

CHINA'S EMERGENCE AS A DYNAMIC GIANT IN ASIA-PACIFIC REGION**Dr. Shaista Sami**Assistant Professor, Shyam Lal College, University of Delhi, New Delhi, India
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Abstract

The rapid growth of China substantiated as an instrumental factor in integrating Asian countries with each other and mutually supporting rise of a dynamic Asia. From the last three decades, both Asian economies and China have experienced fully structural transformation. The economic rise of Chinese economy has a discernible effect over the Asia-pacific economies. This paper is an attempt to examine the impact of China rise in Asia-pacific region by analysing its trade relations and foreign direct investment. In order to achieve the objective, study used Panel OLS Regression with Random Effect Model on the basis of Hausman Test result. Econometric analysis has been done on the basis of 13 countries of this region and time period from 2006 to 2021 is taking into consideration. The results revealed that trade and outward foreign direct investment of China for Asia-Pacific region is positive and it emerges as an economic driver for growth of the region. Thus, the rise of China would be a great opportunity for Asia–Pacific countries, especially in terms of China's role in its production network, destination for investment, its outward foreign direct investment and more importantly, its huge and growing domestic market.

Key Words: China, Asia-Pacific, Foreign Direct Investment, Export, Import

1. Introduction

China is one of the most important nations on earth and its growth in less than three decades made the country as a world's second largest economy. China accounted for nearly one-third of global growth during the period of 2000-15. Since the year 2000 its contribution to global growth has been increased almost every year. The economic growth of the country has drawn the attention of not only the neighbours in the Pacific theatre but the united states as well. Moreover, China's financial relationships have developed substantially with the world inspite of remaining capital account restrictions. Now, the total external liabilities of the country are extreme more than of any other emerging nation and it is nearby US\$5 trillion. China's external assets, including reserves, are even larger, at US\$6.2 trillion as of 2015 (Arslanalp, Liao, Piao, & Seneviratne, 2016). China's huge military machine is also a vigorous part of its economy that coupled other resources, have the potential to disturb a delicate balance of power in that region (Uckert, Colonel & USAF, 1995). The outcomes of this growth are biggest reduction in absolute poverty in human history which leads to China emerges as a new "economic superpower". Due to its larger size, China is the subject of extensive introspection over world problems such as: manufacturing jobs; wages; investment and

savings imbalances; exchange rates; environmental issues; as well as the balance of defence capabilities (Robertson, 2012).

Over the last two decades, China also a key player in international trade and developed itself from having a trifling role in world trade to being one of the world's largest exporters. China's exports escalated from 3 percent to 9 percent of world exports and from 9 percent to 22 percent of Asian exports through the period of 2000-15 (Arslanalp, Liao, Piao, & Seneviratne, 2016). The country has as a significant importer of raw materials, intermediate inputs and other products as well. Hence, this terrific growth is seen by some observers as posing a threat to China's trading partners (Feenstra & Wei, 2009). The power of China has escalated and become central in Asia-Pacific regional affairs that may permanently impacted on worldwide politics. Presently, China's rise to power has largely been peaceful, this could change in the future as regional and global partners continue to react to China's increasing power (Ackermann, 2014). As China provides a manufacturing base for worldwide companies but its utter size and prompt growth also generates challenges for many nations. China is emerging as daunting competitor in various export markets due to overlapping in its export structure with other nations like: India, Mexico, Malaysia, the Philippines, Pakistan and Thailand. These countries face dense decline in their own export demand to competition from China. In addition, China's impact on the import also observed globally, demand for raw materials, especially to fuel the investment boom of recent years, makes market pressure and higher prices for building materials (Feenstra & Wei, 2009). The dynamics of China's global relations seems that the China-centric order course is become more dominant as China's national strength escalates, have a relative importance in the international community grows. The country has a tendency to put emphasis on its own values and acts as a powerful magnet for attract other countries. If the opportunity arises for a country to rise its national power and gravitate towards this tendency, it will get pulled into it. China's recent redefinition of its national interests is a good instance of this trend (Kitano, 2011)

