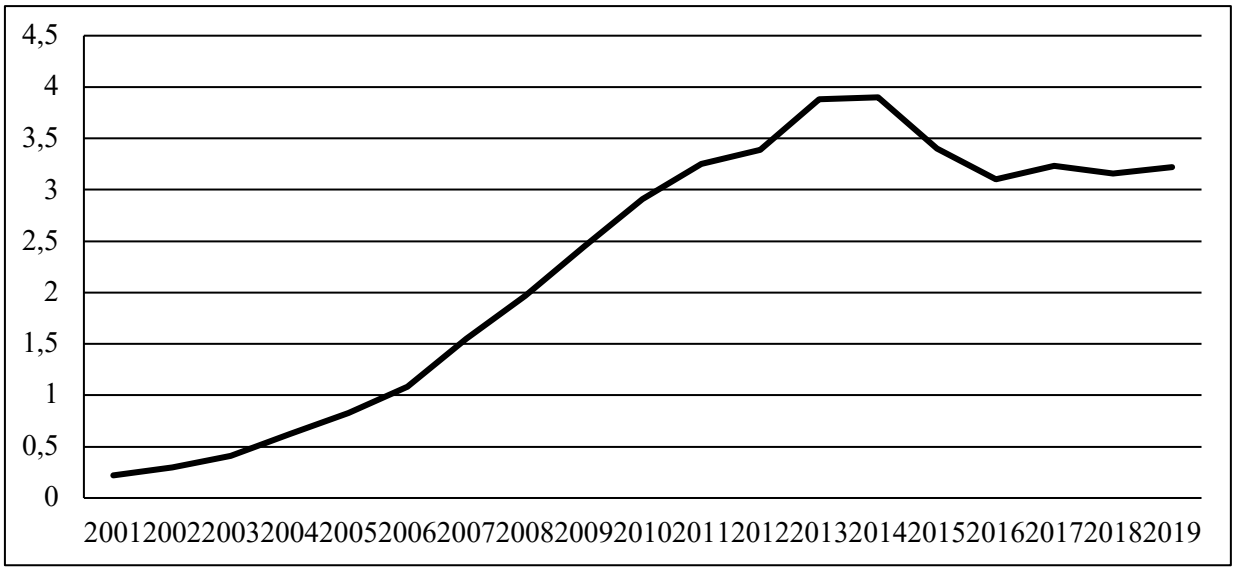

Figure 2.3 – Gold and foreign exchange reserves of the PRC,

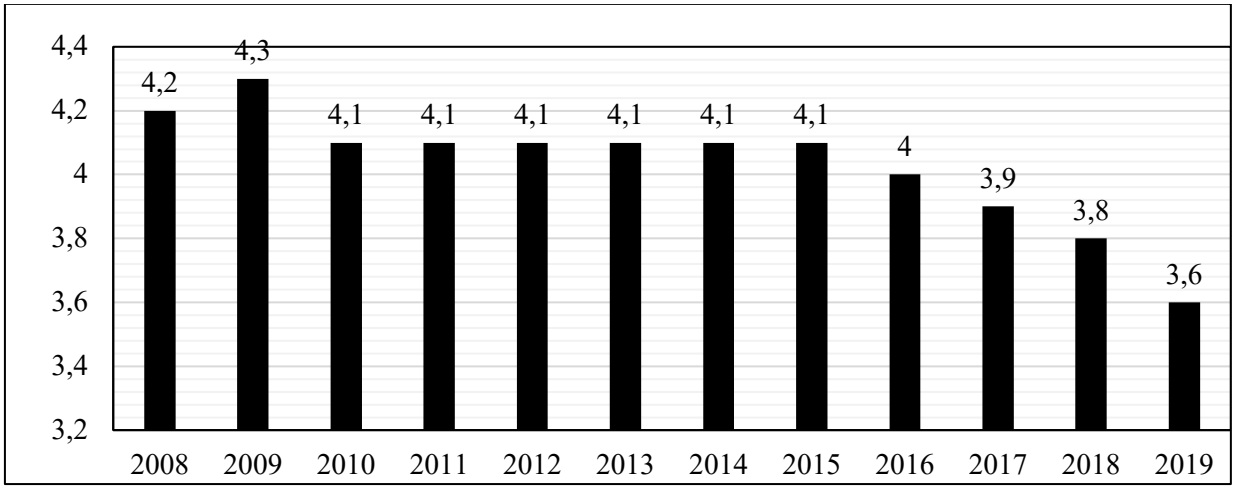

Figure 2.4 – Unemployment rate in billion dollars. USA PRC, %

Source: Compiled by the author based on [23; 34]

Such a colossal employment of resources, on the one hand, is explained by the ideology of the Communist Party that rules China, but one of the keys to high employment rates is the quality and availability of education among the workforce. The Literacy Index shows the percentage of the population of different ages with basic and complete higher education. Such an indicator will not have significant changes from year to year and therefore was measured once every 10 years until 2010, then it was decided to calculate the index once every 5 years. The last time the

indicator was calculated was in 2023: the literacy index among the younger generation was 99.7%, that is, almost all children under the age of 15 are educated, the adult literacy index (15–65 years old) is 96.8%, and the literacy index of the elderly population is 81.3% (Fig. 2.5).

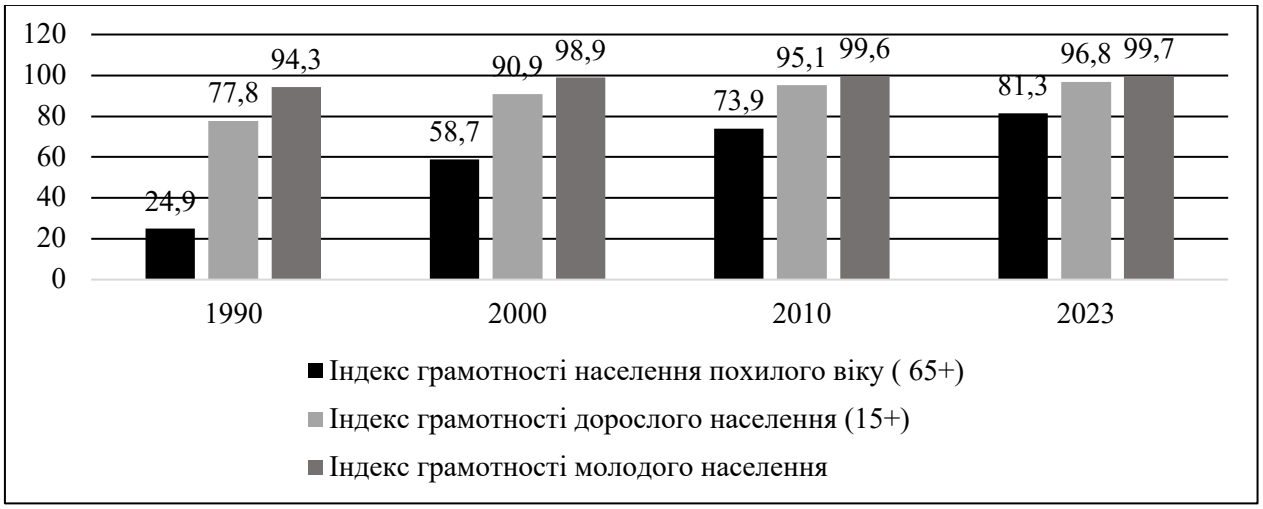

Figure 2.5 – Literacy index of the population of the People's Republic of China, 1990–2023

Source: Compiled by the author based on [23]

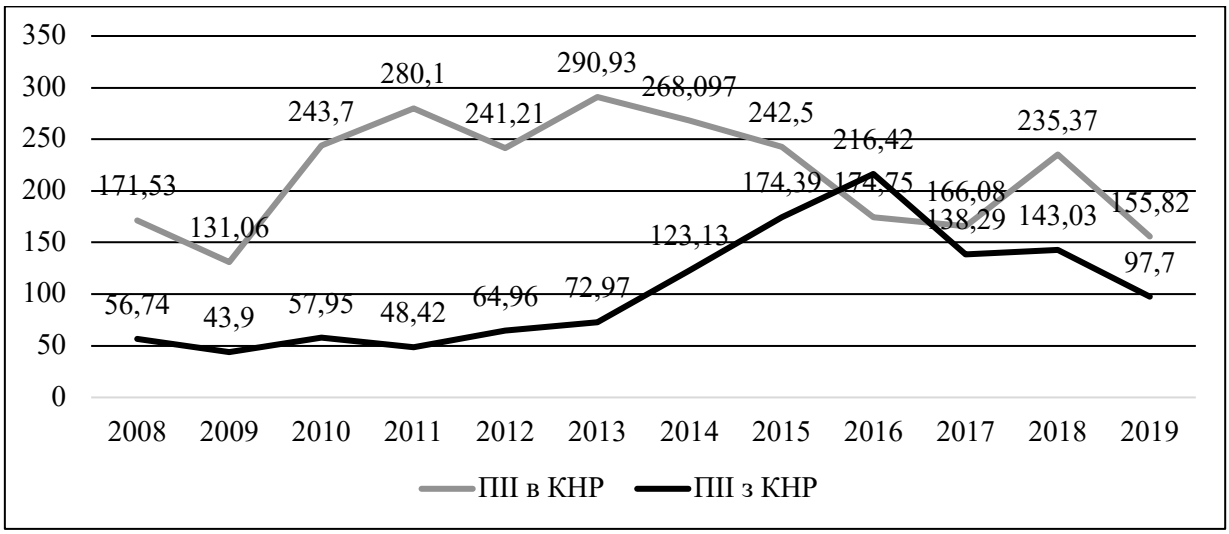

Figure 2.6 – Dynamics of FDI in and out of China, 2008–2019, in billion US dollars.

Source: Compiled by the author on the basis of [116; 47; 53]

The figure below shows the indicators of China's foreign trade in goods during 2014–2021 (Fig. 2.7). As you can see, China's foreign trade demonstrates positive

dynamics, in particular, exports are growing, imports are also growing, but do not exceed exports, as evidenced by the positive foreign trade balance.

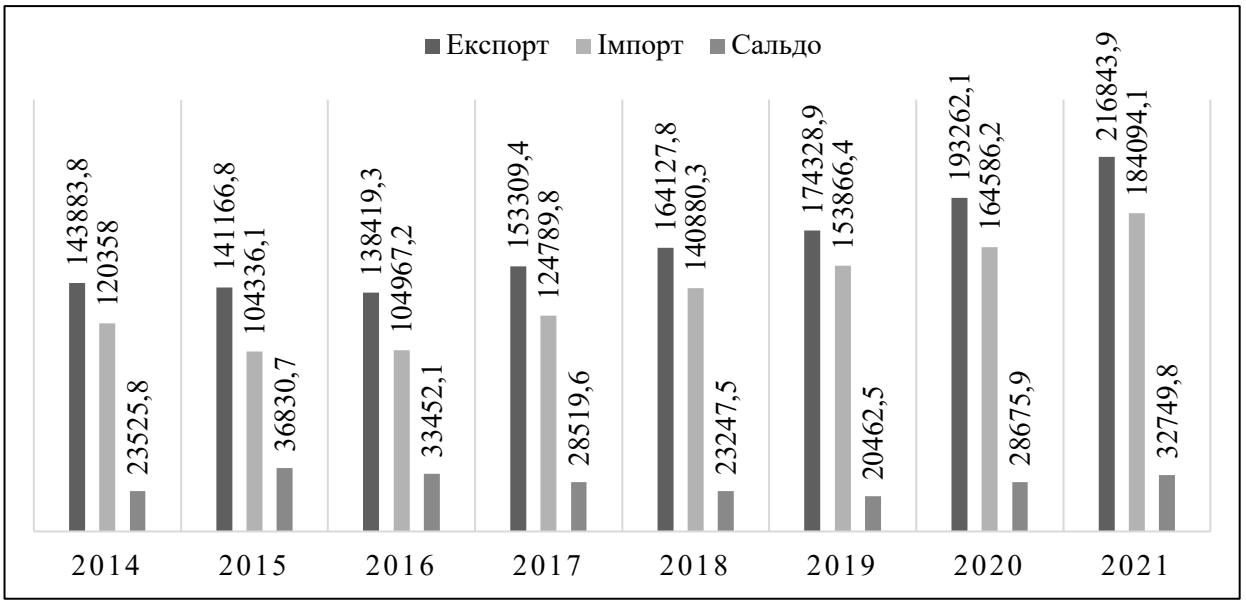

Figure 2.7 – China's foreign trade in goods in 2014–2021, billion yuan

Source: compiled by the author on the basis of [132; 26]

To test the degree of openness of the Chinese economy, we will calculate the export quota for 2021.

$$qe = (E / GDP) * 100\ \% = (216843.9 / 1066721) * 100\% = 20\ \%, \qquad (2.2)$$

In accordance with recognized norms, an open economy is one with an export quota exceeding 30%. However, the indicator can fluctuate between 20-30% when the country has a significant GDP and a strong domestic market. Given this, we can consider the degree of openness of the Chinese economy to foreign markets to be quite high.

Next, we will analyze the commodity structure of China’s exports and imports in 2021 (Fig. 2.8).

The classification of China's foreign trade goods differs somewhat from Ukraine's, but there are several similarities. Product groups are shown in the figure.

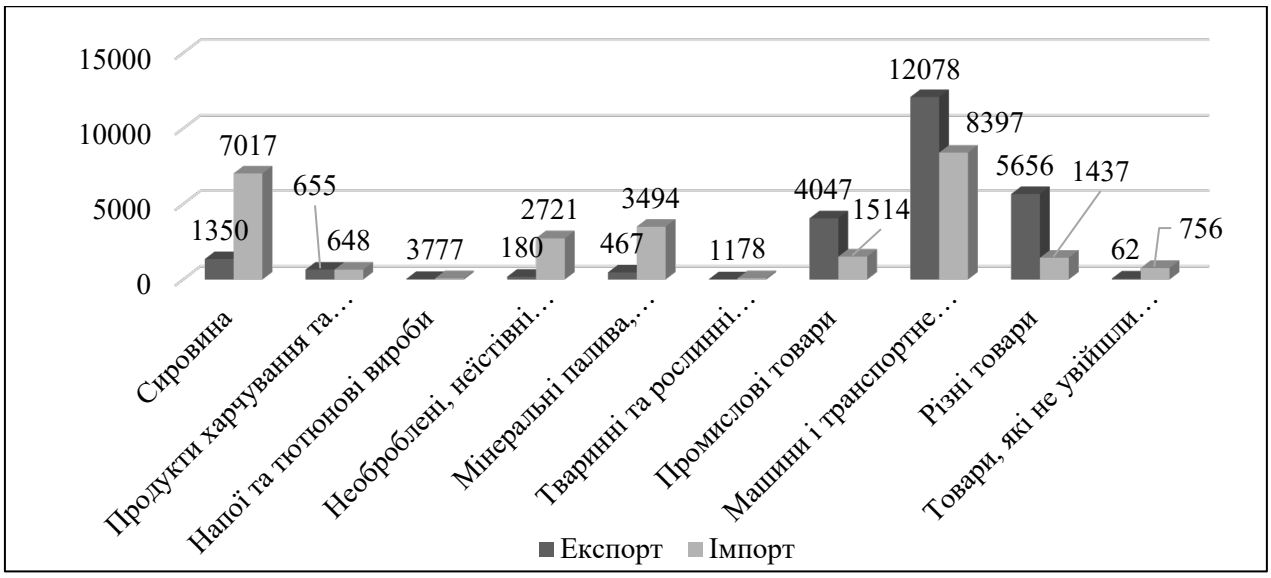

Figure 2.8 – Commodity structure of China's exports and imports in 2021, billion US dollars

Source: compiled by the author on the basis of [132; 5]

So, as we can see, to the greatest extent, China both exports and imports machinery and transport equipment, and the balance is positive, that is, exports prevail over imports. Raw materials occupy a special place, as we can see, their imports are very significant (USD 7,017 billion). Imports of fuel materials are also quite high (approximately USD 3,500 billion). As for imports, goods in the "Miscellaneous" group amount to USD 5,656 billion. USA.

As for China's trade in services (Fig. 2.9), the following trend is observed: during 2014–2021. There is an upward trend in exports and imports of services, however, as in the case of trade in goods, exports prevail over imports, so the foreign trade balance is positive. The volume of trade in services is not as significant as in goods, but there is a positive dynamic, and this, of course, has a positive effect on China's foreign trade in general.

The next interesting indicator for the analysis is foreign direct investment (Fig. 2.10).

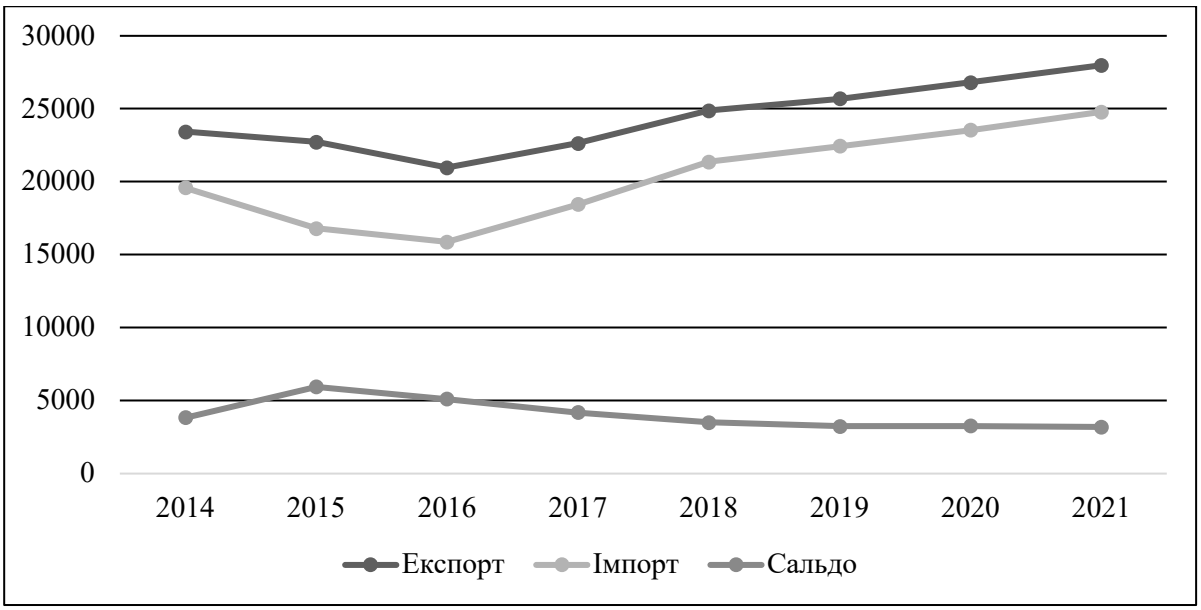

Figure 2.9 – China's foreign trade in services in 2014–2021, billion yuan

Source: compiled by the author on the basis of [132; 28]

As you can see, unlike trade in goods and services, the FDI balance is negative, that is, China attracts more FDI than it invests, that is, it imports. Such dynamics indicates the interest and confidence of investors in the strength and stability of the Chinese economy, because, as we can see, the indicator of FDI into the Chinese economy is growing steadily and in 2021 exceeds 8,000 billion yuan.

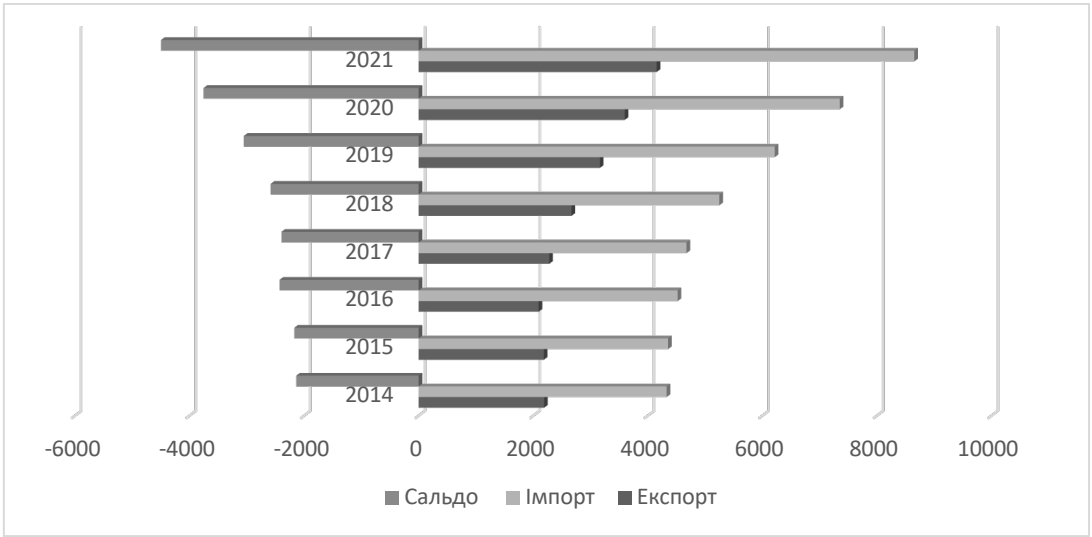

Figure 2.10 – Exports, FDI imports to China in 2014–2021, billion yuan

Source: compiled by the author on the basis of [132]

In 2013, Chinese leader Xi Jinping presented the Belt and Road Initiative. It was aimed at restoring the Silk Road, which connected China with the countries of Asia and Europe and ensured the creation of a "maritime" analog canal of the Silk Road, which would connect the largest ports in Southeast Asia, Europe and Africa [132].

These trade routes were called the "Economic Belt of the Silk Road" and "The Maritime Silk Road of the XXI Century" (Fig. 2.11). Thus, China plans to expand its zone of influence, using Chinese scientific insights and accumulated wealth to create a new center of global attraction and deepen cooperation with more than 60 countries worldwide.

Figure 2.11 – Directions for the development of trade corridors of the "One Belt, One Road" initiative

Compiled by the author based on [160]

In his initiative, the leader of the People's Republic of China considered the need of the Central Asian countries for economic support, which was not limited only to material and diplomatic, but also provided for specific measures. China plans to finance the development of relevant infrastructure and increase trade through these countries. A prerequisite for this is the reform and liberalization of legislation in Asian countries to facilitate the flow of goods, which will enable the implementation of this action plan (Fig. 2.12). Thus, China could reduce its export dependence on the United States, which arose from the trade war and caused damage

not only to the parties to the conflict but also to other countries. It will also allow China to strengthen its position as the leader of Eurasia, attracting all other mainland countries [22]. Export diversification is one of the key tools of the country's mature foreign policy, as it strengthens the state's ties with various partners and minimizes risks in the event of unforeseen or conflict situations.

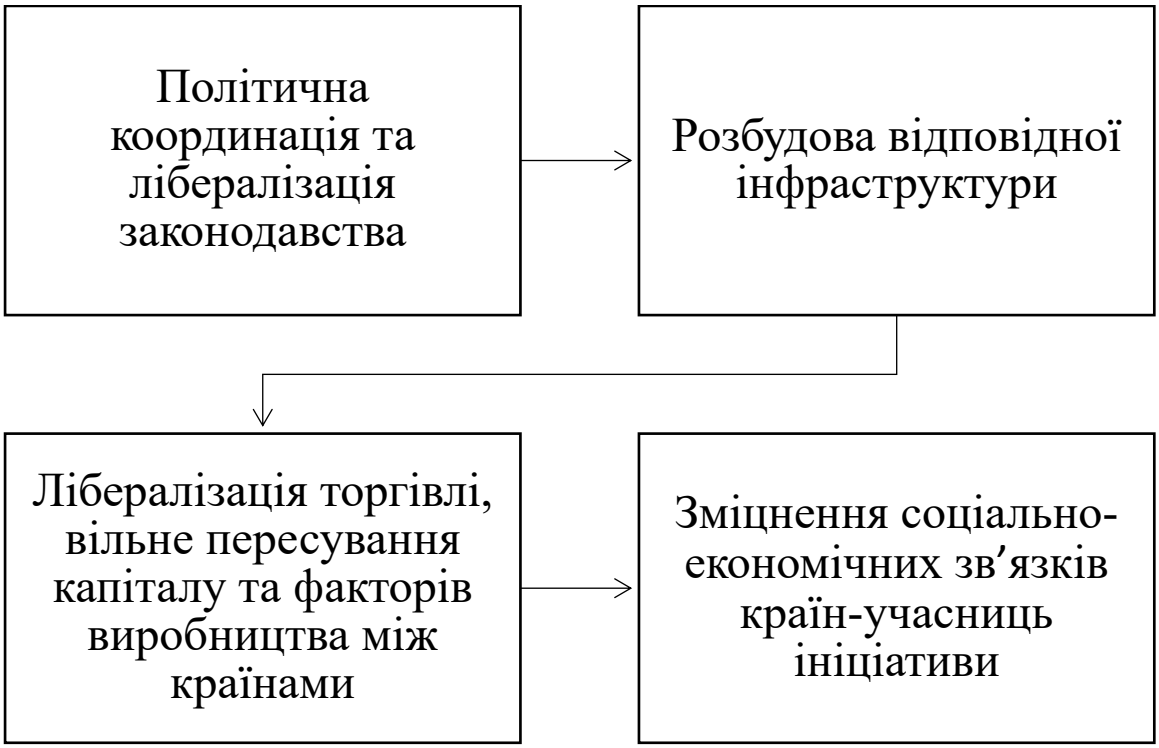

Figure 2.12 – Action Plan within the framework of the "One Belt, One Road" initiative

Source: Compiled by the author based on [160]

More than 100 countries and international organizations expressed their readiness to support the initiative, and almost all participating countries signed a cooperation agreement within its framework. In 2019, India refused to participate in the action plan and the Bangladesh-India-Myanmar-China corridor was excluded from the action plan. Instead, Russia and China have agreed to create another sea route: the Arctic Corridor through the East Siberian Sea, but no real action on this plan has yet been recorded [146].

China's actions indicate that the country is following a path of peaceful engagement with Central Asian underdeveloped countries to freely and peacefully use their territory and resources for production. In addition, the initiative reaffirms China's desire to strengthen the yuan's international role. Being the most dangerous currency in the world does not always guarantee success and stability, and participation in international agreements and the movement of funds from country to country affects the interests of not only China.

In 2014, a fund was created to accumulate resources for the initiative's implementation. It was planned to raise $40 billion to begin construction of key facilities. In total, experts estimate that 30-40 trillion dollars are needed to implement the initiative. [43]. In total, over 4 years, more than UAH 190 billion was spent on construction in the main countries of the plan, and almost USD 82 billion was implemented. total investments in the main pillars of the plan in Asia (Table 2.2). The sources of funds for the initiative are banks, credit unions of various forms of ownership and the government of the People's Republic of China.

Table 2.2 – China's investments under the Belt and Road Initiative by country, 2014–2020

Investment in construction	Amount, billion dollars.	Total investment	Amount, billion dollars.
Islamic Republic of Pakistan	31,9	Singapore	24,3
Nigeria	23,2	Malaysia	14,1
Bangladesh	17,5	Russia	10,4
Indonesia	16,8	Indonesia	9,4
Malaysia	15,8	South Korea	8,1
Egypt	15,3	Israel	7,9
UAE	14,7	Islamic Republic of Pakistan	7,6

Source: Compiled by the author based on [177]

If we analyze the volume of investments by year, the highest figure is for construction investments in 2016 – almost USD 97 billion; the highest total investment figure is in 2015 – USD 34.4 billion – investment trends showed an

upward trend until 2016, then there is a decrease in financing activity (Table 2.3), which is explained by China's existing problems, mainly related to external factors: India's refusal to participate in the project, trade manipulations by the United States, natural disasters in the provinces of China and the East Asian part of the mainland, the pandemic at the end of 2019, which generally paralyzed construction work, etc.

Table 2.3 – China's investments under the Belt and Road Initiative by year, billion US dollars

Year	Construction	Investments
2016	67,6	36,9
2017	77,4	45,3
2018	96,7	34,4
2019	83,3	34
2020	67,2	39,7

Source: compiled by the author on the basis of [177]

The largest part of the costs falls on production and energy facilities, since it is planned not only to build corridors but also to provide countries that cannot independently produce the necessary resources for their populations with electricity from renewable sources. Therefore, the cost of energy facilities requires the lion's share of investments. The PRC's spending structure also includes the development of transport infrastructure (roads and railways, the development of ports or their improvement, which explains the need for metal), construction and acquisition of real estate to ensure the uninterrupted circulation of goods and their storage, if necessary, as well as the cost of obtaining the necessary permits from utilities (Table 2.4). Total construction costs over 5 years exceeded USD 357 billion, and investments in ready-made facilities exceeded USD 140 billion.

It is extremely difficult to find data on the initiative, since the vast majority of participating countries submit statistics with significant delays or do not report them at all, making it difficult to analyze the cost structure and the degree of implementation of agreements between China and the countries. Thus, as China's economic strength grew, the "Great Silk Road" was revived within the framework

of the "One Belt, One Road" initiative, aimed at uniting China with countries of Central and South Asia for further economic cooperation and integration.

Table 2.4 – China's investments under the Belt and Road Initiative during 2014–2020. by items of expenditure, billion US dollars.

Construction		Investments	
Energy facilities	152,4	Energy facilities	71,1
Transport infrastructure	137,7	Metals	26
Real Estate	43,3	Transport infrastructure	18,1
Utility permits and services	13,5	Real estate	15,9
Metals	10,4	Logistics	11,3

Source: compiled by the author based on [177]

This opportunity provides China with new markets, labor, removes harmful industries, confirms its leadership position in the region and the world, strengthens the role of the yuan as an international currency and expands its zone of influence. It is important to note that the initiative has both positive and negative aspects, as the regions of Southeast and Central Asia are quite unstable, which can negatively affect the construction of corridors and undermine their work. However, the benefits of the initiative prevail, as the equalization of economic development in the region has a positive effect on product quality, employment, infrastructure development, improvement of the quality of services, competitiveness of the country in the international market and improvement of the quality of life. Data on the implementation of corridor work and the construction of key facilities indicate China's serious intentions and readiness to implement the initiative regardless of circumstances. China is determined to complete all planned works by 2030 and is ready to confront other powerful countries or international integration associations if necessary.

