

# ***Research on the Causes of China's Foreign Economic Cooperation Problems and Countermeasures***

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**Abstract:** Since the founding of China, China has established diplomatic relations with neighboring countries, forming diplomatic relations with Chinese characteristics. In the course of more than 60 years of development, China's neighborhood diplomacy has accumulated rich practical experience, and China's international status and influence have been continuously enhanced. In recent years, China has increased its international status and cooperates with foreign governments more often than it did decades ago. This article will examine the problems China faces in international economic cooperation, find the causes of China's foreign economic cooperation problems, and propose some solutions. China's economic activities in Africa bring pros and cons to both sides of the trade. Data for China-Africa trade are used and analyzed circumstances of cooperation. It is important to improve the trade imbalance between China and Africa and build more sustainable economic environments in Africa via China's help to improve cooperation between countries further. Through the implementation of the new concept of neighborhood diplomacy and foreign policy, China has promoted the adjustment of its domestic economic structure and industrial upgrading, strengthened economic and trade exchanges and political mutual trust with many countries in the world, and won their support in international affairs in particular, laying a foundation for China to expand broader diplomatic relations.

**Keywords:** China, foreign economic cooperation, problems, countermeasures

## **1. Introduction**

### **1.1. Research Background**

By the end of 1977, when China started to regulate its system, the GDP has increased by nearly 9% annually, and more than 800 million people have been get rid of poverty [1]. Health, education, and other services' way has also significantly improved throughout the same time span. Due to its current status as a developing nation, it is crucial to view all residents of metropolitan areas as impoverished by the criteria of middle-income nations. China's fast growth, has essentially achieved its limitations and produced imbalances in the economy, especially on building exports, low-cost manufacturing, and investment, . And there are some changes which are necessary to tackle these problems. For example, manufacturing, laying out and expenses. China's economic growth has slowed

in recent years due to fundamental constraints such as slower productivity growth, declining Labour force growth and deteriorating investment returns. They must find future growth drivers to deal with the China's previous development which causes society and environment drawbacks of China's rapid economic expansion exceeded the pace of institutional development. China needs to close important institutional and regulate gaps to maintain a high-quality and sustainable growth path. And they be more emphasize on creating a transparent, egalitarian, and stable business climate, bolstering the regulatory system, by the State's role. And they want to improve the rule of law, and make sure that everyone have equal chance to use public goods.

## 1.2. Research Framework

There are three economic parts in China: State-owned enterprises, or SOEs, are all businesses the government completely controls. There was a study includes all public companies, and the private firms which contain businesses which have different kinds of private and local government ownership. We discover that the State and Listed sectors are beneficial to the existing literature connection: Because the law does not adequately protect minority and outside investors does not adequately protect minority and outside investors, these businesses' growth is either slow or negative. Nonetheless, the Private Sector dominates these two sectors' size, growth, and economic importance. The Individual firms developed rapidly nowadays. It is responsible for the majority of the economy's growth despite relatively weaker applicable legal protection and conventional funding channels. Our conclusion on the disparity between the three sectors is that the private Sector can expand with the help of efficient, alternative finance sources and corporate governance methods, such as those based on reputation and relationships. By comparing some researches, we find that China's regulations are obviously less developed. We also discover that China's four major state-owned banks have disproportionate power over the country's vast but underdeveloped banking sector. Although the recently established Stock Exchange and Shenzhen Stock Exchange have extended since their establishment in 1991, and their role still are irreplaceable [2].

Next, we look at corporate governance, business growth, and different financing sources for each Sector. In the process to be private, which includes companies becoming public, the State Sector has been decreasing. According to an example of more than 1,000 companies which in stock exchange, our empirical findings about the different departments. First, we discover that founders' families own the majority of the stock for nonstate firms and the State for businesses that have left the State Sector [3]. Second, the Listed Sector's traditional corporate governance processes are feeble and ineffectual. Lastly, when we assess the dividend practices and values of listed corporations and contrast them with those in La Porta, we find that the real firm value in China are low compared to those who operating in nations with higher investor protection, which has significant forecasts [4]. The private Sector yields more intriguing findings. Our evidence is primarily supported by a survey of 17 business owners and executives conducted in China's two most developed provinces, Zhejiang and Jiangsu [5].

## 2. Methods

### 2.1. Documentary Analysis

Literature research refers to a way which forms new opinion and people can hold the subjective or object attitude about it [6]. Through the analysis of economic cooperation with countries, this paper illustrates how China began economic cooperation worldwide and the development after strengthening the cooperation with African countries.

## 2.2. Comparative Analysis

The comparative analysis method is a way which compare two or three different things together and clearly show their differences between them [7]. This paper considers some restrictions and obstacles in trade, which can also help with the tie between China and Europe. After China opens up and reforms the economy, economic cooperation will benefit trade. However, there are also many problems with China-Africa's economic relations—for instance, resources dependence, debt issues, and cultural shocks and conflicts.