The rapid growth of China substantiated as an instrumental factor in integrating Asian countries with each other and mutually supporting rise of a dynamic Asia. During the period of three decades both Asian economies and China have experienced fully structural transformation and Chinese economy made a regional and global niche for itself. Due to inter connected of these two facts, the economic rise of Chinese economy has a discernible effect over the neighbouring Asian economies. The sharp growth of China is appeared as an authentic impetus in the process of integration of the real economies (Das, 2014). Chinese President Xi Jinping visited to Fiji on 22th November, 2014 for a summit meeting with leaders of the eight Pacific Island countries that have diplomatic ties with China. Xi and his Pacific colleagues declared their decision to promote the relationship between China and the eight Pacific Islands economies to the level of "strategic partnership." More than anything else, Xi's visit symbolizes China's growing presence in the Pacific Islands region, and its far-reaching consequences for the evolving regional order (Zhang, n.d.). Under the peaceful development aspect of foreign policy of China, it is extensively observed that China significantly developed its international relationship, particularly with those countries which are in Asia Pacific region through expanding trade and economic ties and increasing engagement with regional institutions (Zhang, 2015). The new Silk Road implemented by China and chase for leadership in

the region do not have to be economical with or challenged existing order. Ye (2015) suggested that Chinese Silk Road can be boon for peoples those residing under under-developed areas in Asian countries as it targets unprivileged areas and unmet developmental needs. Finally, the new Silk Road have strong economic mechanisms and offer ample of opportunities for them to work together. It can be proved as an incredible positive step which provides stability and prosperity in Asia Pacific.

Recently, trade structure of Asia-Pacific region has been speedily transformed. Before the year 2000, Trade liberalisation had chiefly occurred under the sponsorships of the World Trade Organisation (WTO). It is a multifaceted body that implements a set of binding trade rules upon all its members' countries of the organisation. Through the period of last decade many governments in the region have curved their FTAs bilateral agreements, which go beyond WTO guidelines but favourably shrink the barriers to trade between participant economies (Wilson, 2015). Asia-Pacific joined as a members of the East Asia Summit and the ASEAN-10, were Japan, China, Korea, Australia, New Zealand, India, the US and Russia. During this period of time, very less proposals of trade agreements were available, but resulting a wave of proposals the number of regional agreements quickly rose to 40 by 2014 (WTO 2014) as notified to the WTO. Furthermore, if non-WTO notified and under-negotiation agreements are encompassed, number of "FTA initiatives" between governments in the Asia-Pacific rises to 71 (Wilson, 2015). On the basis of discussion it can be concluded that, region has become one of the most active location for FTA negotiation universally (Dent 2010).

2. Review of Literature

Ahn (2004) scanned the interdependence between China and other countries in East Asia, was developing, and as a result, was pulling East Asia toward regional integration, but due to the rising tide of nationalism, it is far short of establishing an actual community. The study analysed the trade and production networks with China, the efforts to promote regional integration in ASEAN+3, the nationalist rivalry between Japan and China in negotiating FTAs, and the difficulties in achieving Sino-Japanese reconciliation. To conclude, the paper recommended a Northeast Asian Forum among Japan, South Korea and China while the US remains as a stabilizing force in East Asia.

Robertson and Xu (2010) investigate the impacts of China's growth on Asian economies and found that a decade of China's growth has raised 16 percent GDP per capita in the developed Asian economies. The effect on the ASEAN-4 economies is not as strong but still large, the GDP of the ASEAN-4 economies also increased. The main reason behind this increment was lower durable goods import costs that were encouraged accumulation of machinery and equipment capital. Goldstein (2007) investigated power-transition theory and institutionalist theory about the implications of China's rise. Both theories suggested contrasting views as power-transition theory sees China's rise is most likely dangerous due to challenges to the other economies in Asian region. Whereas Institutional theory recommended, China rise as an opportunity for building cooperation within the East Asian countries rather than strengthening conflicts.

Brennan and Vecchi (2021) present a dynamic logical framework to assess the response to investment by Chinese MNCs in Europe and analysed the implications of that response for China and its corporations. This study concluded that Chinese MNCs are likely to have to extend their commitment with non-Western markets of Africa and Southeast Asia. Chu, Kang and Huang (2015) discussed that China is the world second largest economy and entitled to a more conspicuous role in

global affairs. The China's rise, emphasised not only on its economy but also on other aspects, comprises its military, domestic politics and its 'soft power'. One more important aspects that needs to investigate is world's perception or attitudes toward China rise. The study found that geographical and cultural proximity have a great influence on people's perception of China. It is also noticed, China influenced more on those economies which are territorially adjacent or culturally closed. Maximum Asian countries hold affirmative opinions about the impact of China on the region except Japan and Mongolia. Iqbal, Rahman and Sami (2019) analysed Belt road initiative in Asian region and find out the impact of BRI on the growth of Asian economies those are on the BRI route. Panel data regression is used to check the effect with some controllable macroeconomic variables and sample period starts from 2009 ended at 2016. The results of various models suggested significant impact of BRI on the economic growth of those countries. Furthermore, other variables, such as imports, corruption and political stability also have an important role in economic growth of the Asian economies.