Having analyzed China's macroeconomic indicators, we can draw the following conclusions: over the past 40 years, China has pursued an open-market policy, thereby shifting the center of business activity from Europe and America to Asia. Although China's economic growth rate has slowed over the past 10 years, it

remains the largest player in the global market, as evidenced by its export and import figures. The calculated export quota, which in 2021 was 20%, proves that China is a liberalized country and open to external cooperation. It should be noted that China's foreign trade is characterized by a positive balance, indicating that exports exceed imports. As for the structure of trade in goods, in recent years it has been dominated by finished goods, with a significant share of intellectual content, indicating an increase in the quality component of Chinese exports overall. Regarding trade in services, exports prevail over imports, as the foreign trade balance is positive.

An equally important indicator characterizing the country's position in the global market is the indicator of attracted and invested investments. Having analyzed the inflows and outflows of FDI, it was concluded that today investors are very interested in investing in the Chinese economy, as imports of investment exceed exports.

Special attention should be paid to China's foreign economic initiatives, among which "One Belt, One Road" is worth noting. This initiative represents the revival of the ancient Silk Road. The interest and investment flows within the framework of this initiative were analyzed and a conclusion was obtained on the power of its potential.

In the following paragraphs of this section, it is planned to analyze China's foreign trade with the EU countries and Ukraine within the framework of the "One Belt, One Road" initiative to determine the prospects or threats of cooperation and the development of foreign economic relations.

2.2 Analysis of China's foreign trade relations with the EU countries

As already noted, China is the main player in the global economy, with its foreign trade volume growing every year. In addition, the center of business activity is also shifting towards the Asian region as a whole. In the previous paragraphs, the large volumes of investments and foreign trade flows within the framework of the

"One Belt, One Road" initiative were noted, and the importance of this initiative for the revival of the ancient Silk Road and the former power of Asian countries was determined.

However, in our opinion, the prospects for China's cooperation with EU countries should not be underestimated, as discussed in this paragraph.

On December 30, 2020, an online meeting between Chinese leader Xi Jinping and EU leaders was held, at which the main points and principles of the Comprehensive Investment Agreement between the European Union and the European Union were defined. China Comprehensive Agreement on Investment [172].

Negotiations on the signing of this agreement lasted 7 years. As a result, China has committed itself to adhering to International Labour Organization (ILO) standards for the protection of workers' rights and to intensifying its activities to combat climate change. The Chinese leader emphasized that this agreement creates transparent conditions for businesses from China to operate in the countries of the European Union. The parties agreed to promulgate laws and regulations governing investment activities.

On the positive side, the European side gets access to the Chinese market, which none of China's partner countries has. For investment activities, China opens up to European countries across financial services, construction, engineering, transport, and tourism. For European investors, the production sphere is of particular interest, to which half of their investment flows. Thanks to the agreement, the legal protection of European investments in China will be strengthened, restrictions on equity and investment volumes will be removed, and conditions for the creation of joint ventures will be simplified, thereby increasing transparency of the Chinese market for European investors.

The following are the main areas to which European investors gain access after signing the agreement (Table 2.5).

Table 2.5 – Areas of China in which European investors are interested

Industry / Field	China's commitment
Automotive industry	Elimination of requirements for the creation of a joint venture
	Access to the automotive market with alternative fuels
Financial Services	Elimination of requirements for the establishment of a joint venture in the banking sector and insurance
Private Medicine	Simplification of requirements for the establishment of private hospitals
Bioresources research	Removal of restrictions for the establishment of a joint venture in the field of bioresources research
Telecommunication technologies	Providing access to the field of "cloud technologies"
	Setting a limit (50% for foreign investors in the field of information technology)
Computer Technology	Providing access to the market of computer services
	China has introduced a so-called "technological neutrality" that could ensure that the equity limits imposed on value-added telecommunications services will not be applied to other types of services (medical, financial, logistics) because they are provided online
International maritime transport	Permission to invest in land-based infrastructure, this will allow EU enterprises to invest in cargo handling, containers, maritime agencies, etc
	Allowing EU companies to provide door-to-door multimodal transport, including domestic international maritime transport
Air transport	China's Opening of Computer Systems for Booking and Marketing Services
	Abolition of requirements for leasing and leasing uncrewed aircraft
Business Services	Abolition of requirements for the creation of a joint venture in the field of real estate transactions, leasing, lease, market research, etc.
Environmental protection	Abolition of requirements for the establishment of joint ventures in the field of wastewater treatment, solid waste removal, air purification, protection of the natural landscape, etc.

Source: compiled by the author on the basis of [18, p. 9]

It should be noted that China has also partially liberalized areas such as mining, energy, agriculture, and fishing for European investors. However, so far he has left the development of the sea shelf, the tobacco industry, and the film industry closed. For its part, the EU has not granted access to Chinese investments in agriculture, fisheries, audiovisual services and some others. Also, Chinese firms will not yet have access to the EU public and public procurement.

Thus, the European Union has opened all areas covered by the General Agreement on Trade in Services (GATS) to China. This fact has already been criticized by experts, because Chinese investors do, in fact, have access to European media, but there are no representatives of European investors among the Chinese media yet.

Thus, as a result of the negotiations, the following goals were achieved:

- simplification of the conditions for the entry of Chinese and European investors in accordance with the opposite parties;
- solving regulatory issues regarding the transparency of licensing and permitting procedures;
- establishing guarantees for investments (for both parties), eliminating illegal discrimination and ensuring smooth transfers of capital and payments that are related to investments;
- ensuring equal conditions, non-discrimination, China's support for its state-owned enterprises, transparency of subsidy policy, prohibition of coercion on technology transfer (this was a significant problem for European investors);
- support for sustainable development, promotion of new environmental and international labor standards;
- creating conditions for the fulfillment of obligations through dispute resolution mechanisms [18, p. 10].

The most interested country in the European Union for signing the agreement is Germany, whose share of total investment by Chinese industries is 40 % (Fig. 2.13).

The most interested countries in China's economy as investors are Germany (40%), France (18.7%), the Netherlands (12.5%), Belgium (4.7%) and Finland (4.1%).

The leading industries of China, in which the largest volumes of European investments are directed, are the automotive industry (41.7 billion US dollars), the production of basic materials (29.2 billion US dollars), the agriculture and food

industry (11.8 billion US dollars), banking and financial services (11.2 billion US dollars) (Fig. 2.14).

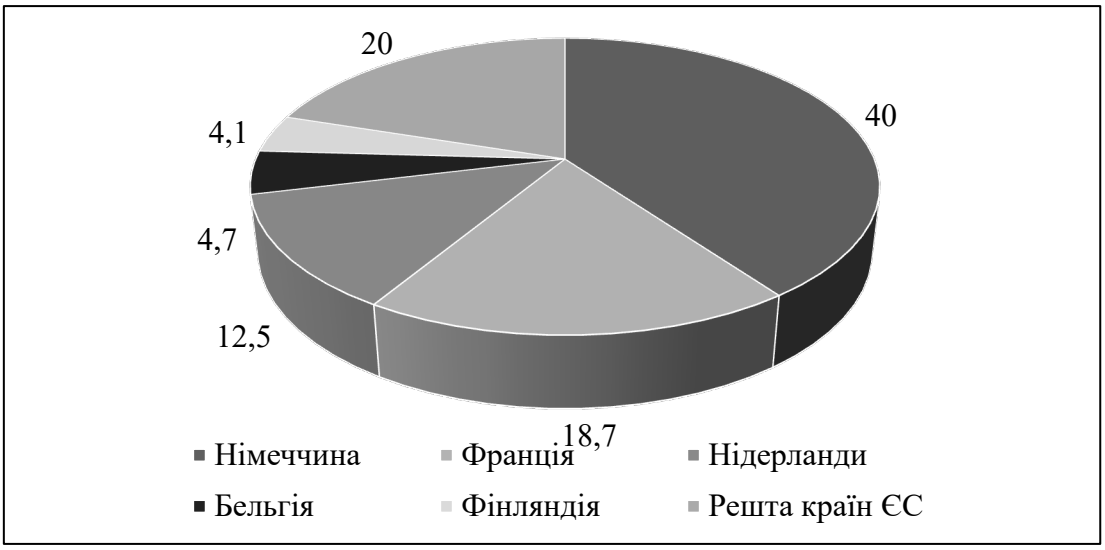

Figure 2.13 – EU countries are the largest exporters of FDI to China's economy in 2020, %

Source: compiled by the author on the basis of [12, p. 16]

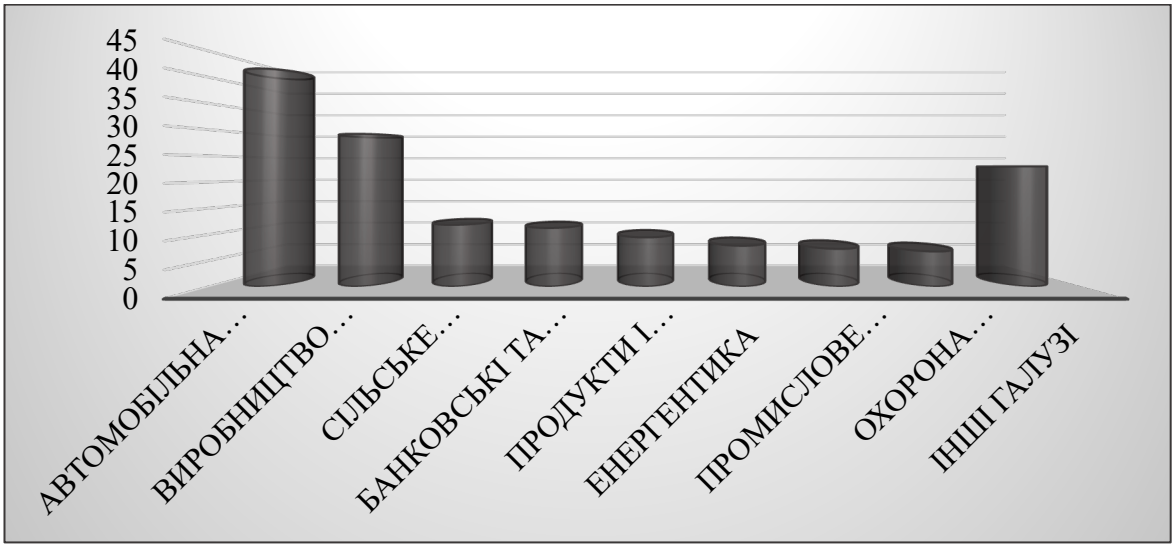

Figure 2.14 – Sectors of the Chinese economy in which the EU countries invested the most in 2020, billion US dollars. USA

Source: compiled by the author on the basis of [12, p. 16]

As already noted, the agreement simplifies China's and the EU's access to each other's markets, but there are still a number of industries where barriers remain. For

example, it is difficult for European investors to enter China's agriculture and services sector. The EU also symmetrically complicates the entry of Chinese investors into its markets, especially France is closed (Fig. 2.15).

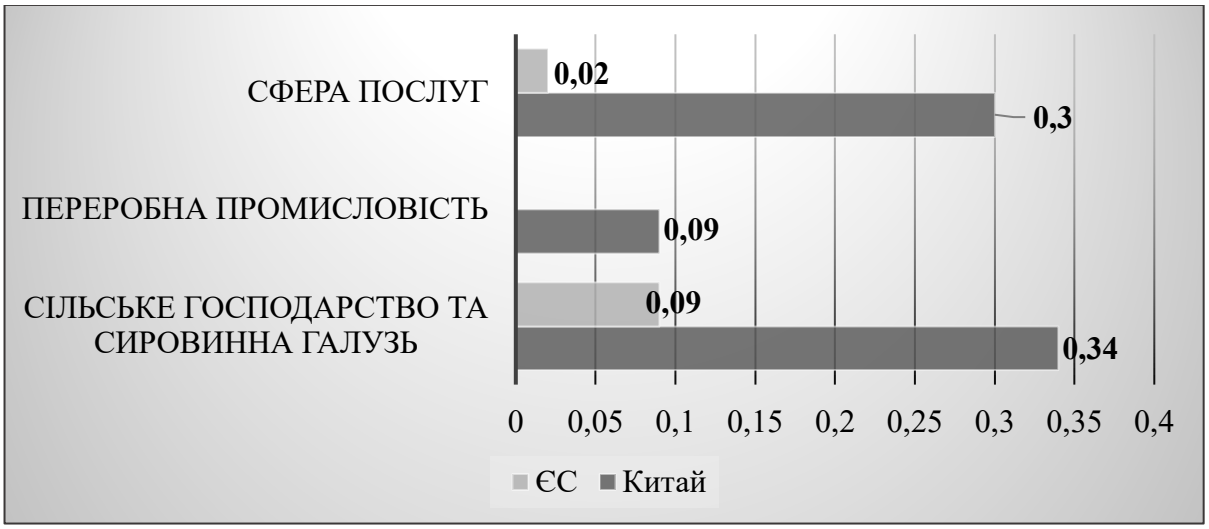

Figure 2.15 – Index of regulatory constraints for FDI in 2020

Source: compiled by the author based on [96]

It should be noted that the Chinese government has formed a list of permits that any seller must obtain to enter the market. It is often used as a secondary barrier, making it difficult for foreign investors to enter the Chinese market. The following are the industries in China and the EU where entry is most difficult (Fig. 2.16, 2.17).

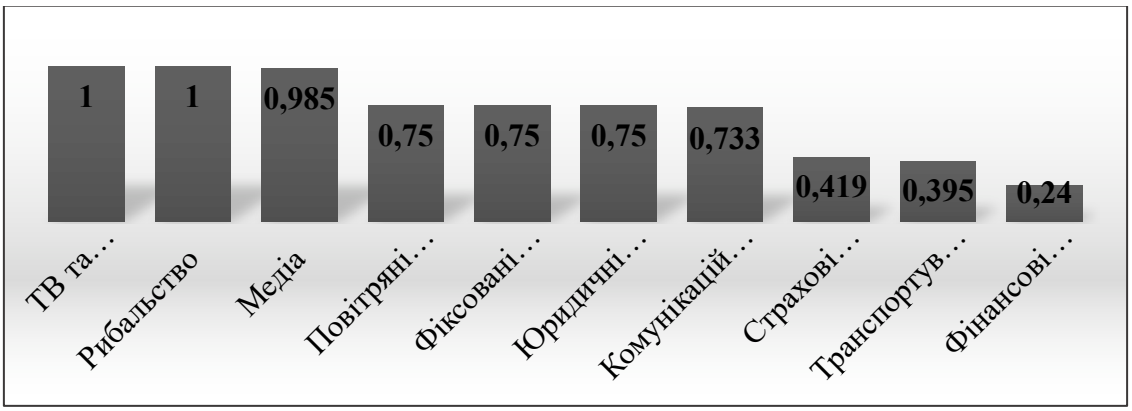

Figure 2.16 – Top 10 Protected Sectors of the Chinese Economy for FDI

Source: compiled by the author on the basis of [96]

The most difficult thing for European investors is to enter the following Chinese markets: TV and radio broadcasting, fishing and media. As for European markets, the most difficult to enter are the air services, fishing and maritime services industries.

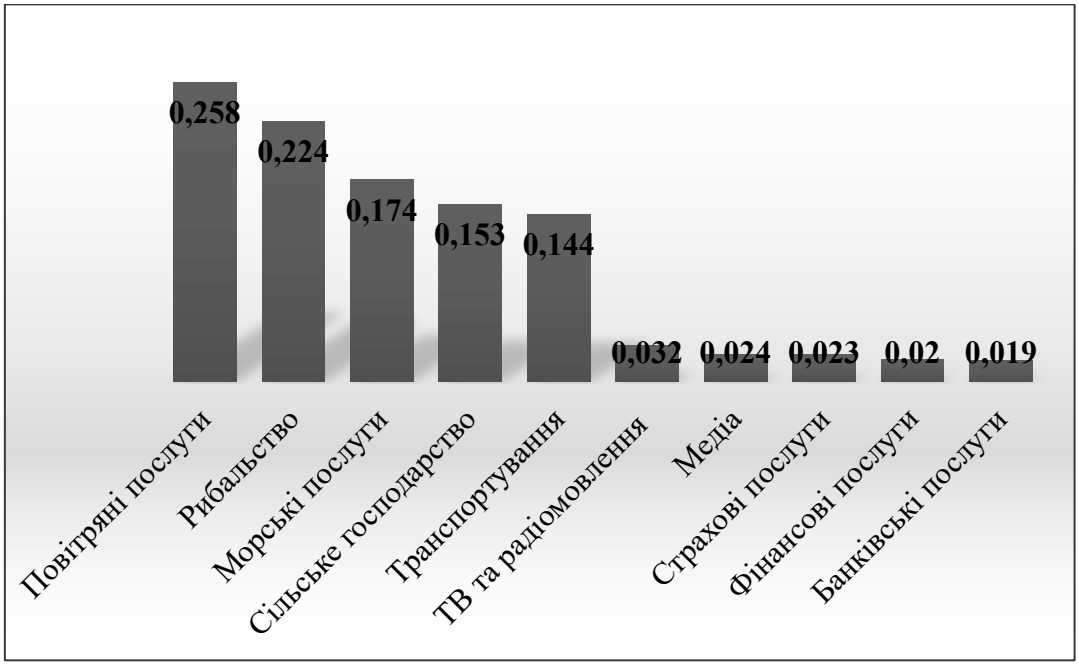

Figure 2.17 – Top 10 Protected Sectors of the European Economy for FDI

Source: compiled by the author on the basis of [96]

Thus, about the EU-China Comprehensive Investment Agreement, the following conclusions can be drawn: this agreement largely liberalizes investment relations between the two parties, particularly by simplifying access or even eliminating barriers to entry into some industries, primarily joint venture creation. However, there are still a number of industries that are defended on both sides. For example, air services, fishing, and maritime services remain protected on the EU side, and TV and radio broadcasting, fishing, and media remain protected on the part of China. Therefore, the agreement will increase investment flows between the EU and the PRC.

Next, we will analyze China's foreign trade in the regional context (Fig. 2.18).

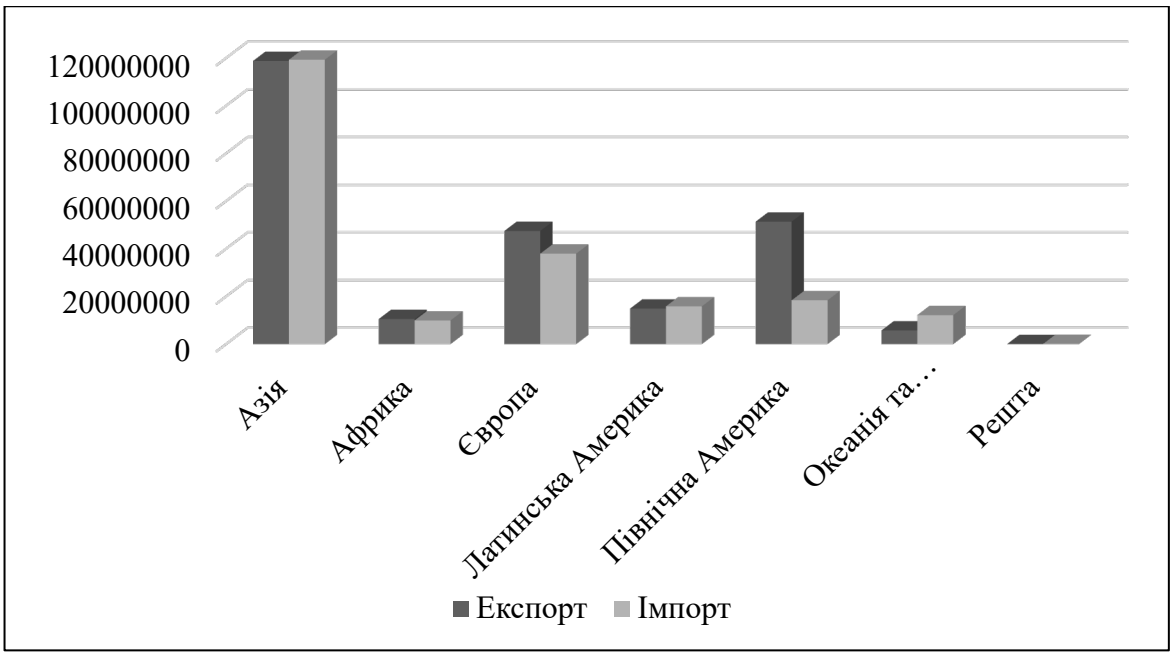

Figure 2.18 – China's foreign trade in 2020, billion rubles USD. USA

Source: compiled by the author on the basis of [132; 32]

As shown in the figure above, European countries rank third in exports, behind Asia and North America.

In terms of imports, European countries rank second for China. In other words, Europe is strategically important to China in foreign trade, so we believe that the "One Belt, One Road" initiative will contribute to even greater growth in bilateral trade flows between China and Europe, particularly through both the land and sea belts.

Since 2001, when China became a member of the WTO, exports of goods from the EU to China began to grow by an average of 10%, and exports of services – by 15%. This has become a significant plus for both consumers and manufacturers. However, as imports from China to the EU also increased significantly, this negatively affected the labor market and the EU consumer market.

As already mentioned, China is the EU's second-largest export market after the United States, but exports to China are somewhat lagging (Fig. 2.19).

As for value added, it should be noted that China's exports have a lower value-added indicator than the EU's, but in recent years the situation has changed somewhat (Fig. 2.20).

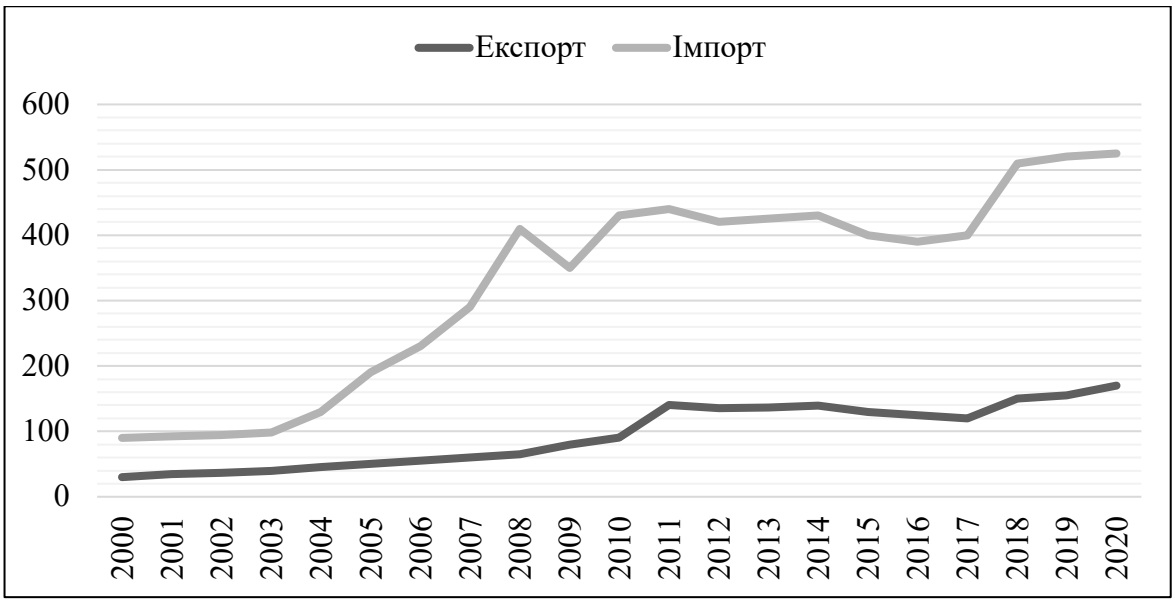

Figure 2.19 – EU-China foreign trade relations in 2020,
USD billion USD

Source: difficult by the author based on [136, p. 6]

Thus, we can see that since 2016, exports of both the EU and China contain approximately 85% of value added, which indicates an increase in China's exports of the knowledge-intensive component.

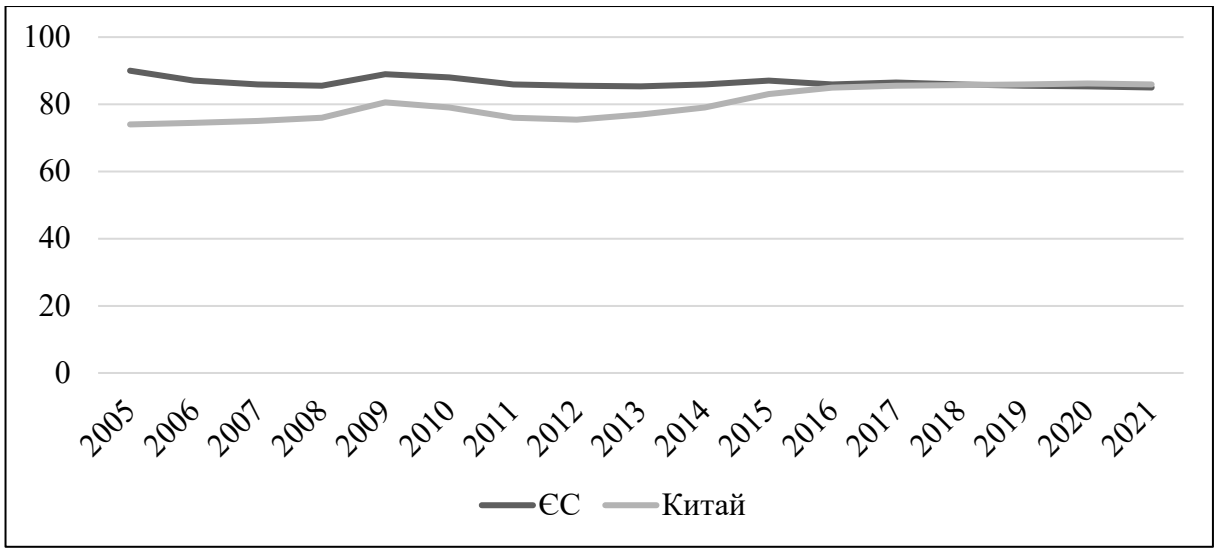

Figure 2.20 – Value added content in exports of China and the EU
in 2005–2021, %

Source: compiled by the author on the basis of [136, p. 7]

China has begun to play a more significant role in global supply chains. This also has a positive effect on trade relations between China and the EU. The COVID-19 pandemic has negatively impacted global trade and supply chains, but recently the situation has changed, and China continues to maintain its leading position. It should also be noted that some of the changes in China's supply chains have affected internal supply chains between EU countries in the context of trade in semi-finished products. There has been a weakening of trade ties between EU member states, while ties with Chinese suppliers of semi-finished products have increased.

When China joined the WTO in 2001, it gained certain advantages, including reduced tariff barriers. In addition, most countries began to apply the national principle of trade to China. However, because China was able to trade almost without hindrance, the EU introduced several protective barriers against it, including anti-dumping measures. The use of anti-dumping instruments against China has increased since its integration into the WTO; And this continued until 2006. Since 2006, there have been only 2 cases. In 2019, the EU initiated several anti-dumping investigations against China, and China, in turn, also used similar measures against the EU. Thus, anti-dumping investigations are a fairly frequent global practice, when a certain country exports goods at much lower prices than the world average.

In 2017, the EU adjusted trade defence instruments, in particular the methodology for calculating dumping margins. This is of fundamental importance, since before that he very often introduced anti-dumping measures against China and other non-market economies. In fact, Chinese companies have earned the trust of European partners. Until 2017, the EU was quite prejudiced against China due to the fact that it does not belong to market economies. It should be noted that the introduction of dumping margin calculation did not significantly affect the EU's attitude towards China; From time to time, anti-dumping procedures are applied, but they have become more transparent, reasonable and different from those imposed against other countries.

As for the "One Belt, One Road" initiative, it is important for both China and the EU to further develop foreign economic relations. In fact, it covers most of Asia,

13 EU countries and countries that are EU neighbors. The initiative is aimed at building transport infrastructure and expanding China's influence. This, of course, will have a positive impact on relations with the EU (bilateral trade benefits will be obtained).

However, there are some assumptions that the initiative may provoke an increase in the debts of some countries to China. For example, Djibouti's debt to China today is 69.5% of GDP, Kyrgyzstan – 22%, Laos (26.3%), Mongolia (27.8%) [136, p. 10]. If all projects under the initiative are implemented, the debt will increase as follows: Djibouti – up to 154.2%, Kyrgyzstan – up to 92.3%, Laos – up to 60.7%, Mongolia – up to 50%.

It should be noted that, in recent years, attitudes towards the "One Belt, One Road" initiative have changed somewhat (Fig. 2.21).

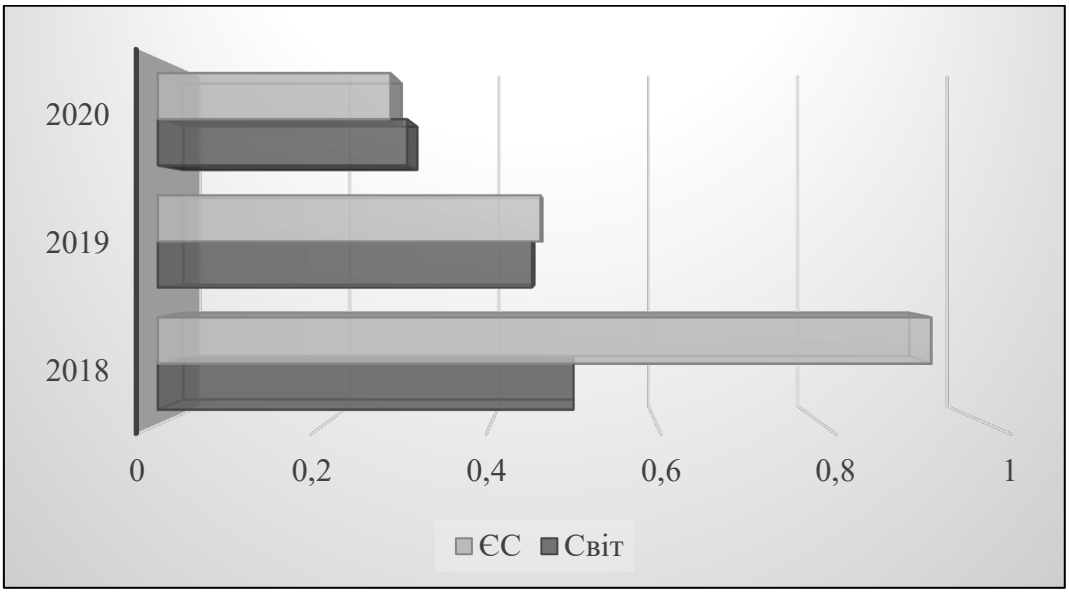

Figure 2.21 – Perception of the Belt and Road Initiative in the world and the EU, %

Source: compiled by the author on the basis of [136, p. 10].

