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EVALUATION OF ECONOMIC DEVELOPMENT AND INVESTMENT IN CHINA¹

ОЦІНКА ЕКОНОМІЧНОГО РОЗВИТКУ ТА ІНВЕСТИЦІЙ КИТАЮ

With the globalization of economy, China is playing an increasingly important role in the world economy. As a part of China's economy, the development of agricultural economy has influenced the development of China's economy. At present, China's economic growth rate has decreased slightly due to the impact of the epidemic. China's economic development has kept in touch with the world economy. This article evaluates the current state of economic development and investment in China under the influence of globalization process and external economic processes. It also examines in detail the theoretical foundations and practical application of agricultural investment management, with the aim of providing useful recommendations and reference materials for decision-makers in the agricultural sector by defining basic concepts, analyzing the foundations of theory and research methods.

Keywords: China, economic, development, agricultural, investment, management.

Під впливом глобалізації Китай відіграє все більш важливу роль у світовій економіці. Аграрна економіка Китаю, у свою чергу, також має значний вплив на світові трансформаційні процеси, забезпечуючи не лише власну продовольчу безпеку, але й експортуючи значну частину виробленої продукції. У статті оцінюється сучасний стан економічного розвитку та інвестицій у Китаї під впливом глобалізації та зовнішньоекономічних процесів. Також детально розглядається теоретичні основи та практичне застосування концептуальних аспектів управління сільськогосподарськими інвестиціями з метою надання корисних рекомендацій та довідкових матеріалів для осіб, які приймають рішення в аграрному секторі, шляхом визначення основних понять, аналізу основ теорії та методів дослідження.

Ключові слова: Китай, економіка, розвиток, сільське господарство, інвестиції, менеджмент.

Introduction. Since China's accession to the World Trade Organization (WTO), China's economic development has an increasingly close relations with the world economy. As a part of China's economy, the development of agricultural economy has influenced the development of China's economy. With the gradual globalization of the global economy, China is playing an increasingly important role in the world economy. As one of the most important members of the World Trade Organization, China's economic growth rate has declined slightly under the influence of the COVID-19 epidemic, but China's economy

remains one of the most important engines of global economic growth. The connection between China's economic development and the world economy is reflected in many aspects.

First of all, as the world's largest manufacturing base and one of the largest exporters, China plays an important role in the stable operation of the global supply chain. China's manufacturing capacity and labor advantage have attracted a large number of investment and production from international enterprises. China's exports cover a wide range of areas, from electronics to textiles, and have had a

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profound impact on the lives of consumers around the world.

Second, China's economic development has an important impact on global investment growth. China has attracted a large amount of foreign direct investment, which has not only promoted its own economic development, but also provided a broad market and business opportunities for foreign enterprises. China's market size and consumption potential cannot be ignored for global companies. In addition, China's outbound investment is also increasing, covering a number of countries and sectors, injecting vitality and opportunities into the world economy.

Literature review. The research is based on the literature review in research field of investment and economic growth development (Huang Ruyi, 2022; Lu Yujia, 2020; Wang Yaxin, 2022; Wang Xiaoqiu, 2022), relationship and development trend of investment management in domestic and foreign agricultural economy, the idea and logic of this research are laid, to provide guidance for the writing of this research, and to lay the theoretical review of this research.

The aim of the study. The purpose of the study was to investigate the conceptual foundations and practical application of the theoretical approaches of agricultural investment management for implementation the best ways of sustainable development and economic growth of China.

Presenting main material. However, China's economic development has also been influenced by the global economic situation. Global economic uncertainty, trade disputes, financial market fluctuations and other factors may all have an impact on China's economic growth. The Chinese government needs to pay close attention to the global economic dynamics and take corresponding policies and measures to maintain the stable and sustainable economic development.

Therefore, China's economic development and investment management are closely related to the world economic development and investment growth.

In the past decade, China's economy has developed rapidly and its economic foundation has been gradually consolidated. In terms of economic aggregate, since the reform and opening up, China's economy has been climbing in the ranking of the global economy. In 1978, China's total economic volume was only 1031.1 billion yuan, ranking 10th in the world and accounting for 1.8% of the world's total economic volume. GDP per capita is less than 1,400 yuan.