Zeng and Zhou (2021) examined FDI's impact on China's technological growth, economic, innovation, and environmental pollution. The sample period is used from 2004-to 2016 on Chinese provincial panel data. An economic models is used for testing selected variables by generalized method of moments (GMM) estimation. They concluded in the study that FDI is positively significant related with China's economic growth and technological innovation. It also have significant impact on the domestic economy. Paul (2016) investigates the backgrounds, characteristics and determinants of the China's growth and rise. It examines the role of exports and FDI in China's rise and found out that high demand for Chinese exports, FDI in the industrial sector and price competitiveness (cost factor) are the main determinants of the country's growth and rise. Iqbal, Sami & Turay (2019) analysed the trends and determinants of China's OFDI in Asia by econometric analysed on 10 years dataset of 27 Asian countries. In this study 3 datasets are used for same period and found that that inflation rate, export, import, corruption, infrastructure and geographic distance are the significant determinants of China's investment in Asia. Kui (2008) analyses the economic impact of China on trade and investment of Southeast Asian countries. It further investigated the rise of China positions a threat to Southeast Asia as a region in the area of international trade and the concentration of foreign direct investment (FDI) in China is resulting in a diversion of FDI away from the region. The huge domestic market of China also provides vast opportunities for investment, especially through connections with their respective ethnic Chinese businesses in the region. The overall assessment is that the rise of China will benefit Southeast Asian countries, especially in terms of China's role in the Asian production network, destination for investment, its outward investment and more importantly, its huge and growing domestic market. All these turn China into another driver for economic growth in Asia. Das (2014) suggested that China plays an active role as a trading partner of Asian countries and emerges as a leader in integrating all economies of the region. This study analyse the economic relationship among China and neighbouring Asian economies and concluded that China provided a motivation to all countries by its growth. One more factor is revealed which is also a catalyst factor in transforming these countries is intra-regional trade. .

Hannan and Firth (2015) studied two questions in this paper that 'Why are the Chinese interested in

Pacific Island states?’ and ‘Why has there been an upsurge of the Chinese influence in the Pacific?’. After investigating on these issues they found that a minor part of China’s outward foreign direct investment went to the Pacific Islands, but it has a substantial influence on the region’s economically dependent states. It is suggested that pacific islands were highly dependent on overseas investment and development assistance. Noguchi (2011) studied the China strategic behaviour in Asia-Pacific region and found substantial evidence shows that China is trying to maximize its power and interest in the Asia-Pacific region. If we talk about constructive aspects, China gave priority for economic development and peaceful environment to territorial enlargement that enables it to escalate good relations without provoking antagonistic reactions from neighbour economies. Opposing the positive and liberal arguments, ideational and domestic factors are not the major reasons of China’s strategic behaviour. Despite this, material aspects like, anarchy and the distribution of power mainly decided that how China behaves in the Asia-Pacific region. Ye (2015) examined China rising in Asia-Pacific region based on field surveys and wide documentary analysis, provided understandings on how China views TPP, RCEP, and the new Silk Road. It also investigated that how China acts and reacts to regional contestation and what are implications for the region. The study concluded both positive and negative impact of China rising and its silk road. The Silk Road targets at under-developed areas and unmet developmental needs. It can be a boon for people in these lagging areas in Asia. Whereas the road proceeds more rapidly in Central Asia, the land-based component, however, is subject to complicated ethnic conflicts and possibly dangerous terrorist activities.

It has been observed from the review of existing literature that many studies have been conducted on the China and Asian economies. Some studies emphasised on aspects like; military, domestic politics, technology, environment and its ‘soft power’. Many studies examined the role of exports and FDI in China’s rise and analyses the economic impact of China on trade and investment of Southeast Asian countries. Some studies analysed trade relations of china with other countries and investigate the impacts of China’s growth on Asian economies. Very few studies conducted on China strategic behaviour in Asia-Pacific region. With this backdrop, this paper is an attempt to analyse the impact of China rise in Asia -Pacific region.

