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The Rise of Chinese Economy and Its Impact on Global Trade

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Abstract:

Prior to 1978, China saw yearly growth of 6% (with some difficult ups and downs along the way), but after 1978, China experienced average real growth of more than 9% annually with fewer and less difficult ups and downs. The economy expanded by more than 13 percent over a number of peak years. In the past 15 years, per capita income has nearly quadrupled, and some researchers even forecast that the Chinese economy would surpass that of the United States in approximately 20 years. Productivity gains contributed more than 42% of China's growth between 1979 and 1994, and by the early 1990s, they had surpassed capital as the main driver of that expansion. The policy of opening up China economically to the rest of the world constitutes an essential part of Chinese economic reform. Since this policy was initiated in 1979, the Chinese leadership has attached to it the dual aims of strengthening the country's economic potential by importing foreign capital and know-how and lifting Chinese foreign trade.

Keywords: Trade, Economy, China, Chinese Economy

1. Introduction

After years of state ownership of all productive assets, China's government began a significant programme of economic reform in 1978. It promoted the creation of rural companies and private firms, liberalised foreign commerce and investment, loosened state control over some pricing, and made investments in industrial production and the training of its workers in an effort to reawaken a slumber economic giant. Nearly all reports indicate that the plan has worked incredibly well.

Prior to 1978, China saw yearly growth of 6% (with some difficult ups and downs along the way), but after 1978, China experienced average real growth of more than 9% annually

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with fewer and less difficult ups and downs. The economy expanded by more than 13 percent over a number of peak years. In the past 15 years, per capita income has nearly quadrupled, and some researchers even forecast that the Chinese economy would surpass that of the United States in approximately 20 years.

Although capital accumulation—the growth in the nation's stock of capital assets, such as new factories, manufacturing equipment, and communications systems—was significant, as was the number of Chinese workers, the economic boom was primarily driven by a sharp, sustained increase in productivity (i.e., higher worker efficiency). Productivity gains contributed more than 42% of China's growth between 1979 and 1994, and by the early 1990s, they had surpassed capital as the main driver of that expansion.[i]

2. Literature Review

2.1 Heberer T. (2009)

The Cultural Revolution can be referred to as 'the backdrop of the rise in the Chinese economy. As stated by President Xi Jinping. If we lose the memory of history, our hearts will be lost in the darkness," Cultural revolution is considered to be the most significant episode of the 20th century.[ii] The creation of 'Red guards 'and hatred for bourgeois resulted in the destruction of China's already weakened economy.[iii]

2.2 Huang H. & Wong D. (2022)

As stated by Richard Nixon himself, he referred to the visit to China he made in 1972 as 'the week that changed the world[iv]. The summit was one of the major diplomatic turning points in modern history. The evolution of the Sino-American relationship is one of the reasons for China's remarkable economic growth since 1972[v]. Bilateral trade quickly surpassed economists 'predictions, and Mao was able to secure some new technology, including Boeing aircraft and RCA earth satellite ground stations.

2.3 Bohnet A., Hong Z. & Muller F. (1993)

The policy of opening up China economically to the rest of the world constitutes an essential part of Chinese economic reform. Since this policy was initiated in 1979, the Chinese leadership has attached to it the dual aims of strengthening the country's economic potential by

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importing foreign capital and know-how and lifting Chinese foreign trade towards a level and structure comparable to that of modern industrialized countries[vi].

2.4 Clarke M. (2017)

China has embarked on the most ambitious infrastructure project in modern world history. It's called the Belt and Road Initiative (BRI), and it spans three continents and covers almost 60 percent of the world's population. It's how China plans to become the world's next superpower. Beijing has backed the initiative with considerable financial commitment, $40 billion for the silk Road economic belt, and $25 billion for the Maritime Silk Road[vii]. Indeed, this initiative has inclined towards becoming the hegemon in the years to come[viii].

3. Objectives of Study:

- To draw a comparison between the inward-looking policy of China before 1979 and outward looking policy after 1979
- To study the factors responsible for the economic boom in China
- To study the impact on global trade after the growth of the Chinese economy
- To analyse the Belt road initiative taken by China

4. Research Questions:

1. What has been the economic policy of china before 1979 and after 1979?
2. What were the steps taken by China that resulted in a sudden boom in China?
3. What has been the impact on global trade after the rise of Chinese economy since 1979?
4. Is it the growth of production that has led to China's economic rise or the increase in their productivity?

