

# ***The Impact of Xi Jinping's Rise to Power and the 2012 American Political Transition on the Global Economy***

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**Abstract:** The topic of this article is the impact of change in power of China and US in 2012 to global economy. In this work, the changes brought by Xi Jinping's come to power and the re-election of Barack Obama will be mainly discussed. After providing examples such as BRI and the trade wars between two countries, there comes a conclusion that there are multi-dimensional influences affecting on the global economy by the political transition, and the changes are still being the most decisive factors of economic development. The meaning of this research is to find good solutions and modifications while facing problems brought by political transitions.

**Keywords:** "Chinese Dream", global trade, BRI, Trade War, TPP

## **1. Introduction**

From reform and opening up to now, China and US were always two competitors that influences the global economy. The competitions and cooperations between them were always fierce, and in 2012, it was a specifically important year for their relationship. At that year, both the two countries had great leadership changes. In this essay, how did international economic relationships, global trade dynamics and trade policies are affected and reshaped by these great changes will be discussed.

## **2. Xi Jinping's rise of power and its effects on global economy**

Firstly, in China 2012, the leader has changed from Hu Jintao to Xi Jinping. Xi's coming to power marked that the internal and international policies of China started a new era. China experienced a lot of changes in policies and measures which made great influence on the global economy under his control.

### **2.1. Economic revolution and the "Chinese Dream"**

Xi Jinping's great willingness and ambition to achieve "Chinese Dream" showed his ability of leadership. "Chinese Dream" in Xi's plan mainly emphasized and focused on the renaissance of ethnicity and the modernization of economy.[1] Xi wanted China's economic mode became more independent instead of solely focusing on manufacturing or exportations. These aspects should be converted to a more balanced and appropriate manner, such as domestic innovation and consumption, greater than before.[2] Specifically, this method includes following elements:

### **2.1.1. From export-led growth to domestic-led growth**

Xi's government tried to move the country from export-led growth by increasing domestic demand. Policies implemented included stimulating consumer spending, social protection, and increasing wages. That has brought in global trade implications both in cutting China's position as the world's manufacturing hub and increasing it as a consumer market. As an example, the rapid expansion in domestic consumption generated a surge in China's demand for imported goods and altered trade flows as well global supply chains.

### **2.1.2. Innovation and technological advancement**

Under Xi, China aggressively sought to move up the technology and innovation value chain. Amongst those was 'Made in China 2025, an ambitious program that would support the strengthening of Chinese competences within high-tech industries including aerospace, robotics and artificial intelligence. The drive for tech leadership not only reshaped the way China traded, it also ignited global competition and debate around intellectual property rights (IPR) as well as technology transfer.

## **2.2. The Belt and Road Initiative (BRI)**

The most ambitious plans of the country after Xi Jinping assumed leadership was the inception of the Belt and Road Initiative (BRI) in 2013. The BRI focuses on increasing global trade by building up infrastructure and trade links within Asia, Africa, and Europe. Its influence on global trade can also be examined from the following:[3]

### **2.2.1. Infrastructure development**

As part of the BRI, China extends its influence enhancing the infrastructure including roadways, railroads, ports and so on for trade with these countries. It has also helped to address some structural problems in the following through transport improvement, reducing the time and the cost within trade. This specific infrastructure development has been advantageous to landlock countries and the regions which have poor transport access by bringing them to the world trade more.

### **2.2.2. Economic influence**

Through establishing dependencies in countries participating in this venture, the BRI concerns, that has extended China's economic domination is a bitter pill to swallow for many nations of the world. A number of these countries have also benefitted from huge amounts of investment and loans from China which increased their dependence on China in trade and altered their economic focus. As this economic expansion by the Chinese has continued, there have been changes in geopolitics, as nations are beginning to synchronize their policies with the Chinese goals.

### **2.2.3. Trade diversification**

The BRI, opening up new corridors and trade routes, has played a role in the globalization of trade. Established trade paths, especially those which were under the influence of Western countries, have gradually given way, or new ones have been established that are more focused on Chinese investments and interests. Indeed, such diversification has transformed the global trade by making it more equitable in terms of the share of benefits enjoyed by overall economy rather than only a few economic centers.

## **2.3. Trade tensions and the US-China trade war**

Xi Jinping's leadership also coincided with the escalating trade tensions between the United States and China, which eventually led to the Sino-US trade war that began in 2018. This trade war have these characteristics:

### **2.3.1. Tariffs and trade barriers**

Both countries are imposing tariffs and raising trade barriers on the products coming from each other in the trade war. The United States wants to address trade gaps and issues on intellectual property; in return, China is also imposing tariffs. These moves disrupted the supply chain of many products worldwide, increased the cost of doing business, and added uncertainty to the global market.

### **2.3.2. A number of economic impacts were highlighted with the trade war**

Slower economic growth for the two countries and other regions. Global enterprises bear higher costs and uncertainties, so they have to adjust supply chain and production strategies. Firms try to reduce their risks by shifting manufacturing to other countries or by diversifying supplies from various sources.

### **2.3.3. Policy and geopolitical changes**

The trade war has brought effects on more general policy and geopolitical changes. There has been a rethinking of trade agreements, global alliances, and economic policies. This dispute underlined the need for new trading rules and global structures to deal with the new trading issues and disputes.