3. Chinese Trade with Asia Pacific economies

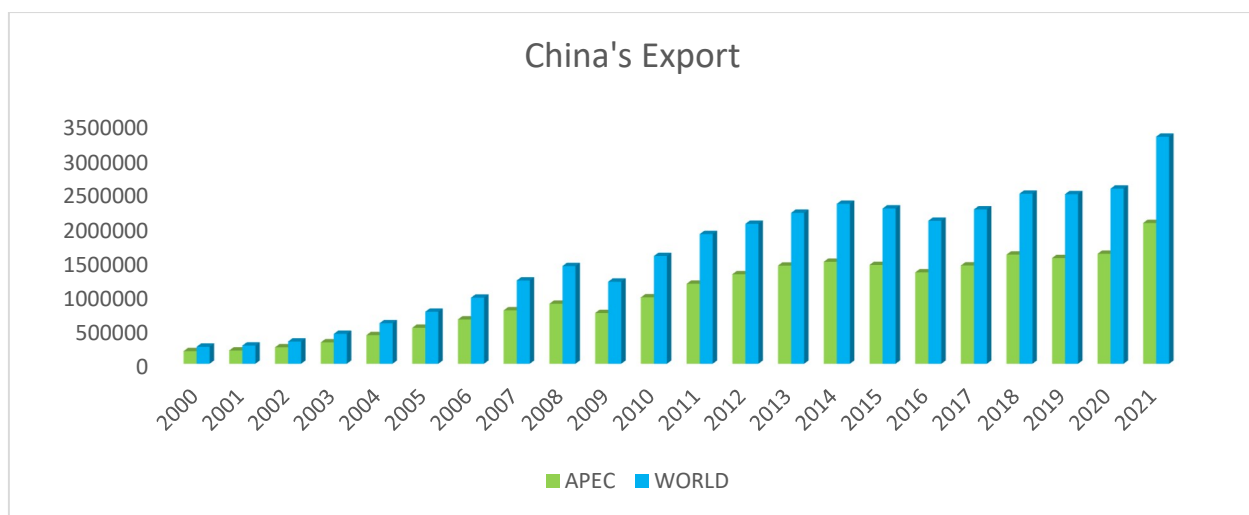


Figure 1: China’s Export to World and Asia-Pacific Region

Source: Researcher's Compilation based on data from Stat APEC database.

China's export to whole world and Asia-pacific economies is demonstrated by Figure 1. It is showing an increasing trend over the years except in few years. During the initial phase exports value is small that has been grown with the time, started from 248688 million in the year 2000 reached by 3321869 million in 2021 with world. Likewise, exports to Asia-pacific economies touched 2059516 million from 183917 million through this time period. During the year 2009 and 2017 exports value of the region has decreased that was recovered in further years. Thus Chinese exports is increasing day by day in these economies which shows a great interest of China in Asia-pacific region. The lion share of exports is gone to United States which is 28 percent in 2021 while 17 percent share is gone to Hong Kong. Japan absorbed 8 percent of Chinese exports items and Korea got 7 percent. The least percentage of export has been registered on the name of Peru and New Zealand.



Figure 2: Showing China's Export to Asia-Pacific Region during the year 2021

Source: Compiled by the researcher

The imports of China from world and Asia-pacific countries is displayed in Figure 3. A continuous growth is observed in imports trend from world and Asia-pacific nations up to year 2008. It tumbled during the year 2009 due to global economic recession, fall has been noticed in case of Asia-pacific

region and world respectively. Afterwards, Chinese imports has increased in further years and showing an increment with both. It is to be noted here that a major portion of Chinese import came from Asia-pacific region and more than 50 percent of imports has registered with the region, rest of share on account of other economies of the world in the year 2021.

