Historicizing the Emergence of China as a World Economic Power: Strategies, Challenges and Prospects

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ABSTRACT

Although many scholarly works have endeavored to delve into the emergence of China as an economic power in the world, yet not many has taken an in-depth study of the forces that over the years crystalizedinto the reality of its emergence as a key player of the World's Political Economy. This work therefore attempts a detailed discussion on the formative processes of China's emergence to the economic world stage using the historical methodology. The work covers the underlying factors of the emergent economic competition between China and United States or America and its implications for the world economic scene as a whole. The problem which therefore confronts this study is to give an authentic assessment of thegrowth and development of the China's economy. In fulfilment of this objective, the study adopted a Mixed Method Research (MMR) design involving elements of qualitative and quantitative research approaches. Although the work is qualitative dominant in historical research methodology, elements of quantitative droves were derived from the data which corroborated findings from the oral interviews and secondary sources from journals, library search, books and other literature.

Findings of the work revealed that factors such as diplomatic consistency with other countries, toleration of other parties' expectations and trade demands and astute trades' relations and fulfilment of transactional trade collaborative treaties promoted the emergence of China as an economic world power contrary to wide margin exploitations which characterized some Western power economies which often undermined third world capabilities to economic development. The study concluded that China must continue to strengthen its strategies for greater heights, not only by addressing challenges from other great powers such as the United States and other Western economies but maintain a balanced trade relation with other developing economies of the world.

Keywords: Historicizing China, Economic power, Strategies, Challenges, Prospects

INTRODUCTION

China's rise from a poor developing country to a major economic power in about four decades has been spectacular. From 1979 (when economic reforms began) to 2017, China's real gross domestic product (GDP) grew at an average annual rate of nearly 10%. According to the World Bank, China has "experienced the fastest sustained expansion by a major economy in history-and has lifted more than 800 million people out of poverty." China has emerged as a major global economic power. For example, it ranks first in termsof economic size on a purchasing power parity (PPP) basis, value-added manufacturing, merchandise trade, and holder of foreign exchange reserves (WorldBank, 2017).China's rising economic weight in the global economy is not only affecting its economic and political relations with the rest of the world, but is also changing the global and regional economic and political landscapes in fundamental ways (Song & Golley, 2011). China's dramatic expansion has a powerful effect on the rest of the world. One of the majorimplications of the rise of China is the European Union-China comprehensive Agreement on investment negotiated in December 2020 to encourage more trade links with Europe as against the United States market. More importantly, China's penetration into Africa, South America and other Asian countries for the purpose of egalitarian trade and economic partnership.

CHINA'S ECONOMY BEFORE THE FREE MARKET REFORMS

The nation of China is one renowned for its extremely rich history and culture. Imperial China rose through the ranks for centuries to dominate those around it. It is today the world's most populous country with a total population of 1.4 billion people. In the early centuries A.D. China was considered one of thevery first civilizations and one of the world's foremost economic powers up until the 19th century. Its political systems back then were based on absolute monarchy and/or dynasties which were hereditary.

However, the Chinese monarchy collapsed in 1912 with the Xinhai Revolution, when the Republic of China (ROC) replaced the Qing dynasty. China was invaded by the Empire of Japan during World War II. The Civil War resulted in a division of territory in 1949 when the Chinese Communist Party (CCP) established the People's Republic of China on the mainland while the Kuomintang-led ROC government retreated to the island of Taiwan. Both claimed to be the sole legitimate government of China, although the United Nations has recognized the PRC as the sole representation since 1971.

THE RISE OF CHINESE ECONOMY UNDER CHAIRMAN MAO ZEDONG

MAO Zedong was born on December 26, 1893 in the small village of Shaoshan in the province of Hunan (Southeast China). He became one of the first members of the new Chinese Communist Party (CCP) in 1921. He began working in his home province of Hunan to organize labor unions and activist groups and became an important figure in local politics. In 1926, Mao became involved in peasant mobilization in his work as a propagandist for the United Front and as an instructor for the United Front's Peasant Training Institute. When the United Front was preparing to undertake a large military campaign to retake theprovinces from local military leaders, Mao was charged with preparing peasant forces. Under the leadership of Guomingdang (GMD) general CHIANG Kai-shek, United Front forces, in a campaign known as the Northern Expedition, overthrew many of the provincial warlords. By the end of the campaign, the United Front had succeeded in uniting more than half of China under a Nationalist government. In 1943, Mao received the title of "Chairman" of the Communist Central Committee — a title that here to fore had not existed-and Chairman of the Politburo, making him the unchallenged leader of the CCP.