## **3. 2012 American political transition and the effect upon global trade**

The American political transition in 2012, characterized by the re-election of Barack Obama into office and shifting control of Congress, had the following ramifications on world trade:[4]

### **3.1. Trade policy continuity and the Trans-Pacific Partnership (TPP)**

During most of President Obama's second term, trade policy remained focused on multilateral agreements or regional partnerships. The most significant of these was the Trans-Pacific Partnership:

#### **3.1.1. Negotiation and objectives**

The TPP aspired to a comprehensively knitted trade agreement amongst the Pacific Rim countries, including the US, Canada, Japan, and Australia, on varied issues: market access, intellectual property, labor standards, to mention a few. It is intended that the TPP will set high standards for global trade and counterbalance China's growing influence in the Asia-Pacific region.

#### **3.1.2. Global trade impact**

The TPP had a potentially high impact on global trade because it was, in substance, an attempt at shaping the rules and standards of trade. It pursued a more balanced and inclusive trade environment by incorporating provisions on labor rights, environmental protection, and economic cooperation. Despite its hardships, its negotiation under Obama had marked the US commitment towards shaping the global dynamics of trade-the agreement, however, was abandoned in 2017 by President Trump.

### **3.2. Trade and economic sanctions**

The Obama administration utilized economic sanctions to address various trade-related and geopolitical issues:

#### **3.2.1. Sanctions against Iran and Russia**

Economic sanctions have been imposed on countries such as Iran and Russia due to their performances in the international arena. These are meant to echo with the economic behaviors and policies through restricting these countries' access to world markets and finances. The price of such sanctions ripples right down to international trade, commodity prices, supply chains, and international trade relations.

#### **3.2.2. Global trade implications**

The application of economic sanctions had impacts on global trade in terms of bringing in uncertainties and altering trade patterns. Countries and businesses had to determine how to navigate around the complexities associated with regimes of sanctions, factors that influence investment decisions and repercussions on market stability and economic growth. Sanctions also underlined the interdependence of global trade and geopolitics as a driver of international economic relations.[5]

### **4. Interactions and effects: how several powerful elements come together**

Xi Jinping's, acting policies, and the turn in the American political cycle have had an extensive impact on the world economy, precisely, with a supply shift:

#### **4.1. Rearranging of global supply chains**

Apart from the trade frictions and policy shift accompanying them, the rearrangement of global supply networks has come about:

##### **4.1.1. Diversifying and shifting**

Companies attempted to deal with disruption caused by trade slowly weighing on their inputs and outputs. Mitigating disruptions, the diversification in supply sources and the relocating of manufacturing operations allowed for low exposure to the barriers and uncertainty. As a result of this, there were shifts of goods production all over the world.

##### **4.1.2. Stability**

Flipping the world supply chains have been shaping maritime trade patterns, such as investment decisions and global economic cooperation. It has given rise to some new trade hubs, and the competition in some industries has been altered.

#### **4.2. The restructuring of trade agreements and regional economic integrations**

The constant change of world trade has brought about constant shifts in the trade alliances and the regional economic spheres.

##### **4.2.1. Formation of new blocs**

China's stubborn ascent and the innovative US trade policy dynamics have driven and summoned together new regional economic alliances and trade agreements. The Regional Comprehensive

Economic Partnership (RCEP) is an extraordinary example that increasingly emphasizes the restructuring of the power coefficients in the Asia Pacific region.[6]

#### **4.2.2. Geopolitical implications**

Besides, new trading blocks, like leagues, have significant and multilevel political impacts. While nations struggled to divert their economic approaches to the emerging trends and patterns in the global arena, such relocation certainly left a substantial imprint on global trade networks and discussions, international worries, and policy plans of some states.[7]

### **4.3. Influence on global trade norms and institutions**

Emerging trade policies and political hostilities have been interacting with international trade rules and institutions:

#### **4.3.1. Dislocation of current conventions**

US-China Trade War, being the most intense one along with globalization of trade strategies under ever-changing policies, make vast challenges for the currently existing regulations. WTO faces a unique challenge in respect to the untested aspects of international trade confronted by changes in global power relations.[8, 9]

#### **4.3.2. Reform movement**

The world is also feeling the need to review the existing trade framework and provide for a better governance structure to facilitate international trade. Nowadays, the world is realizing how imperative it is to restructure trade-off standards and arrangements to address problems with emerging threats and redevelop inclusive and stable global trade.

### **4.4. Euphoria and crisis**

The growing tension staff of trade relations, negative policies changes, and geopolitical conflicts has forced people to live in an increasingly ambiguous and restless atmosphere:[10]

#### **4.4.1. Investment and growth**

They have been left to deal with a world trade system that is extremely inconsistent and totally beyond their control. Increased market instability and difficult circumstances create a lot of doubt and risks for investors, business growth, and economic development.

#### **4.4.2. Long-term consequences**

The economic instability comes with the trade battles and the constantly evolving situation, respectively, spilling over to the world economy and the global economic stability, respectively. This requires cooperative determination from big powers and international institutions to guarantee a solid trade arrangement in the world.[11]

## **5. Conclusion**

The rise to power of Xi Jinping and the political transition in America in 2012 have brought influences on the whole world economic situation, profound and multi-dimensional. With the decisive and strong policies from Xi, together with the revolution he made in the economy, he rewrote China's role in the global economy. Meanwhile, the US's progressing trade policy and political shift

also posed great impact on global trade dynamics. These forces have changed interdependent relations and interactions among them to such an extent that it has led to a significant change in trade patterns, supply chains, economic leagues, and global trade standards. If the world continues to happen, these changes are interrelated influences between those superpowers and their respective trade policies; it is still going to be a critical or decisive factor in the shaping and formation of the future development of global economic stability. Meeting these new challenges will call for such factors as flexibility, cooperation, and innovation in order to grapple with them and thus assure a more balanced and prosperous world economy.

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