By 2021, China's economic aggregate had reached 114.36 billion yuan, and its per capita GDP was 80976.00 yuan, accounting for about 20% of the world's total GDP. This shows that after the reform and opening up and economic restructuring, China's economy has developed rapidly, the speed of capital accumulation has been gradually improved, and China's economic foundation has been gradually consolidated. This means that wealth and income are unevenly distributed and the fruits of economic

development fail to reach the entire population fully. This is consistent with the vicious cycle of poverty theory of Nakes, which states that poverty and inequality can lead to uneven economic growth and exacerbate poverty and inequality. Although China has achieved remarkable economic growth, it still faces the challenge of achieving high-quality development (Milos Tosin, 2020). High-quality development includes raising per capita income, improving social welfare, and strengthening environmental protection. Due to the large difference in per capita development, China needs to further promote economic restructuring and strengthen investment in education, technological innovation and social security to ensure that economic growth is more balanced and sustainable, and better meets the needs of the people.

Therefore, the poverty vicious cycle theory of Nakes can explain the per capita development differences in China's economic development. Despite the rapid growth of China's economic aggregate, poverty and inequality still exist, and China still needs to work hard to achieve high-quality development to ensure the sustainability of economic growth and the improvement of people's living standards (Figure 1).

Here 96 indicators were used to calculate the weight and importance to obtain the final GDP and per capita GDP from 2013 to 2021, which obtained the development trend of China's overall economic level. Industrial structure adjustment has effectively promoted economic reform and increased national income, but it has failed to realize effective allocation of resources and give full play to the comparative advantages of the three industries.

In terms of industrial structure, the added value of the primary industry decreased from 8.9% in 2013 to 7.3% in 2021, the added value of the secondary industry decreased from 44.2% in 2013 to 39.4% in 2021, and the added value of the tertiary industry increased from 46.9% in 2013 to 53.3% in 2021.

The changes in China's industrial structure show that after the industrial structure adjustment in 2015, the layout of China's industrial structure has changed among the primary, secondary and tertiary industries, and the industrial structure has shifted from the main industry to the service industry of the tertiary industry as the support (Wang Xiaoqiu, 2022). On the one hand, the adjustment of industrial structure has increased the accumulation of national capital and raised national income to a certain extent. On the other hand, industrial restructuring has not fundamentally improved the quality of economic development, given full play to the supporting role of the primary industry and the secondary industry in the tertiary industry, and has not fully integrated the development of the three industries to achieve effective allocation of resources and complementary advantages (Figure 2).

China's total investment has kept pace with its growth rate. However, the growth rate of investment

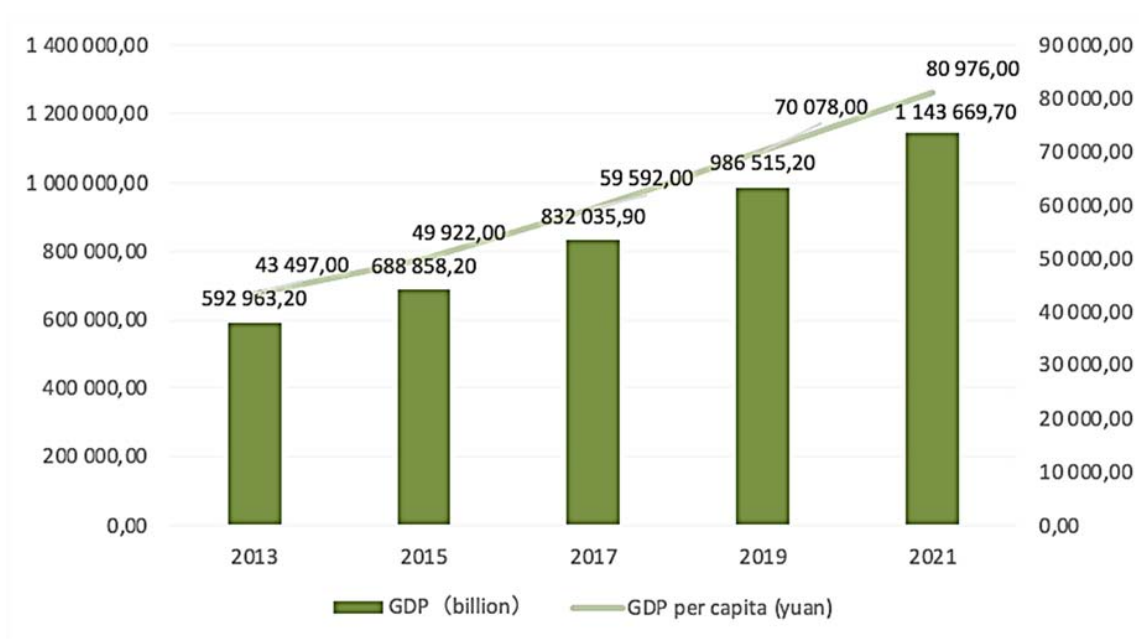


Figure 1. China's economic aggregate and per capita GDP development

Source: Data are from China's economic level data of the National Bureau of Statistics from 2013 to 2021, including China's economic aggregate and per capita economic aggregate