Mao increased his credibility in the early 1950s due to his upright method of leadership. Since 1949, the Chinese revolutionary movement entered a new phase of social reconstruction while Mao struggled to build socialism in China. His declaration of the establishment of the People's Republic of China on October 1, 1949, raised his reputation to the utmost. The People's Republic is a translated Western concept of "republic," which literally means "people's country" (renmingonghe guo) in the Chinese language, and which was a very revolutionary idea at the time (Zhang, 2018).

Chinese Economy between 1943 and 1976

In Mao's era, Chinese economy was under duress and highly instable. This weak economic condition of China was actually an outcome of variety of factors. The most important of them was an unjust distribution of economic resources among people. Mao, a communist himself, believed that the solution toall the Chinese problems was in Marxism, which is centered on the equal distribution of economic resources in a state. For this purpose, Mao established a centralized economic system, and all efforts were directed towards the development of agriculture sector which was the life line of the Chinese economy – agrarian in those days (Manzoor & Sajid, 2018).

The Chinese economy during the first three decades of rule by the Chinese Communist Party was organized in a fundamentally different way from that of market economies in much of the rest of the world and from what the Chinese economy became in the 21st century after three decades of market-oriented economic reform. Beginning in the mid-1950s, China introduced a centrally planned command economy patterned on that of the Soviet Union. This economic system involved the abolition of household agriculture in favor of collectives, first called "agricultural producer cooperatives" and, later, "Rural People's Communes." Industrial inputs and outputs were allocated by administrative means in accordance with a plan developed by the State Planning Commission, and market forces were largely eliminated in industry and large-scale commerce. Wages were set, and skilled workers were allocated to jobs by the government rather than by a labor market. Even many consumer goods were rationed, although some were allocated tohouseholds through the market; prices paid to farmers also played a limited role in government procurement of agricultural products (Perkins, 1983).

This highly centralized nonmarket, Soviet-type system, however, was introduced into the verydifferent context of a developing country that was extremely poor. From the beginning, China's leadership and that of Chinese Communist Party Chairman Mao Zedong, in particular, explored alternatives to these rigid central controls. The result of these explorations more often than not was economic disaster, leading to the 1959–1961 famine in which roughly thirty million people are believed to have died. The governmentand the leadership also pursued political goals, notably during the Cultural Revolution (1966–1976) that disrupted the economy and slowed economic growth (skinner, 1973).

THE GREAT LEAP FORWARD AND ITS IMPLICATIONS FOR CHINESE ECONOMY

In January 1958, Mao launched the second Five-Year Plan, known as "the Great Leap Forward", a plan intended to turn China from an agrarian nation to an industrialized one and as an alternative model for economic growth to the Soviet model focusing on heavy industry that was advocated by others in the party. Under this economic program, the relatively small agricultural collectives that had been formed to date were rapidly merged into far larger people's communes, and many of the peasants were ordered to work on massive infrastructure projects and on the production of iron and steel. Some private food production was banned, and livestock and farm implements were brought under collective ownership (King, 2019).

Some researchers believe that the Great Leap Forward ruined the economy by shattering its overall balance. Some hold that the serious consequences of the Great Leap Forward should not be confined to the direct economic losses of up to RMB 120 billion. After the Great Leap Forward, it took five years to adjust the national economy before it was restored to the 1957 level. In the middle of and after the Great Leap Forward, Mao remained reluctant to fully acknowledge the mistakes of the Great Leap Forward and took the attitude towards the Great Leap Forward as a criterion to tell whether people were revolutionary or not. Thus, in the 10th Plenary Session of the 8th Central Committee of the CPC, he proposed the Party's fundamental approach in the socialist stage, followed by a left-wing socialist educational campaign aimed at cracking down on the capitalist roaders. This campaign resulted in the undue repression on a large number of grass-roots officials and the subsequent Cultural Revolution (Hseih, 1995).