5. Research Methodology

5.1. Types of Research Methodology

Research methodology is essentially the "how" a certain piece of research is conducted in practice. More specifically, it deals with the methodical methods a researcher employs when designing a study to guarantee accurate outcomes that meet the goals and objectives of the investigation.

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Methodologies can be classified as qualitative, quantitative, or mixed depending on whether they emphasis words, numbers, or both. Qualitative, quantitative, and mixed categories have been established.

Qualitative research is gathering and examining non-numerical data (such as text, video, or audio) in order to comprehend ideas, beliefs, or experiences. When the research's goals and objectives are exploratory in nature, this methodology is frequently applied. For example, a qualitative methodology might be used to understand peoples ’perceptions about events, people, and so forth.

Quantitative: It is a research strategy that focuses on quantifying the collection and analysis of data, measuring and testing using numerical data. Quantitative methodology is typically used when the research aims and objectives are confirmatory in nature. For example, it may be used to measure the relationship between two variables (e.g. personality type and likelihood to commit a crime) or to test a set of hypotheses.

5.2. Types of Sources

To conduct different kinds of research, various sources are used. These sources can either be primary, secondary or tertiary:

Primary sources are records of events or evidence as they are first described or actually happened without any interpretation or commentary. It is information that is shown for the first time or original materials on which other research is based. Primary sources display original thinking, report on new discoveries, or share fresh information.

Secondary sources offer an analysis or restatement of primary sources. They often try to describe or explain primary sources. They tend to be works which summarise, interpret, reorganise, or otherwise provide an added value to a primary source.

Tertiary sources that index, abstract, organise, compile, or digest other sources. Some reference materials and textbooks are considered tertiary sources when their chief purpose is to list, summarise or simply repackage ideas or other information. Tertiary sources are usually not credited to a particular author.

5.3 Data Collection:

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The aim of this paper is to evaluate the sudden increase in the economic rise of the Chinese economy after 1979 and deal with its diverse factors. The paper aims to understand, how has the rise benefitted China's mission to take control over the global economic scenario and help them to lead the way to become a hegemon. The paper will also critically analyse the factors responsible for China's dominance over world trade and will the initiatives become a burden on China's shoulders after 50 years.

The data collected for the objectives of the research paper is both qualitative as well as quantitative. The quantitative approach has been used to scrutinise the relationship between the rise in the economy and its proportionality with the gross domestic product, foreign trade, and Foreign direct investment. The qualitative approach has been used to critically analyse the initiatives taken by China to dominate global trade as well as the future applications of these initiatives.

6. The Rise in the Chinese economy and its impact on contemporary global trade.

6.1. The Silence before the Storm

The cultural revolution that occurred in China during the 20th century is unquestionably going to rank among the pivotal historical moments in the country's development because of how long it lasted, how much it destroyed, and how far-reaching its effects were. The controversy over whether the Chinese Cultural Revolution was good or wrong continues to this day. On the profundity of its lessons, there is general agreement, but on its construction and reflection, there is less accord.

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President Xi Jinping cited a Russian author who said that "if we lose the memories of history our hearts will be lost in the darkness". The domestic history of China is covered by the statement. If we forget our memories, our hearts will also be lost in the darkness of the cultural revolution of the previous century.

At the Communist Central Committee Plenum in August 1966, Mao Zedong urged the beginning of the Cultural Revolution. He called for the formation of a "Red Guards" force to punish party officials and any other bourgeois-inclined individuals.

Mao made a direct call to his supporters in the populace to join him in a Cultural Revolution because he was aware that other party leaders were preparing to marginalise him. In order to defeat capitalist ideals, he also thought that the communist revolution had to be an ongoing process.

The students, some of whom were in elementary school, responded to Mao's demand by organising themselves into the first squads of Red Guards. Later, troops and workers joined them. The Red guards began to attack mosques, Buddhist temples, holy books, and anything else that was in their path. The Guards held so-called "battle sessions" in which they publicly humiliated and abused anybody who were considered to have capitalist ideas (usually these were teachers, monks, and other educated persons). Many of the accused perished during these sessions, which frequently involved physical abuse, or spent years being detained in re-education camps.

