Rising Role of China in the Asia-Pacific Interconnected Economies: Current Status and Future Opportunities

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Abstract: This paper investigates the rising role of China in the Asia-Pacific interconnected economy. This research utilizes export data to analyze, includes the quarterly international export data of Australia and Japan with its partner countries, the export data with China, Japan and the US as partner country with the typical countries include Canada, Mexico, USA, Australia, Japan, Chile, New Zealand, China and Indonesia. The results indicate that a) the significant role of China in international GVCs and in Asia-Pacific interconnected economy, b) the flourishing transaction value between these three years indicates the rising role of China all over the world, c) the essential position of the Chinese economy in the Asian economy, the joint Asia-Pacific economy, the potential of China as a developing country economy and the strength of its domestic industries. As for managerial implications, China is recommended to seize the initiative, expand its influence and insist on the development of Belt and Road strategy. The China all over the world, c) the essential position of the Chinese economy in the Asian economy, the joint Asia-Pacific economy, the potential of China as a developing country economy and the strength of its domestic industries. As for managerial implications, China is recommended to seize the initiative, expand its influence and insist on the development of Belt and Road strategy. The China is recommended to seize the initiative, expand its influence and insist on the development of Belt and Road strategy.

Keywords: Economic globalization, Deglobalization, Asia-Pacific interconnected economy.

1. Introduction

Economic globalization (EG) is an increasingly mainstreaming trend all over the world. As EG drives regional economies further afield, the Asia-Pacific interconnected economy has become a globally significant issue. In macroscopic terms, the effect of interconnectedness promotes the communication of policies and economy on a dual basis, either within or between countries. Analyzing from internationally political economy framework, the rising role of China in the Asia-Pacific interconnected economies is more concrete to be comprehended through global value chains (GVCs).

Nevertheless, despite of economic globalization, deglobalization is proved to be existed. Deglobalization is the process of reducing reliance and integration between some global entities, often nation states, and is the antithesis of globalization. On the whole, the impact and consequences of antiglobalization are manifested as, primarily, deglobalization tends to undermine or change the existing pattern of the Asia-Pacific interconnected economy through the upstream and downstream transmission properties of Asia-Pacific value chains. Additionally, the originators of deglobalization will not be able to achieve a zero-sum game of economic interests.

In order to measure the extent to which the Asia-Pacific interconnected economy has developed, the methodology is expressing the export trade condition of a country as a share of GDP, which, with the evolution of the economics approach, is capable to be measured by a number of international trade indicators based on global value chains nowadays. This data type measures the extent to which the Asia-Pacific interconnected economy is flourishing.

2. Literature Review

Governments can quickly liberalize long-distance movements, international trade, investment, finance, as well as the information and attitudes that go along with market exchanges through the process known as economic globalization (EG) [2].

Regarding GVCs, they are the most conspicuous aspect of economic globalization and a key force behind regional economic integration. By participating in GVCs, GVCs strongly emphasize the importance of the transition from low-to-high-value-added industries [3]. Additionally, research on GVCs emphasize that membership in them can serve as a major engine for regional economic growth, particularly in the context of emerging and developing economies. The importance of extra-regional connections to regional economic growth has also been at the forefront of the GVCs approach, which believes that knowledge and technology transfer via GVCs is crucial for opening up new markets for goods from developing and emerging nations [4] (Coe, 2012).

According to academics, factors contributing to deglobalization include trade disputes between nations, political pressure, populism, high unemployment rates, and trade imbalances [5] (Kim et al, 2020). On the economic front, the Asia-Pacific integrated economy has been hampered by the employment of various policy barriers by some nations to impede the free flow of commodities and factors as well as the erection of several artificial hurdles to economic and trade policies. Reverse globalization has seriously undermined international law and order on the political front.

3. Materials and Method

Primarily, this paper proves interconnectedness and rising role of China in Asia-Pacific interconnected economy through quarterly international export statistics by partner country
between exporter and partner countries. And the typical countries this research chooses are Canada, Mexico, USA, Australia, Japan, New Zealand, Chile, Brazil, Indonesia, and Korea, Malaysia, and Indonesia. Furthermore, this paper utilizes origin of value added in gross exports of TiVA database which becomes public in 2021 from the official website of OECD[6] (OECD, 2022).