As we can see from the figure, in 2020, the level of positive perception of the "One Belt, One Road" initiative significantly decreased by almost half compared to 2018.

When examining China's relations with the EU, it is worth noting the Chinese social credit system, launched in 2020. The Chinese government sees such an initiative as a modern credit mechanism designed to monitor and control the market.

However, it is necessary to analyze this lending system in more detail. Its transparency is likely to be somewhat limited, which makes it difficult to identify discriminatory measures against foreign companies. In addition, other interests, such as privacy, may not be considered, private and business interests may be quite blurred. In general, such a system of social lending makes it difficult for European companies to do business in China.

As for cybersecurity, China's new rules, introduced in 2019, give the Ministry of Public Security the authority to access the information and data of any foreign companies operating in China, including European ones.

Thanks to China's integration into the WTO, the rest of the world's trust in it has increased significantly. This has given Chinese producers greater confidence, allowing them to expand external cooperation and increase their export capabilities. The share of China's exports to the EU has increased significantly. Thus, in 2020, China's share in the EU's foreign trade was approximately 15%.

Figure 2.22 shows the indicators of foreign trade between the EU and China in 2000–2020.

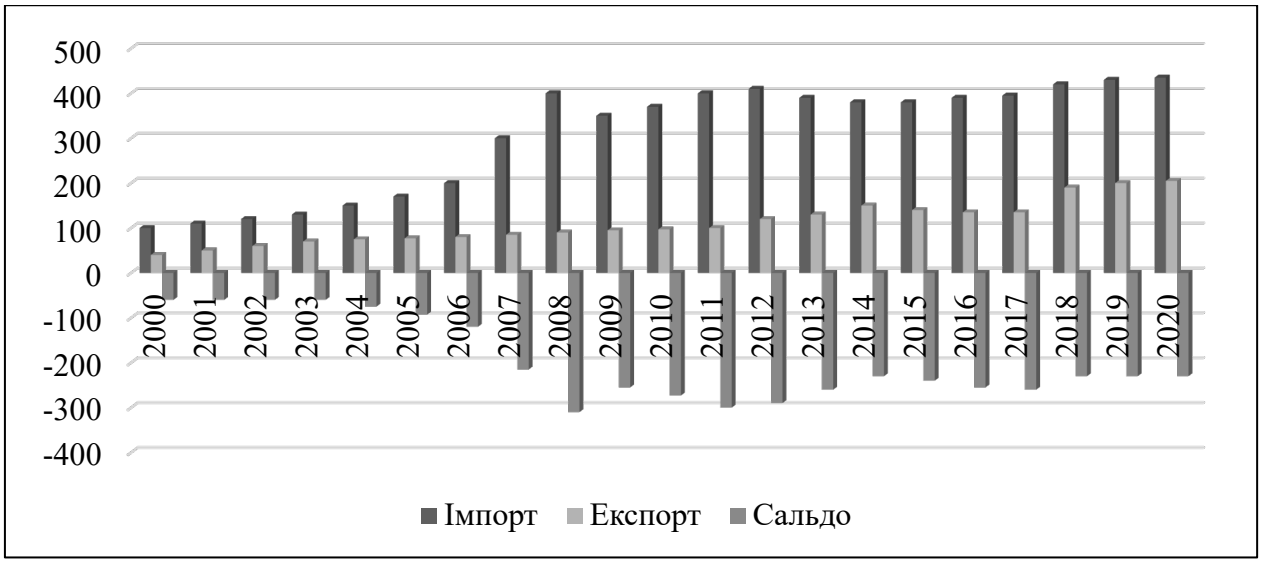

Figure 2.22 – EU-China foreign trade in 2000–2020, USD billion

Source: compiled by the author on the basis of [136, p. 13]

As shown in the figure above, imports from China significantly exceed exports to it, as evidenced by the negative foreign trade balance. In addition, we see that imports continue to grow, as do exports, but this happens proportionally, which is why the balance remains negative.

Figure 2.23 shows the top 10 commodity groups of China's imports to the European Union in 2020.

Figure 2.23 – Top 10 commodity groups of China's imports to the EU in 2020, billion USD USA

Source: compiled by the author on the basis of [95, p. 16]

As you can see from the figure, telecommunications equipment is the leading import category for China to the EU (in 2020, 60 billion US dollars), followed by data processing devices (40 billion US dollars) and baby carriages (almost 20 billion US dollars).

From the above import groups, it can be concluded that China's imports to the EU are characterized by a fairly high content of the knowledge-intensive component.

As already mentioned, China is currently playing a larger role in global food chains. At the same time, the share of intra-EU trade is decreasing, and trade turnover with China is increasing. For the EU, this is of utmost importance because its value chains are considered the strongest [48].

Chains are weakening, especially for semi-finished products imported in significant volumes from China, thereby making European chains more integrated with Chinese ones. However, they are currently quite asymmetrical.

In other words, China imports much smaller volumes of semi-finished products from the EU than it exports to the EU, and this is how the asymmetry is determined. EU countries are more dependent on Chinese imports than China is on EU imports. This should worry the EU, as the share of its exports to the world market is decreasing faster than, for example, those of the United States or Asia, which will provoke future labor-market imbalances and generally have a negative impact on European well-being.

Ultimately, China's transition to producing and exporting more high-tech products has a significant impact on the European Union. Currently, Chinese companies are boldly competing with European ones, but this is a positive for consumers, not manufacturers, as competition intensifies and the playing field for European manufacturers becomes more difficult.

As for foreign trade in services, over the past 20 years China has not paid sufficient attention to them [21].

Lacking a powerful navy, China exported goods by foreign ships. The positive balance was given only by trade in construction services.

As noted, in 2001 China integrated into the WTO and the situation in foreign trade in services has changed significantly. The government eliminated more than 2,300 regulations that contradicted WTO norms.

It was then that regulations were developed and adopted that simplified the access of foreign service providers to the banking, financial, insurance, construction and transport industries. In addition, China has opened access to telecommunications and Internet services [156, p. 53].

Thanks to the measures taken, China moved from the 12th-largest exporter of services to the second largest. As for imports, during 2001-2020 it increased from USD 39.3 billion to USD 467.6 billion. USA. China's share in world imports of services increased to 10 % [51].

At the same time, exports of services increased from USD 31 billion to USD 228.2 billion. The average annual growth rate was approximately 13 % [38].

Traditional types of services (transport, construction and tourism) account for 2/3 of all trade in services in China. In terms of transport and tourism services, China has a stable negative balance, whereas in construction services, it has a positive one.

As for the latest types of services, China has a strong position in telecommunications, computer and information services. As for insurance or the use of intellectual property rights, China's position is somewhat weaker here (Table 2.6).

This circumstance is regarded as a rapid increase in the technical level of China's development.

Currently, services account for almost 15% of China's foreign trade. However, experts believe that this level is insufficient. For example, the shares of other countries look like this: the United States – 28%, Germany – 22%, Japan – 23% [85].

Table 2.6 – China's foreign trade in services in 2020, billion US dollars USA

Types of services	Trading Volume	Export	Imports	Balance
Services, total	695,98	228,19	467,79	–239,60
Transport	130,10	37,12	92,98	–55,86
Tourist	293,71	38,82	254,89	–216,07
Construction	32,50	23,93	8,57	15,36
Insurance	14,46	4,05	10,41	–6,36
Financial	5,31	3,70	1,61	2,09
Telecommunications, Computer and Information	46,96	27,78	19,18	8,60
Payment for the use of intellectual property rights	33,35	4,76	28,59	–23,83
Cultural	3,51	0,76	2,75	–1,99
Repair	8,20	5,93	2,27	3,66
Recycling Services	18,25	18,07	0,18	17,89
Other commercial	104,43	61,56	42,87	18,69
State	34,84	11,49	23,35	–11,86

Source: compiled by the author on the basis of [85]

The Chinese government attaches great importance to improving the service sector, which will enable it to move from a status as a large trading power to a strong one. In 2015, the government proposed "Proposals to accelerate the development of trade in services", which contribute to attracting foreign investment in this sector. The government also proposed an inter-ministerial meeting to coordinate the activities of departments on trade in services.

One of the tasks of this body is to promote the development of trade in new types of services (in the field of culture, animation, medicine, biology, etc.). Also in 2015, an Agreement was signed between mainland China and Hong Kong regarding the opening of 153 types of services to Hong Kong out of 160 on the WTO list [164].

Thus, having analyzed the development of foreign economic relations between China and the EU within the framework of the "One Belt, One Road" initiative, the following conclusions were obtained: public confidence in the initiative decreased slightly during 2018-2020; this is especially true of fears that the external debts of some countries to China may grow due to the active and rapid construction of transport infrastructure (as one of the reasons).

Regarding China-EU foreign trade, the following is summarized: EU countries are more dependent on Chinese imports than vice versa, i.e. the EU's foreign trade balance with China for many items of goods is negative. The main goods imported from China are automobile parts and accessories, electrical circuits, shoes, clothing, furniture and their parts, household goods, electrical equipment, baby carriages, data processing appliances, and telecommunication equipment.

In foreign trade in services, China has a slightly weaker position, since, according to estimates, it accounts for about 15% of exports, while in the exports of developed countries services account for 20-30%. The basis of the export of services is construction, tourism and transport services. Therefore, this area still has significant development potential.

It is also determined that over the past few years, the share of the knowledge-intensive component in China's exports has increased significantly and is equal to about 85% (this indicator is also typical for the export of EU countries), i.e. in

China's exports, the emphasis is shifting from semi-finished products and goods with a low share of processing to medium- and high-tech ones.

Also, as a result of the analysis, it was determined that after China's accession to the WTO (2001), the attitude of the world community to it, and in particular the European Union, has changed significantly: the number of anti-dumping investigations and tariff bans has decreased, which has also become a kind of driver for the development of China's foreign trade.

Regarding the development of foreign economic relations in the investment sphere, the following conclusions were obtained: the signing of the Comprehensive Investment Agreement between the European Union and the People's Republic of China (China Comprehensive Agreement on Investment) liberalized investment relations and opened access for both parties to the Agreement to a number of industries that were previously closed to foreign investors. China has simplified the procedure for creating joint ventures in the following areas: automotive, financial services, private medicine, bioresources research, telecommunications technology, computer technology and international maritime transport.

Thus, the analysis of foreign trade and investment relations between China and the EU countries allows us to conclude that cooperation within the framework of the "One Belt, One Road" initiative is beneficial for both sides, already demonstrates objectively positive results and still has potential for development (for example, the development of the service sector).

2.3 Assessment of China's foreign economic relations with Ukraine

The development of partnership relations between Ukraine and China began in Soviet times. During the period of economic reform, Ukraine made a significant contribution to China's development, particularly in metallurgy, agriculture, and mechanical engineering. Many Ukrainian specialists were sent to China at that time to exchange experience.

After Ukraine gained independence, China was one of the first countries to recognize its legitimacy and established diplomatic relations with it in 1992.

For 30 years, there have been no conflicts of interest or significant economic or political disputes between Ukraine and China [42].

Ukraine also joined the Belt and Road Initiative [11].

The Declaration on Strategic Partnership between Ukraine and China was signed in 2011. This, of course, was a landmark event for both countries. In addition, the "One Belt, One Road" initiative, proposed by the Chinese leader in 2013, also contributed to the deepening and strengthening of foreign economic relations between China and Ukraine.

Ukraine's geographic location in the center of Europe obliges it to participate in the economic belt of the Silk Road. Currently, countries continue to develop cooperation in high-tech industries, which began in Soviet times, and China is also Ukraine's second-largest trading partner after the EU [35].

Ukraine has a significant competitive advantage in engine production, enabling it to serve as an active supplier of vehicles for the "One Belt, One Road" initiative and to serve as a transit country for trains from China to Europe.

Despite the fact that Ukraine has a strong potential for implementation within the framework of the Belt and Road Initiative, it also has a number of internal structural problems that arose at the very beginning, when Ukraine received the status of a sovereign state, as well as problems that arose due to the military conflict in the east of the country.

Certain economic problems are also evident in the dynamics of Ukraine's GDP (Fig. 2.24).

During 2010-2013, there were positive trends in the economy of Ukraine, which were confirmed by GDP growth, however, due to the above-mentioned circumstances, in 2014 Ukraine's GDP significantly decreased from USD 190,332.1 to USD 99,176.7 million. That is, the fall in a year almost doubled. The decline occurs before 2015, and in 2016 there is an increase in GDP, but so far the level of GDP that was in 2010 has not been reached.

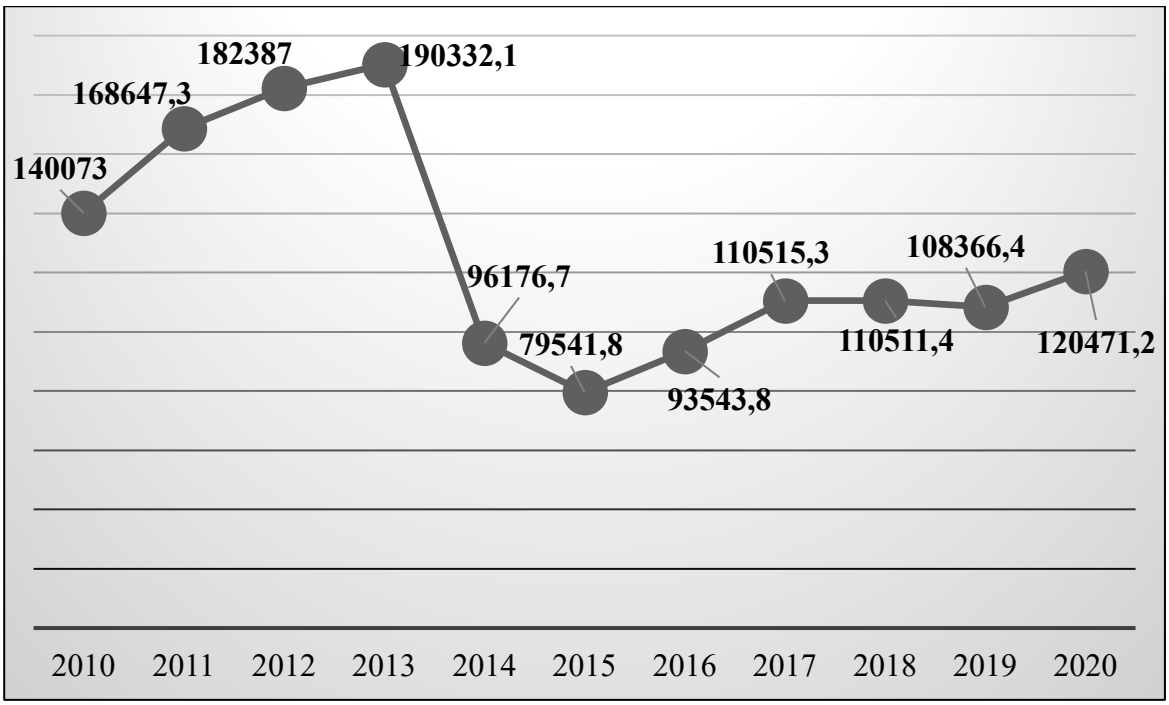

Figure 2.24 – Dynamics of Ukraine's GDP in 2010–2020, million dollars USA

Source: compiled by the author on the basis of [10]

Despite the structural problems in Ukraine's economy, it has the potential and objective opportunity to improve its macroeconomic situation through inclusive participation in the Belt and Road Initiative.

First of all, the government of Ukraine is interested in such areas as logistics, cargo transportation, standardization and technical support. Thanks to Chinese investments, Ukraine also has the opportunity to modernize its own infrastructure.

Ukraine's close ties and cooperation with China can also be assessed by analyzing economic indicators, in particular, the figure below presents the import of Chinese goods to Ukraine (Fig. 2.25).

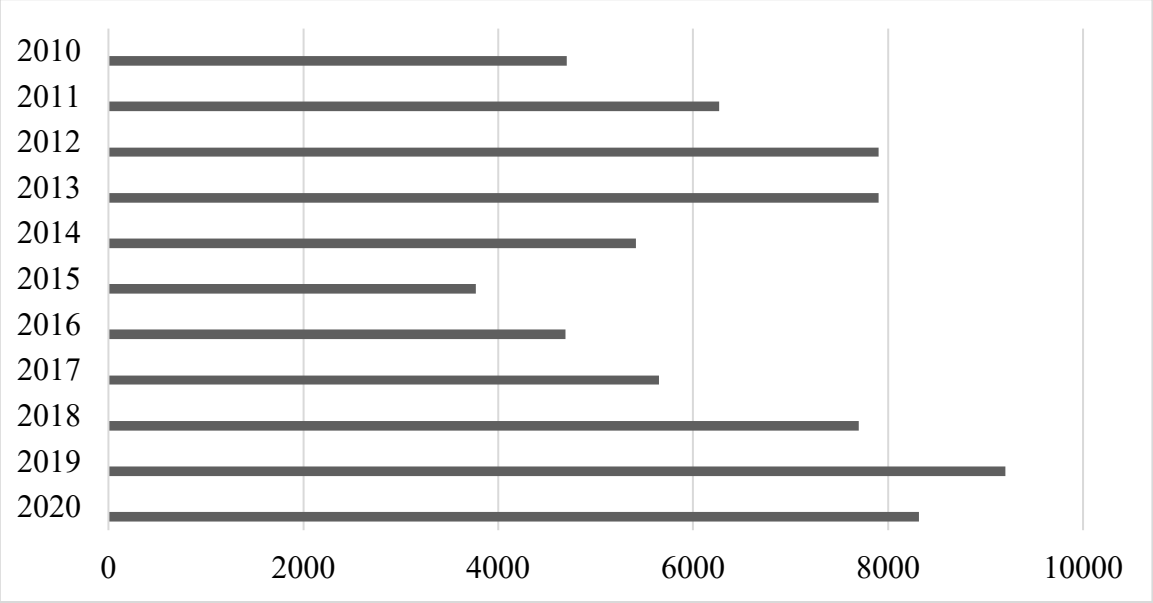

Figure 2.25 – China's imports to Ukraine in 2010–2020, million dollars USA

Source: compiled by the author on the basis of [10; 24]

As we can see, during 2010-2013, China's imports to Ukraine steadily increased, reaching USD 7,900.75 million in 2013. USA. Due to objective reasons related to the hostilities in eastern Ukraine, China's imports have been decreasing, and only since 2016 have they begun to grow again. We also see that in 2020 there was a slight decrease: from USD 9,204.8 million. in 2019 to USD 8,318.43 million. USA in 2020.

Next, we propose comparing the dynamics of China's imports to Ukraine and Ukraine's imports from China (Fig. 2.26).

As you can see, China's imports to Ukraine are much larger (digital data have already been analyzed), and they are also characterized by clear volatility. As for Ukraine's imports to China, it is smaller and has been showing little growth momentum since 2016.

The following is the presentation of Ukraine's foreign trade with China as a whole (Fig. 2.27).

As you can see, the balance of Ukraine's foreign trade with China is negative, because imports significantly prevail over exports. However, there is a positive trend: in 2020, exports lag slightly behind imports, so the balance is declining.

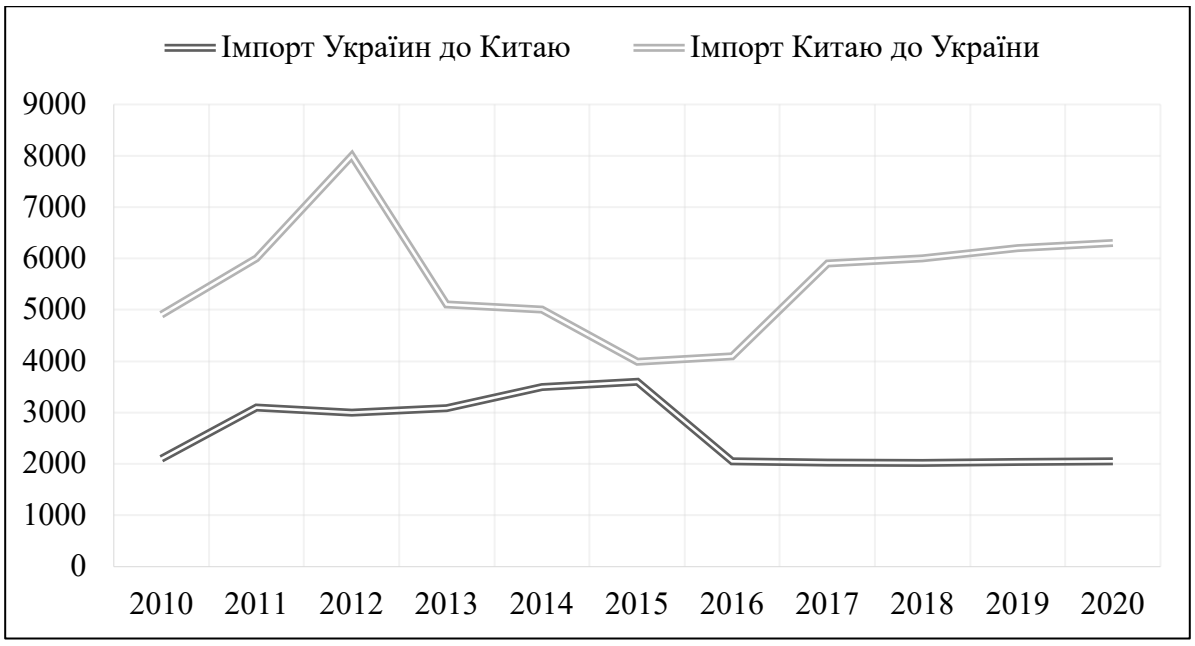

Figure 2.26 – Dynamics of China's imports to Ukraine and Ukraine to China in 2020–2020, million US dollars

Source: compiled by the author based on [10]

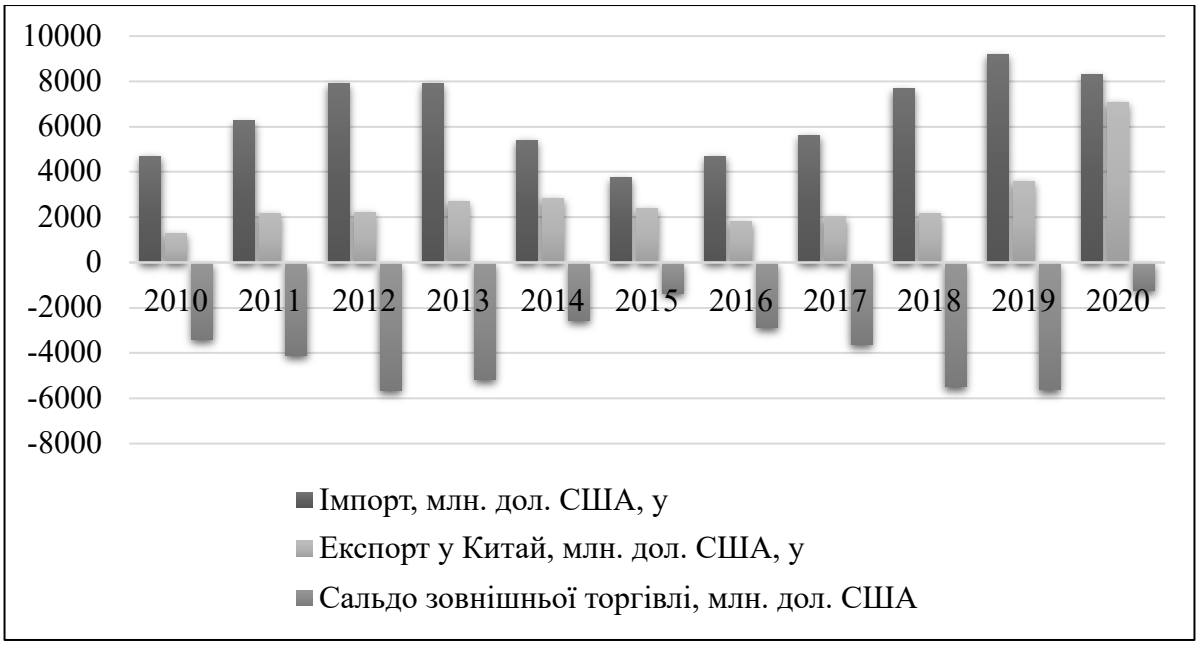

Figure 2.27 – Ukraine's foreign trade with China in 2010–2020, USD million USD

Source: compiled by the author on the basis of [10; 8; 13]

During the analysis of China's foreign trade with the EU countries, attention was focused on its qualitative component, i.e. on the share of the knowledge-

intensive component in goods that are the subject of foreign trade. In this case, it is also necessary to analyze the commodity structure of foreign trade (Fig. 2.28).

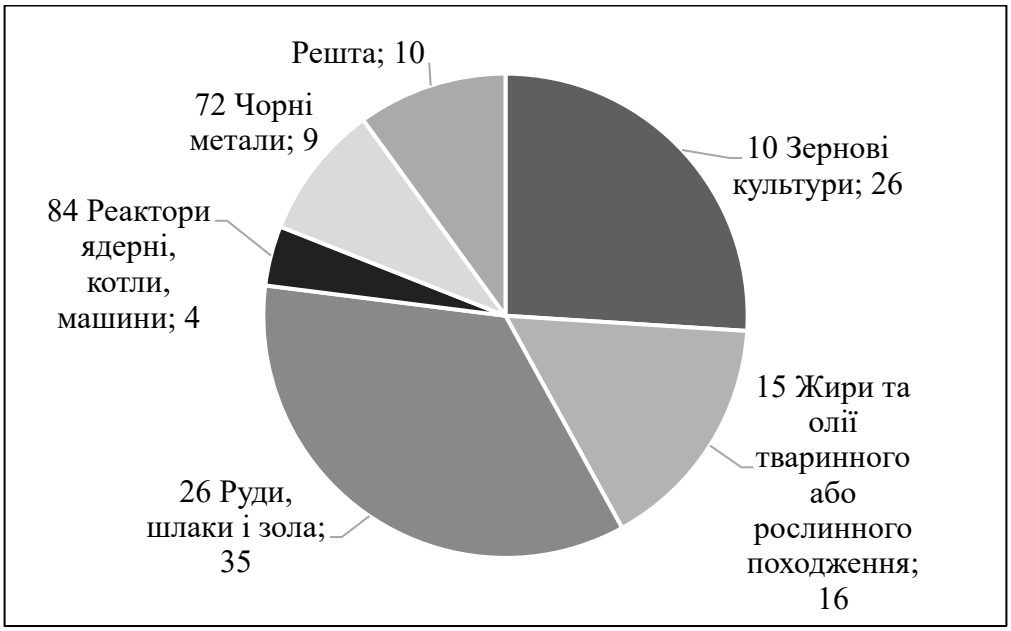

Figure 2.28 – Commodity structure of Ukraine's exports to China in 2020, %

Source: compiled by the author on the basis of [10; 31]

As shown in the figure, China is interested in Ukraine's commodity groups with a low processing share. 42% of Ukraine's exports to China are agricultural products (USD 1,853.8 million – grain crops; USD 1,100.6 million – fats and oils of animal or vegetable origin); 44% – products of the metallurgical complex (USD 2,503.3 million – ores, slags and ash; USD 608.2 million – ferrous metals).

In the early 2000s, such an export structure was typical for China itself, however, thanks to a balanced state policy, the structure of China's exports has now changed significantly.

The following is the commodity structure of imports from China to Ukraine (Fig. 2.29).

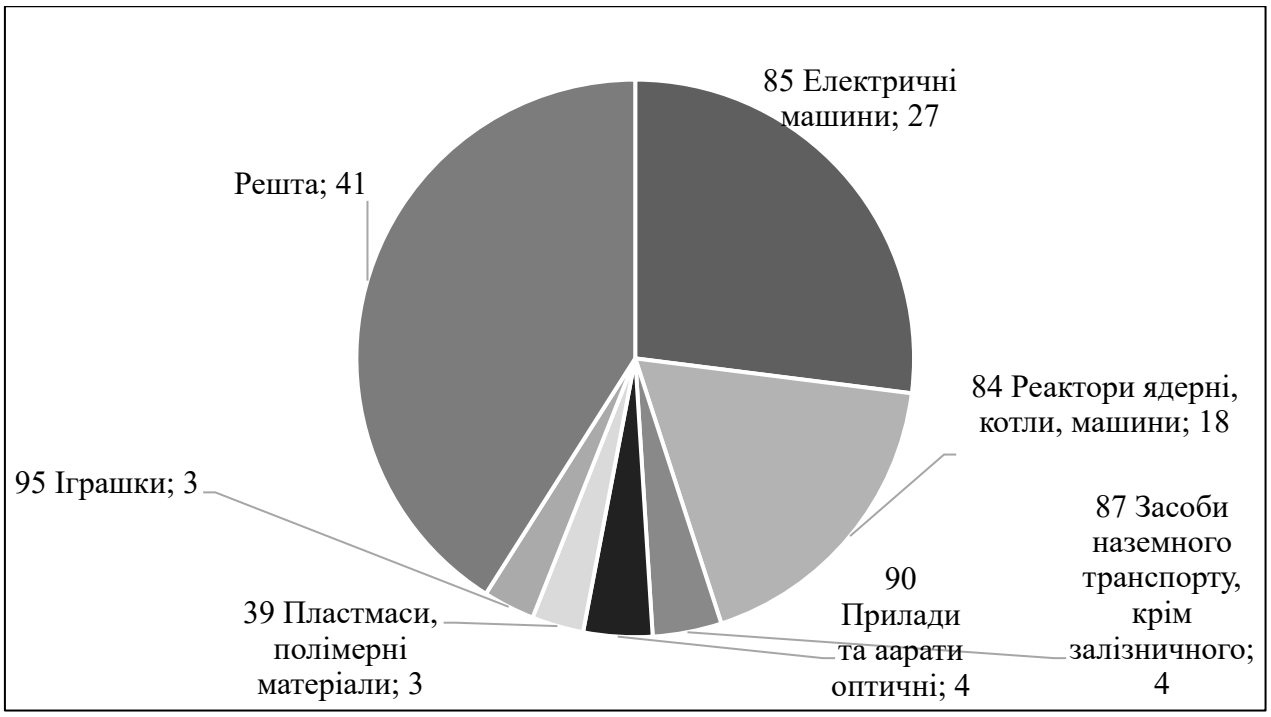

Figure 2.29 – Commodity structure of imports from China to Ukraine in 2020, %

Source: compiled by the author on the basis of [10; 132]

The commodity structure of China's imports to Ukraine is more diversified, 53% is machine-building products, 3% are chemical products, and the rest are consumer goods.