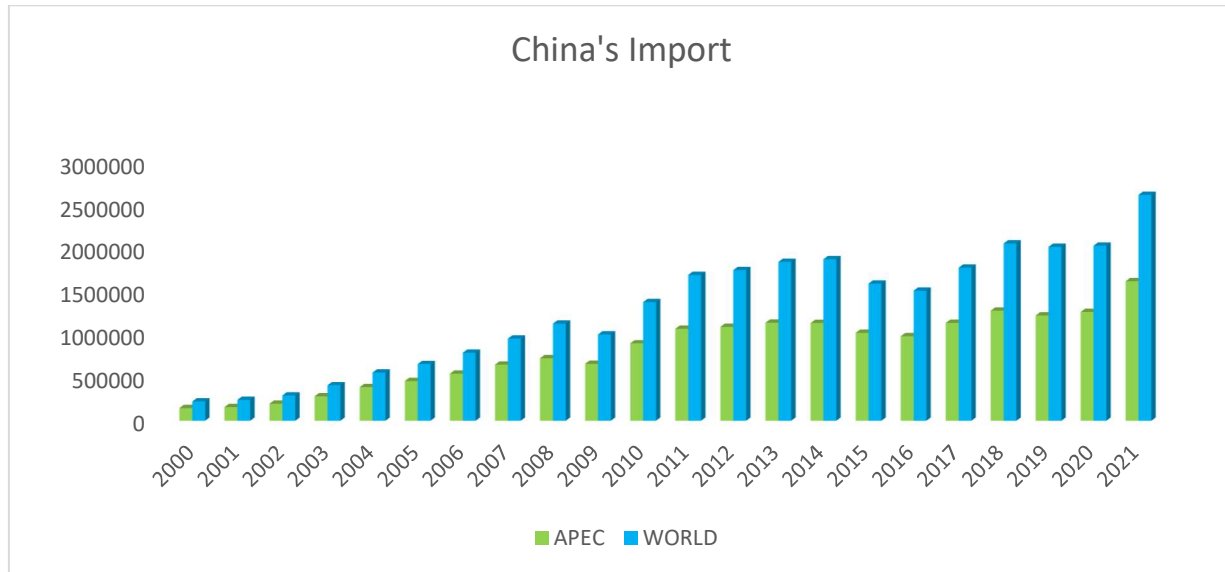


Figure 3: China’s Import from World and Asia-Pacific Region

Source: Researchers Compilation based on data from Stat APEC database.

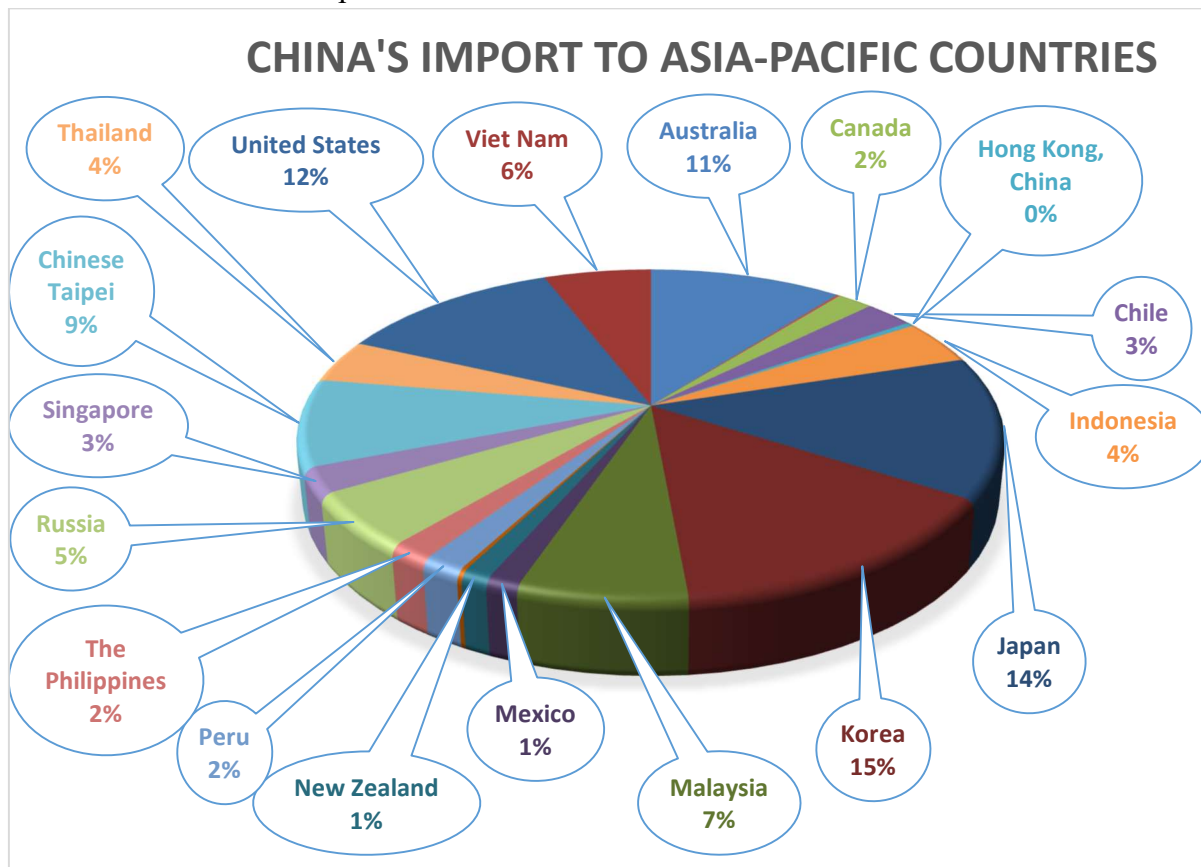


Figure 4: Showing China’s Import from Asia-Pacific Region during the year 2021

Source: Compiled by the researchers

The country wise china's import percentage is presented by Figure 4. Through the year 2021 china imports highest from Korea among other Asia-pacific nations i.e. 15 percent. US exports to China 12 percent while Japan registered 14 percent portion in this year. China also imports a good share from Australia and Malaysia on the other hand least portion of imports came from Peru.