## 3. Result

### 3.1. Current Development Analysis

To research economic cooperation with other foreign countries, we must first identify which “groups” of countries we should focus on, and firstly this paper would like to focus on African countries. China has economic cooperation with countries and entities worldwide, including, for example, the EU, ASEAN, and OPEC. However, according to official data and statistical analysis, China's economic cooperation with African countries has been closed in recent years.

China strengthened its economic ties with African countries in the early 21st century through government-to-government cooperation, trade and investment, aid, and cultural exchanges. China's economic cooperation in Africa focuses on infrastructure construction, energy development, mineral resource development, agricultural technology, and healthcare, among other areas. Additionally, China has strengthened its cooperation with African countries through initiatives like the Belt and Road Initiative and the African Union cooperation mechanism.

In comparison, although China also maintains economic cooperation with European countries, European countries still face some restrictions and obstacles in trade and investment, such as the EU's anti-dumping measures against China and restrictions on market access for Chinese companies. However, as trade and investment cooperation between China and Europe continues to deepen, economic ties between the two sides are expected to strengthen further.

However, China's original goal in cooperation with Africa was not to seek economic interest but political interest. (e.g., help China regain its position in the UN). At this time, the economic activities in Africa mainly supported them with economic assistance, thus gaining diplomatic support for PRC.

In 1978, A new strategy called “Go globally” was established by Xiaoping Deng. This new strategy is mainly about opening up the Chinese economy to foreign countries for “Economic cooperation based on equality and mutual benefit”. As China decided to open up and reform the economy, the economic cooperation turned into a phase that could benefit both sides of the trade, African countries, and China, and accelerate domestic economic growth in China [8].

In 1992, Zemin Jiang developed the “Go globally” strategy in his working report and officially listed it as a national strategy in 2000. This change leads Africa and China into a new era of economic cooperation [9-10].

From the previous text in Africa, it is clearly shown that, for China, the most fundamental element, of forming international economic cooperation is interesting. Whether there are political or economic interests, as long as the trade will suit the current circumstance of China, the potential opportunity for economic cooperation exists. The political interest for China in Africa is the international and diplomatic support from African countries. And the economic interest in China in Africa varies from relatively cheap labor to rich natural resources, including oil, nature gas and mines.

### 3.2. Problem Identified

However, the problems in China-Africa economic relations are also quite clear. The first of them is raised because of resource dependence. China's high development depends on African resources, such as oil and natural gas. This sometimes makes China's economic investment in Africa overly concentrated in certain areas, such as mining and oil extraction, which may lead to the single structure of African countries' economies.

The second problem is the debt issue in Africa. China's infrastructure construction projects in Africa often require much financial support. The Chinese government and enterprises provide loans to African countries to support the construction of these projects. However, sometimes these countries have difficulties repaying these loans, which may lead to debt issues. This kind of problem had already come to reality. Last year, 2022, China discharged the debt of 17 African countries, illustrating that the loan is not only affecting various countries, but also hardly repaid by African governments.

Moreover, there are cultural shocks and conflicts exist. African and Asian countries have many differences in culture, values, and other aspects, which may lead to misunderstandings and conflicts. For example, in building some infrastructure projects in China, local natural environments and cultural heritage may be damaged, causing dissatisfaction and protests among locals, as shown in Figure 1.

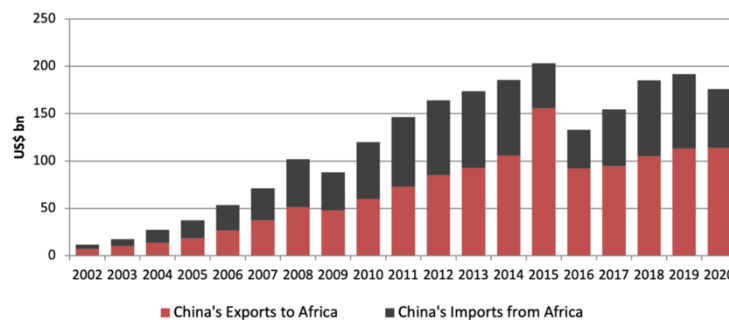


Figure 1: China-Africa Trade.  
(Source: UN Comtrade)

Last but not least, the trade balance is extremely disordered in African countries. In 2020 trade amount between China and Africa was 176 billion dollars, which will increase to 254 billion in 2021. However, China imports many resources and raw materials from Africa, while African countries import relatively fewer goods and services. This trade imbalance has led to some African countries' dependence on China and may have negative impacts on African countries' economies.

## 4. Discussion

### 4.1. Strategy of Africa-China Economic Cooperation

In order to solve the problems existing in Africa-China economic cooperation, China can use many government intervention methods.