As for China's imports to Ukraine, such a structure also poses certain threats to our country. To analyze the structure of foreign trade between China and Ukraine, the UN Classification by Broad Economic Categories was used [130].

The goods presented in this Classification are divided into 7 groups. Each group is divided into categories according to the degree of processing, term and form of use. So, goods are divided into: food products and drinks; industrial (non-food) raw materials; fuel and fuel oil; machinery, equipment and parts thereto, except for vehicles; vehicles, their parts; consumer goods; goods not included in these groups [7, p. 89].

The structure of Ukraine's exports to China in accordance with the UN Classifier of Goods by Enlarged Economic Groupings is shown in Fig. 2.30.

Figure 2.30 – Structure of Ukraine's exports to China according to the UN Classifier of Goods by Enlarged Economic Groupings, %

Source: compiled and calculated by the author based on [10; 132; 130]

According to calculations, the basis of Ukraine's exports to China are intermediate goods. In 2020, their share was 96.8%.

Further, according to the same principle, we will analyze the structure of imports from China to Ukraine (Fig. 2.31).

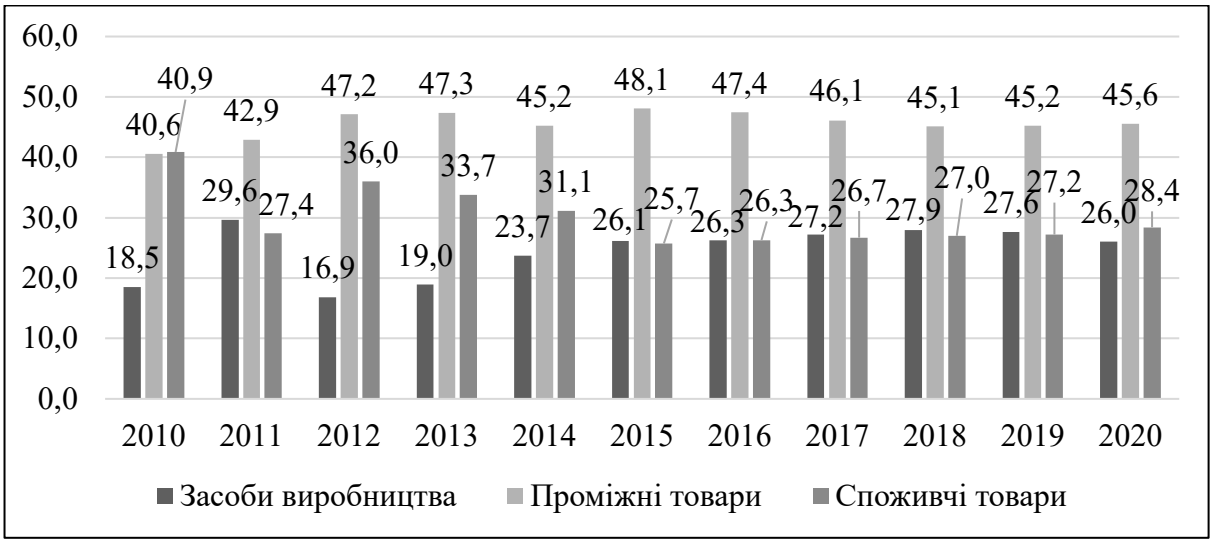

Figure 2.31 – Structure of imports from China to Ukraine according to the UN Classification of Goods by Enlarged Economic Groupings, %

Source: compiled and calculated by the author on the basis of [118; 103; 7]

The structure of Chinese imports to Ukraine differs somewhat. Intermediate goods make up about half, and the other half is divided between the means of production and consumer goods.

Thus, at this stage of the analysis, we can draw intermediate conclusions about Ukraine's foreign trade with China: it has a distorted character, with a pronounced prevalence of intermediate goods in the structure of Ukraine's exports. Regarding imports from China, its structure is more diversified, with a greater share of medium- and high-tech goods.

To determine the share of high-tech products in the trade turnover between Ukraine and China, we propose to decompose the trade portfolio and highlight groups of goods that belong to high-tech. For this purpose, the UCGFEA and the OECD methodology will be used (Table 2.7).

Table 2.7 – Classification of industries by the level of technological capacity (OECD methodology)

Technological capacity level	Share of industry R&D expenditures in output; %	Industry
High	More than 5	Aerospace, Electronic, Production of Computers and Office Equipment, Pharmaceuticals
Above average	3 - 4,9	Automotive, chemical, production of optical and precision instruments, electrical and non-electric machines, other vehicles
Below average	1 - 2,9	Shipbuilding, fuel, ferrous and non-ferrous metals, metal products, production of rubber and plastic products, mineral products
Low	Less than 0.9	Lightweight, woodworking, pulp and paper, furniture, food

Source: compiled by the author on the basis of [27]

Having analyzed the commodity structure of Ukraine's foreign trade with China on the basis of the Ukrainian Classification of Foreign Economic Activity and the above-mentioned OECD classification, the following results were obtained (Fig. 2.32):

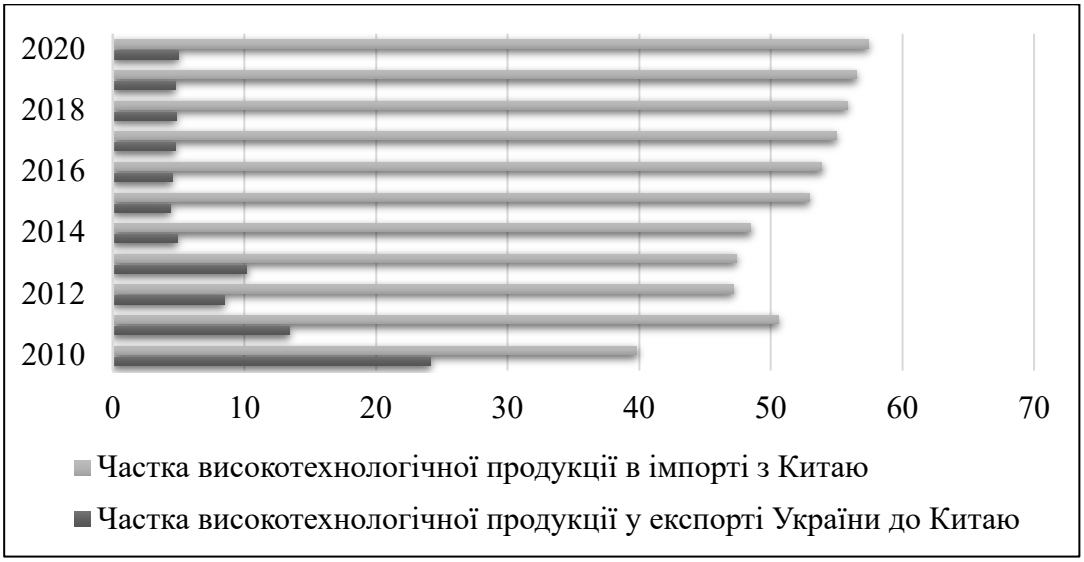

Figure 2.32 – Share of high-tech products in Ukraine's foreign trade with China, %

Source: compiled by the author on the basis of [10; 27]

In 2020, almost 60% of imports from China are high-tech products. As for Ukraine's exports to China, the share of high-tech products is about 5%. Therefore, this is another proof that in terms of the technological component, Ukraine remains an exporter mainly of raw materials with low added value and an importer of products that have a sufficiently high share of the technological component. For the most part, these are consumer products with a complete processing cycle and high added value.

For a deeper understanding of the peculiarities of Ukraine's foreign trade with China, we will calculate the Revealed Comparative Advantage Index [141]. This indicator makes it possible to assess the specialization of a country in the production of a certain product. This index is calculated as follows:

$$RCAij = (x_{ij} / X_j) / (x_{iw} / X_w), \quad (2.2)$$

where j is the exporting country; w is a group of countries between which trade is analyzed; i – goods; x is the volume of goods; X is the total volume of exports of a particular country.

The index takes values in the range [0; ∞]. If the index value fluctuates in the range [0; 1], then the country's ispecialization in the production of goods is insufficient; If the index exceeds 1, then the country has a comparative advantage and specializes in the production of *the first* product.

Comparative analysis of trade enables us to identify the specialization similarities of countries with foreign trade relations. If the comparative advantage indices for similar goods coincide, then it makes no sense for countries to trade these goods further [7, p. 56].

Using the formula, we will calculate the Comparative Advantage Index (RCA) for the main groups of goods in Ukraine's trade with China. According to calculations, China has the following indicators:

RCA = 3.06 – shoes, hats, umbrellas;

RCA = 2.93 – miscellaneous goods and products;

RCA = 2.52 – textiles and textile products.

As for Ukraine, its indices look like this:

RCA = 16.42 - fats and oils;

RCA = 7.59 – plant products.

The analysis of 97 commodity groups of foreign trade of Ukraine and China according to the above methodology gave the following results (Table 2.8):

From the calculations, we can see that both countries have competitive advantages in most product groups, since their RCA indices exceed 1. Ukraine has a higher average RCA of 1.7, but this was achieved through export concentration and, therefore, a competitive advantage in several product groups: grain crops, crop products, and ferrous metallurgy. A full analysis identified only 25 commodity groups in Ukraine's exports with a comparative advantage.

In turn, China's exports are more diversified, with an average RCA of 1.26 (lower than Ukraine's), but its producers have competitive advantages in 43 commodity items.

Table 2.8 – RCA indices of Ukraine and China in 2020, %

Product code according to the Ukrainian Classification of Foreign Economic Activity	Ukraine	China
01–05	1,1	0,39
06–14	7,59	0,35
15	16,42	0,06
16–24	2	0,38
25–27	0,64	0,11
28–38	0,61	0,51
39–40	0,25	0,86
41–43	0,42	2,16
44–46	3,67	0,88
47–49	1,09	0,67
50–63	0,35	2,52
64–67	0,4	3,06
68–70	0,81	2,26
71	0,06	0,34
72–83	3,72	1,16
84–85	0,4	1,63
86–89	0,16	0,42
90–92	0,11	0,97
93	0	0,07
94–96	0,59	2,93
97	0,17	0,07

Source: calculated by the author based on [10; 132]

It should also be noted that Ukrainian exports have an advantage over Chinese ones in terms of the following groups of goods: grain crops; fats and oils; ferrous metals; ores and slags; and ash. It should be noted that according to the calculated RCA level, the following product groups have high comparative advantages: 28, 84.85 (which, according to the classifier, belong to high-tech). This, accordingly, contradicts the thesis that Ukraine's exports consist solely of raw materials (Fig. 2.33).

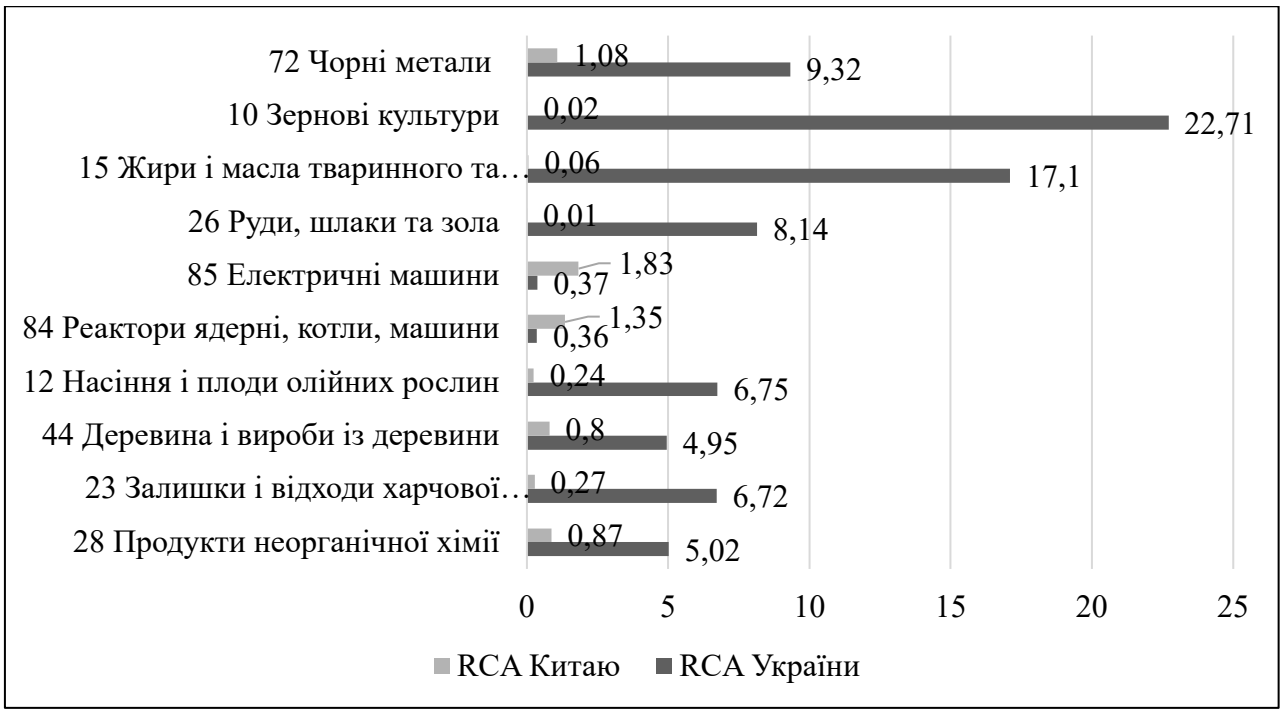

Figure 2.33 – Comparative characteristics of RCA of Ukraine and China in 2020, %

Source: calculated by the author based on [10; 132]

As for the RCA analysis, it is worth drawing the following conclusions: this technique enables determination not only of quantitative characteristics of foreign trade but also of its qualitative ones. In particular, thanks to these calculations, we are able to assert that Ukrainian exports are not only raw materials, they are also characterized by the content of the technological component, but in quantitative terms this component is much less than in China's exports.

Further, using correlation and regression analysis, we will determine the factors influencing Ukraine's exports of goods to China, and, with linear regression, we will calculate *the results*. The calculations will be carried out in Microsoft Excel.

Let's assume that factors such as FDI from China (x1), employment (x2) and GDP (x3) can affect the resulting indicator, in particular the export of Ukrainian goods to China (*y*). The following are the data for analysis (Table 2.9).

Table 2.9 – Analytical material for building a linear regression model

Year	Exports to China, USD million The United States, in	FDI from China, USD million USA, x1	Employment, thousand people, x_2	GDP, million dollars USA, x3
2010	1 316,55	11,8	15 382,1	140 073
2011	2 180,03	12,7	15 432,8	168 647,3
2012	2 259,5	14,8	15 550,2	182 387
2013	2 726,68	18,2	15 702,1	190 332,1
2014	2 854,1	25,5	15 804,3	96 176,7
2015	2 399,08	26	15 920,7	79 541,8
2016	1 832,52	24	16 031,2	93 543,8
2017	2 039,33	25,8	16 156,4	110 515,3
2018	2 200,15	28,5	16 360,9	110 511,4
2019	3 593,09	32,1	16 884	108 366,4
2020	7 099,95	33,2	17 896	120 471,2

Source*:* compiled by the author on the basis of [10]

Before building an econometric model using the "COREL" function in Microsoft Excel, let's determine the closest relationship between the dependent variable *y and* the independent variables *x1, x2, x3*.

The results of the correlation analysis are presented in the table below as a matrix (Table 2.10).

Table 2.10 – Matrix of correlation analysis of the level of mutual influence of variables *y* and *x1, x2, x3*

	A M S	x1	x2	x3
A M S		0,61373149	0,87963014	-0,0861462
x1			0,84853917	-0,692039
x2				-0,692039
x3				

Source: calculated by the author using Microsoft Excel software

In Table. 2.10 are grayed out the positions where the bond density is 1 because they are the intersections of columns and rows. These data are not representative and are therefore highlighted in color. For further research, the x2 factor is of particular interest, as the relationship with the resulting variable has a density of 0.88, indicating the impact of changes in Ukraine's employment on the volume of its

exports to China. As for other factors, they are excluded from further analysis due to an insignificant coefficient modulus, which indicates their insignificance.

Therefore, since the linear regression equation is as follows:

$$y = b0 + b1*x1 + ... bn*x_n, \quad (2.3)$$

For further calculations, it is necessary to determine the coefficients = *B0* and *B1*.

These coefficients are calculated using the "LINEANE" function in Microsoft Excel. The results are presented in the table below.

Table 2.11 – Calculated coefficients for the linear regression model

b1	b0
1,84591537	–26949,895
0,33272505	5362,62252

Source: calculated by the author using Microsoft Excel software

Further, substituting the coefficients into the equation, we can obtain the calculated value of the dependent variable *y*.

Table 2.12 – Linear regression results

Year	Exports to China, USD million The United States, in	Employment, thousand tons axles, x2	*in* estimated, million US dollars. US dollars
2010	1 316,55	15 382,1	1 444,160042
2011	2 180,03	15 432,8	1 537,747952
2012	2 259,5	15 550,2	1 754,458416
2013	2 726,68	15 702,1	2 034,852961
2014	2 854,1	15 804,3	2 223,505512
2015	2 399,08	15 920,7	2 438,370061
2016	1 832,52	16 031,2	2 642,343709
2017	2 039,33	16 156,4	2 873,452313
2018	2 200,15	16 360,9	3 250,942007
2019	3 593,09	16 884	4 216,540337
2020	7 099,95	17 896	6 084,606691

Source: calculated by the author using Microsoft Excel software

To check the adequacy of the model, we will plot the input values *in* and obtained as a result of calculations *in calculations*. on graphs (Fig. 2.34).

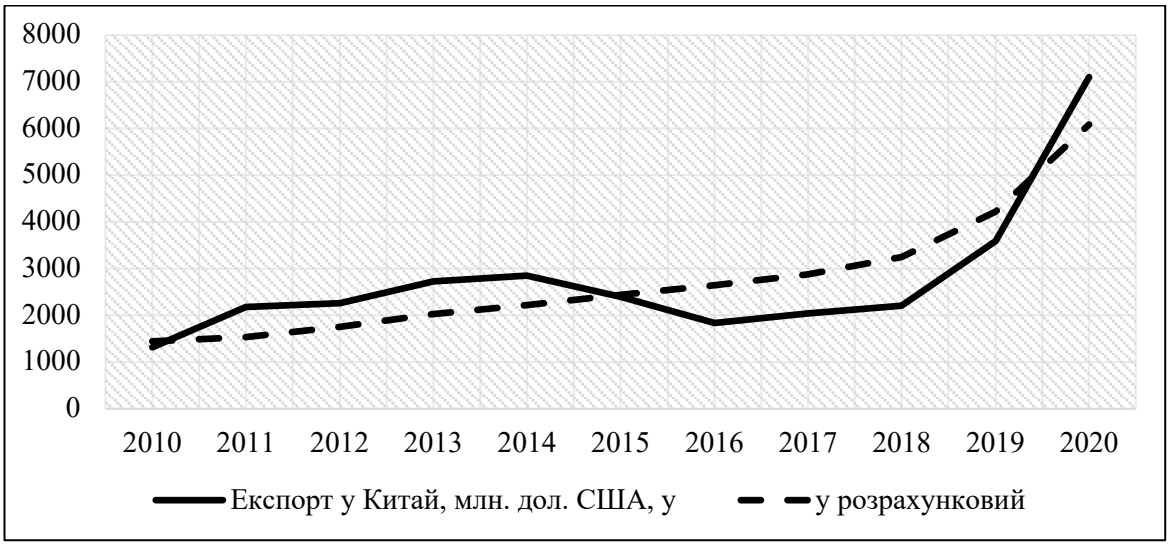

Figure 2.34 – Graphical representation of the results of the linear regression model

Source: calculated by the author using Microsoft Excel software

The results obtained are interpreted as follows: among the selected factors that can potentially affect the export of goods of Ukraine to China, the factor of employment, i.e. x2, has an impact.

This hypothesis is supported by a linear regression model and is also depicted graphically. The presented model is adequate, since the calculated values *of y* on the graph almost repeat the trajectory of the input values *y.*

As a result of the quantitative and qualitative analysis of foreign trade relations between Ukraine and China, the following conclusions were drawn: the relations between the analyzed countries developed during Soviet times, when specialists from Ukraine were sent to China to exchange experience, particularly in the metallurgical and agricultural spheres. In 2011, the countries' ties grew closer following the signing of the Declaration on Strategic Partnership between Ukraine and China. In 2013, the foreign economic relations of the two countries received an additional impetus for development after the Chinese leader announced the initiative of inclusive globalization, "One Belt, One Road". It is determined that cooperation between Ukraine and China within the framework of this initiative has a two-sided

beneficial character: Ukraine is located in the geographical center of Europe, it is of great strategic importance for the transit of Chinese vehicles to Europe.

As for Ukraine's foreign trade with China, it has a negative balance, which during 2010-2019 ranged from -3,383.85 to 5,611.71 million dollars. However, in 2020 it decreased to USD 1218.48 million. USA.

When comparing China's imports to Ukraine and vice versa, it was determined that the flows of imported products to Ukraine are more than 2 times higher than Ukrainian imports to China.

As for the qualitative component of foreign trade between Ukraine and China, the following results were obtained: 90% of Ukrainian exports to China are grain crops (26%), fats and oils of animal or vegetable origin (16%), ores, slags and ash (35%), ferrous metals (9%). China's imports to Ukraine are more diversified and are represented by electric machines (27%), nuclear reactors, boilers, machines (18%), means of land transport, except for rail (4%), optical devices and devices (4%), plastics, polymeric materials (3%), toys (3%).

The analysis of trade according to the Classifier of Goods by Enlarged Economic Group also proved that almost 97% of Ukrainian exports to China are intermediate goods. Imports from China are also based on intermediate goods, but they make up about 50%.

According to the level of the science-intensive component, 60% of Chinese imports to Ukraine are medium- and high-tech. As for Ukraine, its exports to China in 2020 accounted for only a 5% share of the knowledge-intensive component.

RCA analysis revealed the following competitive advantages for Ukraine and China: China – RCA = 3.06 – shoes, hats, umbrellas; RCA = 2.93 – miscellaneous goods and products; RCA = 2.52 – textiles and textile products.

As for Ukraine, its indices look like this: RCA = 16.42 – fats and oils; RCA = 7.59 – plant products.

It is also determined that Ukrainian exports are not only raw materials, but they are also characterized by the content of the technological component, but in quantitative terms, this component is much smaller than in China's exports.

A correlation and regression analysis of Ukraine's exports to China has been carried out and it has been determined that employment has the greatest impact on the growth of its volume.

Therefore, the development of further foreign economic relations between Ukraine and China within the framework of the "One Belt, One Road" initiative should also be inclusive for Ukraine. Within the framework of this cooperation, it should use not only its transit potential, but also comparative advantages in high-tech industries, which were identified based on the results of the analysis.

Conclusions to Chapter 2

Over the past 40 years, China has pursued a policy of openness to foreign markets, which has shifted the center of business activity from Europe and America towards Asia. Although China's economic growth rate has slowed over the past 10 years, it remains the largest player in the global market, as evidenced by its export and import figures. The calculated export quota (20% in 2021) demonstrates that China is a liberalized country and open to external cooperation. It should be noted that China's foreign trade is characterized by a positive balance, indicating that exports exceed imports. As for the structure of trade in goods, in recent years it has been dominated by finished goods, with a significant share of intellectual content, indicating an increase in the quality component of Chinese exports overall. As for trade in services, exports prevail over imports, as the foreign trade balance is positive.

An equally important indicator characterizing the country's position in the global market is the indicator of attracted and invested investments. After analyzing the inflows and outflows of FDI, it is concluded that investors are currently very interested in investing in the Chinese economy, as imports of investment exceed exports.

Special attention should be paid to China's foreign economic initiatives, among which "One Belt, One Road" is worth noting. This initiative represents the revival of the ancient Silk Road. The interest and investment flows within the

framework of this initiative were analyzed, and a conclusion was drawn regarding its potential.

About China-EU foreign trade, the following is summarized: EU countries are more dependent on Chinese imports than vice versa, i.e. the EU's foreign trade balance with China for many items of goods is negative. The main goods imported from China are automobile parts and accessories, electrical circuits, shoes, clothing, furniture and their parts, household goods, electrical equipment, baby carriages, data processing appliances, and telecommunication equipment.

In foreign trade in services, China has a slightly weaker position, because, according to estimates, they account for about 15% of exports, while in the exports of developed countries, services account for from 20 to 30%. The basis of the export of services is construction, tourism and transport services. Therefore, this area still has significant development potential.

It has also been determined that over the past few years, the share of the knowledge-intensive component in China's exports has increased significantly and is approximately 85% (this indicator is also typical for exports of EU countries), i.e. in China's exports, the emphasis is shifting from semi-finished products and goods with a low share of processing to medium- and high-tech ones.

Also, as a result of the analysis, it was determined that after China's accession to the WTO (2001), the attitude of the world community to it, and in particular the European Union, has changed significantly: the number of anti-dumping investigations and tariff bans has decreased, which has also become a kind of driver for the development of China's foreign trade.

Regarding the development of foreign economic relations in the investment sphere, the following conclusions were obtained: the signing of the Comprehensive Investment Agreement between the European Union and the People's Republic of China (China Comprehensive Agreement on Investment) liberalized investment relations and opened access for both parties to the agreement to a number of industries that were previously closed to foreign investors. China has simplified the procedure for creating joint ventures in the following areas: automotive, financial

services, private medicine, bioresources research, telecommunications technologies, computer technology and international maritime transport.

Thus, the analysis of foreign trade and investment relations between China and the EU countries allows us to conclude that cooperation within the framework of the "One Belt, One Road" initiative is beneficial for both sides, already demonstrates objectively positive results and still has potential for development (for example, the development of the service sector).

As a result of quantitative and qualitative analysis of foreign trade relations between Ukraine and China, the following conclusions were drawn: the relations between the analyzed countries developed during Soviet times, when specialists from Ukraine were sent to China to exchange experience, particularly in the metallurgical and agricultural spheres. In 2011, the countries' ties grew closer following the signing of the Declaration on Strategic Partnership between Ukraine and China. In 2013, the foreign economic relations of the two countries received an additional impetus for development after the Chinese leader's proclamation of the initiative of inclusive globalization, "One Belt, One Road". It is determined that cooperation between Ukraine and China within the framework of this initiative has a two-sided beneficial character: Ukraine is located in the geographical center of Europe, it is of great strategic importance for the transit of Chinese vehicles to Europe.

As for Ukraine's foreign trade with China, it has a negative balance, which during 2010-2019 ranged from -3,383.85 to 5,611.71 million dollars. However, in 2020 it decreased to USD 1,218.48 million. USA.

When comparing China's imports to Ukraine and vice versa, it was determined that the flows of imported products to Ukraine are more than 2 times higher than Ukrainian imports to China.

As for the qualitative component of foreign trade between Ukraine and China, the following results were obtained: 90% of Ukrainian exports to China are grain crops (26%), fats and oils of animal or vegetable origin (16%), ores, slags and ash (35%), ferrous metals (9%). China's imports to Ukraine are more diversified and are

represented by electric machines (27%), nuclear reactors, boilers, machines (18%), means of land transport, except for rail (4%), optical devices and devices (4%), plastics, polymeric materials (3%), toys (3%).

The analysis of trade according to the Classifier of Goods by Enlarged Economic Group also proved that almost 97% of Ukrainian exports to China are intermediate goods. Imports from China are also based on intermediate goods, but they account for approximately 50%.

According to the level of the science-intensive component, 60% of Chinese imports to Ukraine are medium- and high-tech. As for Ukraine, its exports to China in 2020 accounted for only a 5% share of the knowledge-intensive component.

RCA analysis revealed the following competitive advantages for Ukraine and China: China – RCA = 3.06 – shoes, hats, umbrellas; RCA = 2.93 – miscellaneous goods and products; RCA = 2.52 – textiles and textile products.

As for Ukraine, its indices look like this: RCA = 16.42 – fats and oils; RCA = 7.59 – plant products.

It has been determined that Ukrainian exports are not only raw materials, but they are also characterized by the content of the technological component, but in quantitative terms, this component is much smaller than in China's exports.

A correlation and regression analysis of Ukraine's exports to China has been carried out and it has been determined that employment has the greatest impact on the growth of its volume.

Therefore, the development of further foreign economic relations between Ukraine and China within the framework of the "One Belt, One Road" initiative should also be inclusive for Ukraine. Within the framework of this cooperation, it should use not only its transit potential, but also comparative advantages in high-tech industries, which were identified based on the results of the analysis.