4. Foreign Direct Investment of China with Asia Pacific Region

Foreign direct investment plays as a catalyst role in enhancing the economic growth and development of any nation or region. World Trade Organization's (WTO) defines "Foreign direct investment (FDI) occurs when an investor based in one country (the home country) acquires an asset in another country (the host country) with the intent to manage that asset. The management dimension is what distinguishes FDI from portfolio investment in foreign stocks, bonds and other financial instruments." FDI is a most important source of finance and works as a facilitator for adopting latest technology from advanced and developed countries to the developing or host country. Thus, the host country will be able to compete in global markets (Tekin, 2012). Similarly, China is a good destination for investment and many countries invested in China.

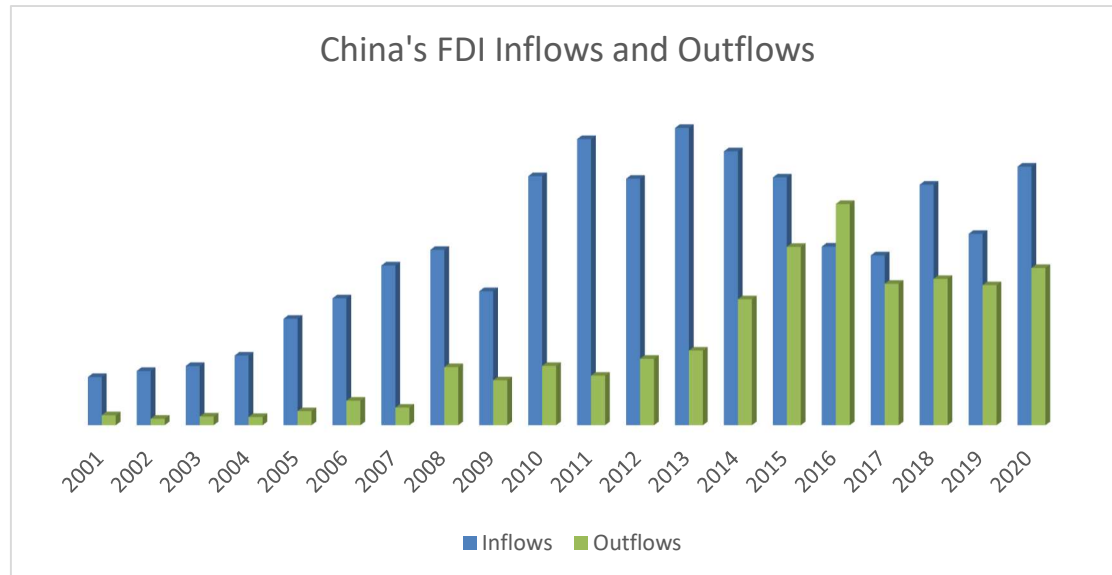


Figure 5: China's FDI Inflows and Outflows

Source: Researcher's Compilation based on data from Stat APEC database.

It can be observed from Figure 5 that FDI inflows in China showing an increment year by year, from world and Asia-pacific economies as well. FDI inflows from world in 2001 was 47053 million that escalated upto 171534 million during the year 2008. Subsequently it was fall but recovered in further years. Similarly investment from Asia-pacific nations also growing in China over the period of time and 85 percent growth has been recorded during the year 2010as compared with 2009. The China's FDI outflows demonstrated in Figure 6 that exhibits 44 percent of investment in China came from Asia-pacific countries, while 56 percent from rest of the world. Hence, it can be inferred that investment of this region play an important role in growth and rise of China.



Figure 6: China's FDI Outflows to Asia-Pacific Region

Source: Researcher's Compilation based on data from StatAPEC database.

The trends of FDI outflows of China is exhibit by Figure 6 from 2010 to 2021. It can be easily observed that during the initial phase China invested very little amount in Asia-pacific economies and also in whole world. This investment spectacled an inclination during the time period. Chinese FDI outflows to world started with 9696 million and reached 153720 million in the period of eleven years. In the same way, outflows to Asia-pacific was small in amount during the year 2010 that has grown 37percent in the year 2012. The region got less investment from China during the global recession period, but it was not applicable in case of whole world. The countries under the region got higher percent of China's investment as compared to other one. It is not wrong to say that Asia-pacific economies catch a huge part of investment from China which is a big source of finance to the region.