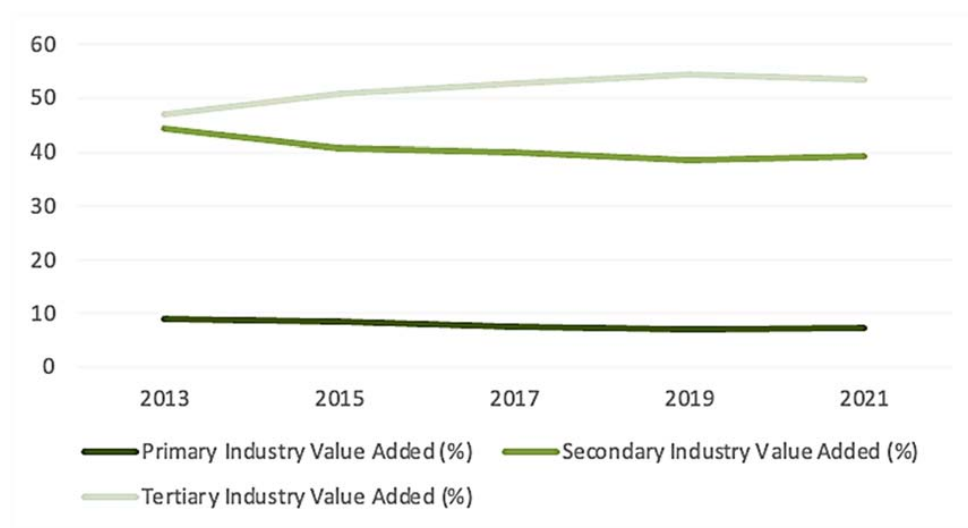


Figure 2. Changes in China's primary, secondary and tertiary industries

Source: China's economic level data from National Bureau of Statistics 2013–2021, classified by the author

in fixed assets is much lower than that of investment in goods and services, and the efficiency of investment in promoting economic development is low.

In terms of investment level, the total capital formation increased from 27512.870 billion yuan in 2013 to 489897.720 billion yuan, and the total fixed capital formation increased from 26397.99 billion yuan to 4789.01 billion yuan in 2013. The total value of goods and services increased to 2952.19 billion yuan from 14552.1 billion yuan in 2013. This represents a significant increase in China's total international investment, with the total amount of investment in fixed assets, goods and services in 2021 being twice that in 2013.

Although the total investment in fixed assets is much larger than the total investment in goods and services, the growth rate of the investment in fixed assets is much lower than that of the total investment in goods and services, indicating that the investment efficiency of China's fixed assets is not fully utilized and the investment space is large. Moreover, the investment efficiency of China's import and export of goods and services is low, and the capitalization of goods and services is not fully realized. Leverage of capital investment in the import and export of goods and services.

The three major demands have always been the driving force of national economic development, but

the investment demand has shown a weak trend of economic pull, and the capitalization degree of export and consumption demand is low. From the perspective of the three demands, since 2013, the final consumption rate has been higher than 50%, the capital formation rate has been greater than 40%, and the degree of foreign trade dependence has been higher than 50%. Moreover, the contribution of the final consumption expenditure to the GDP growth has increased from 3.90% in 2013 to 5.30%. The contribution of gross capital formation to GDP growth decreased from 4.10% to 1.10% in 2013, and the contribution of net export of goods and services to GDP growth increased from -0.30% to 1.70% in 2013. The impact of the three demands on the economy is enough to show that the demand for consumption, investment and foreign trade is an important driving force for China's economic development and has been supporting the rapid growth of the Chinese economy. Since 2013, although China's consumption and foreign trade demand have fluctuated and increased, China's investment demand has shown a weak trend, which is directly reflected in the growth of the total investment, but the growth rate has slowed down. On the one hand, this indicates that the investment foundation of China's economic development is good, but the capitalization degree of China's economy is low (Liu Chengfang, Zhang Linxiu, Fan Shenggen, 2022). China's investment demand fails to develop in step with consumption and import and export demand, and it fails to give full play to the leverage of investment to promote the high-quality development of China's economy.

China's consumption level has increased along with the speed of economic development, but the development difference between urban and rural consumption levels has gradually widened. In terms of consumption level, government consumption increased from 9418.64 billion yuan in 2013 to 18.207.16 billion yuan in 2021, and household consumption increased from 15586.00 yuan in 2013 to 31072.00 yuan. The consumption level of urban residents increased from 22620.00 yuan in 2013 to 37994.00 yuan in 2021, and that of rural residents increased from 7397.00 yuan in 2013 to 18601.00 yuan in 2021.