China had plunged into turmoil by February 1967. Red Guards were turning on one another and fighting in the streets as the purges reached the level of army generals who dared to speak out against the excesses of the Cultural Revolution.

Even Mao recognised that the Cultural Revolution was getting out of hand by December 1968. China's economy was in serious trouble and had previously been hurt by the Great Leap Forward. In just two years, industrial production decreased by 12%. To stop the Red Guards from causing as much problems, Mao tried to scatter them throughout the nation. Schools in China were closed for the entire Cultural Revolution decade, depriving an entire generation of a proper education. The goal of re-education had been to reach every professional and educated

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person. The survivors were scattered throughout the countryside, toiling on farms or in labour camps.

Numerous ancient antiques and antiquities were stolen from private collections and institutions and destroyed as emblems of "old thinking." Also destroyed in the flames were priceless religious and historical texts.

Unknown, but believed to be in the hundreds of thousands, if not millions, were slain during the Cultural Revolution. Many people who were subjected to public humiliation also committed suicide. Minority members, particularly Tibetan Buddhists, Hui people, and Mongolians, suffered disproportionately.

The history of Communist China is tarnished by terrible errors and shocking violence. The Cultural Revolution is among the worst of these events since so many traces of that nation's vast and old culture were wilfully destroyed, in addition to the horrendous human misery caused.

6.2 Richard Nixon in China: A Week that Changed China

The People's Republic of China was first visited by the first US president, Richard Nixon, in 1972.

Since then, expressions like "Nixon travelling to China" have come to symbolise sudden and unusual political leader behaviour. China was viewed by the United States as an aggressive, imperialistic force that threatened the safety of its non-communist neighbours. In actuality, there had been wars between the two countries. China and the US participated in the Korean War and the Vietnam War in the early 1950s.

But in 1972, the impasse was broken. One of the key diplomatic turning events in contemporary history was the summit. It was a turning point that put an end to years of hostility between China and the United States and provided new prospects for two of the biggest, most powerful countries in the world. Despite without establishing formal diplomatic ties, Nixon and Mao did manage to dramatically revive trade, travel, and exchanges in the fields of education, science, sports, and culture. They also created the conditions for their successors, Deng Xiaoping and President Jimmy Carter, to resolve any outstanding issues and reestablish full

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diplomatic relations between the two countries in 1979 (a procedure known as "normalisation").

China's tremendous economic progress since 1972 is a result of the development of the Sino-American partnership, among other things. It goes without saying that the Nixon-Mao summit was very significant. The Beijing regime received much-needed recognition, a new, powerful partner, and an end to its self-imposed isolation. The conference also improved the reputations of Zhou Enlai and Kissinger. Economic forecasts for bilateral commerce were swiftly exceeded, and Mao was able to acquire some cutting-edge equipment including Boeing aeroplanes and RCA earth satellite ground stations. Beijing also sent invitations to many congressional delegations to visit China, and "liaison offices" were established in each capital to act as de facto embassies. The summit also had a huge psychological impact. "A nagging fixation that China and the US had felt about each other lifted like a weight from each side's shoulders," one Mao biographer observed.

The new authorities in Beijing and Washington were more inclined to put aside their disagreements and forge cooperative partnerships after Mao's passing. The adamantly anti-Communist President Ronald Reagan soon visited Beijing and praised Chinese efficiency as well as the two countries' cooperative capitalist companies. Soon, the two governments were genuinely cooperating on military matters. The most crucial of them were Deng's economic reforms, which made China a world power and a significant trading partner for the United States. Before the Nixon-Mao conference, each of these outcomes was all but unthinkable.

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6.3 The Opening Doors

An integral component of Chinese economic reform is the country's policy of opening its economy to the rest of the globe. Since this policy's inception in 1979, the Chinese leadership has attached to it the dual objectives of raising Chinese foreign trade to a level and structure comparable to that of modern industrialised countries and enhancing the country's economic potential through the importation of foreign capital and know-how. This is why efforts were undertaken to establish a supportive institutional framework for capital imports. An open-door policy of this nature, however, was initially considered to have disruptive consequences on the socialist economic system and that, should it fail, significant harm to domestic economic development could result. To mitigate these concerns, the open-door policy was consequently subject to a number of constraints, both geographically and in terms of the content.