5. Hypotheses Development

Foreign Direct Investment

Foreign direct investment is considered as an important factor for economic development and expected to boost host country's growth. It plays a significant role in growth of developing countries and recognized as a main external source of funding. Some research studies like Zhang (2001) and Moudatsou (2003) observed a positive impact of FDI on economic growth of host country. On the other hand Khaliq and Noy (2007) suggested that FDI has a negative effect on economic growth of Indonesia. Rahman (2015) also found negative impact of FDI in case of Bangladesh economic development. Hence, the effects of FDI on economic growth remain ambiguous and need to examine.

H01: The relationship between China's OFDI and Economic growth is positive for Asia-Pacific region.

Trade openness

Trade Openness is an essential indicator for globalisation and liberalisation of an economy. It has been measured through exports and imports. Yao, 2006 suggested that exports is an important factor for economic success of China. It is also found out by Ugochukwu and Chinyere, 2013; Saed and Hussain, 2015 that exports and imports have a positive relationship with economic growth of an

economy.

H02: The relationship between China’s Exports and Economic growth is positive for Asia Pacific region.

H03: The relationship between China’s Imports and Economic growth is positive for Asia Pacific region.

Labour force

Labour Force is an important constituent in determining the cost of labour. There exists an inverse relationship between the labour force and cost of labour. Availability of labour makes the cost of labour to fall. With regard to Inward FDI, it is expected that more labour force will attract more MNCs due to cheap availability of labour.

H04: The relationship between Labour Force and Economic growth is positive for Asia-Pacific region.

Inflation

Inflation is a macroeconomic variable that directly affects economic growth of a country. Inflation and economic growth are considered as parallel lines that can never meet. High Inflation diminishes the value of money and makes it difficult for the common people. Mwanemela and Kasidi (2013); Enu1, Attah-Obeng and Hagan (2013) suggested that high inflation has a negative relation with growth of an economy.

H05: The relationship between Inflation and Economic growth is negative for Asia-Pacific region.

6. Econometric analysis

The study used Panel OLS Regression with Random Effect Model on the basis of Hausman Test result. This Test is applied on the output generated by Random Effect Regression Model that captures the correlated random effects. The description of variables which are used in this model are displayed in Table 1. It comprises 13 countries of Asia-pacific region and the period from 2007 to 2021.

The description of model with the expected signs as per hypothesis is as follows:

$$LEG = \alpha + \beta1 (LOFDI)_{it} + \beta2 (LEXP)_{it} + \beta3 (LIMP)_{it} + \beta4 (LLF)_{it} - \beta5 (CIR)_{it} + \epsilon_{it} \dots$$

Table 1

Description of Variables

Type	Variables	Explanation	Symbol
Dependent	GDP (Economic growth)	Log of GDP of host country	LEG
Independent	FDI	Log of China’s FDI outflows	LOFDI
Independent	Exports (Trade openness)	Log of China’s Exports (Total Merchandise)	LEXP
Independent	Imports (Trade openness)	Log of China’s Imports (Total Merchandise)	LIMP
Independent	Labour force	Log of Labour force of host country	LLF
Independent	Inflation rate	Consumer inflation rate of host country	CIR

Source: Prepared by the researchers

The Hausman Test output is resolve the problem that which model is appropriate for the panel data of 13 countries in the Asia-pacific Region. Table 2 exhibits the results of the Hausman Test and revealed that the prob. value of Hausman Test is 0.92, more than (0.05), null hypothesis is accepted. The Null Hypothesis of Hausman Test specified that “Random Effect Model is appropriate” and as it is accepted it means that Random Effect Regression Model is appropriate model for the sample of panel data.

Table 2

Hausman test output

Correlated Random Effects - Hausman Test

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	1.36169	5	0.9283

Source: Prepared by the researchers from the e-views output

Model summary of multiple regression analysis is presented in Table 3 which is carried out by E-views. The result of the Model indicates that the value of R is .668, which shows a high multiple correlation coefficient between Economic Growth (dependent) and independent variables. The value of Adjusted R square is .660. It means that 66% of variations in dependent variable is explained by the independent variables which are considered in this model and rest of the variation in dependent variable is due to other factors that are not included in this study. As the p value of F statistic is .000 that is less than .05, indicates that regression model is statistically significant and a fit model.

Table 3

Weighted Statistics

R-squared	Adjusted R-squared	F-statistic	Prob(F-statistic)
0.668875	0.660069	75.95233	0.000000

Source: Prepared by the researchers from the e-views output

The results of regression analysis presents in Table 4, reveals that relationship between Economic growth of host countries and China’s OFDI in Asia Pacific region has a highly positive significant relation. It is supporting the hypothesis 1. Bilateral trade is an important conditions and a determinant factor for foreign investments, proxied by exports and imports in the study. The coefficient for exports is positive and statistically significant, supporting the hypothesis 2 that Chinese exports and Economic growth of host countries are positively related in Asia-Pacific region, therefore China’s exports to this region can also be seen as a key determinant factor for future investments.

