

New Development Patterns for Higher Levels of Openness in the Context of the Changing Economic Environment

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Abstract

The article analyzes the changes in the internal and external environments that China's economic development is facing in the short, medium and long term, provides a basis for the formulation of a new development pattern based on the domestic macrocycle, and proposes to adhere to a higher level of opening up to the outside world to promote the development of the "double cycle", establish a high level of open economic system, and give full play to the advantage of the domestic market to provide institutional safeguards for opening up the blockages of the domestic macrocycle and enhancing the capacity for independent innovation.

Keywords

New Development Pattern, Domestic General Circulation, Opening up to the Outside World

1. Introduction

It is crucial to correctly understand the status and role of opening up in the new development pattern and to properly handle the relationship between opening up and the new development pattern. This concerns the direction of China's economic development strategies and policies, as well as the future of China's reform and opening-up and economic development (Guo, Ye, & He, 2022). Based on relevant data from the National Bureau of Statistics, from a supply perspective, the supply of China's domestic market is mainly provided by domestic rather than foreign firms, and the supply of Chinese firms is also mainly for the domestic market rather than the international market; from a demand perspective, the demand of China's domestic market is mainly supplied by domestic firms rather

than relying mainly on foreign firms to meet the demand. Especially since the international financial crisis of 2008, the predominantly domestic macro-cycle of China's economy has become clear and unambiguous. Currently, from a supply perspective, more than 80 per cent of China's goods and services are provided by domestic enterprises; from a demand perspective, domestic investment demand and consumption demand also account for more than 80 per cent of total social demand. This paper analyzes the short-term, medium-term, and long-term changes in the global and Chinese economic landscape, and proposes feasible paths for a new development pattern with higher levels of openness.

2. Changes in the International Economic Environment

2.1. Short-Term Environmental Changes

2.1.1. Economic Globalization Is Experiencing a Counter-Current

The reverse flow of economic globalization is a short-term change and does not constitute a long-term trend. First, from the perspective of historical experience, economic globalization has never been smooth and has always moved forward with twists and turns. Secondly, economic globalization represents the direction of international productivity development. The social division of labour is the manifestation and content of the development of productive forces, and the division of labour gives rise to trade; the international division of labour is the manifestation and content of the development of international productive forces, and the international division of labour has given rise to the development of international trade and the arrival of trade globalization, which has been followed by the globalization of production and investment and the globalization of finance, and the emergence of a system of global economic governance in response to the requirements of economic globalization (Liu, 2020). The counter-current of economic globalization hinders the development of globalization and thus the progress of international productive forces; the international division of labour and the development of international productive forces will inevitably break through the thinking and policies of counter-globalization and create a suitable institutional environment for their own development. Thirdly, the development of information technology and the establishment of the global Internet, and the development of digital technology have given rise to the digital economy and laid the technological foundation for economic globalization. Relying on information technology and the global Internet, the establishment of global value chains and supply chain systems has significantly improved the efficiency of global resource allocation and raised the overall level of welfare in the world. The development of the digital economy, however, is characterized by increasing economies of scale and decreasing marginal costs, requiring countries to establish a large open world market.

2.1.2. Stabilized Growth of the World Economy Slows Down

After the financial crisis in 2008, the world economy has been picking up year

after year since 2010, and in the decade from 2010 to 2019, global GDP has generally been on an upward trend, with an average annual growth rate of around 3%. In more than a decade of economic growth, some countries, such as the United States, have accumulated higher and higher leverage ratios and asset bubbles, creating huge government debt, fiscal deficits, and corporate liabilities, and facing higher economic risks. The COVID-19 epidemic has caused the already existing economic risks to explode, with a massive withdrawal of safe-haven funds from high-risk regions, exacerbating world economic turmoil, disrupting the pace of global economic growth, and slowing the global economic growth trend (Zhao, 2023).

2.2. Medium- to Long-Term Environmental Changes

2.2.1. Digital Economy Highlights Its Advantages and Industrial Change Faces New Opportunities

In the new round of industrial revolution, the digital economy carried by the Internet, big data, intelligence and other carriers is beginning to emerge. After the outbreak of the COVID-19 epidemic, the traditional economy has been severely impacted, while the digital economy is developing well, making a big difference in the prevention and control of epidemics, the deployment of supplies, and the protection of people's livelihoods, with rapid growth in videoconferencing, telemedicine, and intelligent services. This indicates that the digital economy will become an important engine to drive economic growth in the future, the pace of digital transformation in various industries and fields will be greatly accelerated, the digital economy will lead the direction of industrial change, and seizing the opportunities of digital economic development and industrial change will lead to faster development.