CHAPTER 3
MECHANISMS AND TOOLS FOR INCREASING CHINA'S COMPETITIVE LEADERSHIP IN THE CURRENT CONDITIONS OF GLOBALIZATION

3.1 Regional Features of the Implementation of Competitive Leadership Strategies in Central Asian Countries

China is the third-largest country in the world by area and the second-largest by GDP. The main enterprises and financial flows are concentrated in the southeastern regions, and the richest are the coastal regions. To support and develop the center and the west, the Chinese government encourages industrial and infrastructure development in these regions. In this way, the Chinese government will be able to strengthen its power in these regions and increase the volume of overland trade.

It should be noted that the Xinjiang Uyghur Autonomous Region is a border region in western China that needs development and investment. The indigenous population of the region is the Uyghur people (a Turkic-speaking group), most of whom profess Islam. This region is characterized by separatist sentiments, which the Chinese government has been fighting for a long time. The Xinjiang Uygur Autonomous Region shares a border with Kazakhstan, Tajikistan and Kyrgyzstan, its area is 1/6 of China's area, and it is more than half of the area of Kazakhstan. Due to the religious and ethno-cultural affinity of the Uyghurs with the countries of Central Asia, China manages to overcome separatist sentiments in the region.

For China, the countries of Central Asia are the gateway to the Middle East and Europe. Accordingly, the development of common infrastructure means new trade routes, which are an alternative for maritime ones.

After the collapse of the USSR, the countries of Central Asia resorted to a multi-vector foreign policy. Their partnership strategy prevails over the practice of establishing close cooperative ties in many areas, as having one partner can jeopardize ties with others. The countries of Central Asia are located between the

Russian Federation, China and Western Asia, through which the routes to the Middle East and Europe pass. That is why choosing one vector of cooperation for the long term is unprofitable and risky.

It should be noted that the peculiarity of this region is the interdependence of foreign and domestic policy. The countries of Central Asia are authoritarian, their foreign economic policy is carried out taking into account the interests of the ruling elite. Despite the fact that the countries of Central Asia have a similar power structure and Soviet heritage, the interests of the leaders often do not coincide. This region is one of the least integrated. Its leaders do not join forces to solve common problems; they choose their own paths and seek support where it can be found. To achieve these goals, foreign economic policy must be flexible to cooperate with countries that have conflicting interests.

China's "One Belt, One Road" competitive leadership strategy for Central Asian countries has several advantages. First of all, this concerns infrastructure development, which is very relevant because it is outdated and focused only on communication between Central Asian countries. Also, all countries in the region need investment, and China offers financial resources on favorable terms.

As already noted, this region is not integrated and the countries of Central Asia are not united by regional structures. Since 1991, China has had friendly relations with these countries, does not use military instruments of influence, and also emphasizes that interference in internal processes is unacceptable. In Central Asia, such a policy is quite acceptable, in contrast to Europe, where countries actively emphasize the need to develop democratic values.

Central Asian countries also supported China's strategy to combat drug trafficking, separatism and terrorism. It is these problems that unite these countries with China: on the basis of cooperation in these areas, the Shanghai Cooperation Organization was created in 2001, which included all countries of the region, except for Turkmenistan, which adheres to neutrality. Despite the fact that cooperation within this organization was neither particularly active nor productive, meetings

within the SCO serve as a platform for multilateral negotiations among the countries of the region and China, which, in fact, makes it unique.

For Central Asian countries, China offers investment support without political guarantees. This is because economically weak countries either will not agree to the provision of political guarantees, or do not have the opportunity to provide them. It should be noted that the percentage of Chinese investment in this region has been steadily increasing since 2015, and Chinese citizens work at enterprises in Central Asian countries.

In terms of infrastructure, China offers significant projects. A railway passes through Urumqi, the largest city and capital of the Xinjiang Uygur Autonomous Region, connecting China via Kazakhstan with the Russian Federation and then onward to Europe. According to the project, the South Xinjiang railway, which connects Urumqi with the city of Kashgar, is planned to be extended to Tashkent, then through Iran to Turkey and Europe. Central Asia and the Xinjiang Uygur Autonomous Region are connected by oil and gas pipelines, the network of which is planned to expand [30].

The peculiarities of the foreign economic policies of the Central Asian countries require China to engage in bilateral negotiations. China has the closest ties with Kazakhstan. The countries have signed a strategic partnership agreement and cooperate in the military field. For Kazakhstan, China is the largest trading partner. And in 2013, China signed a strategic partnership agreement with Turkmenistan, which is essentially a neutral state and does not participate in negotiations.

The use of historical memory is key to China's creation of the Silk Road brand. In its official sources, Beijing avoids the term "strategy" in connection with the Belt and Road Initiative, emphasizing that this is a project that states can voluntarily join. All negotiations are conducted on the basis of equal partnership, where nothing is imposed; only mutually beneficial cooperation is offered. However, this does not always reflect reality, as economic impact can easily turn into political impact.

An important place in the development of China's foreign economic relations with Central Asian countries is played by historical memory, on the basis of which

China, in fact, created the Silk Road brand. In official documents, China does not call the Belt and Road Initiative a strategy, it focuses on the fact that it is a project that states can voluntarily support. Negotiations within the framework of the initiative are conducted on the basis of equal partnership, during which nothing is imposed; only proposals are made.

In recent years, China has been playing an increasingly active role in the foreign economic policy of Central Asian countries. Over the past 25 years of cooperation, the annual trade turnover has grown from 500 million US dollars to 3 billion US dollars [124]. Currently, China positions itself in this region as an investor, creditor and main trading partner.

China's "One Belt, One Road" competitive leadership strategy is perceived by most researchers in academic discourse as a geopolitical or geo-economic platform. From a geopolitical point of view, this initiative is perceived as an opportunity for China to change the existing world order in its own favor and change the balance of power of the Eurasian and Pacific perimeter.

That is why the desire and unwillingness of other countries to participate in this initiative is being actively discussed. As Ch. Cha notes, the Belt and Road Strategy resembles an imperial state project that reflects China's ambitions in the XXI century [76].

Active lobbying of the China-Pakistan economic corridor has already caused a negative reaction from India and its refusal to participate in the Chinese initiative. Some researchers even predict a confrontation between India and China in the XXI century in the context of both states' claims to leadership [147]. So, from a geopolitical point of view, the "One Belt, One Road" strategy is considered as China's foreign policy doctrine.

From a geoeconomic perspective, China's competitive leadership strategy is seen as a model for exporting its economic miracle to neighboring regions. In addition, attention is focused mainly on the root causes of the initiative as a model for supporting China's internal development by uniting the undeveloped regions of the country with neighboring states. At the same time, it is worth noting that the

initiative, which arose as a response to the slowdown in China's economic growth, in the future may turn into a full-fledged geopolitical strategy with the country's key role on the world stage.

Among the researchers, there are both optimists and pessimists about the prospects for the implementation of the initiative, who note the geographically difficult conditions for the creation of infrastructure communication; issues of Sinophobia, especially in the countries of Central Asia, as well as geopolitical contradictions between China, India, the United States and the Russian Federation.

The Central Asian region, due to its geographical proximity to China, can become a zone of active competition not only between the republics, but also of external actors that determine the nature and dynamics of internal regional processes. At the same time, the question of how ready some Central Asian countries are to accept the Chinese version of economic and, as a result, political integration is currently open.

China's economic integration is considered as a condition for further expansion of its political influence not only in neighboring regions, on the Eurasian and Pacific perimeter, but also as a competitive leadership strategy to change the existing world order.

The Belt and Road Strategy is not just a model of economic integration and is certainly more than just one of Beijing's foreign policy initiatives. Currently, this is a competitive leadership strategy, if successfully implemented, it becomes possible to change the geopolitical and geoeconomic rules of the game not only in the Eurasian and Pacific perimeter but also provide for a revision of the modern world order.

This strategy can evolve its content and absorb new ideas and initiatives during implementation, providing it with flexibility, adaptability, and the ability to accumulate new ideas and proposals. The official document of China states that "the construction of the "One Belt, One Road" is an open and tolerant process" [157].

Thus, China proposes a strategy with a more, so to speak, fair and inclusive process of jointly addressing global issues. With clear goals and implementation

dates, and with specific projects, China's competitive leadership strategy is a major advantage.

On the one hand, this is a favorable basis for the emergence of new ideas and competition of projects, which creates an atmosphere of inclusion of all stakeholders, instead of one process of imposing one's platform. Each party involved in the construction of a real and desirable belt and path becomes the author and implementer of projects, thereby increasing the initiative's legitimacy. On the other hand, it provides the initiative with flexibility and frees it from rigid boundaries and responsibilities.

China's Belt and Road Initiative is able to provide not only China, but also countries along the route with new opportunities, thanks to infrastructure logistics and trade opportunities. It is this aspect of the initiative that is most attractive to Central Asian countries, especially given outdated Soviet infrastructure and the search for alternative trade routes.

The regimes of the region's countries, by leveraging Chinese investments, can legitimize their rule and provide their citizens with new opportunities. The advantage of the strategy is the emphasis on the foreign economic component and on the economic levers of integration, which removes the politicization of many projects at this stage.

Economic integration creates drivers for socio-cultural rapprochement of peoples. Not only light industry products are becoming popular in the region, but also Chinese cuisine and language, which are gaining great popularity among young people. If English was popular earlier, the popularity of Chinese is growing today.

Of course, China proposed the Belt and Road Initiative for its own reasons. At the local level, the initiative will give an impetus to the development of the underdeveloped central and western provinces of China - Xuar, Hansu, Ninxia, Yunnan, which, accordingly, will contribute to the economic growth of the regions and China as a whole [21].

During the years of intensive modernization, it was the western provinces that turned out to be less developed than the rest. Among other reasons for the emergence

of such an initiative, experts cite the stimulation of domestic consumption and excess production capacity.

For example, P. Sai believes that the initiative is more aimed at overcoming China's own regional inequality through closer integration of the PRC with its neighbors in the region; improving Chinese technology through the export of Chinese technical and engineering standards for the construction and operation of high-speed trains, in the field of energy and telecommunications, and to address the issue of excess production capacity. In addition, it is noted that almost every province in China is developing its own projects to participate in the [144].

At the international level, the "One Belt, One Road" strategy will allow China to expand almost single-handedly its access to Central Asia's energy resources and gradually become a dominant player in geopolitics. In 2016, China provided loans to Kazakhstan, Turkmenistan, Kyrgyzstan and Tajikistan in the amount of USD 30 billion. for the implementation of raw materials and infrastructure projects.

To date, China has not only imported gas and oil from Central Asia but has also increased imports of metals. Turkmen gas is mainly directed to China through the Turkmenistan-China gas pipeline to repay loans received; Chinese companies have access to a quarter of Kazakh oil through the 20 million tonne pipeline, and Kazakhstan also exports uranium, covering 75% of China's demand.

Some authors note the key roles of Kazakhstan and Kyrgyzstan as the main states in the Central Asian region, on which both the prospects and limitations of implementing China's strategy will depend.

T. Sternberg rightly notes that China's competitive leadership strategy may face such obstacles as difficult geographical conditions, competition between China and the Russian Federation, historical and cultural factors. In addition, the initiative should make its goals and standards transparent and prescribe the rights of the parties at both the local and international levels [153].

It should be noted that in the discourse of Central Asian countries there are fears about the growing dependence of the countries of this region on China. One of the reasons for the difficult economic situation of Turkmenistan is that it supplies

gas to China at a low cost of USD 185 per thousand^{m3} through three branches through Uzbekistan and Kazakhstan, and the construction of the fourth branch was postponed indefinitely.

Supplying 35 billion m3 of gas annually to China, Turkmenistan has already lost the Iranian direction, and the Trans-Caspian gas pipeline to Europe is no longer relevant. China is also actively investing in Kazakhstan, considering it a key regional player. Over the past year alone, China has invested almost USD 47 billion in Central Asian countries. (Table 3.1).

Table 3.1 – China's total investment in Central Asian countries in 2022, billion US dollars USA

Country	Total investments, USD billion	Investment Industries
Kazakhstan	29,4	transport, energy, real estate, chemicals, metals, finance
Kyrgyzstan	4,19	transport, energy
Uzbekistan	4,91	transport, energy, real estate, chemicals, metals
Tajikistan	1,61	transport, energy, real estate
Turkmenistan	6,8	Energy

Source: compiled by the author on the basis of [79]

For the countries of Central Asia, the "One Belt, One Road" strategy is an opportunity to get infrastructural development and new trade opportunities. Already built roads have become a certain hallmark of Chinese builders. The most important are the following:

Western China-Western Europe highway;

China-Kyrgyzstan-Uzbekistan highway;

Bishkek–Naryn–Torugart highway;

a 19-kilometer railway tunnel through the Kamchyk Pass on the Angren-Pap railway;

railway tunnel on the Vahdat-Yavan section;

high-voltage power lines in Tajikistan and Kyrgyzstan;

Khorgos is the center of cross-border cooperation.

However, there are skeptics about the strategy's implementation, who note the following shortcomings: first, security issues that may call into question the strategy's overall implementation [101]. Corrupt officials in Central Asian countries can hinder the implementation of infrastructure projects, leading to periodic protests by local residents demanding better conditions. In addition, Chinese companies hire their own citizens, which causes social tension among the local population.

Secondly, there are open obstacles created by such geopolitical competitors as the Russian Federation, India in the Eurasian part, the United States and Japan in the Pacific dimension. For example, one of their projects within the framework of the China-Pakistan Economic Corridor initiative is already causing resistance from India.

The question of how much China can include third countries in its orbit of influence remains open. China itself has so far avoided the question of its global leadership and has not openly declared its readiness to commit to security issues.

Thirdly, there is a cultural and linguistic aspect between China and the countries of Central Asia. In particular, the main language of communication in these countries is Russian, so learning the language by either the Chinese or the local population takes time.

According to analysts, China should use soft policy in the countries of Central Asia, not opposing culture, but supporting common values. It is also an open question to what extent the Asian Infrastructure Investment Bank and the Silk Road Fund will be able to compete with the World Bank and the International Monetary Fund.

Some believe that the Asian Bank can create an alternative to the Washington Consensus, but at this stage, it is difficult to determine the bank's role as a global financial and economic player. Thus, on the one hand, China's "One Belt, One Road" competitive leadership strategy in Eurasia, particularly in Central Asia, is the most viable project in terms of economic impact and infrastructure opportunities.

On the other hand, geopolitical contradictions in the region can slow down the practical implementation of the initiative, particularly due to security issues and cultural and linguistic barriers. Central Asian countries actively support China's infrastructure projects but have concerns about the possibility of becoming economically dependent on China. At the same time, the success and effectiveness of the implementation of the Belt and Road Initiative will largely depend on China itself and its willingness to address issues of Sinophobia, corruption and economic capacity [1].

For almost three decades, relations between China and Central Asian countries have been very dynamic. Since the early 1990s, China, then a rapidly developing country but not a major player on the world stage, has become one of the world's leading powers. In 1992, when Central Asian countries were newly independent, China's share of world GDP was only 1.71%, and the country ranked 10th among developed economies. And already in 2018, China's share of world GDP was 15.86% (in nominal terms), making it the second-largest economy in the world after the United States, ahead of Japan by 10%.

This was a test of the "24 Hieroglyph Strategy," proposed by Deng Xiaoping in 1990. This strategy should be "quietly observed; to ensure the security of their positions; conduct affairs in a balanced manner; hide your opportunities and wait; try not to be very noticeable; and never claim leadership" [20]. In addition to a tenfold increase in China's GDP, two more factors need to be considered:

1. The strategy known as the "Strategy of the 24 Characters" does not reflect the general trend of China's history, which is based mainly on the Feng Gong system, also known as the "tribute payer". According to this system, China established relationships with neighboring countries and subsequently made them economically dependent. Kushtarbek Shamshidov, a Kyrgyz diplomat and recognized researcher in Central Asia, believes that after achieving such economic dependence of the neighboring state, "the Chinese imperial court also gained political influence and used this country as a buffer zone to protect its territory from external forces."

2. The period when this strategy was adopted is interesting. In 1990, the communist countries were on the defensive, and the "world system of socialism" was on the verge of collapse. Therefore, the strategy outlined by Deng Xiaoping reflected the specific circumstances of the time, but it was not intended to serve as the basis for China's international economic policy for a long period. Moreover, when a state is developing rapidly, it is difficult for it to resist the temptation to expand its ambitions, regardless of historical traditions, and strive to restore its own status in the international system.

The collapse of the Soviet Union also led to the renewed perceptual importance of geographical proximity between states. At a time when China was just beginning its transformation, it was already ahead of the newly independent Central Asian states. For example, in 1992, the total GDP of Central Asian countries was 10.29% of China's GDP, but by 2019 this figure had decreased to 2.045%. This five-fold decrease indicates that the development of the Central Asian region is stagnant, but it is a reminder of the impressive growth in China's wealth compared to the countries of this region. As for purchasing power parity, the huge difference was still not so striking, as China had a higher price level in 2019 than Central Asian countries. Kyrgyzstan and Tajikistan faced payment and trade deficits. Uzbekistan had a course that fluctuated, setting high tariffs and non-tariff barriers to protect its domestic market. After the easing of these protective measures, the trade deficit increased.

With a more detailed analysis of Central Asia in the context of the former Soviet successor states, we can draw an important conclusion. After nearly three decades since the collapse of the Soviet Union, the five richest countries by nominal GDP per capita – Russia, Kazakhstan, Turkmenistan and Azerbaijan – are the ones that specialize in the production and export of hydrocarbons. Belarus, which mainly re-exports some of these products imported from Russia, is also included in this list. This suggests that the long period after the collapse of the Soviet Union was insufficient to enrich the former Soviet republics by creating high added value and transforming their economic bases.

Countries with limited domestic resources for investment can become heavily dependent on foreign direct investment (FDI). The economies of some Central Asian countries, such as Kyrgyzstan and Tajikistan, will depend on external aid for the foreseeable future. This is because, without the former influence of the tsarist and Soviet regimes, which greatly contributed to the region's development through industrialization, urbanization, the raising of cultural levels, and the equality of men and women, the countries of Central Asia would have become classic examples of developing countries. Currently, they have economies based mainly on agriculture and the extraction of natural resources, from cotton to uranium, which was typical of the Soviet Union. However, a certain level of industrialization has transformed Central Asia's economic landscape, especially in Kazakhstan, where half of the workforce is employed in industry, construction, trade, and communications.

In its international economic strategy, China is guided by pragmatic principles, which include non-interference in the internal affairs of other countries, the development of beneficial economic cooperation and the improvement of its own reputation. China is actively promoting its "One China" concept in foreign economic relations. At the same time, China does not impose preconditions for cooperation with new partners, which gives it an advantage over those who set political conditions. Beijing does not demand respect for human rights, which aligns with its own position. This approach usually satisfies Central Asian countries, which consider it acceptable, since the alignment of regimes makes China a natural partner without the need for compromise. This approach benefits China for two main reasons:

1. A high level of political stability contributed to the establishment of long-term ties with those in power.

2. Concentration of power in the hands of a small number of people or one person.

While these two aspects are closely related in the context of Central Asia, it is important to note that the concentration of power facilitates the exercise of influence, including the use of corrupt political methods such as blackmail and bribery. China

benefits from this, as many of its investments are made through state-owned companies, while non-state-owned enterprises may find themselves in a difficult position given the power of China's state apparatus.

As for foreign trade, relations are characterized by significant asymmetry. None of the Central Asian countries is among the main importing partners of China, only Kazakhstan occupies the 39th position. China is the largest (for Kyrgyzstan and Uzbekistan) or the second largest (for Kazakhstan) importing partner of the Central Asian countries. The situation is similar with exports – China's significant regional exporting partner – Kazakhstan, which ranks 36th. At the same time, China is the largest (for Turkmenistan and Uzbekistan) or the second largest (for Kazakhstan) exporting partner. The case of Turkmenistan is of particular interest, since this country exports gas in huge volumes (and practically nothing else). In recent years, 70% of Turkmen exports went to China. what a factor hindering development can be such an asymmetric dependence and in 2018 resumed gas exports to the Russian Federation after many years of periodically deteriorated bilateral relations.

As for FDI, China plays a key role, albeit in different ways. The less diversified the Central Asian region's economy, the less it can attract FDI and the more it depends on Chinese investment.

Business relations with China are characterized by such features as relations at the level of governments, lack of transparency, and may contain a corruption component in relations with executives. Economic means will be used to create relationships of commitment and dependence.

Great powers such as China usually prefer bilateral relations with their partners, since in such cases their dominance is more pronounced. In the last two decades, great powers have preferred intergovernmental organizations in which they could dominate or play a role in them that exceeds their actual level of influence in the world. China's rapidly growing status as a great power does not require a regional intergovernmental structure. Nevertheless, he participates in a regional (Eurasian) international organization, in which four out of five Central Asian countries are members, and the fifth (Turkmenistan) is a regular guest.

However, the fact that states are united in intergovernmental structures does not fundamentally change the relationship of power and influence. The SCO was created by five countries almost a quarter of a century ago. Until recently, the roles of its six members were clearly defined. The dominant players were China and the Russian Federation. After India and Pakistan's accession in 2017, the situation will slowly deteriorate due to Delhi's geopolitical importance. Although the role of this organization in the first decade of its existence was often exaggerated, and there were considerations that it would lay the foundations for an anti-American alliance, it still serves the interests of its members. Two new members have joined, none of the original members have left the organization (unlike the CSTO), and the number of observers and dialogue partners is growing. Meetings within the framework of the SCO are important for the leaders of Central Asian countries, as they give them the opportunity to communicate bilateral with colleagues from China and the Russian Federation. The reality of multilateral cooperation for Central Asian members of the SCO is that the organization provides an opportunity to negotiate with the leaders of major powers in a bilateral format.

As already mentioned, since 2013, China has been promoting the concept of "One Belt, One Road" (OPOSH), which is now called the "Belt and Road Initiative" and is a grandiose strategy for creating a tariff collection mechanism centered in Beijing. This is a win-win for Beijing, as Chinese resources invested in projects are considered necessary in final destination and transit countries. Central Asia serves as a springboard for the central land section of the OPOSH, while China is actively developing the maritime part of the project ("Silk Road" and "Maritime Silk Road"). Central Asia connects China with markets in Europe via land routes.

The countries of this region will benefit greatly from infrastructure development projects: the construction of highways, railways, pipelines or power grids. These projects will be gratefully accepted in countries where there are no resources for modernization, let alone the maintenance of outdated infrastructure. But there are also negative aspects here: investments are accompanied by an increase

in influence, which may remain harmless (supporting China's peaceful development and its concept of a harmonious world) or have a negative effect.

Chinese investment comes with Chinese labor (which does not stimulate employment in Central Asian countries) and a Chinese business presence, which may take the form of neocolonialism. For poor countries in Central Asia, Chinese resources may be the only available option, while in richer countries they will serve as additional funding for necessary projects.

In 2019-2020, the European Union and the United States adopted new strategies for the Central Asian region. They are distinguished by realism and limited ambition. Both the EU and the US have significant interests in other regions, and Central Asia is not a priority for either. The U.S. State Department calls on Central Asian countries to "strengthen their independence from different actors," as well as "maintain individual sovereignty and make clear choices in favor of achieving and maintaining economic independence." Despite the cautious and diplomatic wording, it is absolutely clear that the text of the document applies not only to terrorist and radical Islamic groups. These threats are not dangerous for the economic independence of the five states in the region, but China and the Russian Federation may be.

Force is not an absolute concept in the international system of relations, but a relative one. Some major powers have reduced their commitments to countries in this region or have actually placed Central Asia lower on their list of strategic priorities. It seems that in the near future there will be neither the means nor the political will to reconsider this state of affairs. However, phenomena such as the coronavirus epidemic, a sharp drop in oil prices and a global recession demonstrate that systemic shocks can change strategic calculations.

3.2 Prospects for China's Global Leadership in the Context of Trade Confrontation with the United States

The developing crisis in trade and economic relations between the United States and China, which has taken the form of a trade war between the two countries, can have difficult-to-predict consequences for both states and for the entire world economy. This is due to both the scale of the economies of the United States and China (the first and second places in terms of GDP in the world – respectively, up to 20.5 and 13.4 trillion dollars at the current exchange rate according to the International Monetary Fund), and their role in world trade. Moreover, both countries were each other's largest trading partners. The escalation of mutual claims, which began in 2017, has been expressed in a trade war of tariffs and sanctions and is already negatively affecting the economies of both countries.

After China's accession to the WTO in 2001, the volume of US trade with China increased from 125 billion US dollars. to more than 700 billion in 2018. In 2018, China was the largest trading partner of the United States in terms of American exports ($120 billion), China was in 3rd place among other countries (behind Canada and Mexico), and in terms of imports ($540 billion) it was in 1st place. China has become one of the largest foreign creditors of the American state. As a holder of US Treasury bonds in the amount of $ 1.1 trillion. It is ranked 1st in the world [33].

However, over the past almost 20 years of active economic cooperation, the US view of China has significantly evolved – from its perception as a close and one of the leading economic partners to the main economic competitor and even the main strategic threat.

This is explicitly stated in the US National Security Strategy, which states that "China and Russia are the main challenges to the American nation, US influence and interests, trying to undermine America's security and well-being." The strategy calls for a review of the policies of the past two decades towards China, noting that policies aimed at creating partnership, trust-based relationships have failed.

However, it is impossible not to note the significant benefits the United States has derived from economic cooperation with China. For example, between 1995 and 2001, U.S. exports to China contributed to the creation of 1.8 million U.S. jobs, mostly in services, agriculture, and equipment manufacturing. Over the next 15 years, according to various estimates, more than 1.5 million jobs focused on exports to China will be maintained. American consumers also benefited from mutual trade. Only for the period of 2000-2007, imports of cheap consumer goods from China amounted to 202 billion dollars, which ultimately led to a gain of 101.2 thousand dollars. USD. for each job lost in the manufacturing industry.

Indeed, job losses in the US manufacturing industry were noticeable. From 1999 to 2011, they amounted to 560 thousand, and taking into account related industries, they were even larger - 2 million jobs. However, if we consider the structure of goods imported from China into the United States, these estimates are clearly exaggerated in terms of added value. For example, in each iPhone imported from China to the United States, the share of value created in China itself is only 3.6%. The rest was created in the United States as a software product. In China, only phone final assembly is carried out [142].

If we take into account this kind of calculations, then all US imports from China should be reduced by about 32%. It can be argued that the primary negative effect of interaction with China in terms of influencing jobs in the country has already ended and the current stage of economic relations is moving to the sphere of high-tech competition. It should be noted that since 2010, there has been no significant job transfer abroad in the United States. On the contrary, over the past 8 years, 1.2 million new jobs have been created in the manufacturing industry.

One of the central issues in U.S. foreign economic relations with China for the U.S. administration is the trade deficit. Indeed, the U.S. trade deficit with China has grown from $81 billion. in 2001 to $336 billion in 2017, accounting for 60% of the U.S. trade deficit [181].

However, according to some experts, the US trade deficit with China should be considered in the context of the overall trade deficit, which is not so much the

result of restrictions on US exports as a reflection of the United States' low savings rate. This, in turn, requires an influx of foreign capital to finance domestic investment needs and finance public debt. Trying to reduce the deficit without addressing the savings and investment gap is unlikely to change the balance of trade.

In fact, the facts indicate that the view of the trade deficit as an unambiguous economic loss is not true. In the two thousands, during periods of steady growth and growing employment in the United States, there was an increase in the trade deficit. At the same time, the deficit decreased during periods of recession and rising unemployment.

Speaking about the trade balance of the United States with China, it is important to note one additional factor that is practically not taken into account by formal statistics. If we take into account the activities of affiliated American and Chinese companies in each other's markets, we can see a much more balanced picture of bilateral economic relations between the countries. In this case, if we take into account American investments and sales of American goods through affiliated companies, the role of the United States in the Chinese economy looks larger than official statistics indicate. On the contrary, Chinese business in the US market is mainly represented by direct exports from China. If we take the above into account, it turns out, contrary to official customs statistics, that the United States sells more to China than China formally buys from the United States.

According to calculations made by experts from the Brooklyn Institute and the American Enterprise Institute, the total sales of American companies to China, including direct exports ($228 billion) and sales of affiliated American companies in China ($574 billion), amounted to $802 billion in 2016, and China's sales to the United States, including direct exports ($523 billion) and sales of affiliated Chinese companies to the United States ($45 billion). – USD 568 billion. From the comparison of the two countries' exports using this approach, it follows that the United States had a positive trade balance with China. The difference is that 92% of Chinese exports were direct deliveries from China to the United States, while for the

United States, 71% of exports were sales to China through affiliated companies. Consequently, the trade balance question takes on a new dimension.

If we summarize the benefits the United States receives from trade and economic relations with China, they are as follows: China is the largest importer of American goods and services, accounting for more than 7% of all American exports and 0.6% of US GDP. Although the United States lost more than 2 million jobs due to the transfer of several enterprises to China, American knowledge-intensive exports to China, which totaled more than $7 billion in 2015, contributed to the creation of new jobs in the high-tech sector of the economy. U.S.-China trade supports approximately 2.6 million jobs in various U.S. industries, including Chinese companies in the Americas [142].

As China has become an integral part of the global production chain, most of its export products consist of foreign-made components initially supplied to China. If the value of these imported components is subtracted from the value of Chinese exports, the US trade deficit with China should be halved to 2% of GDP, that is, to the level of the US trade deficit with the European Union.

Having ranked only 11th among American partners in 2000, China reached 3rd place among buyers of American goods and services by the end of the 2nd decade. If we sum up the economic benefits of American investments in China and Chinese investments in the United States, we are talking about 2.6 million jobs and a cost of more than $ 200 billion.

The supply of Chinese industrial goods to the United States at relatively low prices helps restrain inflation, reducing it by 1-1.5% annually. For the average American household, the savings for this reason are approximately $1 thousand. USD. per year.

