With growing complexity and competition, organizations find it increasingly important to collaborate with other firms to generate new ideas, products, and services for several reasons. First, partnerships allow organizations to specialize in specific domains and contribute their specialized expertise, resulting in faster development of innovations. Second, partnerships encourage more experimentation by allowing for risk sharing and lowering the perceived risk of engaging in innovations. Third, individual firms may not possess all the resources required for innovation and create partnerships to gain access to resources they need.

Strategic alliances and partnerships help organizations to access complementary resources and knowledge from partner organizations. The exchange of knowledge with partners leads to better innovation performance for the firm. Further, partners may possess and specialize in knowledge elements that were not previously combined, thus increasing the likelihood of making new unique knowledge combinations. Research has provided evidence of the benefits of cooperation with other firms on the sales of innovative products and the number of patents by a firm. Hence, organizations that are able to join partners in seizing new opportunities will become more innovative and adaptive.

Economic growth soared in the last few decades mainly due to the country's increasing integration into the global economy and the government's bold support for economic activity. However, the successful economic model that lifted hundreds of millions out of poverty and fueled the country's astonishing economic and social development has also brought many challenges. Severe economic imbalances, mounting environmental issues, rising economic inequality and an aging population are the key questions that the new administration lead by President Xi Jinping will have to tackle in the near future in order to ensure the country's sustainability.

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CHINA'S EXPERIENCE IN ATTRACTING FOREIGN INVESTMENT

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China has endeavored to attract greater foreign investment by relaxing more market access restrictions and continuously introducing improvements to the business and regulatory environment.

Key among its reform actions are changes to the negative lists. These lists indicate which industries are subject to special administrative measures for foreign investors, or in other words, supervised by authorities when determining market entry, the scope of operation, and access to the local market. The negative lists were shortened again in 2020.

The 2020 National Negative List cut the number of restrictive measures by 17.5 percent, from 40 to 33, and the 2020 FTZ Negative List cut the restrictive measures by 18.9 percent, from 37 to 30. Taking auto manufacturing as an example, the restrictions on the share ratio of foreign investment in commercial vehicle manufacturing has been liberalized. Before, the Chinese party shareholding percentage in commercial automobile manufacturing was to be no less than 50 percent [1].

Besides, with the Foreign Investment Law and supporting regulations coming into effect in 2020, together with other reforms in the areas of company establishment, tax, finance, reporting, and compliance management – foreign investors in China are playing on a more even ground with domestic competitors.

Foreign investors increased their investment into service and high-tech industries in Q1 2021. Through the first three months of the year, the service industry attracted foreign investment valued at RMB 237.79 billion (US$36.6 billion), a 51.5 percent year-on-year growth from 2020.

FDI into the high-tech sector grew 32.1 percent year-on-year: FDI into high-tech services and high-tech manufacturing increased by 43.9 percent and 2.5 percent year-on-year, respectively.

China has surpassed the United States to become the world's largest FDI recipient, with inflows rising by four percent to US$163 billion in 2020, according to a report published by the United Nations Conference on Trade and Development (UNCTAD) in January 2021.

China has also publicly stated its intentions to accelerate market-opening reforms. More free trade zones (FTZs) were announced to diversify scope and access to preferential incentives as well as a pilot sector- and region-based relaxation of entry norms. Most recently, on September 21, 2020, China announced it would establish pilot FTZs in Beijing, Tianjin, and Anhui, raising the country's FTZ tally to 21. This also constitutes part of China's efforts to transform into a more innovative, service, and consumption-driven economy and the creation of sustainable and high-end manufacturing capacity to attract international businesses.

China's dual circulation strategy (DCS) was adopted as a State development policy in mid-2020. It seeks to spur China's domestic demand, on one hand, and simultaneously develop conditions to facilitate foreign investment and boost production for exports, on the other. This two-pronged strategy refers to the parallel emphasis on an 'internal circulation' and an 'international circulation' and a shift towards becoming a demand and innovation-driven economy. While on its own merit, the DCS is not an inwards-looking strategy, the focus on tapping into China's internal consumption patterns and domestic markets aims to buffer the impact of global economic headwinds and unpredictable external events on China's economy and financial stability. The strategy is also a culmination of China's intentions to become more self-reliant as well as increase its export market exposure.

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