At the Lushan Conference in July/August 1959, several ministers expressed concern that the Great Leap Forward had not proved as successful as planned. The most direct of these was Minister of Defence and Korean War veteran General Peng Dehuai. Following Peng's criticism of the Great Leap Forward, Mao orchestrated a purge of Peng and his supporters, stifling criticism of the Great Leap policies. Senior officials who reported the truth of the famine to Mao were branded as "right opportunists" (Becker, 1998)

State Chairman Liu Shaoqi and General Secretary Deng Xiaoping favored the idea that Mao be removed from actual power as China's head of state and government but maintain his ceremonial and symbolic role as Chairman of the Chinese Communist Party, with the party upholding all of his positive contributions to the revolution. They attempted to marginalize Mao by taking control of economic policyand asserting themselves politically as well. Many claim that Mao responded to Liu and Deng's movements by launching the Great Proletarian Cultural Revolution in 1966 (Goa, 2008).

After the Cultural Revolution was launched in 1966, the management system was ruined, labor discipline was absent, planning and statistics system collapsed, and the rampant Red Guards and armed conflict by the worker class paralyzed production and traffic. As a result, the total losses of national income in that decade amounted to approximately RMB 500 billion (Chu, 1985). In addition to the substantial economic losses, the Cultural Revolution had a great impact on the human resources in the upcoming years. For example, the average length of education of the population over 15 years old in 1982 was 4.8 years. Eliminating some of the effects caused by the Cultural Revolution, this figure was estimated to be 5.6 years, meaning that the Cultural Revolution cut the potential human resources stock by 14.3% (Tsai & Du, 2003). Estimates of the death toll during the Cultural Revolution, including civilians and Red Guards, vary greatly. An estimate of around 400,000 deaths is a widely accepted minimum figure (Maurice, 1999). In rural China alone some 36 million people were persecuted, of whom between 750,000 and 1.5 million were killed, with roughly the same number permanently injured (Mac Farqhuhar & Schoenhals, 2006).

STRATEGIES UTILIZED FOR ATTAINING WORLD ECONOMIC POWER

China's leaders past and present relied on powerful strategies formulated by the ruling party and its top officials in order to achieve and maintain China's status as a global economic powerhouse. The National Congress of the Communist Party of China (NCCPC), or the CPC National Congress is the highest authority of the Communist Party of China. The People's Republic of China (PRC) sets its mandate, along with its leadership selection based on the decisions from the Party Congress (Backgrounder, National Congress ofthe Communist Party, 2017). The 19th national party congress held between 18th and 24th of October, 2017 with 2,280 delegates represented (Joshi, 2017).

The congress highlighted a number of political, economic and socio-cultural changes that was to serve for the greater good of the Chinese people. During the congress, a new guiding ideology, labeled Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, was written into the party's constitution. It marked the first time since Mao Zedong Thought that a living party leader has enshrined into the party constitution an ideology named after him. The Congress also emphasized strengthening socialism with Chinese characteristics, party-building, socialist rule of law, and setting concrete timelines for achieving development goals, such as building a moderately prosperous society and achieving "socialist modernization." It was also noted for rallying China to play a more substantial role internationally. The congress was also notable for the consolidation of power under Xi Jinping, marked by the removal of term limits from the Chinese constitution.

The Congress ratified changes to the Constitution of the Chinese Communist Party, including the incorporation of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. Xi thus became the first leader since Deng Xiaoping to append his name into party ideology; the change also led to many international media outlets calling Xi the "most powerful leader since Mao (Phillips, 2017).One of the most important strategies enacted by China to attain its economic development is "The China 2025 Policy", also referred to as "Made in China (MIC) 2025".This a policy plan that proposes a "three-step" strategy of transforming China into a leading manufacturing power by the year 2049 in line with the basic guideline of "innovation driven, quality first, green development, structurally optimizes and human-oriented" and the basic principle of "market orientation, government guidance, focus on the present, look into the future, overall promotion, key breakthroughs, independent development, opening and cooperation". The first step is to develop from a manufacturing giant into a manufacturing power by 2025. The second step is to reach the medium level of the world manufacturing powers by 2035. The third step is to further consolidate China's position as a manufacturing power and list China's comprehensive manufacturing strengthen into the world's top list by 2049(Xiang, Huang, Jie, & Jinlong, 2018).