2.2.2. U.S. Strategically Suppresses China

The expansionary fiscal policy adopted by the United States has exacerbated an already precarious fiscal situation. Total U.S. federal government debt reached \$23.2 trillion in 2019, and the ratio of total U.S. government debt to GDP rose to 108%, significantly higher than the 2006 ratio of 63%. U.S. government debt totaled \$27 trillion, with debt ratios setting a new post-World War II record. The United States, faced with an intractable debt situation, has had to rely on increasing its external liabilities and widening its capital account surplus. In order to maintain and expand its capital account surplus, the U.S. is bound to play the role of disrupting the international order, suppressing its competitors, and allowing safe-haven money seeking safety to flow into the U.S. The U.S. recognizes China as its most important competitor, and its strategy of suppressing China will be clearer and more resolute.

3. Changes in the Domestic Economic Environment

3.1. Changes in the Main Contradictions of Society

At present, the main contradiction in Chinese society has been transformed into

the contradiction between the people's growing needs for a better life and unbalanced and insufficient development. As China's comprehensive national power grows and its per capita income level rises, and as the vision of a moderately affluent society is reached and the basic material needs of life are met, the people, in their quest for a better life, are not only placing higher demands on material life, but are also making notable rises in their demands for cultural life, as well as for democracy, the rule of law, fairness, justice, the environment and other aspects of their lives. However, socio-economic, political and cultural development is unbalanced and inadequate, and does not yet fully meet the needs of the people. The solution to the main social contradictions cannot be achieved without opening up to the outside world, but it cannot be achieved by relying mainly on the international community and external supplies; it depends mainly on doing a good job domestically, upgrading the quality of national economic development, narrowing the gap between regions, urban and rural areas, and individual incomes, and improving the system of State and social governance.

3.2. Changes in the Stage of Economic Development

After China's economy experienced a long period of high-speed growth, the proportion of the service sector exceeded 50% of the total GDP, the growth rate of the service sector exceeded the growth rate of the manufacturing industry, the period of accelerated expansion of industrialization came to an end, and the national economy was shifting from a stage of high-speed growth to a stage of high-quality development. The transformation and upgrading of the economic structure have become a major feature, and it cannot be achieved without an appropriate institutional environment. It is only by opening up the blockages in the various links of production, distribution, exchange and consumption, and unclogging the domestic economic cycle, that we can provide the necessary institutional safeguards for structural transformation and upgrading.

3.3. Changes in Comparative Advantage

Relying on the advantage of low labor costs under the condition of unlimited labor supply and the conditions of low production factors, China, after the reform and opening-up, undertook a large-scale relocation of the global manufacturing industry, participated extensively in the international division of labor, gave full play to its cost advantage in international competition, and achieved world-renowned economic achievements. With the expansion of the total economy and the rise in people's income level, the conditions of unlimited supply of labor have disappeared, the cost of labor has risen, the cost of land, environmental resources, capital costs and other factor costs are high across the board, and the comparative advantage has gradually weakened, so that it is necessary to cultivate a new competitive advantage (Jin, Duan, & Li, 2024). This cannot be done without deepening reforms, opening up the blockages in the domestic economic cycle, and creating

an institutional environment for innovation.

3.4. Changes in the Pattern of Economic Growth

In the era of low factor costs, China's increased factor inputs pulled the national economy to rapid growth. As factor costs climb, it is difficult to sustain the crude and extended mode of economic growth that relies on increased factor inputs, forcing China to embark on a path that relies mainly on technological innovation to promote intensive and internalized economic growth (Jia, 2025). Only by deepening supply-side structural reform, unclogging the domestic economic cycle and fostering an innovative institutional environment can we truly realize the transformation of the economic growth mode.

4. The New Development Pattern Requires a Higher Level of Openness

The establishment of a new development pattern requires that more attention be paid to the domestic market and that all aspects of domestic production, distribution, exchange and consumption be opened up. Expanding domestic demand, giving full play to the advantages of the large domestic market, establishing a secure and controllable supply chain system, and breaking through neck-breaking technologies to alleviate the downward pressure on external demand. Promoting a higher level of opening up to the outside world can better help build a new development pattern.

