THE ECONOMY OF CHINA AND ITS ROLE IN THE GLOBAL ECONOMY

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ABSTRACT

This article analyzes China's economic reforms that began in 1978, changes in the structure of the production and service sectors, export-import potential, macroeconomic indicators, as well as China's role in global trade and production chains. Additionally, it examines the current economic challenges China faces and its future prospects..

Introduction: The policy of "opening up and reform" implemented since 1978 has transformed China from a long-standing socialist isolation to a market economy. These reforms expanded investment, foreign trade and industrial production, turning the country into a country deeply integrated into global production chains. Currently, China's role and influence are increasing in the context of global trade conditions, the consequences of the pandemic and economic globalization. In the first quarter of 2025, the country's gross domestic product (GDP) grew by 5.4%. These cases clearly show the potential and importance of China in the world economy.

The situation of the Chinese economy by structure and sectors

The Chinese economy is multi-sectoral and diversified, in which agriculture, industry and services are important. Agriculture: In China, agriculture occupies a relatively small share in the structure of the economy - in 2024, its share in GDP was ~6.8%. Agriculture plays an important role in the employment of the Chinese population - about 22% of the working population is in agriculture.

Industry: The industrial sector is one of the main drivers of China's economy, and in 2024, industry (manufacturing, construction, energy, mining, etc.) accounted for ~36.5% of GDP. Through the rapid development and modernization of industry, China has become one of the largest manufacturing countries in the world.

Service sector: The service sector is also growing rapidly. In 2024, the service sector will account for ~54.6% of GDP. The development of this sector serves to diversify the country's economy and reduce excessive dependence on agriculture and industry. Thus, the combination of agriculture, industry and services provides a stable and diversified structure of the Chinese economy. Economic growth, reforms and transformation of the economic model. As part of these reforms, foreign investments were attracted, production capacity was expanded, and industrial modernization was accelerated.

Currently, China is on the path of diversifying its state economic model, modernizing its industrial structure, and shifting to the production of high-value products. For example, recently published scientific studies show that the deep transformation of Chinese industry and the development of "new quality production forces" will further increase the country's potential.

Economic indicators for the years 2024-2025 also show that this direction is correct: in the first quarter of 2025, GDP grew by +5.4%, the value added of the industrial and service sectors increased by 5.9% and 5.3%, respectively. This situation indicates that the Chinese economy has begun to shift from an export-oriented, domestic demand and services model to a services/domestic market model. shows.

China's export import potential and role in global trade

China is one of the leading countries in international trade, export and production sectors. Its export volume and participation in global trade chains are widespread in the world.

Main aspects:

In the first quarter of 2025, the export volume increased significantly, and the export of products, especially high-tech products, increased.

China plays an important role in global export-import networks - it has strong connections to world markets through industrial products, electronics, machinery, finished goods and many other sectors.

China's share in global GDP is estimated to be around 19-19.5% in 2024-2025. This indicator makes it a key player in world economic obligations.

Thus, China remains one of the central countries in global economic relations in terms of export and import. It is an important link in production and supply chains around the world.

Issues and the current economic situation: challenges and recommendations

However, China's economy also has problems and some trends are cause for concern.

The most recently released data for November 2025 showed a decline in industrial profits, due to weak domestic demand and challenges in export markets.

Global trade conditions, protectionist policies (e.g. trade tariffs), diversification trends in supply chains may negatively affect China's exports. It is necessary to further diversify China's economic model - to develop services, domestic consumption, high technologies and environmental sustainability. It should be noted that recent studies show that the Chinese industry is on the way to becoming "new quality production forces" - which will serve to make the country's economy stable and diversified in the long run.

Conclusion: The People's Republic of China over the past quarter of a century has gone from socialist isolation to becoming a country open to the world, diversified and central in global trade and production chains. Changes in the structure of the industrial and service sector, its export-import potential, and its role in global economic relations have led to its taking an important place in the world economy.

Today, the Chinese economy is developing steadily, but it is facing problems such as global protectionism, dependence on exports, and low domestic demand. Nevertheless, by modernizing its industrial structure, expanding its services and domestic market, and focusing on high-tech and innovation areas, China can overcome its challenges and maintain its global economic influence in the future.

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