The initiative was initially conceived by Chinese Prime Minister Li Keqiang and was launched in 2015. The idea was strictly set to modernize China's industrial capability. The initial 10-year comprehensive strategy focuses heavily on intelligent manufacturing in 10 strategic sectors and has the aim of securing China's position as a global powerhouse in high-tech industries such as robotics, aviation, and new energy vehicles such as electric and biogas. This research and development driven plan is seen as a critical element in China's sustained growth and competitiveness for the coming decades as it transitions into a developed economy. It also seeks to ensure Chinese manufacturers remain competitive with emerging low-cost producers such as Vietnam. The plan involves replacing China's reliance on foreign technology importswith its own innovations and creating Chinese companies that can compete both domestically and globally. Therefore, there is a strong emphasis on its domestic manufacturing process where it wishes to increase production, not only on the essential components, but on the final product as well (Backgrounder, Made in China 2025, 2018).

THE 19TH COMMUNIST PARTY CONGRESS AND THE CHINESE ECONOMY

In his inaugural address to the 19th Party Congress, President Xi Jinping drew attention to China's economic performance as the basis for China's emergence as a great power. Despite a sluggish global economy, China fared well and entered what Xi called a "new normal in economic development" with medium-paced growth, if not the frenetic growth rates that the People's Republic of China (PRC) had experienced in the past. Xi expects to see China eliminate poverty by 2020. Indeed, economic performance has been a legitimating cornerstone of the CPC's capacity to maintain uncontested power (Bommakanti, 2018).

In highlighting some of its economic growths during the congress, China seeks to end its reliance on international technology and upgrade its industrial capability and smart manufacturing by ensuring that innovation, product quality, efficiency, and integration drive manufacturing across 10 key industries. Those industries include advanced information technology; automated machine tools and robotics; aerospace and aeronautical equipment; ocean engineering equipment and high-tech shipping; modern rail transport equipment; energy saving and new energy vehicles; power equipment; new materials; medicine and medical devices; and agricultural equipment (Backgrounder, Made in China 2025, 2018).

Beijing is implementing regulatory changes and introducing standards for key industries while setting a policy direction to pursue innovation and development. These standards potentially restrict foreign competition in China and provide access to technology from abroad by, for example, requiring banks to reveal their source code and use domestic IP and encryption to meet Beijing's "secure and controllable" standards. Standardizing practices across entire industries is a priority, with the National Cyber Security Strategy and Cyber Security Law creating a legal framework for the future implementation and update of information technology products and services. Testing and certificate systems will be introduced to raise the quality of products to meet international benchmarks in all key industries, from medical patents to fuel consumption.

The government has also instructed businesses to develop their international brand awareness and become "more familiar with overseas cultures and markets" and "strengthen investment operation risk management", with the aim of encouraging international investments and acquisitions. Between 2005 and 2016, Chinese companies invested $13.6 billion in Germany and $135 billion in the U.S., giving them access to IP and joint ventures with businesses that have already achieved the desired automation and innovation. This, however, involves direct state funding of private equity, which is used to facilitate the investments. In the information technology industry, takeover offers surpassed $35 billion in 2015. International partnerships and acquisitions, with significant public funding, are the primary tool for accessing foreign intellectual property, which is then used to further enhance the capabilities of Chinese companies (Backgrounder, Made in China 2025, 2018).

CHALLENGES OF THE EMERGENCE OF CHINA AS A GREAT POWER

While many of the global and national benefits of China's economic rise have remained guaranteed, clear for all to see, so too are many of the costs. China's integration into the global economy has forced a worldwide reallocation of economic activities. This has increased various kinds of friction in China'strading and political relations, as well as generating several globally significant externalities (Song &Golley, 2011). China's challenge to the existing norms, rules, and institutions of a growing number of components of the global economic order could be enormously disruptive to world stability. That challenges could escalate further as China's economic power, military capabilities, and self- confidence continue togrow rapidly (Bergsten, Freeman, Nicholas, & Derek, 2008).