To begin with, China can work on increasing the diversity in economic cooperation fields, paying more attention to the development of agriculture, manufacturing, and service industries in Africa, promoting the diversification of China-Africa economic cooperation. This will help to reduce the over-reliance on certain resources and improve the diversity of African countries' economic structure.

Secondly, China can send economic experts to Africa and help them solve the increasing debt issue and use the existing money more. In order to reach the goal, the Chinese experts can enhance the communication between the two governments and improve the transparency of the use of money with African countries, making public its economic investment and loan situations in Africa. This will help to eliminate some African countries' concerns about China and better monitor the use of funds to avoid debt issues.

Increasing and strengthening the cultural exchange between China and Africa can also be mentioned. Closer communications between countries, for example, encourage more tourists and exchange students, which can promote mutual understanding and friendship. This will help to eliminate cultural conflicts and misunderstandings and establish closer cooperation.

China can also improve the imbalance of trade. The Chinese government can encourage companies to export more goods and services to African countries, via, for example, lower tax rates or subsidies, thereby reducing the imbalance in China-Africa trade. At the same time, China can actively help African countries improve the quality of their goods and services, increasing their market competitiveness.

Last, China can also consider supporting Africa in various industries. As it is known, for most of developed countries, the tertiary industry is the most important part of their economy, and the tertiary industry's importance is continuously increasing. The Chinese government can help African countries build their own secondary and tertiary industries, but nowadays, most of them are dominated by primary industries. China can also improve trade sustainability in African countries by supporting them on the supply-side and increasing their national output. For example, help African countries build better infrastructure via Chinese experts and increase the education level of African citizens. By doing so, not only the Chinese reputation globally will increase, but the better output level of African countries can also help China in the future for further economic cooperation.

#### **4.2. A New Positive Interaction in China's Foreign Relations**

Since the beginning of the 21st century, China-Africa relations have enjoyed a sound development momentum. However, there are also some obstacles to the positive interaction between China and Africa. In addition to Western countries' one-sided understanding of China-Africa relations, African countries have internal problems, such as state division, ethnic conflicts, sectarian civil wars, violence, and lack of funds, technology, and talent. And the problems also are narrow local, national consciousness, code of conduct, and the lack of modern national concepts. These problems cannot be solved overnight. Solving them is a long-term task. To sum up experience and look into the future, the two sides should strengthen joint efforts in the following aspects to create a better future. First, we need to strengthen mutually beneficial cooperation, expand cooperation areas, encourage and promote mutual trade and investment, and focus on cooperation in agriculture, infrastructure construction, industry, fishery, information, medical care, and human resources training so as to draw on each other's strengths and bring benefits to our two peoples. Second, we need to strengthen the exchange of experience in governance and development, draw on each other's strong points and make common progress. Third, this paper needs to strengthen people-to-people dialogue, promote contacts and interactions, especially among the young generation, and enhance exchanges and cooperation in culture, science and technology, education, sports, environmental protection, tourism, and women's affairs. Fourth, we should strengthen international cooperation to jointly address global security threats and non-traditional security challenges and uphold the common interests of all developing countries in the spirit of mutual trust, mutual benefit, equality, and coordination. Fifth, promote the development of the Forum on China-Africa Cooperation, strengthen collective dialogue, and promote coordination and cooperation between the Forum's action plan and the New Partnership for Africa's Development as well as the social and economic development plans of Af-

rican countries. Sixth, bearing in mind the overall interests of China-Africa friendship and the long-term interests of both sides, we should properly handle new issues and challenges arising from our cooperation through friendly consultation. China and African countries are interdependent and developing together. The sound development of China-Africa relations will surely promote the common prosperity of both sides, promote world peace and stability, and add new positive factors to building a harmonious world in the 21st century.

## 5. Conclusion

This research found when China started to regulate its economic system, the GDP has increased by 9% annually, and more than 800 million people have got rid of poverty. And at the same time, many infrastructures have also been improved. It is essential to consider all citizens of urban regions as being destitute by the standards of middle-income nations because of their current status as developing countries. China's rapid economic development, based on investment, low-cost manufacturing, and exports, has virtually reached its limitations and led to unbalances in the country's economy, society, and environment. The economy's structure must be altered from manufacturing to high-value services, investment to consumption, and high to low carbon to correct these imbalances.

However, this study also has many problems; for example, China heavily relies on certain African resources, such as oil and gas. Because of this, China's economic investment in Africa occasionally becomes too concentrated on specific industries, such as mining and oil extraction, which could result in the economies of African nations having a single structure. And people can take measures to solve these problems, and It's also possible to mention improving and expanding the cultural exchange between China and African nations. More international communication, such as encouraging travelers and student exchanges, can foster friendship and understanding between nations. This will promote greater cooperation and assistance in ending cultural tensions and misunderstandings.

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