According to calculations by the consulting firm Oxford Economics, labor productivity in the American manufacturing industry in the 2000s grew significantly faster than in other developed countries. In the United States, the manufacturing industry's average annual growth rate of labor productivity was estimated at 2.5%, a 40% increase over the period from 2003 to 2016, compared with Germany, where

productivity increased by only 23%. At the same time, the rapid wage growth of Chinese workers makes them less competitive with American workers. At the same time, American enterprises are still 90% more productive than similar Chinese ones. This may strengthen the tendency for a number of enterprises to return to the United States, leading to a certain recovery of employment in their manufacturing industry.

Despite the United States' unconditional economic benefits from cooperation with China, contradictions are growing across a number of areas of bilateral cooperation. The official list of US claims against China looks like this: China should stop requiring American companies operating in the country to transfer their technology to Chinese partners. That is, the inflow of American investments should not be due to the transfer of the latest American technologies to China. In addition, there should be no restrictions on the licensing conditions for American companies to license their technologies in China.

It is necessary:

stop the practice when American companies trading with China must register their business in China as joint ventures;

stop industrial espionage against American companies, stop unauthorized cyber intrusions into American companies to obtain information about new technologies;

stop subsidizing national Chinese companies operating in high-tech sectors of the economy, as this gives them unjustified advantages over foreign partners;

reduce barriers to U.S. agricultural exports;

reduce the large US trade deficit in bilateral trade;

stop manipulating the exchange rate of the national currency, the yuan, which gives China an advantage in foreign trade.

One of the main concerns of the US administration is the problem of trade deficit. For example, the goods trade deficit with China in 2018 amounted to USD 419 billion. (in 2017 – USD 376 billion). This is the largest trade deficit that the United States has among all other foreign economic counterparties. Many American

economists, primarily responsible for the US foreign trade strategy, believe that such a deficit results from unfair trade policies and practices by China.

Others, however, believe that official data on the trade deficit with China creates a distorted picture of bilateral relations, as it fails to account for indirect supplies of goods to US multinational corporations. Traditional trade statistics also do not fully reflect the added value created in each country and its participation in foreign trade turnover.

Another area of controversy is intellectual property rights and competitiveness. This problem in the United States is considered one of the main obstacles to doing business with China. In 2013, a study by the US Commission for the Protection of Intellectual Property found that China accounted for 80% ($240 billion) of all losses from intellectual property theft. The US Customs Service noted that China and Hong Kong account for 78% of all counterfeit goods seized at the US border.

According to FBI Director K. Vrey, "no country in the world poses such a threat to our ideas, our innovations and our economic security as China." In December 2018, Deputy Attorney General of the United States J. Demers noted that between 2011 and 2018, China accounted for 90% of all industrial espionage investigations and 66% of trade secret thefts. This problem is constantly discussed by representatives of the United States and China, including at the highest level, but, according to the US administration, there has been no progress in resolving these contradictions. The subject of constant discussion in trade relations between the United States and China is China's violation of intellectual property rights. Investigations in this area, as well as on the forced transfer of technology, on the use of industrial policy, led to the introduction in the United States of a 25% duty on goods from China worth $ 250 billion. For its part, China has increased duties on American goods in the amount of 5 to 25 % in the amount of 110 billion dollars.

The subject of contradictions in bilateral relations is that, in the United States' view, China has not fully shifted to market relations. According to the US administration, the Chinese government, through its industrial policy and benefits

provided to Chinese companies, creates unreasonable advantages for them in interactions with American counterparties.

The growing volume of direct investment from China is of concern in the United States. At the same time, according to official data, these volumes are small. According to the US Bureau of Economic Analysis, the accumulated volume of direct investment from China (FDI) by the end of 2017 amounted to 40 billion US dollars, the volume of direct US investments in China – 108 billion US dollars. Some experts, however, believe that there is a significant underestimation of the real volume of FDI, since it often comes not directly from the United States or China, but from other countries.

Another area of trade disputes that has become an important catalyst in the trade war between the United States and China is the supply of steel and aluminum to the United States. Under Article 232 of the Trade Expansion Act of 1962, which addresses the possible impact of imports on US national security, in March 2018 President D. Trump announced an increase in import tariffs on steel (by 25%) and aluminum (by 10%). In response, China in April 2018 increased duties on products imported from the United States in the amount of USD 3 billion. [54].

As a result of these mutual sanctions, the volume of trade between China and the United States alone fell by 15% in the first 3 months of 2019. Since no progress was made in the negotiations, in May 2019, D. Trump announced his intention to raise duties on Chinese goods worth USD 300 billion by 25%.

China's participation in international value chains in high-tech areas – in the fields of information technology, communications, in the production of telecommunications equipment, where China occupies a leading position in the world as the largest manufacturer and supplier, is considered an increasingly serious challenge for the United States. In 2018, the volume of U.S. imports of information and communication equipment from China totaled $157 billion, accounting for 60% of all such imports to the United States. Therefore, President D. Trump declared a state of emergency in this area and imposed sanctions on one of the largest Chinese telecommunications companies Huawei and eight of its contractor partners.

The United States is certainly interested in China's compliance with all requirements. In practice, implementing these tasks is quite difficult, especially given that many of them contradict each other. For example, if China agrees to US demands to end mandatory technology transfers, create joint ventures, and limit the borrowing of intellectual property, this could lead to an even greater increase in outsourcing in the US, which is not in line with Donald Trump's strategy to restore jobs in the United States. Trump's goal was to reduce the trade deficit with China by increasing American exports, but this may require greater interaction with China, which in turn contradicts another strategic goal: limiting China's scientific and technological progress.

Perhaps Donald Trump deliberately set inflated demands on China, used tactics to raise rates, and then, upon assessing the situation, was ready to compromise to remain in a winning position. Of course, the American leader thinks not only in economic and strategic categories, going to trade and political confrontation with China.

All of the above allows us to assert that foreign economic relations between the United States and China are moving to a new stage, which is significantly different from the past twenty years of active cooperation and growing interdependence. As China strengthens, the factor of competition becomes decisive in this relationship, especially in the context of scientific and technological development. An important circumstance is that scientific and technological progress and the globalization of the world economy significantly intertwine the economies of both countries, which contradicts the national interests of the United States and China in strengthening their roles and positions in the world economy [142].

In general, the foreign economic relations that developed between the United States and China in the XXI century can be described as very ambiguous and contradictory. The countries have come a long way from open conflict to relatively stable political and economic cooperation. The United States, trying to maintain its status as the most influential country in the world, hinders the development of those

countries that can compete with them, as well as individual projects that can significantly accelerate the progress of competing countries. The implementation of China's "One Belt, One Road" strategy will be difficult if the United States hinders it. There is no doubt that this initiative has a significant impact on modern Sino-American relations.

Going to the official website of the US Department of State and searching for the keywords "China", we can see that the United States pays no less attention to China than other developed countries. It is even more correct to say that the United States pays even more attention to China than to other countries. When searching for the keywords "One Belt, One Road" and "Silk Road", 138 and 44 results were found, respectively. Not all results match keywords, but since almost all search results are concentrated over a three-year period – from 2017 to 2019 – it cannot be said that the frequency of occurrence is low in official conversations of US politicians.

Reading this literature, you can see that the United States views the Belt and Road Strategy as an important factor in assessing the investment climate in the countries involved in this project. When analyzing the investment climate of Tajikistan and Azerbaijan, American analysts take into account the "One Belt, One Road" project. This means that the United States recognizes the project's role in advancing the development of the countries concerned. However, in American analytical materials about "One Belt, One Road" there are always negative characteristics, such as "corruption", "opacity", "plagiarism", "debt trap" [69]. In the near future, the Belt and Road project will become an important factor influencing the development of foreign economic relations between China and the United States. This can lead to new avenues for cooperation between China and the United States, as well as to deeper and more complex geopolitical competition between the two. The question of how to foster a healthy relationship between China and the United States within the framework of the "One Belt, One Road" initiative is becoming increasingly relevant.

In recent years, Chinese diplomacy has become increasingly effective, primarily by advancing a number of new ideas and initiatives, such as the Belt and Road initiative. As the U.S. seeks to return to the Asia-Pacific region, China proposes the slogan "Based on Asia-Pacific Partnership for Global Cooperation." Aware of this, the U.S. political community will no doubt be inclined to consider and respond to China's foreign economic policy (primarily by advancing the Belt and Road Initiative) in the context of strategic competition between the two countries.

At the initial stages of the project, the Obama administration's response to the Belt and Road Initiative was generally stable, though it did not signal the United States' interest in participating. However, the United States' attitude changed after China created the Asian Infrastructure Investment Bank (AIIB). Given the importance of financial capital in the Belt and Road Initiative, China proposed the creation of the Asian Investment Bank (AIB) and subsequently actively promoted it, hoping that more countries would participate. At the beginning of the preparation of the Asian Investment Bank in 2014, more than 20 countries in Asia, the Middle East and Africa decided to join it. The Obama administration has expressed concern about this, arguing that China poses a threat to U.S. leadership in the financial sector. One reason for opposing the Asian Investment Bank is the United States' fear that China will use the bank as a "tool for the implementation of its own will" [154].

U.S. Treasury Secretary Jack Lew stated that the United States is concerned that the AIB will not operate to the highest standards, expressed doubts about the AIB's credit recommendations, and called on countries that planned to join the AIB to also consider these provisions [89]. A senior U.S. State Department official said at a press conference on November 7, 2014: "The U.S. is often accused of countering the AIB. The correct view of the U.S. position is that we welcome additional resources for infrastructure investment in the Asia-Pacific region, and we are very interested, but we hope that the new organization will not lower standards, but will build on existing high standards and best practices that have been tested over the years."148].

Although B. Obama expressed doubts about the AIB, he did not actively oppose its creation. Later, B. Obama decided to establish relations with China on this issue. President Barack Obama also said at a press conference: "I want to dispel the misconception that the United States opposes the accession of other countries to the Asian Investment Bank... In these discussions around the Asian Bank and its infrastructure, we are simply making sure that it acts in accordance with best practices and established standards" [139].

Assistant Secretary of State Nisha Biswal noted that all Central Asian countries, including China, can play an active role in regional construction. This is a non-zero-sum game. The United States hopes that new multilateral mechanisms, such as the Asian Investment Bank, will be established to help address the region's development deficit if it adheres to international rules [67]. Deputy Secretary of State Anthony J. Blinken said in a speech at the Brookings Institution: "The U.S. is also satisfied with AIB's activities and infrastructure investments, which are lacking in Asia, and we have no objections." It was also stated that "in terms of energy and infrastructure development in Central Asia, China and the United States have common interests" [69].

In general, during the presidency of B. Obama, the United States did not directly intersect with the "One Belt, One Road" initiative for two main reasons:

due to fears that the AIB threatens the World Bank and the IMF, which are led by the United States;

due to the erroneous judgment that this project is a Chinese version of the "Marshall Plan", the implementation of which could threaten US influence in the Pacific region.

Since B. Obama took office as president, Sino-American relations have been characterized by change. On the one hand, the United States did not seek a sharp foreign economic confrontation with China. On the other hand, China's significant economic successes in development have made Washington worried about the threat that China will become a global economic hegemon.

President D. Trump, who came to power in 2017, adhering to the concept of "America First", sought to completely rebuild the United States' internal diplomacy. In April 2017, during his visit to the United States and meeting with President D. Trump, President Xi Jinping said that China welcomes the United States' participation in cooperation within the framework of the "One Belt, One Road" initiative.

At the beginning of his tenure, he was very positive about the Belt and Road Initiative. D. Trump sent a delegation led by Pottinger to the Belt and Road Summit, where the United States supported China's efforts to strengthen international economic ties.

In June 2017, after the completion of the first round of the international security dialogue between the United States and China, President D. Trump met with State Council member Yang Jiechi and said that the American side is ready to cooperate with the Chinese side within the framework of the "One Belt, One Road" project. Then US President D. Trump made a state visit to China on November 8-10, 2017. During his visit to China, 34 cooperation projects worth USD 253.4 billion between companies of the two countries were signed. It seemed that everything was going in a productive direction, but Trump, under the banner of "American primacy", could not help but contradict the Chinese initiative "One Belt, One Road".

In November 2017, D. Trump, during a visit to Japan, delivered a speech to American officers and the Japanese Self-Defense Forces. During the talks between D. Trump and Japanese Prime Minister Shinjo Abe, both sides expressed concern about China's increased activity in the Indo-Pacific region. The parties discussed the new American idea "Free and Open Indo-Pacific Strategy", aimed at in-depth cooperation between Japan, the United States, Australia and India. The main goal of this strategy is to counter the actions of Chinese projects, including the "One Belt, One Road" initiative [173].

On December 18, 2017, the next "US National Security Strategy" was published. It proclaimed a new era of great-power competition and the desire to strengthen the United States' global influence. The strategy stated: "In the Indo-

Pacific, China promoted its model of economic development, changed the regional order, delineated its sphere of influence, and tried to replace the position of the United States in the region" [161]. Attention focused on China's growing influence in developing countries and its competition with the United States. Realizing that the Belt and Road Initiative would have a greater impact in the "Indo-Pacific," the United States has become increasingly concerned about its position and its own interests in the region. The Trump administration believed that the Indian and Pacific oceans are a very important topic in US foreign policy, since this region is one of the largest engines of the global economy.

By the beginning of 2018, the Trump administration's attitude toward the Belt and Road Initiative had changed significantly: former positive views had turned into systemic criticism. The United States no longer considered this project either from the perspective of prospective cooperation or from a commercial point of view. "One Belt, One Road" was evaluated in the context of strategic and geoeconomic competition between China and the United States. From that moment on, economic, trade and political contradictions between the two countries became more noticeable. The United States began to repeatedly seek reasons to raise tariffs on Chinese exports, which subsequently led to a large-scale trade war.

With the start of the trade war, the pressure from the Trump administration on the "One Belt, One Road" initiative has increased further. Acting US Secretary of Defense Patrick Shanahan said in March 2019 that China's Belt and Road Initiative is one of the major challenges for the United States. "China is trying to create an international coercive network through a predatory economy in order to expand its sphere of influence. We have provided another option for the implementation of the "belt" and "path". Starting with the Indo-Pacific region, we will develop many "belts" and many "roads", developing those that will strengthen partnerships" [156]. In response to the threat posed by the Belt and Road Initiative, the U.S. Department of Defense proposed further expansion and strengthening of the Indo-Pacific Alliance. Joseph Dunford, chairman of the Joint Chiefs of Staff of the US Army,

bluntly stated that "the greatest threat to the United States in the future will be China" [73]. In 2019, the United States refused to participate in the Belt and Road Summit.

Unlike Washington, Beijing takes a constructive position. The Chinese government proposes the establishment of a new type of relationship with the United States and is ready to help reduce the level of tension and struggle between the great powers and the new developing countries.

Chinese Foreign Minister Wang Yi believes that China and the United States are very complementary, and both sides should strive to find a starting point for China-US rapprochement to stimulate the potential and space for bilateral cooperation.

In one of his speeches, Wang Yi stated: "China and the United States are not enemies. If we work together, we can achieve many great goals and make significant progress. On the one hand, the two sides should strengthen comprehensive cooperation, which will create more positive opportunities for China and the United States and make new contributions to peace and development worldwide. On the other hand, both sides should properly resolve differences and thorny issues on the basis of mutual respect and constantly remove obstacles that hinder the development of bilateral relations. At present, it is especially necessary for both parties to strengthen dialogue and communication in order to avoid new negative trends in this relationship" [152].

The White House is now openly rejecting the Belt and Road Initiative. Analyzing the materials on the official website of the US State Department dedicated to the Chinese initiative, a negative, wary attitude becomes obvious. Despite leading American economists and political scientists considering the trade war with China futile, this unfortunately does not change the government's decision at all. The United States is taking active action to prevent interested countries from participating in the Belt and Road project. The United States still has significant potential in both military resources and mechanisms for soft power. Numerous, well-trained American media and Internet resources contribute to the popularization of

the White House's opinion worldwide. As a result, most countries listen to and trust American propaganda, but cannot always hear China's opinion.

China is making significant efforts to promote the Belt and Road Initiative and intends to further develop the project. That is why at the present stage it is extremely important for the Chinese political system to strengthen the ability to influence international public opinion. Beijing needs to be able to effectively project an image of a leading state that pursues peaceful development and seeks to foster cooperation with neighboring countries. It is necessary to carefully study the American political establishment's perception of the Belt and Road project to minimize the risk of deterring it. This will limit the pressure on world public opinion created by the United States and allow China to significantly strengthen its international authority, including in the context of the successful implementation of the Belt and Road strategy for inclusive globalization.

3.3 Model of China's foreign trade cooperation with the EU countries

"Our relations with China are steadily becoming more complex, as it is our second largest trading partner and an integral interlocutor in solving global problems. At the same time, it is a major competitor in the fields of technology and economics. The problem is also the difference between our political systems" [71] – this is the perspective in European-Chinese relations described by Josep Borrell, High Representative of the European Union for Foreign Affairs and Security Policy, as well as Vice-President of the European Commission. He characterizes Chinese behavior in the international arena as assertive, expansive and authoritarian. Under the leadership of the modern European Commission, a new consensus on attitudes towards China is being promoted in the countries of the European Union.

Meanwhile, China has not yet made significant changes to its previous course, which was set out in the EU Policy Paper [98], published at the end of 2018. In this document, China:

notes its strong position with the EU as a consistent supporter of globalization processes and the multilateral trade order;

stresses the need for mutual respect, equality and strict unquestioning compliance with the principle of "one China" by the EU;

notes that the European side needs to fairly and objectively consider the human rights conditions in China, refraining from interfering in its internal affairs and judicial sovereignty;

invites the European Union to avoid the politicization of economic and trade issues and to promote sustainable, stable and win-win progress in bilateral trade and economic relations.

Comparing the approaches of China and the European Union to joint dialogue, we see that Beijing focuses more on economic progress, while Brussels seeks to reach an understanding, in particular, on political issues. However, it is worth noting that both China and the European Union are Ukraine's largest and most important trading partners. According to official statistics for the first half of 2020, exports to China amounted to USD 3.67 billion. (which is an increase of up to 96% compared to the same period in 2019), while exports to the countries of the European Union amounted to USD 8.53 billion. (which shows a 17% decrease). The trend of increasing importance of these players for Ukraine has been steadily strengthened in recent years, exclusively with other regional trading partners. Disagreements between them can affect relations with Ukraine and other partners.

Trade relations between Ukraine and China, as well as the European Union, although not the main ones, are important. Both of these giants have large domestic markets, which account for their high self-sufficiency and their role as centers of gravity in international trade. This is reflected not only in bilateral ties and trade rules, but also in the interaction of these two major players with other countries, including Ukraine. Therefore, analyzing trade turnover and investment flows between these countries is an important task for understanding the dynamics of their economic cooperation.

China shows significant interest in the European Union as a powerful market with a high level of solvent population, whose income is four times higher than China's. China's accession to the World Trade Organization (WTO) has opened up new opportunities for the development of bilateral trade, simplifying the rules and bringing them closer to international standards. In 2019, European exports to China reached almost 200 billion euros, while imports amounted to more than 360 billion euros. The main groups of goods in trade between both partners are machinery and vehicles (50–55%), as well as chemical and other industrial goods (Table 3.2).

Table 3.2 – Potential growth of trade between the EU and China from FDI by sectors from the level of 2018, million euros

Sector	Exports from the EU to China		Exports from China to the EU	
	Volume (2018)	Annual growth	Volume (2018)	Annual growth
1	2	3	4	5
Agriculture	947	79	1 813	151
Crude oil and natural gas	4 160	347	0	0
Metal ores	1 505	126	110	9
Food Industry Products	7 961	204	5 100	131
Drinks	2 072	53	53	1
Textiles	1 677	140	10 557	881
Ready-to-wear	1 869	156	27 940	2 332
Leather and leather products	1 733	145	15 028	1 254
Wood and cork	1 046	87	2 715	227
Paper	2 719	227	2 400	200
Chemicals and chemical products	14 798	1 257	15 790	1 341
Pharmaceuticals	10 815	2 963	5 408	1 482
Rubber and plastic products	4 109	228	13 189	716
Simple metal products	11 079	503	7 790	598
Machined Steel Products	4 861	180	18 875	700
Computers, electronics and optics	20 686	3 870	136 075	25 461
Electrical Equipment	15 198	2 193	45 919	6 627
Machinery and equipment	35 933	6 804	32 004	6 060
Cars, trailers and semi-trailers	35 851	3 976	7 023	779
Other Transportation Equipment	14 508	1 028	6 870	487
Other industrial and raw materials	17 782	1 509	40 507	3 290
Total	211 310	26 417	395 166	52 727

Source: [95]

However, in both the EU and China, significant segments of the economy remain detached from international competition due to high protective barriers, especially in agriculture (Figure 3.1).

The EU is taking measures to protect Chinese producers from unfair competition using the mechanisms provided for by the WTO. In 2018, approximately half of the EU's trade defence instruments were directed against China. In particular, anti-dumping measures have been widely used, effectively limiting trade that is unfavorable to the EU.

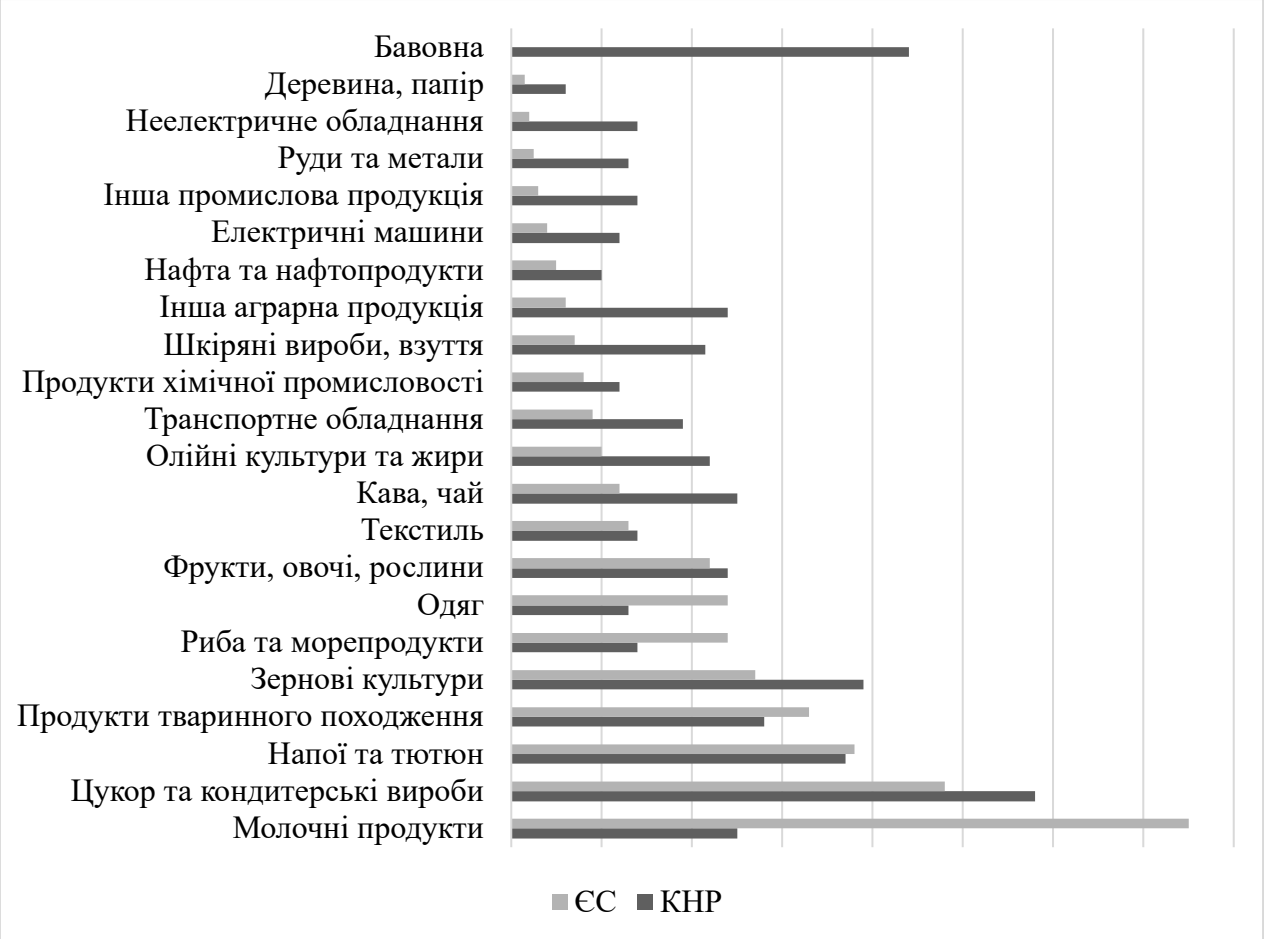

Figure 3.1 – Weighted average tariff rates for the main groups of goods in China and the EU in 2019

Source: [36]

There are significant restrictive measures aimed at protecting certain sectors from unfair competition. For example, in the European Union, these measures often concentrate on metallurgical products (28 measures in action for 2019), chemical and

pharmaceutical products (15 measures), and the manufacture of machinery and electrical equipment (5 measures). Every year, the European Commission initiates about 4 anti-dumping measures against Chinese firms (in 2019 there were only 2 cases).

China's approach to anti-dumping measures, compared to the EU, is less intensive – on average, only 1 measure per year against the EU, reflecting the level of mutual imports between the parties. Chinese anti-dumping measures directed against European firms mainly concentrate on the chemical and pharmaceutical industries (6 measures in action for 2019), metallurgical products (3 cases), and rubber and plastics industries (3 cases).

Starting from December 2017, the European Union amended its rules for calculating anti-dumping margins. According to the new algorithm, before calculating these margins, the possibility of using domestic prices and costs in the exporting country is checked. If there are non-market practices in this country (such as state ownership or access to artificially cheapened finance, which is common in China), the parameters for calculations are selected solely on the basis of undistorted prices or indicators. Each factor of production is evaluated separately. If a distortion of the price of a particular factor is detected, then its normal value is determined on the basis of undistorted international prices, the cost of purchase or production costs in another representative country with a similar level of economic development. This research process is entrusted to the European Commission, which determines: 1) whether there are "significant distortions", 2) whether they affect the mechanisms for forming the final price, i.e. whether it is necessary to apply comparative normal values.

In addition to the procedure for detecting dumping cases, the European Union has made changes to the way business damages are calculated. The level of this damage reflects how much the price for goods exported to the EU by a foreign firm is lower than the price set by European companies in the domestic market. Since the purpose of the European Commission is not to stop the flow of foreign exports, but to protect domestic industry from unfair competition, the anti-dumping duty is set

either at the level of dumping or at the level of the injury margin, whichever is lower (this is the so-called "lesser duty rule").

It is worth noting that the benefits of trade with China in the EU are unevenly distributed. Some countries, such as Germany, have long benefited from their trade ties with China, while other EU countries have benefited less from these relations.

Although there is a significant trade surplus in favor of China in the amount of $ 160 billion in bilateral trade between China and the European Union, the latter, exposed to trade confrontation with the United States, which used to be an important market, is now forced to look for ways to expand trade with the EU. According to the full implementation of the first phase of the US-China Trade Agreement, which was signed in February 2020, China plans to artificially increase its imports from the US in 2021 by 48% – from USD 131 billion to USD 193 billion. [3]. This will lead to the redirection of import flows in favor of EU countries and reduce Chinese imports from the European Union by USD 11 billion. (mainly due to a decrease in aviation (-USD 3.7 billion), road (-USD 2.4 billion) transport and industrial equipment (-USD 1.4 billion)), which will further complicate the trade imbalance between the EU and China. The greatest impact of this will be felt by Germany, which will lose approximately $4.4 billion. income from its exports.

The ideal scenario for developing relations between the EU and China is the conclusion of a free trade agreement. Given that Washington has gained certain advantages in the trade confrontation, it will also be useful for Brussels to strengthen its position in relations with China. China is ready to consider revising tariffs, quota restrictions and simplifying customs procedures. However, the European Union is seeking a wider range of concessions, including an end to dumping practices, the waiver of subsidies for state-owned enterprises, simplification of regulatory procedures, and access to China's public procurement market.

Another important problem is the structure of the trade deficit between the EU and China. With continued economic growth and active government policies, China has gradually expanded its sphere of influence from low-cost, simple goods to higher-value-added, labor-intensive industries. The influence of Chinese companies on

global value chains has increased significantly. Within the EU, the share of intra-European trade in total exports has decreased, while Chinese imports have increased in most countries. This could lead to a weakening of the role of trade as an integration factor for the Commonwealth countries, as well as to the erosion of regional value chains within the Union, which were once among the most integrated in the world, due to the dominant role of Chinese trade. This is especially true for intermediate goods, whose trade with China is becoming increasingly asymmetrical. China imports fewer intermediate goods from the EU, but the volume of Chinese intermediate goods sold in European markets for further export is increasing. The increase in EU exports' dependence on Chinese components is observed alongside China's decrease in intermediate goods imports from the EU for further export [95]. This trend is becoming a cause for concern in European capitals, as the share of high-value added EU products in world trade is decreasing faster than the share of US and Asian products, leading to slow growth in European economies, high unemployment and deteriorating welfare.

In recent years, along with the growth of trade between the EU and China, there has also been an increase in the intensity of bilateral investment flows. However, foreign direct investment (FDI) remains small compared to the size of both economies and is volatile. From 2008 to 2017, the volume of EU foreign direct investment in China increased from €54 billion to €178 billion – more than tripling. At the same time, China's foreign direct investment in the EU increased tenfold, reaching 59 billion euros in 2017. These processes contributed to both the growth of China's international influence, both its important economic power, and the decline in the domestic rate of return on investment in China, which stimulates capital owners to place them in foreign markets.

A significant part of the investment coming from the EU to China is directed to the industrial sector (approximately 50%), mainly in the automotive industry, while a much smaller amount of investment is placed in the service sector (education, research and development, finance, insurance). This limited EU presence in the services sector could leave European companies' positions vulnerable in the future as

China continues to reorient its economy from industrial sectors to consumption and services.