According to Golley and Song (2011), some of the highlighted challenges include:

1. China's role in global economic imbalances – China's rising economic weight in the global economy is not only affecting its economic and political relations with the rest of the world, but is also changing the global and regional economic and political landscapes in fundamental ways (Song & Golley, 2011). The emergence of major trade and financial imbalances between regions has been the key characteristic of the global economy in recent years. In the real economy, the ever-increasing trade imbalance between the United States and China has been the main contributing factor. China poses a major challenge to the United States (who are also a super power in this context), and the rest of the world simply by virtue of its status as a new global economic superpower. Such rising powers can disturb the existing international order and trigger security as well as economic conflicts (Bergsten, Freeman, Nicholas, & Derek, 2008).
2. Increased competition from China's low-cost production and the accompanying rising share of Chinese-made products provided to the world market.
3. Rising greenhouse emissions, resulting from the rapid pace of industrialization and increasing standards of living in China – Greenhouse emissions are a great environmental challenge that scaleson a global level. According to the Greenhouse Gas Emissions Data in the World Population Review, by the United States Environmental Protection Agency(USEPA) (February, 2022), China has the highest greenhouse gas emissions of any country in the world. In 2017, China emitted 9.3 billion tons of carbon dioxide. China faces wide spread criticism from the international community about itscarbon footprint and is pressured to control its growing emission levels. The country's economic growth hasprimarily been powered by coal, which produces up to twice the amount of carbon dioxide than other fossil fuels. China's industrial sector is the primary coal consumer.

Manufacturing, agriculture, mining, and construction make up about 62.5% of China's energy use and 49% of its coal use (USEPA, 2022). This is a major challenge faced by China in its rise to global economic supremacy. Over 300 million people in China have no access to clean water. Pollution is said to beresponsible for 710,000 to 760,000 deaths a year, and official Chinese estimates peg the economic cost of pollution at 8 to 12 percent of China's annual GDP. Environment- and pollution related protests have increased nearly 30 percent per year since 2000 (Adam, 2006). China's nascent environmental movement has the potential to galvanize nationwide support, cutting across regional and socioeconomic boundaries, and presenting the organized opposition the Chinese Communist Party so fears. Clearly, environmental degradation is upping the ante on China's economic development and social stability considerations.

1. China's Incomplete Transition to a Market Economy – Despite China's three-decade history of widespread economic reforms, Chinese officials contend that China is a "socialist-market economy." This appears to indicate that the government accepts and allows the use of free market forces in a number of areas to help grow the economy, but the government still plays a major role in thecountry's economic development (China's Economic Rise: History, Trends, Challenges, and Implications for the United States,2019). This lack of freehand to the market is considered a long-term challenge facing China's economy and its rise to global dominance.
2. China is experiencing considerable negative domestic reaction to its cooperation with other countries and international institutions on economic issues. The nearly universal backlash against globalization, responding mainly to the uneven distributional effects of that phenomenon, is clearly present in China and explains at least part of its current attitude toward the world economy. Such a systemic challenge represents a worrisome evolution in China's behavior over time. China has been accused of stealing foreign intellectual property, especially technology, but after accounting for the size of China's foreign transactions and research activities, such accusations may have been blown out of proportionor possibly exaggerated.
3. Another weakening challenge is also China's Protectionist tendencies that foreign firms form joint ventures with domestic Chinese forms as a condition for market entry in some economic sectors. This stipulation has been widely cited as a means of promoting so-called Forced technology transfer, where foreign firms pass new technology onto their Chinese partners as a condition for being able to invest and produce in China. This factor has equally been defended by the existence of companies liked BASF, Auto manufacturing Tesla, and Finance (Black Rock) have been allowed to enter and operatein key sectors without a Chinese partner.

Perhaps, the most challenging issue that has erupted from the emergence of China as world economic power is its stiff competition with America which has led to the phenomenal US-China trade Wars. This issue is considered as a case study of the challenges faced by China as a great power.

