

“The Economic Model of New Normality” and “The Belt and Road Initiative”^{*}: Perspectives on Intellectual Property Rights^{*}

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China’s economy development is still in an important period of strategic opportunities. A rough and fast way of economy development should change in China. The new normal state of economic development is preferable. “The Belt and Road Initiative” is a strategic which adapts to the new normal economic development in China. “The Economic Model of New Normality” and “The Belt and Road Initiative” are supplementary to each other. The protection, promotion, and transformation of intellectual property rights are the need of enterprise innovation and the umbrella of China’s economic development.

Keywords: “The Economic Model of New Normality”, “The Belt and Road Initiative”, intellectual property, innovation, economic growth

Introduction

The economy has entered a new normal stage in China. Where does the argument come from? What is the new normal state of economic development in China? What is the Belt and Road Initiative strategy and why is it proposed? How is relationship between “The Economic Model of New Normality” and “The Belt and Road Initiative”? Why is the issue of intellectual property rights (IPR) important under the background of new economic normal and “The Belt and Road Initiative”? Understanding and discussion of these problems is the guarantee of China’s economic development healthily.

The Economic Model of New Normality

“Given China’s development is still in an important period of strategic opportunities, considered from the features of our economic development stage at present, we must enhance our confidence and keep the usual mentality of strategic to adapt to the economic model of new normality”, President of China Xi Jinping said, when he inspected in Henan, in May 2014. It is the first description in terms of “new normality” Chinese economic model in cycle. After that at the non-party members symposium in July 2014, President Xi Jinping said again, “We should recognize correctly the character of phase to our country and accommodate our economy to it with more confident, and develop our economy sustainably together”. At the APEC CEO Summit November 2014, Xi Jinping made some observation systematically on economic model of “new

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normality” firstly. In President Xi Jinping’s opinion, there are some features about New-Normality-Economy: In terms of economy growth, it changes from high-speed growth to high-middle speed; in terms of economic structure, it becomes optimization upgrading; in terms of economic drive power, it turns to innovation drive from essential factor drive. On December 5, 2014, “The Economic Model of New Normality” was mentioned by the meeting of the Political Bureau of the Central Committee of the Chinese Communist Party. On December 9-11, 2014, nine features to New-Normality-Economy were firstly presented on Central Economic Work Conference held in Beijing. They include consumer demand, investment demand, international balance of payment, production capacity, pattern to organize industry, production factors, resources and environment constrains, resource distribution model, and market competition features.

Obviously, requirements for economic development should change from quantity to quality (Qi, Wang, Peng, & Liu, 2015)¹. A new way of green, low-carbon, and circular economic development should be proposed. Therefore, China should take the initiative to adapt to the trend of economic development under the new change and characteristics. As Yifu Lin said, “I think China’s economy has an average annual growth potential of 8% over a dozen years” (Lin, 2015, p.1)².

Only in this way can China achieve “the Two Centenary Goals”. It was first put forward at the 15th National Congress of CPC. Its specific contents are: The first Centenary Goal is that China will have built a well-off society in an all-round way by 2021 when the Communist Party of China was founded in 100 years; the second Centenary Goal lies in that China will have built a prosperous, democratic, civilized, and harmonious modern socialist country by 2049 when the New China was founded in 100 years³. With innovation driven as a new economy engine, market competition should shift from quantity expansion and price competition to quality performance. Innovation is the soul of a nation, an important force to promote the continuous development of a country and the whole human society. The formation of all social wealth, in the final analysis, is related to the use of intellectual achievements.

The Belt and Road Initiative

“The Silk Road Economic Belt” was proposed for the first time by Xi Jinping during a visit to Kazakhstan, in September 2013; in October 2013 at the APEC leader’s informal meeting, “The 21st Century Maritime Silk Road” was put forward by Xi Jinping firstly for enhancing maritime cooperation with ASEAN countries (Wang, 2015)⁴. Global public goods will be provided through “The Belt and Road Initiative” by China (Tu & Zhang, 2015)⁵.

“The Belt and Road Initiative”, shortened form of the Silk Road Economic Belt and the 21st Century Maritime Silk Road, is a great strategic decision made by the Central Committee of CPC (the Communist Party of China) and the State Council of China in accordance with global changing in order to head up the domestic and international overall situation. It is not an entity or a mechanism but a concept or an initiative of cooperative development depended on the existing bilateral or multilateral mechanism. Its purpose lies in developing and improving good relationship with other along countries all over the world with the help of

¹ It is the only way for the sustainable development of economy in China (Qi, Wang, Peng, & Liu, 2015).

² The conclusion comes from Former Vice President of the World Bank Yifu Lin’s optimistic estimate (Lin, 2015).

³ Later it became the Chinese government’s development goal in the next nearly 50 years.

⁴ “The Belt and Road Initiative strategy”, which was originally an initiative of some non-government institutions in China, was put forward by Xi Jinping on the international occasion to show it was officially recognized later (Wang, 2015).

⁵ Clearly, it will promote China’s trade with the world (Tu & Zhang, 2015).

effective regional cooperation platform existed. A historical symbol, Silk Roads, was taken over in the Belt and Road Initiative. The strategic target for the initiative is to keep peaceful development, to build a community of sharing benefits and responsibilities as well as political mutual trust and economic amalgamation.

The connectivity of the border area along countries is the basis for the construction of “The Belt and Road Initiative”. On local time September 22, 2017, Foreign Minister Wang Yi and UN Secretary-General Antonio Guterres who were present at the General Debate of the 72nd session of the UN General Assembly attended the signing ceremony of the *Memorandum of Understanding on the Belt and Road Initiative Between the Ministry of Foreign Affairs of the People’s Republic of China and the United Nations Department of Economic and Social Affairs* held in New York, the UN headquarters. There are 74 countries and international organizations that have inked cooperative documents with the Chinese side, which demonstrates that “The Belt and Road Initiative” has received more and more positive response and widespread support in the world since its initiation (2017)⁶.