Time Chart of China's Open-Door Policy

Period	Stage of reform	Geographical location
1980	Establishment of the special economic zones of Shenzhen, Zhuhai, Shantou and Xiamen	Provinces of Guang-dong and Fujian in the South East
1984	14 ports, including Shanghai and Tianjin, are declared "open cities"	Along the length of the coast from North to South
1985	Various towns in the Pearl River delta, the South Fujian delta and the Yangtze delta, the peninsulas of Liaodong and Jiaodong, and the Bohaiwan district are opened up.	Near the coast in the East and South East
1988	The island of Hainan is elevated to the status of an independent province and declared a special economic zone.	South China Sea
April 1990	The Shanghai district of Pudong is declared a special zone	East coast
1992	5 ports along the Yangtze River are declared "open cities"	Central China
June 1992	13 cities along the Chinese national borders become "open cities"	North East, North West and South West
August 1992	11 provincial cities are declared "open cities"	In the interior

Sources: China's Economic Structure Reform, No. 10, 1992, p. 12; J. Wang, Y. Zhu (eds.): Handbuch der Reform des Wirtschafts-systems, Beijing 1987, p. 870.

The formation of special economic zones with relatively small territories that were strongly focused on trade with the outside world served as the regional delineation of the open-door policy. The four special economic zones of Shenzhen, Zhuhai, Shantou, and Xiamen in the provinces of Fujian and Guangdong were founded in August 1980. With a surface size of 327.5 sq. km, Shenzhen is the biggest of these. For the purpose of preventing any harm to the economy brought on by a potential failure of the open door, all of these zones 2 were located in economically underdeveloped areas.

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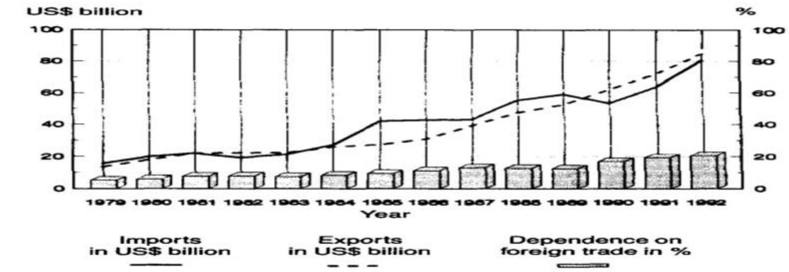
Figure 1

Development of Foreign Trade and of Foreign Trade Dependence in China (PRC), 1979-1992



Note: Foreign trade dependence is expressed as the percentage of exports as a proportion of gross national product.

Sources: Statistical Yearbook of China 1992, pp. 31 & 615; Bedeutende Ergebnisse im Aussenhandel, in: Beijing Rundschau, Vol. 30, No. 3-4, 26. 1. 1993; own calculations.

The following actions were taken as part of the open-door policy:

- foreign investment plays a major role in determining economic progress;
- Market economy principles are mostly used to conduct economic activity;
- Compared to other regions of China, international enterprises are given more latitude and operate in more favourable conditions;
- The special economic zone governments have the same administrative authority over international trade issues as the provincial governments.

The special economic zones were rigorously segregated from the rest of the economy, including with regard to the sorts of economic activity, in order to prevent any negative spillover effects on the rest of China.

Geographically, this started in 1984 with the formal declaration of "open cities" for Shanghai, Tianjin, and twelve other Chinese ports. In these free cities, conditions were made beneficial for foreign investors, and local governments were given wide authority over international trade operations. After 1985, China's interior was gradually opened up to the rest of the world as part of its open-door economic strategy.

The opening of eleven provincial capital cities in the interior of China was the most recent development. As a result, the geographic division between the domestic economy and special economic zones and open cities has virtually disappeared in recent years.