OVERVIEW OF THE U.S-CHINA TRADE WARS

In contemporary times, it could be argued that the United States – China trade relations is the biggest and largest trading partnership in the world. This is because of the large economies both countries boast of, making them some of the most powerful and strongest economies in the world, and also their vast level of industrialization and global exchange with other nations. Both the United States and China have been trading partners for a very long time. However, in July of 2018, under the leadership of President Donald Trump of the United States, one of the greatest trade wars of the century was initiated. President Donald Trump assumed power in 2016 to serve as President of the United States. During his first couple years in office, he was branded as an aggressive leader and negotiator. During his presidential campaign, his theme was 'America First'. America First refers to a policy stance in the United States that generally emphasizes nationalism and non-interventionism (Olson, 2013).

This was President Trump's official foreign policy, a policy that pushes first and foremost, the interests of the United States of America. This included withdrawing from any agreement, treaty, or relationship that seeks to undermine its nationality, economic and political development in America and overseas. U.S.-China bilateral relations took a nosedive in July 2018 when then U.S. president Donald Trump's obsession with trade deficits led him to impose punitive tariffs on China. The tariffs were followed by restrictions on both China's access to high-tech U.S. products and foreign investments involving security concerns and by allegations of unfair Chinese commercial practices (Huang, 2021). President Trump complained that China's unfair trading practices including 'dumping', which he considered was against his America first policy. Dumping here entails that China imports products from the United States at a certain price and sells them in China at a significantly lower price, inducing government subsidy on the products in order to gain market share and cripple the trading partner's industry on that particular product.

This led to the slapping of high tariffs on Chinese goods, making Chinese products very expensive in order to encourage consumers to purchase American products. The first imposed tariffs were worth $34 billion. The tariffs were followed by restrictions on China's access to foreign investments and United States' high technological products. The Chinese government under the leadership of Xi Jinping also retaliated by doing the exact same thing the United States did to them. Another factor was that China also slapped tariffs on United States imported products. These exchanges of high tariffs kept for several months. By January 2020, the US-China trade war eventually led to tariffs on some US$550 billion of Chinese goods andUS$185 billion of US goods. Following the G20 meeting in Buenos Aires, Trump agreed to leave tariffs on
U.S. products at a 10 percent rate after January 1, 2019, while China agreed to buy a substantial number of products from the United States. The White House also said that China has agreed to start purchasing substantial U.S. agricultural, energy, industrial and other products from the United States to reduce the trade imbalance, and that both countries agreed to try to reach an agreement on several trade issues "within the next 90 days." (Steinbock, 2018).

After a few years of disagreements and actions that has hurt both nations' economies over time, negotiations commenced in order to ease tensions and improve relations between both countries. In early 2021, The Chinese Commerce Ministry said in a statement that both sides held "candid, pragmatic and constructive exchanges with an attitude of equality and mutual respect", according to a report by state media outlet the Global Times, covered by the British Broadcasting Corporation. President Trump's successor, Joe Biden assumed office in 2020 and chose to continue with the trade arrangements his predecessor had with China. Joe Biden tells The New York Times he will not make any "immediate moves" to lift trade wartariffs. However, certain phases of negotiations have been going on to ease the tensions and return to normal trading partnership in order to avoid a global trade war.

Source: Azimzhan Khitakhunov, 2020.https://www.eurasian-research.org/publication

Consumers in the U.S and China are unequivocally the losers from the trade wars. The effects of tariffs on producers is more mixed, with some winners such as U.S and Chinese producers of goods competing in their domestic markets with imports affected by the tariffs. It can be argued that the effect was felt more by the U.S producers who suffered, while those in Brazil and other European countries benefitted from this trade diversion and market segmentation.

IMPACT OF THE U.S-CHINA TRADE WARS

As two of the biggest economies in the world, it is hard to overlook the fact that the trade war going on between both countries affected other parts of the world.

Firstly, the evolving global scenarios of U.S.-China trade and technology conflicts are the outcome of an ever more anxious America forsaking its multilateral cooperative stances for primacy doctrines. In the worst case, these conflicts may escalate into a "decoupling" of both economies and cause lasting global recession and new geopolitical confrontation (Steinbock, 2018). If the United States continues to press with its 'America First' policy, which it is poised to carry on, there is a tendency that it will be willing to abandon ties with not just China but anyone who supports them in a bid to protect the interests of the nation. This could be devastating to global economy as it may ruin certain economic ties it has with other countries.