Recently, investment from Europe to China has slowed down. Businesses from Europe have begun to complain about the many difficulties they face in the Chinese business environment. These problems include insufficient protection of investors' rights and uneven access to domestic markets. Another difficulty is the requirements of European companies to create joint ventures with Chinese partners in many sectors. Such partnerships are often accompanied by the transfer of intellectual property and technological knowledge to Chinese partners, which reduces the attractiveness of investing in assets in China.

The Bilateral Investment Agreement (BIA), designed to regulate relations in the field of bilateral investments, began negotiations at the initiative of the European side back in 2013. They were planned to be completed by the end of 2020, but a significant number of mutual claims arose on the way to reaching a consensus. China's development as a leading global investor has raised some security concerns related to its state-run economic model, which is believed to create obstacles to a level playing field for entrepreneurial competition. With the help of state support, Chinese companies gained leadership and took the top of the Fortune 500 list together with American companies, displacing European competitors (Table 3.3).

Table 3.3 – Companies headquartered in the EU and China in the Fortune 500 list in 2010 and 2019*

	2010		2019	
	Number of companies	Total income	Number of companies	Total income
EU**	115	USD 5,714 billion.	97	USD 5,985 billion.
PRC	46	USD 1,946 billion.	119	USD 7,915 billion.

Source: [36]

Notes: * in current dollars of the corresponding year;

** excluding campaigns headquartered in the UK.

During the period from 2010 to 2019, the number of large European companies decreased by 16%, and on average their profitability increased by 24%. In the same period, the number of Chinese leading companies increased by 160%, and their average profitability increased by 57%.

Against this background, the EU is actively working on concluding a broad bilateral investment treaty with China aimed at regulating the flow of cross-border investments between the two economies. The industrial policy of the European Union is based on other principles, such as ensuring a level playing field for business and stimulating competition. The benefits that Chinese companies receive through state support are seen as unfair and are subject to regulation in order to ensure "competitive neutrality". Since the ownership of Chinese companies is often unclear, it is not advisable to apply discriminatory policies based on this criterion. Therefore, the basis of the SIU is the requirements for liberalization of access of European companies to Chinese markets, reduction of the list of sectors protected for reasons of national security, simplification of antimonopoly legislation, restriction of subsidiary practices in favor of national participants, transition to the principles of global corporate governance.

Another component of the negotiation process within the framework of the SIU is the development of a fair mechanism for settling commercial disputes, especially in situations where one of the parties to the conflict is a state. In the Chinese legal system, there are few cases in which the authorities guarantee the execution of foreign court decisions.

Even if there are differences in approaches to the regulation of investment activities, the potential for business development in the EU and China remains untapped thanks to China's Partnership for Investment and Infrastructure (FDI) initiative. Within the framework of this initiative, 13 countries of the European Union and most of the countries that are part of the European Neighborhood Policy, as well as Ukraine, are directly involved. Increased ties in the Eurasia region, which will undoubtedly be a consequence of the implementation of FDI, will help China expand trade relations with neighboring regions, including the EU. This process could lead

to a significant increase in trade for EU countries (+12.5% in export growth, or €26.4 billion additionally), in particular, given that this initiative is financed by China and the debt burden will fall on countries located between the EU and China. The largest growth in trade from EU-China FDI is expected in sectors such as pharmaceuticals (+27%), machinery and equipment (+19%), computer, electronic and electrical products (+19%), and refined products (+14%).

However, there is a risk of losing some of the benefits of trade in the event that China decides to create free trade zones with countries located in FDI corridors, with the exception of the EU. – may grow further as a result of FDI.

Also, the attention of European representatives is attracted by the advanced direction of the Chinese initiative, known as "digital FDI", which is aimed at the introduction of modern information and digital technologies to promote the innovative development of the participating countries according to Chinese standards. According to certain estimates, [92], China has already invested USD 17 billion in this direction. Europeans' refusal to actively participate in this direction is associated with the fear of increasing government control over citizens and restricting their freedoms.

In response to the FDI initiative, the European Union in September 2018 formulated its own approach [86] to Eurasian connectivity, which is focused on the protection of critical infrastructure. The EU emphasises the long-term benefits and stability of its initiative, proposing to ensure that labour rights are respected in the implementation of infrastructure investments and avoid political or debt dependence of the participating countries and ensure a level playing field for business. Unlike the already launched Chinese FDI, the European initiative is currently declarative in nature. Funding for its implementation should be agreed between countries, the private sector and included in the EU budget for 2021-2027. The process of harmonization of European and Chinese projects will be long and unstable in any case.

Currently, the prospects for the development of all aspects of economic cooperation between China and the EU are significantly complicated due to the

latter's initiative to put political issues on the agenda. In Europe, China's position during the coronavirus pandemic, human rights violations in the western provinces and changes in Hong Kong's security legislation are causing turbulence. In addition, Europeans expect China to have a more pronounced policy to counter global climate change.

In Europe, Beijing is increasingly seen as a strategic rival [94] rather than a partner, so a new consensus is forming among the leaders of the continent in relation to China. This consensus, described by Josep Borrell as the "Sinatra Doctrine" [71], aimed at strengthening the strategic autonomy and sovereignty of Europe. "Through cooperation with China, the EU should strengthen its strategic sovereignty through the protection of technological sectors of the economy, which are key to ensuring the necessary autonomy and protecting international European values and interests" [37].

In the political discourse of Europe, there is growing support for the idea of diversification of suppliers and relocalization of production. The shortage of medical equipment during the COVID-19 pandemic has sparked these discussions in the expert and public environment. That is why we can expect a strengthening of the classical aspects of European economic policy aimed at protecting the new industry. The main objects of protection in this context will be critical links in the supply of medicines, medical equipment and technologies. Even more relocalization of production from China will require additional resources and incentives, such as increasing productivity, reducing labor costs, or applying protectionist measures. However, these measures can negatively affect the well-being of end consumers.

In addition, Europe is considering strengthening its own defensive lines to control the movement of capital. This includes a pan-European investment screening mechanism and a set of tools to protect 5G networks. The European Commission is working on developing restrictive measures for state-owned companies or receiving state subsidies to invest in the EU.

In the political sphere of the EU, a new, more breakthrough approach to relations with China is expected, which involves an active demonstration of solidarity and enhanced coordination between the countries of the Union, a stable and

principled position on regulatory policy issues and consistency in taking a hard line towards Beijing. However, it will become difficult for China to pursue its own interests in the EU, as it must balance between maintaining economic openness to Europe and neutrality in the confrontation between the United States and China.

The EU's economic strategy towards China is increasingly becoming defensive. To improve trade efficiency, its actions will increasingly be linked to climate, security and political aspects. However, the parties continue to conduct dialogues in different languages, so it may be difficult for them to make significant progress in economic cooperation in the near future.

At the same time, interaction between China and the EU remains key for both sides. China views the EU as a reliable and stable economic partner, while Europe is interested in stabilizing and normalizing relations with Beijing, especially in the face of growing trade disputes with the United States. Both sides also have a common interest in strengthening international security and countering global challenges. China is trying to smooth out tensions by emphasizing greater opportunities for cooperation instead of competition. This covers the regions of Central and West Asia, Eastern Europe and Africa, where China has a significant interest in the Belt and Road Initiative. The EU and China can deepen cooperation in coordinating cross-border issues such as the fight against terrorism and corruption, and supporting international organizations such as the UN, the WTO and others.

However, dialogue on economic issues has limited prospects. China is not opening its commodity and financial markets to EU companies in response to restrictions on infrastructure initiatives and investment screening. Capital flow issues remain unregulated, and the EU refuses to conclude a bilateral investment agreement without significant concessions from China. The unevenness in trade also complicates the dialogue on the creation of a free trade area in the near future. This means that both the EU and China will develop their own regulations for cooperation with third countries in the areas of investment, trade, ecology, technology and humanitarian issues. Ukraine, which has an open economy and close ties with both partners, should prepare for the game on two courts according to different rules.

Conclusions to Chapter 3

China's "One Belt, One Road" competitive leadership strategy for Central Asian countries has a number of advantages. First of all, this concerns the development of infrastructure, which is very relevant, since it is outdated and was focused on communication only between the countries of Central Asia. Also, all countries in this region need investment, and China offers financial resources on favorable terms.

China offers a pragmatic approach in its international economic relations, based on well-known principles, such as non-interference in the internal affairs of other countries, the development of beneficial economic cooperation and the enhancement of its own reputation. In China's foreign economic policy, special attention is paid to the fight against terrorism, extremism and separatism, as well as to the promotion of the concept of "One China" in the international arena. At the same time, China does not set preconditions for cooperation with new partners and does not demand respect for human rights, since it does not always meet these principles. This gives Beijing an advantage compared to those who set political conditions for cooperation. Such a strategy satisfies the countries of Central Asia, where the "coincidence of regimes" is considered acceptable, because it makes China a natural partner, without the need for any compromises. In addition, China benefits from two factors:

1. High-level political stability makes it possible to establish long-term relationships with government officials.

2. Centralization of power in the hands of a small number of people or one person.

While these two aspects are interrelated in the context of Central Asia, it is important to note that the concentration of power facilitates the acquisition of influence, including the use of corrupt methods such as blackmail and bribery. This gives China an advantage because many of its investments are made through state-

owned companies, while private firms may find themselves in a difficult position in the face of China's strong state apparatus.

As for foreign trade, relations are characterized by significant asymmetry. None of the Central Asian countries is among the main importing partners of China, only Kazakhstan occupies the 39th position. China is the largest (for Kyrgyzstan and Uzbekistan) or the second largest (for Kazakhstan) importing partner of the Central Asian countries. The situation is similar with exports: China's key regional exporting partner is Kazakhstan, which ranks 36th. At the same time, China is the largest (for Turkmenistan and Uzbekistan) or the second largest (for Kazakhstan) exporting partner. Turkmenistan is of particular interest, since this country exports gas in huge volumes (and practically nothing else). In recent years, 70% of Turkmen exports went to China. which hinders development, such an asymmetric dependence can become, so in 2018 it resumed gas exports to the Russian Federation after many years of periodically deteriorating bilateral relations.

As for FDI, China plays a key role here, albeit with different variations. The less diversified the economy of the Central Asian region, the less it can attract FDI and the more it depends on Chinese investment.

Business relations with China are characterized by such features as relations at the level of governments, lack of transparency, and may contain a component of corruption in relations with executives. Economic means will be used to create relationships of commitment and dependence.

Great powers such as China usually prefer bilateral relations with their partners, since in these cases their dominance will be more significant and pronounced. In the last two decades, great powers have preferred intergovernmental organizations in which they could dominate or play a role in them that exceeds their actual level of influence in the world. China's status as a major power that does not require a regional intergovernmental structure is growing rapidly, but it participates in a regional (Eurasian) international organization, in which four out of five Central Asian countries are members, and the fifth (Turkmenistan) is a regular guest.

Regarding the development of foreign trade relations between China and the United States, the following conclusions are made: relations between the United States and China in the field of foreign trade and economic cooperation are at a new stage, which differs from the previous, almost twenty-year, period of active interaction and growing interdependence. With the strengthening of China, the factor of competition becomes dominant in this relationship, especially in the context of scientific and technological progress. The most important circumstance in this context is the close intertwining of the economies of both countries, due to scientific and technological development and globalization of the world economy. This opposes the national interests of the United States and China, which seek to strengthen their position and influence in the global economy.

In general, the foreign economic relations that developed between the United States and China in the XXI century can be described as very ambiguous and contradictory. The countries have come a long way from open conflict to relatively stable political and economic cooperation. The United States, trying to maintain its status as the most influential country in the world, hinders the development of those countries that can compete with them, as well as individual projects that can significantly accelerate the progress of competing countries. The implementation of China's "One Belt, One Road" strategy will be in a difficult position if the United States hinders it. There is no doubt that this initiative has a significant impact on modern Sino-American relations.

In the development of international economic ties with the EU, China has not yet made significant changes to its previous course, which was set out in its Policy Paper on the EU, published at the end of 2018. In this document, China asserts itself before the EU as a consistent supporter of globalization processes and the multilateral trade order; strongly underlines the need for mutual respect, equality and support for the principle of "one China" by the EU; stresses that the European side should examine the human rights conditions in China objectively and fairly, refrain from interfering in internal affairs and its judicial sovereignty in the name of human rights; invites the European Union to avoid politicization of economic and trade issues and

to promote stable, sustainable and win-win progress in bilateral trade and economic relations.

However, the development of dialogue on economic issues is subject to restrictions. China has shown no willingness to open its commodity and financial markets to EU companies in accordance with restrictions on infrastructure initiatives and investment screening. Capital movement issues remain unregulated, and the European Union refuses to conclude bilateral investment agreements without significant concessions from China. The asymmetry in trade also hinders the development of dialogue on the free trade area in the near future. This means that both the EU and China will establish their own rules for interaction with third countries in the areas of investment, trade, ecology, technology and humanitarian issues. Ukraine, whose economy is open and has close ties with both partners, should prepare for a two-course game with different rules.

CONCLUSIONS

The main drivers of international trade have been identified. There has been no radical change in approaches to understanding these factors, and international trade is now believed to be based on Ricardian comparative advantage. However, new research in this direction opens new sources of comparative advantage. Traditional theories are based on relative advantages in the productivity of capital and labor, as well as on differences in the provision of factors of production. New theories have opened up new comparative advantages, such as the heterogeneity of firms within an industry, the inferiority of contracts, the influence of state institutions on international trade, etc.

It has been established that, for the analysis of international trade, they began actively using the mathematical apparatus and tools of other branches of science, such as political science, psychology, macroeconomics, and marketing. This is quite understandable, because research began to focus on the level of firms and their managerial decisions, and the justification for international trade shifted from purely economic to political grounds.

It is determined that the difference between domestic and foreign trade is decreasing. At the level of the production function and the consumption function, the motives of domestic and foreign trade are almost the same. The goal of each individual firm in modern conditions is to manufacture and sell a competitive product. The company decides personally whether to achieve this goal by purchasing raw materials or components domestically or by outsourcing from outside.

It is determined that in general, the countries of the world introduce the following concepts of foreign trade:

- the concept of trade in raw materials (Ukraine);
- the concept of intellectual leadership (USA, Japan, some European countries);
- concept of production of cheap goods (China).

The main factors influencing China's foreign trade have been singled out: the development of the international division of labor and the internationalization of production; integration into the World Trade Organization (WTO); China's monetary policy; the impact of global financial crises; the insignificant level of trade in services in China; the importance of innovation and the production of low value-added products.

The main directions of China's foreign trade strategy are: reorientation from "self-reliance" to export; import of technologies and equipment from outside for technical re-equipment of own production; attracting foreign investment and creating a favorable investment climate; the use of credits and loans from international financial organizations, and later from foreign countries; active development of coastal regions and participation in regional economic organizations; diversification of forms of management of foreign economic activity; review and creation of a regulatory framework that contributes to the development of foreign trade.

It has been established that the reform of foreign trade regulation took place in the following areas: weakening control over the activities of enterprises in order to increase their number; creation of a system of indirect influence on trade (duties, quotas, licenses, etc.); reducing the gap between the real and nominal exchange rates of the national currency; reforming the pricing system in order to use price as a force that affects the distribution of resources in the economy.

It is proved that the implementation of China's foreign trade strategy took place according to the following scheme: accelerated development of export-oriented labor-intensive industries with a focus on both large and small enterprises; shifting the emphasis of industrial policy to capital- and high-tech products (equipment, automotive, electrical appliances, etc.); development of the field of high technologies (biotechnology; electronics, computer science, etc.).

It has been determined that today there are already certain achievements in the cooperation of countries within the framework of the "One Belt, One Road" initiative, including the creation of the Asian Infrastructure Investment Bank (AIIB),

the University Alliance of the New Silk Road (UANSR), the Strategic Union of Higher Education Institutions and the Tourist Union of Cities "One Belt, One Road".

In summary, the EU countries are more dependent on Chinese imports than vice versa, i.e. the EU's foreign trade balance with China for many items of goods is negative. The main goods imported from China are automobile parts and accessories, electrical circuits, shoes, clothing, furniture and their parts, household goods, electrical equipment, baby carriages, data processing devices, and telecommunications equipment.

Thus, the analysis of foreign trade and investment relations between China and the EU countries allows us to conclude that cooperation within the framework of the "One Belt, One Road" initiative is beneficial for both sides, already demonstrates objectively positive results and still has potential for development (for example, the development of the service sector).

As a result of the quantitative and qualitative analysis of foreign trade relations between Ukraine and China, the following conclusions were drawn: the relations between the analyzed countries were established in Soviet times, when specialists from Ukraine were sent to China to exchange experience, particularly in the metallurgical and agricultural spheres. In 2011, the countries' ties grew closer following the signing of the Declaration on Strategic Partnership between Ukraine and China. In 2013, the foreign economic relations of the two countries received an additional impetus for development after the Chinese leader's proclamation of the initiative of inclusive globalization, "One Belt, One Road". It has been determined that cooperation between Ukraine and China within the framework of this initiative has a mutually beneficial character: Ukraine is located at the geographical center of Europe, making it strategically important for the transit of Chinese vehicles to Europe.

As for Ukraine's foreign trade with China, it has a negative balance, which during 2010-2019 ranged from -3383.85 to 5611.71 million dollars. However, in 2020 it decreased to USD 1218.48 million. USA.

When comparing China's imports to Ukraine and vice versa, it was determined that the flows of imported products to Ukraine are more than 2 times higher and prevail over Ukrainian imports to China.

As for the qualitative component of foreign trade between Ukraine and China, the following results were obtained: 90% of Ukrainian exports to China are grain crops (26%), fats and oils of animal or vegetable origin (16%), ores, slags and ash (35%), ferrous metals (9%). China's imports to Ukraine are more diversified and are represented by electric machines (27%), nuclear reactors, boilers, machines (18%), means of land transport, except for rail (4%), optical devices and devices (4%), plastics, polymeric materials (3%), toys (3%).

The analysis of trade according to the Classifier of Goods by Enlarged Economic Group also proved that almost 97% of Ukrainian exports to China are intermediate goods. Imports from China are also based on intermediate goods, but they account for approximately 50%.

According to the level of the science-intensive component, 60% of Chinese imports to Ukraine are medium- and high-tech. As for Ukraine, its exports to China in 2020 accounted for only a 5% share of the knowledge-intensive component.

It is also determined that Ukrainian exports are not only raw materials, but they are also characterized by the content of the technological component, but in quantitative terms, this component is much smaller than in China's exports.

A correlation and regression analysis of Ukraine's exports to China has been carried out and it has been determined that employment has the greatest impact on the growth of its volume.

Therefore, the development of further foreign economic relations between Ukraine and China within the framework of the "One Belt, One Road" initiative should also be inclusive for Ukraine. Within the framework of this cooperation, it should leverage not only its transit potential but also its comparative advantages in high-tech industries, as identified in the analysis.

It has been established that China's "One Belt, One Road" competitive leadership strategy for Central Asian countries has several advantages. First of all,

this concerns infrastructure development, which is very relevant, as it is outdated and focused solely on communication between Central Asian countries. Also, all countries in this region need investment, and China offers financial resources on favorable terms.

Regarding the development of foreign trade relations between China and the United States, the following conclusions are drawn: foreign economic relations between the United States and China have entered a new stage, significantly different from the previous almost 20-year period of enhanced cooperation and growing mutual coordination. As China becomes stronger, increased competition becomes the dominant factor in this relationship. The key role is the scientific and technical component. Significant in this situation is the circumstance due to the scientific and technological progress of globalization of the world economy, in particular, the close mutual coordination of the economies of the United States and China, which contradicts the interests of the national economies of both countries, which seek to strengthen their positions and role in the world economy.

In general, the foreign economic relations that developed between the United States and China in the 21st century are characterized as ambiguous and contradictory. The countries have come a long way from open conflict to relatively stable political and economic cooperation. The United States is trying to maintain its status as the most influential country in the world, hindering the development of those countries that can compete with it, as well as individual projects that can significantly accelerate the progress of competing countries. The implementation of China's "One Belt, One Road" strategy will be difficult if the United States hinders it. There is no doubt that this initiative has a significant impact on modern Sino-American relations.

It is determined that, regarding the development of international economic relations with the EU, China has not yet changed its previous course, as set out in the policy document on the EU published at the end of 2018. In this document, China notes its strong positioning before the EU as a consistent supporter of globalization and the multilateral trade order. He also sharply emphasizes the existence of mutual

respect, equality and unconditional support for the principle of "one China" by the EU. In addition, China notes that the European side should objectively and fairly consider the human rights situation in China, and refrain from interfering in China's internal affairs and judicial sovereignty in the name of human rights. Moreover, China proposes that the EU avoid politicization of economic and trade issues and promote sustainable, stable and win-win progress in bilateral trade and economic relations.

It has been established that the dialogue on economic issues has limited opportunities for development. China is not opening its commodity and financial markets to EU companies in line with restrictions on infrastructure initiatives and investment screening. Capital movement issues remain unresolved, and the European Union refuses to conclude a bilateral investment agreement without significant concessions from China. Trade inequalities are also hampering dialogue on a free trade area soon. This means that both the EU and China will set their own rules for interaction with third countries in various fields, such as investment, trade, ecology, technology and humanitarian issues. Ukraine, which has an open economy and deep ties with both sides, should be prepared to play on two fields under different rules.

REFERENSYS

1. Акматалієва А. М. Ініціатива «Один пояс – один шлях» в Центральній Азії. *Порівняльна політика*.2018. № 4. С. 139–146.

2. Аудит зовнішньої політики: Україна–Китай. Дискусійна записка. Київ. 2016. 61 с.

3. Ван Ян. Туйдун синчэн цюаньмянь кайфан синь гэцзюй [Просувати формування нової архітектоніки всебічної відкритості]. Пекін: Жэньминь жибао, 2017 (китайською мовою).

4. Василиця О., Чех М. Торговельна війна між США та Китаєм: масштаби впливу. *Інфраструктура ринку*. 2021. № 56. С. 3–8. DOI: https://doi.org/10.32843/infrastruct56-1.

5. Венгер В. В. Перспективи українсько-китайського співробітництва у промисловій сфері: інтереси Китаю та можливості України. *Європейський науковий журнал економічних та фінансових інновацій*. 2018. № 1. С. 4–13. DOI: https://doi.org/10.32750/2018-0101.

6. Венгерська Н. С., Лубенець І. О. Ретроспектива теорій міжнародної торгівлі. *Економічний простір*. 2021. № 175. DOI: https://doi.org/10.32782/2224-6282/175-3.

7. Власенко Л. В. Стратегічні пріоритети та засоби розвитку зовнішньоторговельних відносин України з КНР в умовах глобалізації: дис. … канд. екон. наук: 08.00.02. Запоріжжя, 2017. 274 с. URL: https://www.lnu.edu.ua/wp-content/uploads/2017/05/dis_vlasenko.pdf.

8. Герасимчук В. Г. Китай на шляху глобалізації 2.0. *Економічний вісник НТУУ «КПІ»*. 2019. № 16. С. 78–88.

9. Дергачова В. В., Голюк В. Я., Згуровський О. М. Торгівельна війна США і Китаю: причини та наслідки для світової економіки. *Kitaêznavčì doslìdžennâ*. 2019. № 1. P. 54–63. DOI: https://doi.org/10.15407/chinesest2019.01.054.

10. Державна служба статистики. URL: ukrstat.gov.ua

11. Деркач Є. М. Правове забезпечення сталого розвитку транспортної системи України. *Economics and Law*. 2020. № 4. С. 24–34. DOI: https://doi.org/10.15407/econlaw.2020.04.024.

12. Єфремов Д. Неосяжні грані «всебічності»: аналіз важливих положень нової інвестиційної угоди між ЄС та КНР. *Україна–Китай*. 2021. № 1(21). С. 14–23.

13. Захарін С. В., Лі Інін, Ван Веньцянь. Активізація українсько-китайського економічного співробітництва. *Науковий вісник Мукачівського державного університету. Серія «Економіка»*. 2016. № 2. С. 28–32.

14. Заяць О. І. Моделі конкурентної сили міжнародних інтеграційних об'єднань. *Інвестиції: практика та досвід*. 2020. № 15–16. С. 40–46. DOI: 10.32702/23066814.2020.15–16.40

15. Зуб М. Я. Особливості сучасної китайської моделі ринку праці та його інфраструктури. *Економічний простір*. 2020. № 156. С. 187–191. DOI: https://doi.org/10.32782/2224-6282/156-34.

16. Кіктенко В. О. Семантика і прагматика концепту ініціатива «Один пояс, один шлях». *Kitaêznavčì doslìdžennâ*. 2018. № 1 P. 58–68. DOI: https://doi.org/10.15407/chinesest2018.01.058

17. Кіро О. С. Еволюція теорій регіонального розвитку в економічній науці. *Вісник соціально-економічних досліджень*. 2016. № 38. С. 72–83.

18. Коваль О. Всеохоплююча угода ЄС та КНР: нові принципи. *Україна–Китай*. 2021. № 1(21). С. 6–13.

19. Лимар В. В., Цзі Чжі. Стратегія інклюзивної глобалізації «Один пояс, один шлях». *Бізнес Інформ*. 2020. № 2. С. 23–28.

20. Лимар В. В., Цзі Чжі. Стратегія конкурентного лідерства Китаю в Центральній Азії. Scientific Collection «InterConf», (123): with the Proceedings of the 1st International Scientific and Practical Conference «Science in the Environment of Rapid Changes» (September 6-8, 2022). Brussels, Belgium: De Boeck, 2022. 351 p. P. 16-21. URL:

https://dspace.hnpu.edu.ua/server/api/core/bitstreams/4f8f12e6-7369-4b1e-9fa5-713b29627e7a/content.

21. Лікарчук Д. С. Зовнішня політика Китаю: конфлікти, перспективи, нові сценарії. *Науковий журнал ДВНЗ «Ужгородський національний університет» Регіональні студії.* 2021. № 25. С. 27–28.

22. Лікарчук Д. С. Китай versus США: конфліктологічний вимір. *Kitaêznavčì doslìdžennâ*. 2021. № 1. P. 92–101. DOI: https://doi.org/10.51198/chinesest2021.01.092

23. Макогон Ю. В. Новый Великий Шелковый путь: история, состояние, перспективы. *Економічний вісник Донбасу*. 2018. № 3(53). С. 49–55.

24. Макогон Ю. В. Співробітництво України та Китаю на сучасному етапі. *Економічний вісник НТУУ «Київський політехнічний інститут»*. 2019. № 16. С. 124–131.

25. Маловичко С. В. Торгівля як галузь господарства: окремі аспекти теорії і практики. *Науковий вісник Херсонського державного університету*. 2015. № 12. Ч. 2. С. 80–84.

26. Михайленко О. Г., Дзяд О. В. Зовнішня торгівля товарами Китаю: відновлення після пандемії. *Економіка та держава*. 2022. № 3. С. 29–42. DOI: 10.32702/2306-6806.2022.3.29.

27. Міжнародна стандартна торгова класифікація. 2008. URL: https://unstats.un.org/unsd/publication/seriesm/seriesm_34rev4r.pdf

28. Мікловда В. П., Король М. М., Мудренок К. П. Аналіз динаміки та структури зовнішньої торгівлі Китаю. *Науковий вісник Ужгородського національного університету*. 2017. № 11. С. 103–106.

29. Міністерство комерції Китайської Народної Республіки. URL: http://russian.mofcom.gov.cn/column/siju.shtml

30. Один пояс, один шлях»: Центральна Азія під китайським фокусом. URL: https://adastra.org.ua/blog/odin-poyas-odin-shlyah-centralna-aziya-pid-kitajskim-fokusom

31. Осташко Т. О. Особливості торговельної політики Китаю і

перспективи експорту України до КНР. *European scientific journal of Economic and Financial innovation*. 2018. № 1. С. 31–43. DOI: http://doi.org/10.32750/2018-0104.

32. Решетило В. П. Історичні витоки формування китайської моделі економіки. *Комунальне господарство міст*. 2021. Т. 2. № 162. С. 50–57. DOI 10.33042/2522-1809-2021-2-162-50-57.

33. Рогач О. І., Підчоса О. В., Буз А. О. Торговельна війна між США і КНР: вплив на світову економіку та наслідки для України. *Актуальні проблеми міжнародних відносин*. 2021. Т. 1. № 149. С. 59–71.

34. Родіонова Т. А., Якубовський С. О., Кочарян В. Г. Стан ринку праці та міграційні процеси в Китайській народній республіці. *Kitaêznavčì doslìdžennâ*. 2021. № 1. P. 124–136. DOI: https://doi.org/10.51198/chinesest2021.01.124.

35. Родченко В. Б., Прус Ю. І. Глобальні орієнтири просторового розвитку в сучасних умовах: виклики для України. *Соціальна економіка*. 2018. № 55. С. 50–61.

36. Світова організація торгівлі. URL: https://www.wto.org

37. Сергієнко Т. Особливості сучасної політики Китайської народної республіки на міжнародній арені. *Наукові праці Міжрегіональної академії управління персоналом. Політичні науки та публічне управління*. 2023. № 3(63). С. 106–112. DOI: https://doi.org/10.32689/2523-4625-2022-3(63)-14.

38. Сін Хоюань. Торгівля послугами. Пекін, 2018. С. 33.

39. Скрипник Н. Є., Люлінцев Д. В. Вплив глобальних процесів на формування динаміки та розвиток міжнародної торгівлі. *Східна Європа: економіка, бізнес та управління*. 2019. № 6(23). С. 3–8. DOI: https://doi.org/10.32782/easterneurope.23-1.

40. Стегней М. І., Король М. М., Парлаг С. В. Особливості зовнішньоторговельної політики Китаю в сучасних умовах. *Економіка і суспільство*. 2019. № 20. С. 53–62. DOI: https://doi.org/10.32782/2524-0072/2019-20-8.