4.1. Utilizing the Advantages of the Large Domestic Market in Expanding Openness

China has 39 industrial categories in the United Nations Industrial Classification Standards, 191 medium categories, 525 subcategories of all industrial categories, complete industrial support, with a population of 1.4 billion people, a huge scale of consumption and continuous upgrading of the consumption structure, and the advantages of a large market. Some people have argued on this basis that China's economy can fully rely on the domestic market to circulate itself, without relying on external markets and resources. However, a complete industrial system is only a relatively static concept. Dynamically, the industrial system is to be continuously upgraded and improved in terms of quality and level in the course of development. Only by raising the level of openness, providing a favorable business environment for foreign investment, and extensively absorbing and gathering global high-quality resources can we enhance the international competitiveness of industries and implement industrial upgrading and high-quality development more quickly (Wang, Xu, & Yuan, 2025). The domestic market, with a population of 1.4 billion and an upgrading consumption structure, is only a part of the global market of 7.6 billion people, and the attractiveness of the domestic market can be better utilized only if it is integrated into the global market in the course of continuous opening up and raising the level of openness.

4.2. Opening up at a Higher Level to Open up the Blockages in the Domestic Macro-Cycle

Opening up the blockages in production, distribution, exchange and consumption and smoothing the domestic economic cycle is a process of self-improvement of China's production relations, an important task in deepening the reform of the economic system, and cannot be separated from opening up to the outside world at a higher level. A higher level of openness includes both productive forces and relations of production. From the perspective of productive forces, it is necessary to improve the quality and efficiency of foreign economy and trade, to become a powerful country in foreign trade, utilization of foreign capital and outward investment, and to climb up to the high end of the global value chain; from the perspective of relations of production, it is necessary to benchmark against the international high-standard rules of economy and trade and to form a high level of openness-oriented institutional system.

China should actively participate in the reform of international economic and trade rules, track the trend of changes in high-standard economic and trade rules, boldly explore and innovate in emerging areas such as transparency, digital trade, competitive neutrality, state-owned enterprises, government procurement, intellectual property rights, environment and labor, investment facilitation, and post-border rules, and explore the benchmarking of high-standard international economic and trade rules, so as to form a system that is liberalized, well-managed, safe and efficient, and with controllable risks. We will promote the establishment of an open economic system and provide institutional safeguards for opening up blockages and rationalizing the domestic economic cycle (Ding, Li, & Li, 2024).

4.3. Breakthroughs in Neck-Breaking Technologies in the Context of a Higher Level of Liberalization

China's industrialization started late and developed fast, and it has established a complete and independent manufacturing system, becoming the world's first manufacturing country, but it is big but not strong, with an obvious gap between the world's manufacturing powerhouses, a weak capacity for independent innovation, a high degree of dependence on foreign countries for key core technologies and high-end equipment, and the existence of many neck-breaking technologies. China must break through the neck-breaking technological constraints and establish a stable and secure supply chain system (Xi, 2020).

Necked technologies usually refer to those technological links that are critical to national economic security, which are highly centralized in the global production supply chain and, once restricted, will pose a serious threat to national security and economic development. At present, in a number of core scientific and technological fields, China's industrial development is still faced with a series of "neck-breaking" technical problems, the existence of which seriously restricts the further development of China's industry. Breakthroughs in neck-breaking technologies require independent innovation. Autonomous innovation is not closed

innovation, but should be open innovation to enhance the capacity of autonomous innovation at a higher level of openness. Only by strengthening international economic and technological cooperation, tracking the direction of global advanced technological change, and making extensive use of global technological resources can we enhance our capacity for independent innovation more quickly and avoid lagging behind in technological progress and innovation. System is a function of innovation, and breakthroughs in neck-breaking technologies cannot be achieved without a suitable institutional environment (Xi, 2020). In opening up at a higher level, we should create a high-level open institutional system, form an institutional environment that attracts domestic and foreign excellent talents, advanced technologies, leading enterprises, advanced manufacturing and services, management knowledge and information and other high-end resources, gather global high-end elemental resources, enhance the capability of independent innovation in the midst of opening up, and form a batch of breakthrough technological achievements, so as to establish core technologies and industrial systems with strong and dynamic international competitiveness system.

5. Conclusion

Continuously expanding openness to the outside world is an important part of building a new development pattern in the new era. We should take the initiative to buttress high-standard international economic and trade rules, expand system-oriented opening up, create a high-level open-door to the outside world, and enhance our attractiveness to international commodities and resource elements.

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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