6.4 What effects did the Open Door Policy have?

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6.4.1. Capital imports and foreign direct investment

There was a constant loosening of the constraints on Chinese-foreign company freedom of activity in the special economic zones and in the open regions as geographical separation became less rigidly maintained. On the selling side, this was demonstrated by an ever-increasing opening up of the Chinese domestic market to the goods of these enterprises and a progressive easing of the export requirement. Additionally, this led to a gradual loosening of controls over foreign exchange, which means that businesses engaged in international trade are now free to use a sizeable portion of the foreign currencies they earn as they see fit. The open-door policy's continued regional expansion has also made it easier for Chinese-foreign businesses to access the Chinese labour market. To the end of 1992, China allowed a total of about 84,000 businesses that were either entirely foreign-owned or involved joint ventures or other forms of cooperation between Chinese and foreign interests. In 1990, these businesses employed two million people. 8 From 1979 to 1982 and 1992, the amount of foreign direct investment that was authorised to be made with foreign capital countries was US$109.8 billion; even the amount of foreign investment that was actually made in 983 was estimated to be worth US$34.5 billion.

6.4.2 Foreign Trade:

Following China's open-door policy, trade and commerce between the People's Republic of China and the rest of the world skyrocketed. China rose in the world rankings for the volume of its exports from 34th in 1978 to 11th in 1992. 11 In 1992, Hong Kong, Japan, the USA, Taiwan, Germany, and Russia were its top commercial partners abroad. 12 85 billion dollars worth of commodities were exported out of China in the same year, which is more than 20% of its GNP. Over the same time period, imports totaled $80.6 billion (cf. Fig. 1). Since 1979, imports and exports have increased by more than 15% annually on average. These statistics demonstrate that, in the meantime, foreign trade not only significantly affects the performance of the Chinese economy but is also progressively making China a force to be reckoned with in global commerce.

6.4.3 Gross Domestic Product Growth

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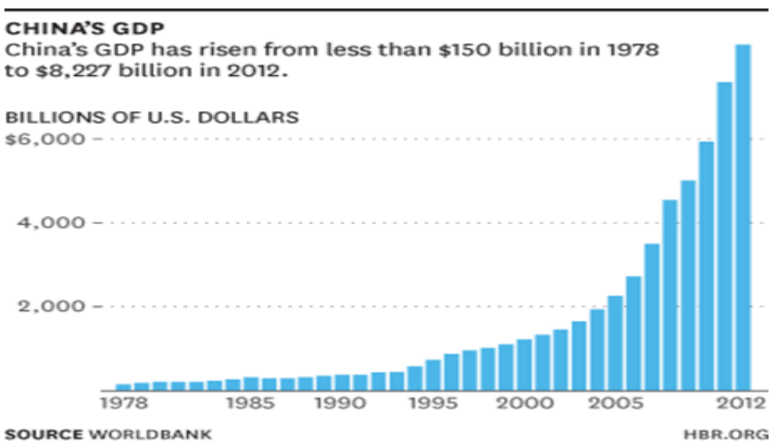
In 1980, Shenzhen, Zhuhai, Shantou in Guangdong, and Xiamen in Fujian were the first four SEZs to be established. In order to draw investment and business from these Chinese communities, the SEZs were strategically placed close to Hong Kong, Macau, and Taiwan while also offering an advantageous tax structure and low salaries. Shenzhen was the first city to be founded and experienced the fastest growth, with an extremely high growth rate of 40% year between 1981 and 1993, as opposed to the average GDP growth of 9.8% for the nation as a whole. In other regions of China, SEZs were also established.



6.5 The impact of China's boom in world trade.

Today's aspirant hegemonic power, China, uses its overall economic strength in addition to exports to impose itself globally. China quickly ascended to become the second-largest economy in the world after joining the World Trade Organization (WTO) as a full member, and its integration into the global economy has been rapid (in terms of GDP).