Table 6

Random Effect Panel Regression Model Output

Dependent Variable: LGDP

Method: Panel EGLS (Cross-section random effects)

Sample: 2007--2021

Periods included: 15

Cross-sections included: 13

Total panel observations: 194

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	7.840121	0.387688	20.22278	0.0000
LFDI	0.024915	0.005827	4.275988	0.0000
LIMP	-0.031076	0.023362	-1.330177	0.1851
LEXP	0.220196	0.029995	7.341107	0.0000
LLF	0.008672	0.046618	0.186028	0.8526
CIR	-0.004902	0.001437	-3.411070	0.0008

Source: Prepared by the researchers from the e-views output

On the other hand, coefficient of imports which is insignificant at 95% confidence level with a negative influence. Thus, hypothesis 3, states that Chinese imports and Economic growth of this region is positively related, not supported by the results. With regard to Labour Force and Economic Growth, results discloses positive and insignificant relationship, as the probability value is 0.8526. It can be inferred that hypothesis 4 is not supported. As expected, the coefficient for Inflation Rate is negatively associated with Economic Growth. It is clear from the results that hypothesis 5, states that Inflation rate and Economic Growth is negatively related in Asia-Pacific region is supported.

Table 6

Summary of hypotheses

Hypotheses	Prob.	Decision
H ₀ 1: The relationship between China’s OFDI and Economic growth is positive for Asia-Pacific region.	0.000	Supported
H ₀ 2: The relationship between China’s Exports and Economic growth is positive for Asia-Pacific region.	0.0000	Supported
H ₀ 3: The relationship between China’s Imports and Economic growth is positive for Asia-Pacific region.	0.1851	Not Supported
H ₀ 4: The relationship between Labour force and Economic growth is positive for Asia-Pacific region.	0.8526	Not Supported
H ₀ 5: The relationship between Inflation rate and Economic growth is negative for Asia-Pacific region.	0.0008	Supported

Source: Prepared by the researchers from data analysis

7. Conclusion

The rapid growth of China substantiated as an instrumental factor in integrating Asian countries with each other and mutually supporting rise of a dynamic Asia. It elevated much hope for attaining an East Asian economic integration, and more specifically, for making an East Asian Economic Community as similar the European Union (Ahn, 2004). It was extensively observed that under the

'peaceful development' rhetoric, China significantly enriched its relationship with the outside world. Specifically its relations improved with Asia Pacific countries through the diplomacy, expanding trade and economic ties and increasing engagement with regional institutions (Zhang, 2015). Thus Chinese exports is increasing day by day with Asia- Pacific economies which shows a great interest of China in this region. The lion share of exports is gone to United States which is 28 percent in 2021. It is to be noted here that a major portion of Chinese import came from Asia-pacific region, rest of share on account of other economies of the world. If we talk about the FDI inflows in China, shows an increment year by year, from world and Asia-pacific economies as well. The FDI inflows percentage in China came from Asia-pacific countries is high as compared with other region. Hence, it can be inferred that investment of this region play an important role in growth and rise of China. One more thing which is substantial that during the initial phase China invested very little amount in Asia-pacific economies. But presently China's investment is bigger in this region while compared to other countries. It is not wrong to say that Asia-pacific economies catch a huge part of investment from China which is a big source of finance to the region. For analyse the China rise in Asia –Pacific realm, study used Panel OLS Regression with Random Effect Model on the basis of Hausman Test result. After analysing the data, it is inferred that relationship between Economic growth of host countries and China's OFDI in Asia Pacific region is positive. Bilateral trade is an important conditions and a determinant factor for growth, proxies by exports and imports in the study. Both indicators positive are positively related, which conferred that Chinese trade and Economic growth of host countries are positively related in Asia-Pacific region. With regard to Labour Force and Economic Growth, discloses positive and insignificant relationship. As expected, the coefficient for Inflation Rate is negatively associated with Economic Growth. Chu, Kang and Huang (2014) conferred that China influenced more on those economies which are territorially adjacent or culturally closed. Maximum Asian countries hold affirmative opinions about the impact of China. The huge domestic market of China also provides vast opportunities for investment, especially through connections with their respective ethnic Chinese businesses in the region. Hence, overall assessment is that the rise of China will a great opportunity for Asia –Pacific countries, especially in terms of China's role in its production network, destination for investment, its outward investment and more importantly, its huge and growing domestic market. All these factors makes China into another driver for economic growth of the region.

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