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Secondly, there has been global inflation over the prices of goods produced and manufactured by the two countries. This has been a source of worry for other nations. For example, the Chinese phone manufacturer Huawei suffered a major setback as it was placed on the United States' entity list. The entitylist is a trade restriction list that bars the United States from trading with certain individuals or organizations. This made the prices of Huawei products to soar during that period. This largely affected the global tech market. On the other hand, this trade war proved to be beneficial to some countries. While China loses out on the benefits of trade partnership with the United States, it gives room for other low-profile competitors to emerge.

U.S. tariffs on China have made other players more competitive in the US market and led to a trade diversion effect. Of the $35 billion Chinese export losses in the US market, about $21 billion (or 63%) was diverted to other countries, while the remainder of $14 billion was either lost or captured by US producers. According to the report, US tariffs on China resulted in Taiwan (province of China) gaining $4.2 billion in additional exports to the US in the first half of 2019 by selling more office machinery and communication equipment. Mexico increased its exports to the US by $3.5 billion, mostly in the agro-food, transport equipment and electrical machinery sectors. Even the European Union gained about $2.7 billion due to increased exports, largely in the machineries sectors (UNCTAD, 2019). In all of these, there have been minimal effects reported as to how countries on the African continent either benefitted or lost from theentire situation.

The United States-China trade war has led to an increase in global trade, a diversified supply chain for the products targeted by the tariffs, and significant implications for the future of globalization. The study showed that the aggregate responses raised global trade by 3.0%, suggesting that the trade war created new trade opportunities, rather than simply reshuffle trade flows. Until now, most of the conversation on the US-China trade war has focused on the two superpowers, but its important to examine how it has impacted trade in other countries; said Prof. Amit Khandelwal, Prof of Global Business at Columbia Business School. "There was a vast difference in response across countries some benefitted, others didn't global trade". (Khandelwal 2020). The Research team considered four sets of tariff changes as part of the U.S-China trade war and analyzed trade patterns of products in nine sectors, agriculture, apparel, chemicals. Machinery, materials, metals, minerals, transport and miscellaneous

The key findings include:

1. The United States and China reduced trade with each other, but many countries reallocated tariff targeted exports to the rest of the world.
2. The tariffs from the trade appear to have uncreated global trade, rather than reduced it, as many initially feared.
3. The study proved that globalization, at least measured by global exports, is not slowing with countries outside the U.S and China during growth.

The trade war rather stimulated trade amongst other countries, increasing globalization, rather than ending it as many people feared it would. The spillover effect of the deterioration of economic and political relations of those two superpowers has proven to be an opportunity for other nations

PROSPECTS OF CHINA'S EMERGENCE AS A GREAT POWER

There is no doubt that China's economic growth will continue for a long time and shows no sign of stopping or slowing down based on the current global economic form. China has reached a level of reliance by other countries and this has become paramount in its growth.

Among its very key and important growth potentials are listed below:

Rapidly Expanding International Trade – The expansion of China's international trade has been a particularly noteworthy aspect of China's rising prominence in the world economy. China's exports and imports have grown at an average rate of 15 percent each year since1979, compared with a 7 percent annual expansion of world trade over the same period. This process has been facilitated by trade reforms and the general opening of the economy that have led to a surge in foreign direct investment (FDI) and increased integration with the global trading system (Eswar, 2004).

Banking System Reform – Financial intermediation in China occurs mainly through the banking system. Bank lending has supported the high level of investment growth, which has made an important contribution to China's growth performance in recent years. Stability of the banking system is therefore crucial for promoting sustained growth (Eswar,2004).In addition to the banking reforms in China, there has been massive surge in Foreign Direct Investment (FDI) – China's trade and investment reforms and incentives led to a surge in FDI beginning in the early 1990s. Such flows have been a major source ofChina's productivity gains and rapid economic and trade growth. There were reportedly 445,244 foreign- invested enterprises (FIEs) registered in China in 2010, employing 55.2 million workers or 15.9% of the urban workforce. FIEs account for a significant share of China's industrial output. That level rose from2.3% in 1990 to a high of 35.9% in 2003, but fell to 25.9% in 2011. In addition, FIEs are responsible for a significant level of China's foreign trade. At their peak, FIEs accounted for 58.3% of Chinese exports in2005 and 59.7% of imports, but these levels have subsequently fallen, reaching 41.7% and 43.7%, respectively, in 2018 (China Statistical Yearbook, 2012).However, the potential for significant rise cannotbe overlooked.