According to data from the Lowy Institute, before 2000, the US dominated international trade because more than 80% of nations traded with the US than they did with China. However, by 2018, the percentage had sharply decreased to under 30% as China had replaced the United States as the top trading partner for 128 out of 190 nations. China had an almost 15% share of world commerce in 2020, placing it third overall behind the US and the EU. Furthermore, despite its larger reach, China has been able to keep a positive trade balance; in 2020, China recorded a trade surplus of USD 535.37 billion, with an upward trend over the previous five years. China has had impressive growth in its economy and trade. China has steadily been

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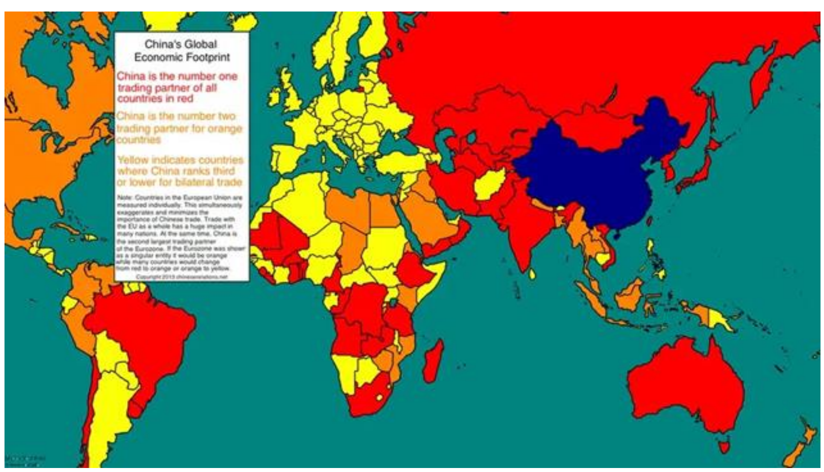
included into the international trade system and has grown to be a significant player in the WTO's agenda-setting and decision-making processes thanks to significant improvements in economic performance and policy change.

All WTO members have benefited from China's WTO membership because it has created a sizable market. Global trade has significantly increased since China joined the WTO, with trade between developing nations particularly booming. More importantly, China's WTO membership has given trading partners peace of mind that the country will abide by all applicable laws and regulations. China's imports increased from US$243.55 billion to US$1587.92 billion from 2001 to 2016, while exports increased from US$266.1 billion to US$2097.64 billion. China's share of global exports increased to 13.18% in 2016 from 4.34% in 2001, and its percentage of global imports increased to 9.9% from 3.84% in 2001. China's GDP increased sharply over that time, from US$1.339 trillion to US$11.199 trillion. As a result, the enormous market of the second-largest economy in the world was made available to everyone. In the meantime, China has emerged as one of the most alluring countries for international direct investment (FDI). The entire amount of FDI that entered China in 2016 was US$126 billion, which represents an annual growth rate of 6.83 percent since 2001.



China continues to have the second-largest economy in the world, producing 10% of all global commodities and dominating 9% of international trade. The world's revenue is being redistributed as a result of China's economy's rapid expansion, particularly among their trade

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partners, such as exporters and importers. Since 1992, China's foreign trade flows have surged by 500%.

6.6 The Belt Road Project:

The Chinese government (PRC) first endorsed the Belt and Road Initiative BRI) in 2013. On his official trip to Indonesia and Kazakhstan in 2013, PRC (People's Republic of China) leader Xi Jinping made the announcement. Aiming to link mainland China with the rest of Asia, Europe, and Africa, the BRI is an extremely ambitious initiative. The term "Belt" describes the rail and road links that connect PRC to the landmasses of Asia and Europe.

The "Silk Road Economic Belt" refers to this. The term "road" alludes to the maritime routes that connect ports in Eastern China with South-East Asia, South Asia, Africa, Eurasia, and ultimately Western Europe. The "21st Century Maritime Silk Road" refers to this. The BRI is "an effort to strengthen regional connections and embrace a brighter future," according to the PRC government. The BRI project is the largest infrastructure investment and development endeavour in human history. More than 70 nations in the region were covered by BRI. These nations house more than 65% of the world's population. Additionally, these nations provide more than 40% of the world's GDP (GDP). By 2049—the PRC's 100th anniversary and the projected completion date for the entire BRI project—all work should be finished. The PRC's stated goals are to "create a large, unified market and fully utilise both domestic and international markets through cultural exchange and integration, to enhance mutual

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understanding and trust of member nations, and to result in an innovative pattern with capital inflows, talent pools, and technology databases."