Primarily, the quarterly international export data of Australia with its partner countries is shown in Table 1.

| Country | Q1-2020 | Q2-2020 | Q3-2020 | Q4-2020 |
|---------|---------|---------|---------|---------|
| Australia | 59,106.8 | 60,502.8 | 69,261.6 | 80,507.6 |
| Canada | 102,868.8 | 77,460.3 | 102,197.1 | 107,793.7 |
| Mexico | 115,343.7 | 69,890.7 | 111,280.8 | 120,807.7 |
| USA | 400,424.0 | 288,969.0 | 357,652.0 | 385,173.0 |
| Chile | 17,034.5 | 17,649.5 | 18,507.4 | 20,894.4 |
| New Zealand | 9,944.0 | 9,037.9 | 9,615.4 | 10,098.2 |
| China | 533,089.8 | 607,487.9 | 661,709.6 | 707,727.4 |
| Indonesia | 40,949.6 | 37,469.1 | 40,628.9 | 44,354.2 |

The quarterly international export data of Japan with its partner countries is presented in Table 2.

| Country | Q1-2020 | Q2-2020 | Q3-2020 | Q4-2020 |
|---------|---------|---------|---------|---------|
| Australia | 250,715,472 | 217,909,182 | 264,225,469 | 249,730,100 |
| USA | 278,647,318 | 220,516,734 | 250,158,270 | 249,730,100 |
| New Zealand | 17,034.5 | 17,649.5 | 18,507.4 | 20,894.4 |
| Chile | 317,564.6 | 356,098.5 | 171,636.7 | 163,870.7 |
| World | 1,797,069,835 | 1,664,233,106 | 1,324,253,779 | 1,569,355,970 |

The export data with China as partner country is shown in Table 3.

| Time | Q1-2020 | Q2-2020 | Q3-2020 | Q4-2020 |
|------|---------|---------|---------|---------|
| Australia | 59,106.8 | 60,502.8 | 69,261.6 | 80,507.6 |
| Canada | 102,868.8 | 77,460.3 | 102,197.1 | 107,793.7 |
| Mexico | 115,343.7 | 69,890.7 | 111,280.8 | 120,807.7 |
| USA | 400,424.0 | 288,969.0 | 357,652.0 | 385,173.0 |
| Chile | 17,034.5 | 17,649.5 | 18,507.4 | 20,894.4 |
| New Zealand | 9,944.0 | 9,037.9 | 9,615.4 | 10,098.2 |
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| Indonesia | 40,949.6 | 37,469.1 | 40,628.9 | 44,354.2 |

The export data with Japan as partner country is demonstrated in Table 4.

| Time | Q1-2020 | Q2-2020 | Q3-2020 | Q4-2020 |
|------|---------|---------|---------|---------|
| Australia | 250,715,472 | 217,909,182 | 264,225,469 | 249,730,100 |
| USA | 278,647,318 | 220,516,734 | 250,158,270 | 249,730,100 |
| New Zealand | 17,034.5 | 17,649.5 | 18,507.4 | 20,894.4 |
| Chile | 317,564.6 | 356,098.5 | 171,636.7 | 163,870.7 |
| World | 1,797,069,835 | 1,664,233,106 | 1,324,253,779 | 1,569,355,970 |
4. Results and discussion

Primarily, the data indicates quarterly international export data of three typical countries with their partner countries, Australia, Japan, and China, respectively. Through comparison, the export transaction value of China with its partner countries exceeds the other countries’, which includes the Australia’s economic heart and a priority developed country in Asia. Consequently, this improves the significant role of China in international GVCs and in Asia-Pacific interconnected economy. And the flourishing transaction value between these three years indicates the rising role of China all over the world. Moreover, the export data sets with China, Japan, and USA as partner country are shown in the above part, respectively. By comparing and contrasting, for instance, comparing with Japan, which is a highly developed capitalist country, all of the export data with China as partner country exceeds Japan which implies the essential position of the Chinese economy in the Asian economy, the joint Asia-Pacific economy, the potential of China as a developing country economy and the strength of its domestic industries. Contrasting with USA, which is has a highly developed modern market economy with the highest GDP in the world, China still enhances export advantages, for instance, the larger transaction value with Japan.

Based on these data support, China should and seize the initiative and increase its influence. By connecting the Asia-Pacific area with the Middle East and North Africa, China’s Belt and Road Initiative will encourage the growth of a linked economy in the region that is both broad and deep. The regional value chain under the Belt and Road Initiative will not only drive the flow of rich production capacity and capital from countries along the route to join the global value chain, but also facilitate the optimization and upgrading of national industries, promote inter-industry cooperation, create complementary development dynamics, create development opportunities for countries along the route, and at the same time enhance the development potential of the joint Asia-Pacific economy.

5. Conclusion

This paper aims to investigate how the rising role of China in the Asia-Pacific Interconnected Economies. The analysis of rising role and significant position in international transactions and GVCs has extended specific knowledge of further details of upstream and downstream links in global and regional value chains. China is becoming the center position in the GVCs, and China is recommended to insist on Belt and Road strategy to make contribution to the sustainable development of Asia-Pacific interconnected economy and to assert a position of initiative. In terms of the variety of observations, this study’s scope is constrained. In a broader sense, more research is required to determine the universality or internationalization of the study subjects and comparisons across numerous time periods. Additionally, some industries may have an impact on each nation’s export transaction values; this is a topic that merits additional study and application.

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