The multiple growth of the government consumption level indicates that China's economic development has been more affected by the state's macro-control, and the effect of the Chinese government's economic intervention has been significantly increased (Lu Yujia, Chen Qianfen, 2020). The exponential growth of residents' consumption level indicates that the economy and living standards of Chinese residents are gradually improving, which shows a good trend of China's economic development from a micro perspective.

The double growth of urban and rural consumption level and the widening gap show that China's micro economy is gradually consolidating the foundation, but the gap between urban and rural economic development is widening day by day, and the prospect

of urban and rural integrated development is great, indicating that China's urban and rural economic pattern is not a single dual pattern, but a mutually promoting unified pattern of opposites. The economic foundation of the integrated development of urban and rural areas makes the regional and administrative differences between urban and rural areas gradually narrow, and urban and rural economic development toward a win-win situation.

On the whole, the regional structure of the capital source of China's agricultural investment is gradually optimized, and the investment attraction of all regions is constantly strengthened. The industrial direction of agricultural investment in different regions has obvious tendency characteristics (Table 1).

As shown in Table 1, Investment in fixed assets of agriculture, forestry, animal husbandry and fishery (excluding rural households), foreign source of investment increased from 10.2% in 2018 to 85.3%, while that of Hong Kong, Macao and Taiwan decreased from 69.8 in 2018 to 30.6%.

Domestic capital increased from 12.6% in 2018 to 18.3% in 2020, indicating that the total investment in China's agriculture from Hong Kong, Macao and Taiwan was growing. Although the growth rate slowed down, it played a guiding role for foreign investment and agricultural investment in the mainland. China's agricultural assets are increasingly attractive to foreign investment, and the structure of the domestic agricultural investment market is gradually optimized to improve the economic efficiency of China's agricultural investment.

Industrial orientation of agricultural Investment in different regions 2–6 (Investment in fixed agricultural/forestry/animal husbandry/fishery/auxiliary activities fixed) assets (excluding rural households) increased by (%) over the previous year. For example, foreign investment is more inclined to forestry and animal husbandry.

The investment of Hong Kong, Macao and Taiwan is more inclined to agriculture and processing industry, while the investment of domestic agriculture is more inclined to animal husbandry and processing industry, which indicates that the development of world agriculture is closely related to China's agricultural investment.

Conclusion. In terms of the empirical research on the relationship between agricultural economic development and economic growth under the background of globalization, found that the sustainable development power of the world agricultural economy comes from agricultural investment. Increased agricultural productivity is the inevitable result. The rapid development of Chinese agricultural economy also depends on agricultural investment, and the further development of agriculture in the future is still inseparable from agricultural investment. However, this problem of insufficient capital investment has become a long-term factor restricting the further development of the world and Chinese agricultural economy. Under the background of globalization, the changes of agricultural investment

The type of agricultural investment in fixed assets of agriculture, forestry, animal husbandry and fishery (% to the previous year)

Region	Type	2020	2019	2018
Hong Kong	Foreign investment	85.3	13.3	10.2
Macao	Foreign investment	-11.0	51.8	-0.9
Taiwan	Foreign investment	56.3	-12.0	7.0
Beijing	Foreign investment	17.6	8.5	-10.7
South-west	Foreign investment	-8.8	-7.3	4.0
North-east	Foreign investment	-13.8	-0.8	12.5
Hong Kong	Hong Kong, Macao and Taiwan	30.6	-56.1	69.8
Macao	Hong Kong, Macao and Taiwan	9.5	-59.5	93.6
Taiwan	Hong Kong, Macao and Taiwan	-13.5	-41.2	-50.0
Beijing	Hong Kong, Macao and Taiwan	73.4	-54.8	19.3
South-west	Hong Kong, Macao and Taiwan	-39.4	40.2	25.0
North-east	Hong Kong, Macao and Taiwan	35.6	-42.7	-25.0
Hong Kong	Domestic capital	18.3	1.1	12.6
Macao	Domestic capital	-4.8	2.0	15.5
Taiwan	Domestic capital	-3.3	-1.3	1.6
Beijing	Domestic capital	89.7	-3.3	13.5
South-west	Domestic capital	-17.2	18.9	17.2
North-east	Domestic capital	16.0	1.5	8.8

Source: The original index data are from the regional data of the capital sources of China's Agricultural Bureau of China from 2018 to 2020, and were compiled by the author

environment and agricultural investment scale increasingly affect the changes of agricultural investment structure, and then further affect the development of Chinese agricultural economy.

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