The PRC's deep-seated belief in a bipolar world with China as a different fulcrum of power, as opposed to the current unipolar world, is what conceals the real aims of BRI under pious platitudes.

6.7 China's trillion-dollar strategy to control world trade:

Recent openings include a seaport in Sri Lanka, a new bridge in rural Laos, a new highway in Pakistan, a new train terminal in Kazakhstan. All of these are a component of a single nation's initiative, which covers three continents and affects more than 60% of the world's population. The purpose of China's Belt and Road Initiative is to reroute international trade. China intends to do this in order to rise to the status of the next superpower.

They are also the two parts that make up the plan. A network of six overland corridors known as the Economic Belt provides new ways to transport commodities into and out of China. The maritime silk road, a network of seaports that stretches from the South China Sea to Africa and facilitates trade to and from China, is another option. In order to facilitate commerce with China, the BRI also consists of oil refineries, industrial parks, power plants, mines, and fiber-optic networks. Over 60 nations are said to have signed agreements for these projects thus far.

Pakistan's CPEC is the BRI's flagship undertaking.

Pakistan's economy is in decline and there is a corruption issue. Before China arrived, it was never a favoured location for foreign investment. China proposed in 2001 to develop a brand-new port in the sleepy fishing village of Gwadar. The port, along with the highway and railroad networks, became a $62 billion Corridor within the BRI by 2018. It is the intersection of the Maritime Silk Road and the Economic Belt. Pakistan established a close relationship with a significant world power and experienced its fastest GDP growth in eight years. In contrast, China successfully established a new alternate channel for goods, particularly oil and gas from the Middle East. These kinds of initiatives also enabled it to grow its economy. BRI contracts provided a significant boost to Chinese construction companies, which had little chances within their own nation. As a result, 7 out of the 10 largest

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construction corporations globally are now Chinese. Typically, nations must adhere to rigorous ethical norms in order to attract investment from the West. However, China has provided billions of money with much fewer restrictions—mostly in the form of loans. Therefore, it is not surprising that the BRI has been well received by the less democratic nations in the area. China has made agreements with repressive military regimes, autocratic administrations, and even some of the most corrupt nations in the world. It even has ties to the currently split countries of Yemen, Afghanistan, Ukraine, and Iraq by a fight.

Many academics have referred to the BRI as a dangerous initiative due to China's readiness to lend money to untrustworthy nations. These nations will eventually have to repay China, but due to corruption and conflict, this is unlikely to happen. According to a recent research, China is owed money by a large number of countries, eight of which are particularly susceptible.

So why does China continue to lend?

Since the BRI is more complex than just economics. China provided a 1.5 billion dollar loan to Sri Lanka to build a new deep-water port. A significant halt on the Maritime Silk Road, it was. But by 2017, it had become evident that Sri Lanka would be unable to repay the loan. As a result, China was given control of the port under a 99-year lease. Additionally, China has a 40-year lease on the vital port in Pakistan, is pressing for a similar arrangement in Myanmar, and has recently established a Chinese navy station in Djibouti. All of these point to the validity of the so-called String of Pearls idea. It asserts China is attempting to set up numerous naval bases in the Indian Ocean, that will enable it to set up ships and watch over shipping lanes that pass through the area. So even though China doesn't get its money back, it still accomplishes certain crucial strategic objectives. As the world's lone superpower for the past several decades, China's expanding prominence puts the US in jeopardy. China's strategy for using power to rise to the top of the world order is the BRI. China is well on its way by fostering partnerships and seizing control of international trade.

7. Conclusion:

From this study we’ve concluded that prior to the initiation of economic reforms and trade liberalization nearly 40 years ago, China maintained policies that kept the economy very poor, stagnant, centrally controlled, vastly inefficient, and relatively isolated from the global economy.

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Since opening up to foreign trade and investment and implementing free-market reforms in 1979, China has been among the world's fastest-growing economies, with real annual gross domestic product (GDP) growth averaging 9.5% through 2018, a pace described by the World Bank as "the fastest sustained expansion by a major economy in history." Such growth has enabled China, on average, to double its GDP every eight years and helped raise an estimated 800 million people out of poverty. China has become the world's largest economy (on a purchasing power parity basis), manufacturer, merchandise trader, and holder of foreign exchange reserves.

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