This means the ultimate goal of “The Belt and Road Initiative” will bring benefit to the people along countries concerned through the connectivity of them. Against the background, China will inevitably involve major changes in the allocation of resources and the mode of economic development. The current economic transformation mainly lies in system reform and the adjustment of the industrial economic structure.

Relationship of “The Economic Model of New Normality” and “The Belt and Road Initiative”

“The Economic Model of New Normality” and “The Belt and Road Initiative” are supplementary to each other. In the situation of “New-normal”, “The Belt and Road Initiative” will lead China’s economic development healthily. Chinese economic new normal development is an assurance to “The Belt and Road Initiative”. The new normal state of economic development is a new understanding of China’s economy, while “The Belt and Road Initiative” is a way to promote China’s economic development.

Perspectives on Intellectual Property

As the economy enters a “new normal”, a good legal system should be built to make the strategy of “The Belt and Road Initiative” work well, especially intellectual property rights system. Intellectual property rights refer to the exclusive rights enjoyed by owner who produces the intelligence achievements. It is a general term for the rights of creative intellectual achievements or industrial and commercial mark by law. Although the legal system of intellectual property rights is typically a park from West Countries, it has deeply rooted in China and shown a strong vitality after more than 30 years of reform and opening up. Improvement for intellectual property rights including its protection and utilization strategy and develop is something inherent meaning in “The Belt and Road Initiative”.

In such situation of “New-normal”, it is significance of protection for intellectual property rights among developing its economy and connectivity in relevant countries along the Belt and Road, as well as utilization and transform. Meanwhile, it should be inspected with a globe horizon to adapt to New-Normality-Economy of China. China is changing from being destination for capital to source of capital under New-Normality-Economy, while both capital-import and capital-export will keep continuing growth. It means

⁶ Foreign Ministry Spokesperson Lu Kang’s Regular Press Conference on September 25, 2017.

that China has entered an era of deeper interaction with the world. Therefore, China's economic development should focus on quality rather than quantity under New-Normality. Whereas for China, it must keep innovate in such situations. Intellectual property is none other than a mechanism to protect and stimulate innovation.

Under the "new normal", strict intellectual property protection system should be implemented for the Belt and Road strategy, which also maintain the market economic order and the overall interests of the society. There are two meanings here. On the one hand, the protection and promotion of intellectual property rights are conducive to the dissemination of knowledge products. On the other hand, we should balance the interests of intellectual property rights holders and the public so as to prevent them from abusing their rights. So the protection and promotion of intellectual property rights lies in maintaining a good market order and preventing unfair competition and infringement.

"The Belt and Road" strategy is bound to involve transformation of economic growth mode. And transformation of economic growth mode will inevitably involve major changes in resource allocation and innovation. Therefore, as a support, it is important to maintain scientific and technological progress to speed up the transformation of economic mode. We should rely on scientific and technological innovation for industrial upgrading which make economic development onto the track of innovation driven and endogenous growth. So we must strengthen the input of elements of intellectual property rights. And to do these, the product invention and method creation should be encouraged. In order to achieve the above objectives, it is the right thing to raise the level of intellectual property services.

Making relevant policies, perfecting the laws and regulations, and improving the mechanism for adjudication of intellectual property rights, are needed for realizing "the Belt and Road" proposal. Socialist legal system such as the intellectual property legal system has basically formed in China at present. The current revision of *The Trademark Law* has been completed and implemented on May 1, 2014. The amendments to *The Patent Law* and *The Copyright Law* are under way. We should take advantage of the real opportunity of amending the related intellectual property rights laws to improve protection of IPR as well as reduce the threshold of the infringement criminal responsibility, explore the punitive compensation system, and adjust the infringement compensation standard.

In the case of three intellectual property courts having been established in China, we should improve the mechanism of intellectual property adjudication. We should give full play to the role of the intellectual property court and explore the across regions trial mechanism for IPR cases to break local protection for violations.

In order to realize the Initiative of "the Belt and Road", it is necessary to strengthen the transformation and use of IPR, and to improve the industrial technological innovation mechanism in which enterprises are the core of building innovation-oriented country. Enterprises, scientific research institutions, institutions of higher learning, and individuals are principal parts in China, an innovation-oriented country, who shall be encouraged to invent and create, apply, implement, and use relevant intellectual property rights. We should affirm and encourage their inventions and creations by law.

To accomplish "the Belt and Road" strategy, we should improve the level of intellectual property services and make stipulations to govern it. Although the protection and promotion of intellectual property is inseparable from administrative activities, such administrative acts are not only a kind of "management", but also a kind of "service". There are two meanings to enhance service level of IPR. First, China should enhance public service and social service on IPR management, and must give full play to the strong supporting role of IPR in building innovative countries. Second, China should enhance their ability such as government,

enforcement professional, intermediary organ, industry association, financial institution, which will promote the transformation, application of intellectual property rights.

Conclusions

The new normal economy means that China's economy has entered a state of sustained and normal growth rather than purely unhealthy high-speed growth. As previous economic development in China was at the expense of resources and the environment, it was unhealthy.

The normalization of China's economic development is the only way for China's social development. "The Belt and Road Initiative" is an important strategy for economic New-normal development in China. At present stage, China must pay attention to the protection of intellectual property rights in this situation. The protection, promotion, and transformation of intellectual property rights are the need of enterprise innovation and the umbrella of China's economic development.

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