Major Chinese Manufactured and Trade Commodities – China's abundance of low-cost labor has made it internationally competitive in many low-cost, labor-intensive manufactures. As a result,manufactured products constitute a significant share of China's trade. A substantial amount of China's imports is comprised of parts and components that are assembled into finished products, such as consumer electronic products and computers, and then exported. Often, the value-added to such products in China by Chinese workers is relatively small compared to the total value of the product when it is shipped abroad.

Chinese exports such as Electrical machinery, nuclear reactors, vehicle parts, organic chemicals, textile, computer chips and accessories, and a host of other commodities accrue significant trade all over the world.

SUMMARY AND CONCLUSION

This work has examined the emergence of China as a world economic power highlighting the major strategies that brought her into limelight, challenges that accompanied its leadership role as a world player and the prospects of its continued economic development in the years ahead. No doubt, China's growing global economic influence and the economic and trade policies it maintains so far, will continue to have significant implications for the entire world. While China is a large and growing market for U.S. firms and others around the globe, its incomplete transition to a free-market economy has resulted in economicpolicies deemed harmful to global economic interests, such as industrial policies. This however, in no way hinders the rapid rise of China's economy. With the different highlighted prospects that basically overweigh the challenges it faces, China's growth and dominance will continue for a very long period of time and the global economies will keep a close watch on this.

As regards the trade war between China and U.S which is not over yet, phases of negotiations should still continue with a bid to normalizing trade relations by both parties. This could be supported by interventions and reconciliatory actions being carried out by other world governing bodies and powerful nations. It is up to both warring parties to decide how they choose to deal with the situation. Both parties claim to have the interests of their nation at heart and bearing in mind that they will do everything to protect the interests of their nations, the global community should remain vigilant and are wary of what the outcome and results of the actions of both China and the U.S. will be. This should serve as an avenue to spur global competitiveness.

Further, Azimzhan Khitakhunov (2020) has noted that trade partners of China from developing world need to consider various conditions. The first issue which he highlights isthat when developing countries deal with China's state-owned enterprises or corporations (SOE), they should clearly understand that they will do business with the state. It should be noted that in advanced countries merger and acquisitions with China's SOE or selling strategic resources to Chinese companies are prohibited due to national security concerns. The sensitive sectors include technology, robotics, mineral resources and others. Industrial policy of China can also significantly affect the industrialization process of other developing countries. He argues further that China's subsidies to its SOE may decrease the prices for its products,which put China's trade partners at disadvantage. Moreover, this will distort investment decisions of the developing industrializing country. Therefore, he is of the opinion that it is important to conduct appropriate economic assessment of the potential benefits and costs of dealing with China. Any kind of economic policy towards China should be assessed using both qualitative and quantitative methodology.

In the overall analysis, it is crucial to understand what economic forces make China's products cheaper or more competitive on the regional and global markets. If developing countries are going to open their markets to China (via preferential trade agreements), they should assess how China is open for those countries. There is no need in unilateral concessions, and countries should negotiate mutual market liberalization. Moreover, dispute settlement should be based on the WTO norms taking into account China's economic weight. Thus, the US-China trade war was caused not only by politics, but also by important and sensitive economic issues. Learning the lessons of this conflict can help developing countries to form appropriate economic policy towards China. The key to more harmonious relations is recognizing that amore developed China need not threaten the well-being of the West. The United States, Europe and China have different comparative advantages, which are reflected in the composition of their exports. Europe specializes in high-end consumer goods and machinery; the United States in agricultural products, high tech components and services; and China in basic manufactured consumer goods and inputs while the economic South (African, Asian, Caribbean, Pacific countries)too have their supply specialist values. Therefore, all sides can continue to prosper by operating under a rules-based international trading system.

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