41. Теорія і політика зовнішньої торгівлі Китаю. Чжунго дуйвай цзинцзи маои чубаньшэ, Бэйцзин, 1989. С. 23. (китайською мовою).

42. Троян С. С. Сучасні відносини Україна–КНР: проблеми і перспективи. *Міжнародні відносини: теоретико-практичні аспекти*. 2018. № 1. С. 86–95.

43. Українець Л. А. Ініціатива «Пояс і шлях» як основа нарощування економічної експансії Китаю. *Науковий вісник Ужгородського національного університету*. 2019. № 24. Ч. 3. С. 109–113.

44. Цзі Чжі. Деякі аспекти зовнішньої торгівлі Китаю. Праці XXI Міжнародної наукової конференції студентів, аспірантів та молодих вчених «Управління розвитком соціально-економічних систем: глобалізація, підприємництво, стале економічне зростання» (2-3 грудня 2021 р., м. Вінниця). Том 2. Ред. кол. Хаджинов І.В. (голова) та ін. Вінниця: ДонНУ імені Василя Стуса, 2021. 214 с. С. 132-135. URL: https://drive.google.com/file/d/1onZ8u8-GxScaWlsr1xqC05_fAjPPar82/view?usp=drivesdk.

45. Цзі Чжі. Зовнішньоекономічні зв'язки Китаю з країнами ЄС. Праці XXII Міжнародної наукової конференції студентів, аспірантів та молодих вчених «Управління розвитком соціально-економічних систем: глобалізація, підприємництво, стале економічне зростання» (2 грудня 2022 р., м. Вінниця). Том 1. Ред. кол. Вінниця: ДонНУ імені Василя Стуса, 2022. 240 с. С. 191-194. URL: https://drive.google.com/file/d/11VSQ40y2hrMLDkFi7qqvlIEFaSoR49Vz/view?usp=drivesdk.

46. Цзі Чжі. Макроекономічні показники Китаю в контексті ініціативи «Один пояс, один шлях». Інтернаука. 2021. № 1 (45). С. 49-57. URL: https://www.inter-nauka.com/uploads/public/16149752556726.pdf.

47. Чернова О. В., Валігура А. Т. Оцінка сучасного стану та тенденцій економічного розвитку Китаю в контексті глобалізації світогосподарських відносин. *Східна Європа: економіка, бізнес та управління*. 2019. № 3(20). С. 43–52.

48. Черняєва А. ЄС та Китай: розвиток торговельних відносин. *Економіка та суспільство*. 2022. № 37. DOI: https://doi.org/10.32782/2524-0072/2022-37-55.

49. Чжан Лу. Економічний пояс шовкового шляху: історія, розвиток, перспективи. *Наукові праці МАУП*. 2016. № 50(3). С. 154–158.

50. Чжунго Гунчаньдан. Ди шицзюцы цюаньго дайбяо дахуэй вэньцзянь хуэйбянь. *Документи XIX Всекитайського з'їзду КПК.* Пекін: Жэньминь чубаньшэ, 2017 (китайською мовою).

51. Чжунго дуйвай маои синши баогао (2018 нянь чуньцзи) [Доповідь про ситуацію у зовнішній торгівлі Китаю. Весна 2018 р.]. URL: zhs.mofcom.gov.cn/article/cbw/201805/20180502740111 (китайською мовою).

52. Чжунго Тунцзи Чжайяо. Коротка статистика Китаю 2018. Пекін, 2018. С. 103 (китайською мовою).

53. Шаповал Ю. І. Зміна економічної моделі Китаю: висновки для України. *Новітня історія суспільних трансформацій*. 2017. № 49. С. 206–220.

54. Якубовський С. О., Радіонова Т. В., Бабінчук О. С. Торговельне протистояння США та Китаю: причини та наслідки. *Вісник ХНУ імені В. Н. Каразіна. Серія «Міжнародні відносини. Економіка. Країнознавство. Туризм»*. 2010. № 11. С. 35–44. DOI: 10.26565/2310H9513H2020H11H04.

55. Abuselidze G., Mamaladze L. The Impact of the COVID-19 Outbreak on the Socio-Economic Issues of the Black Sea Region Countries. *Lecture Notes in Computer Science.* 2020. № 12253. P. 453–467. DOI: 10.1007/978-3-030-58814-4_32.

56. Abuselidze G., Slobodianyk A. Pandeconomic Crisis and Its Impact on Small Open Economies: A Case Study of COVID-19. *Advances in Intelligent Systems and Computing*. 2021. № 1258. P. 718–728. DOI: 10.1007/978-3-030-57450-5_61.

57. Abuselidze G., Slobodianyk A. Social responsibility of business and government in the conditions of the COVID-19 pandemi. *E3S Web of Conferences*. Vol. 210, № 15016. DOI: 10.1051/e3sconf/202021015016.

58. An Asian infrastructure bank. URL: https://www.economist.com/analects/2013/10/04/only-connect

59. Arase D. China's Two Silk Roads Initiative: What It Means for Southeast Asia. *Southeast Asian Affairs*. 2016. № 5. P. 25–45.

60. Asian infrastructure investment bank. URL: https://www.aiib.org/en/index.html

61. Balassa B. Tariff Reductions and Trade in Manufactures among the Industrial Countries. *American Economic Review*. 1966. Vol. 56, № 3. P. 466–473.

62. Baldwin R., Forslid R. Trade liberalization with heterogeneous firms. *NBER Working Paper*. 2006. № 12192.

63. Bechmann R., Jansen S. Rising Giants. *Development and Cooperation*. 2010. № 12.

64. Bernard A. B., Jensen J. B., Redding S. J., Schott P. K. Firms in International trade. *Journal of Economic Perspectives*. 2007. Vol. 21, № 3. P. 105–130.

65. Bernard A., Bradford J., Stephen R., Peter K. Firms in International trade. *NBER Working Paper*. 2007. № 13054.

66. Bhavna D., Yuka Kobayashi. China's silk road economic belt initiative in Central Asia: economic and security implications. *Asia Europe Journal, Springer*. 2018. Vol. 16(3). P. 267–281.

67. Biswal N. Central Asia in a Reconnecting Eurasia: Remarks at Center for Strategic and International Studies. 2015. URL: http://2009-2017.state.gov/p/sca/rls/rmks/2015/242232.htm

68. Blaydes L., Paik Ch. Trade and Political Fragmentation on the Silk Roads: The Economic Effects of Historical Exchange between China and the Muslim East. *American Journal of Political Science*. 2021. Vol. 65, № 1. P. 115–132.

69. Blinken A. An Enduring Vision for Central Asia. URL: http://2009-2017.state.gov/s/d/2015/240013.htm

70. Bondaz A., Godement F., Kratz A., Pantucci R. «One belt, one road»: China's great leap outward. *Asia Centre of European Council on Foreign relations*. 2015. URL: http://www.ecfr.eu/page/-/China_anal- ysis_belt_road.pdf

71. Borrell J. The Sinatra Doctrine. How the EU Should Deal with the US–China Competition. IAI. 2020. URL: https://www.iai.it/sites/default/files/iaip2024.pdf

72. Brakman S., Frankopan P., Garretsen H., Marrewijk Ch. V. The New Silk Roads: an introduction to China's Belt and Road Initiative. *Cambridge Journal of Regions, Economy and Society*. 2019. Vol. 12. Is. 1. P. 3–16. DOI: https://doi.org/10.1093/cjres/rsy037

73. Browne R. Top US General: China Will be «Greatest Threat» to US by 2025. 2017. URL: https://edition.cnn.com/2017/09/26/politics/dunford-us-china-greatestthreat/index.html

74. Calabrese L. China and global development: what to read ahead of the Belt and Road Forum. URL: https://odi.org/en/insights/china-and-global-development-what-to-read-ahead-of-the-belt-and-road-forum/

75. Captain T., Sugreev IN. The Belt and Road Initiative of China: Security Implications for India and the Indo Pacific Region. URL: https://www.usiofindia.org/publication-journal/the-belt-and-road-initiative-of-china-security-implications-for-india-and-the-indo-pacific-region-and-response-strategies.html

76. Cha C. China's Westward March: Strategic Views of One Belt, One Road. *The Korean Journal of International Studies*. 2017. Vol. 15, № 3. P. 483–500.

77. Chaibong H. China's Future Is South Korea's Present: Why Liberalization Will Follow Stagnation. *Foreign Affairs*. 2018. Vol. 97, № 5. P. 177–185.

78. Chen, K., Chen, X., Wang, Z. A., & Zvarych, R. (2024). Does artificial intelligence promote common prosperity within enterprises?—Evidence from Chinese-listed companies in the service industry. *Technological Forecasting and Social Change*, *200*, 123180.

79. China Global Investment Tracker. URL: https://www.aei.org/china-global-investment-tracker/

80. China Trade Report 2016: Post-Crisis Development / Trade Team of Institute of World Economics and Politics, Chinese Academy of Social Sciences. Beijing: China Social Sciences Press, 2016.

81. China, 20 other countries initiate new Asian bank. URL: https://www.dailymail.co.uk/wires/ap/article-2805943/China-21-countries-initiate-new-Asian-bank.html

82. China's Belt and Road: The new geopolitics of global infrastructure development. URL: https://www.brookings.edu/articles/chinas-belt-and-road-the-new-geopolitics-of-global-infrastructure-development/

83. China's One Belt, One Road: Will it reshape global trade? URL: https://www.mckinsey.com/featured-insights/china/chinas-one-belt-one-road-will-it-reshape-global-trade

84. China's role to increase after Pak-Saudi spat. URL: https://www.chinausfocus.com/finance%19economy/one%19belt%19and%19one%19road

85. Chinese foreign trade in figures. URL: https://santandertrade.com/en/portal/analyse-markets/china/foreign-trade-in-figures.

86. Connecting Europe and Asia – Building blocks for an EU Strategy / European Comission. 2018. URL: https://eeas.europa.eu/sites/eeas/files/joint_communication_-_connecting_europe_and_asia_-_building_blocks_for_an_eu_strategy_2018-09-19.pdf.

87. Daly J. C. K. Why Kazakhstan is Key to China's Central Asia Strategy. 2015. URL: http://www.silkroadreporters.com/2015/07/14/why-kazakhstan-is-key-to-chinas-central-asia-strategy

88. Davydenko N., Dibrova A., Onishko S., Fedoryshyna L. The Influence Of The Gross Regional Product On The Formation Of The Financial Potential Of

The Region. *Journal of Optimization in Industrial Engineering*. 2021. Vol. 14. Is. 1. P. 177–181. DOI: 10.22094/JOIE.2020.677843.

89. Denyer S. China takes a jab at U.S as Europeans back Asian Bank. *The Washington Post*. 2015.

90. Dunford M. China's Belt and Road Initiative and its Implications for Global Development ACTA VIA SERICA. URL: https://www.researchgate.net/publication/353971317_China's_Belt_and_Road_Initiative_and_its_Implications_for_Global_Development_ACTA_VIA_SERICA

91. Economic globalization, trade and forest transition-the case of nine Asian countries / L. Li et al. *Forest Policy and Economics.* 2017. № 76. P. 7–13. DOI: 10.1016/j.forpol.2015.12.006.

92. Eder T., Arcesati R., Mardell J. Networking the «Belt and Road» – The future is digital. *MERICS*. 2019. URL: https://merics.org/en/analysis/networking-belt-and-roadfuture-digital

93. Ergashov J. International trade theories. URL: https://www.researchgate.net/publication/376173324_International_trade_theories

94. EU–China Strategic Outlook / European Commission. 2019. URL: https://ec.europa.eu/commission/publications/eu-china-strategic-outlook-commission-contributioneuropean-council-21-22-march-2019_en

95. EU–China trade and investment relations in challenging times. Directorate General for External Policies of the European Union. 2020. URL: https://www.europarl.europa.eu/RegData/etudes/STUD/2020/603492/EXPO_STU(2020)603492_EN.pdf

96. European Union Chamber of Commerce in China. *The European Business in China Position Paper 2020/2021.* 2020. P. 15.

97. Fedorenko V. The New Silk Road Initiative in Central Asia. *Rethink Institute Working paper.* 2015. URL: http://www.rethinkinstitute.org/wp-content/uploads/2013/11/Fedorenko-The-New-Silk-Road.pdf

98. Full text of China's Policy Paper on the European Union. 2018. URL: https://www.chinadaily.com.cn/a/201812/18/WS5c1897a0a3107d4c3a001758_1.html

99. Garcia Z., Modlin K. D. Sino-Russian Relations and the War in Ukraine. *Parameters. 2022.* Vol. 52, № 3. DOI: 10.55540/0031-1723.3165.

100. Gawande K., Pravin K. The political economy of trade policy: empirical approach. *Handbook of international trade*. New York: Basil Blackwell, 2003.

101. Ghiasy R., Zhou J. The Silk Road Economic Belt: Considering Security Implications and EUChina Cooperation Prospects. SIPRI, 2017. 76 p.

102. Ghironi F., Melitz M. Trade and macroeconomic dynamics with heterogeneous firms. *Quartely Journal of economics*. 2005. Vol. 120(3). P. 865–915.

103. Global dominants of Chinese trade policy development: Opportunities and threats for cooperation with Ukraine / A. G. Raišienė et al. *Journal of International Studies*. 2019. № 12(1). P. 193-207. DOI: 10.14254/2071-8330.2019/12-1/13.

104. Global Implications of China's Belt and Road Initiative. URL: https://www.hoover.org/events/global-implications-chinas-belt-and-road-initiative

105. Gruber W., Vernon R. The Technology Factor in a World Trade Matrix. *The Technology Factor in International Trade*. New York and London, 1970. P. 233–271.

106. Guan G. Thirty years of China–Russia strategic relations: achievements, characteristics and prospects. *China Int Strategy Rev*. 2022. № 4(1). P. 21–38. DOI: 10.1007/s42533-022-00101-6.

107. Guoda G., Lu Jing. Introduction to China's foreign trade. Peking university press, 2015. C. 32–33.

108. Hakhverdyan D. N., Pakhlyan A. A. International trade and uneven distribution of income. *Вісник ХНУ імені В. Н. Каразіна. Серія «Міжнародні відносини. Економіка. Країнознавство. Туризм»*. 2018. № 8. С. 96–100. DOI:

10.26565/2310-9513-2018-8-10.

109. Helpman E. International Trade in the Presence of Product Dif ferentiation, Economies of Scale and Monopolistic Competition: A Chamberlin-Hecksher-Ohlin Approach. *Journal of International Economics*. 1981. № 11. P. 305–340.

110. Helpman E., Melitz M., Rubinstein Y. Trading partners and trading volumes. *Quartely journal of economics*. 2008. № 2. P. 441–487.

111. Henglong Zh., Zhenzhen Zh. Ukraine–China. 2018. № 13. P. 94–110.

112. Ji Zhi, George Abuselidze, Valeriia Lymar. Renewable Energy Sources Based on Agricultural Production: Potential Applications Within the Silk Road Economic Belt Framework. *European Journal of Sustainable Development*. 2023. Vol. 12. № 1. P. 159-179. URL: https://ecsdev.org/ojs/index.php/ejsd/article/view/1381.

113. Ji Zhi, Lymar V. Export of agri-food commodities in China. Міжнародній науково-практичній конференції «Глобальні та національні тенденції у галузі наук про життя» (12 травня 2022 р., м. Ніжин). Ніжин: НДУ Гоголя, 2022. 270 с. С. 43-45. URL: http://nati.org.ua/docs/science/2022/Conference_12052022_p001.pdf.

114. Ji Zhi, Lymar V. International economic relations of China and the USA in the context of the struggle for global leadership. *Економіка та організація управління*. 2023. № 2. С. 76-85. URL: https://jeou.donnu.edu.ua/issue/view/468.

115. Ji Zhi. Some aspects of R. Vernon's life cycle theory. Paradigmatic view on the concept of world science: Collection of scientific papers «ΛΌГОΣ» with Proceedings of the International Scientific and Practical Conference (Vol. 1), August 21, 2020. Toronto, Canada: European Scientific Platform. URL: https://repo.dma.dp.ua/5800/1/2020.%20Toronto%2C%20Canada_P.%20146-149.pdf.

116. Krugman P. R., Obstfeld M. International economics: theory and policy. 6 th edition. Berkeley: University of California, 2002. 783 p.

117. Lancaster K. Protection and Real Wages: A Restatement. *The*

Economic Journal. 1957. Vol. 67, № 266. P. 199–210. DOI: https://doi.org/10.2307/2227782

118. Leontief W. Input-output economics. New York: Oxford University Press, 1986. 436 p.

119. Lin J. Y., Cai F., Zhou Li. The China Miracle: Development Strategy and Economic Reform (Revised Edition). The Chinese University of Hong Kong Press, 2003. DOI: https://doi.org/10.2307/j.ctv1fj84hd.

120. Liu S. China's Economy after the Financial Crisis Burst Economists' analysis of China's Economic Transformation. Beijing: Foreign Languages Press, 2012.

121. Mainwaring L. Relative Prices and «Factor Price» Equalisation in a Heterogeneous Capital Goods Model. *Fundamental Issues in Trade Theory. Palgrave Macmillan* / Steedman I. (eds). London, 1979. P. 77–89. DOI: https://doi.org/10.1007/978-1-349-04378-1_6.

122. Md Nazirul Islam Sarker, Md Altab Hossin, Xiaohua Yin, Md Kamruzzaman Sarkar. One Belt One Road Initiative of China: Implication for Future of Global Development. *Modern economy*. 2018. Vol. 9, № 4. URL: https://www.scirp.org/journal/paperinformation?paperid=83814

123. Md. Sajjad Hosain. One Belt One Road Initiative: A Revolution on Regional and Global Development. URL: https://www.academia.edu/65790343/One_Belt_One_Road_Initiative_A_Revolution_on_Regional_and_Global_Development?hb-sb-sw=33102467

124. Melitz M. The impact of trade on intra-industry reallocations and aggregate industry productivity. *Econometrica*. 2003. Vol. 71, № 6. P. 1695–1725.

125. Mill J. S. Principles of political economy with some of their applications to social philosophy. London: Longmans, Green and Co., 1936. 1067 p.

126. Miller T., Kratz A. Open Checkbook, Closed Market. *China Economic Quarterly*. 2016. Vol. 20, № 3. P. 37–43.

127. Ministry of foreign affairs of the people's republic of China. URL: http://www.fmprc.gov.cn/mfa_eng/topics_665678/xjpcxbayzlt2015nnh/t1249618.shtm

128. Mino Kazuo. Analysis of a Two-Sector Model of Endogenous Growth with Capital Income Taxation. *International Economic Review*. 1996. Vol. 37, № 1. P. 227–251. DOI: https://doi.org/10.2307/2527254.

129. Mozgovyy O., Rudenko-Sudarieva L., Shevchenko Y., Yatsenko O., Zhou W. Factors for choosing of investment models by asian companies in the implementation area of global business initiatives. *Financial and Credit Activity Problems of Theory and Practice*. 2023. № 2 (49). P. 149–162. https://doi.org/10.55643/fcaptp.2.49.2023.4000.

130. Muryawan M. Classification by broad economic categories. 2020. URL: https://www.cepal.org/sites/default/files/presentations/cgce5-bec5-workshop-statistics-international-trade-services-2020.pdf

131. Nantulya P. Implications for Africa from China's One Belt One Road Strategy. URL: https://africacenter.org/spotlight/implications-for-africa-china-one-belt-one-road-strategy/

132. National Bureau of Statistics of China. URL: http://www.stats.gov.cn/english/

133. Ohlin B. Some Aspects of the Relations between International Movements of Commodities, Factors of Production, and Technology. *The International Allocation of Economic Activity*. Chapter 2 / edited by B. Ohlin, P.-O. Hesselborn, P. M. Wijkman. London, 1977. P. 25–56.

134. Parr J. B. Regional Economic Change and Regional Spatial Structure: Some Interrelationships. *Environment and Planning A: Economy and Space*. 1979. № 11(7). P. 825–837. DOI: https://doi.org/10.1068/a110825.

135. Patel D. The Impact of China's One Belt One Road Initiative on Developing Countries. URL: https://blogs.lse.ac.uk/internationaldevelopment/2017/01/30/the-impact-of-chinas-one-belt-one-road-initiative-on-developing-countries/

136. Policy Department for External Relations Directorate General for External Policies of the Union. EU-China trade and investment relations in challenging times. 2020. PE 603.492. URL: https://www.europarl.europa.eu/RegData/etudes/STUD/2020/603492/EXPO_STU(2020)603492_EN.pdf

137. Porter M. E. The comparative advantage of nations. New York: Free Press, 1998. 855 p.

138. Raghu B. Future Connectivity Chinese One Belt, One Road: Prospects and Implications to Nepal. URL: https://mpra.ub.uni-muenchen.de/100068/2/MPRA_paper_100068.pdf

139. Remarks by President Obama and Prime Minister Abe of Japan in Joint Press Conference. 2015. URL: https://Obamawhitehouse,archives.gov/the-pressoffice/2015/04/28/remarks-president-obamaand-prime-minister-abe-japanjointpress-conference

140. Report «One Belt One Road»: A Vision for the Future Of China-Middle East Relations. URL: https://www.semanticscholar.org/paper/Report-%E2%80%9C-One-Belt-One-Road-%E2%80%9D-%3A-A-Vision-for-the-Of-Jian/eefc2d536f4a4da147b83e8a90481d4f62a16fdf

141. Revealed Comparative Advantage. URL: https://unctadstat.unctad.org/en/RcaRadar.html

142. Rogach O., Pidchosa O., Buz A. US–China trade war: impact on global economy and implication for Ukraine. *Актуальні проблеми міжнародних відносин*. 2021. 149. С. 59–71.

143. Roy J. Ruffin. David Ricardo’s Discovery of Comparative Advantage. URL: https://www.researchgate.net/publication/236744561_David_Ricardo's_Discovery_of_Comparative_Advantage

144. Sai P. Understanding China’s Belt and Road Initiative. Lowy Institute Analysis. URL:

https://www.lowyinstitute.org/sites/default/files/documents/Understanding%20China%E2%80%99s%20Belt%20and%20Road%20Initiative_WEB_1.pdf

145. Schwab K., Zahidi S. Global competitiveness report. 2020. 95 p.

146. Scissors D. The belt and road Initiative is overhyped commercially. URL: https://www.aei.org/wp-content/up-loads/2019/06/BRI-Senate--testimony-6.12.19.pdf

147. Sen G. China-One Belt and One Road Initiative: Strategic & Economic Implications. New Delphi, 2016. URL: http://www.vifindia.org/sites/default/files/china-one-belt-and-one-roadinitiative-strategic-and-economic-implications.pdf

148. Senior State Department Officials Preview Secretary Kerry's Trip to Paris and Beijing: Special Briefing Via Teleconference. URL: http://2009-2017.state.gov/r/pa/prs/ps/2014/11/233827.htm

149. Sharma B. K., Nivedita Das Kundu. China's One Belt One Road: Initiative, Challenges and Prospects. URL: https://www.everand.com/book/379179995/China-s-One-Belt-One-Road-Initiative-Challenges-and-Prospects

150. Sivaruban S. One Belt One Road Implication for Higher Education in International Business. URL: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4468628

151. Smith A. An Inquiry into the Nature and Causes of the Wealth of Nations: The Glasgow Edition of the Works and Correspondence of Adam Smith. Vol. II / edited by R. H. Campbell and A. S. Skinner. Oxford University Press, 1976. 754 p.

152. State Press Availability With Secretary of Defense James Mattis, Chinese Politburo Member Yang Jiech I, and Chinese State Councilor and Defense Minister General Wei Fenghe. 2018. URL: https://www.state.gov/secretary/remarks/2018/11/287279.htm

153. Sternberg T. Central Asian ‘Characteristics’ on China’s New Silk Road: The Role of Landscape and the Politics of Infrastructur. *Land*. 2017. № 6(3). P. 55.

154. Tabellini Guido. The role of the state in economic development. *CESifo Working Paper.* 2004. № 1256.

155. Tan Li, Larry Qiu, Ying Xue Understanding China’s Foreign Trade Policy: A Literature Review. *Front. Econ. China*. 2016. № 11(3). P. 410–438. DOI 10.3868/s060-005-016-0023-3.

156. Testimony to the Senate Armed Services Committee by Acting Secretary of Defense Patrick M. Shanahan. 2019. URL: https://www.armed-services.senate.gov/imo/media/doc/Shanahan_03-14-19.pdf

157. The Extensive Effects of China’s Belt & Road Initiative. URL: https://standrewseconomist.com/2024/01/27/the-extensive-effects-of-chinas-belt-road-initiative/

158. The Geoeconomic Implications of China’s Belt and Road Initiative. URL: https://mepc.org/speeches/geoeconomic-implications-chinas-belt-and-road-initiative

159. The Guardian view on the Asian Infrastructure Bank: the US should work with it, not oppose it. URL: https://www.theguardian.com/commentisfree/2014/oct/26/guardian-view-asian-infrastructure-bank-united-states-work-not-oppose

160. The Knoema Data Workflow. URL: https://knoema.ru/atlas/%d0%9a%d0%b8%d1%82%d0%b0%d0%b9

161. The White House, Remarks by president Trump on the administration’s national security strategy. 2017. URL: http://www.whitehouse.gov/briefings-statements/remarks-president-trumpadministrations-natio nal-security-strategy/

162. Tiezzi S. The Maritime Silk Road vs. The String of Pearls. The Diplomat. 2014. URL: http://thediplomat.com/2014/02/the-maritime- silk-road-vs-the-string-of-pearls/

163. Tinbergen J. Shaping the world economy. New York: The Twentieth

Century Fund, 1962. P. 1–124.

164. Trade Team of Institute of World Economics and Politics, Chinese Academy of Social Sciences. China Trade Report 2016: Post-Crisis Development. Beijing: China Social Sciences Press, 2016.

165. Umbach F. URL: https://www.gisreportsonline.com/r/belt-road-initiative/

166. University alliance of the Silk road. URL: http://uasr.xjtu.edu.cn/

167. Vernon R. The product cycle hypothesis in a new international environment. *Oxford bulletin of economics and statistics*. 1979. Vol. 41. Is. 4. P. 255–267.

168. Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road. URL: https://www.fmprc.gov.cn/eng/topics_665678/2015zt/xjpcxbayzlt2015nnh/201503/t20150328_705553.html

169. Vision and Actions on Jointly Building the Silk Road Economic Belt and 21st Century Maritime Silk Road. URL: http://china-trade-research.hktdc.com/business-news/article/The-Belt-and-Road-Initiative/Vision-and-Actions-on-Jointly-Building-the-Silk-Road-Economic-Belt-and-21st-Century-Maritime-Silk-Road/obor/en/1/1X000000/1X0A3JZG.htm

170. Wang W. Opportunities and challenges facing China's economic «external circulation». *China Int Strategy Rev*. 2022. № 4(1). P. 108–128. DOI: 10.1007/s42533-022-00106-1.

171. Weijia H. Railway Equipment Exports Surge 22.6 % in 2014. *Global Times.* 2015. URL: http://www.globaltimes.cn/content/906002.shtml

172. Weinian Hu. The EU-China comprehensive agreement on investment: an in-depth reading. 2021. URL: https://www.ceps.eu/download/publication/?id=33147&pdf=PI2021-07_The-EU-China-Comprehensive-Agreement-on-Investment.pdf

173. Wells A. Building Regional Architectures. 2018. URL: https://www.state.gov/p/sca/rls/rmks/2018/285557.htm

174. What are the major factors that have contributed to the rise in trade protectionism in 2023? URL: https://typeset.io/questions/what-are-the-major-factors-that-have-contributed-to-the-rise-1v2qfc8687

175. What Does the Belt and Road Initiative Mean for the Future of the International Integration System? URL: https://hir.harvard.edu/what-does-the-belt-and-road-initiative-mean-for-the-future-of-the-international-integration-system/

176. World Bank Group. Global economic prospects. A fragile recovery. 2017. 138 p.

177. World Bank. Data official. URL: https://data.worldbank.org/

178. World Bank. The East Asian Miracle. 1993. P. 22, 296.

179. Xieshu Wang, Joel Ruet, Xavier Richet. One Belt One Road and the reconfiguration of China-EU relations. URL: https://hal.science/hal-01499020/document

180. Yuan Li, Hans-Jörg Schmerer. Trade and the New Silk Road: opportunities, challenges, and solutions. *Journal of Chinese Economic and Business Studies*. 2017. № 15:3. P. 205–213. DOI: 10.1080/14765284.2017.1347473.

181. Zahoor N., Wu J., Khan H. De-globalization, International Trade Protectionism, and the Reconfigurations of Global Value Chains. *Manag Int Rev*. 2023. DOI: https://doi.org/10.1007/s11575-023-00522-4.

182. Zakharin S., Yingying L., Smyrnov I. Можливості китайсько-українського інвестиційного співробітництва в контексті реалізації ініціативи «Економічний пояс великого шовкового шляху». *European Cooperation*. 2017. Vol. 10(29). P. 45–55.

183. Zhang E., Dai X. Supply-side structural reform and the transformational development of China's foreign trade. *China Political Economy*. 2018. № 1. P. 120–129. DOI: https://doi.org/10.1108/CPE-09-2018-002.

184. Zhi Ji, Abuselidze G., Lymar V. Problems and perspectives of sustainable trade development in China under the one belt one road initiative. *E3S Web of Conferences.* 2021. Vol. 258, № 06050. DOI: https://doi.org/10.1051/e3sconf/202125806050.

185. Zulkifli N., Bizikumarin R. One belt one road initiative: implication toward Myanmar and Pakistan (2013–2019). URL: https://myjms.mohe.gov.my/index.php/ijbec/article/view/17910

186. Zvarych, R., & Linhai, W. (2024). China's trade relations with Ukraine. *Innovative Economy*, (1).

187. Zvarych, R., Linhai, W., Masna, O., & Rivilis, I. (2023). International trade of PRC and its place in environmental sustainability. Economic Annals-XXI, 204(7-8), 4-14. doi: https://doi.org/10.21003/ea.V204-01