

# Research on the Path of Constructing the New Development Pattern of "Dual Circulation"

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**Abstract:** The new crown pneumonia epidemic has hindered the process of economic globalization. As a result, the trend of localization and regionalization of the world economy has deepened, and "economic nationalism" has become more prominent. The current world situation has undergone irreversible changes, leading to changes in China's export-dependent policy. In order to adhere to the core concept of "reform and opening up", China has formulated a development strategy to build a "dual circulation" model. But at present, China's domestic demand needs to be further tapped. Therefore, in order to build a realistic path for a new pattern of "dual circulation" development, it is necessary to expand domestic demand and open up new consumer markets. At the same time, we will increase opening to the outside world, accelerate independent innovation, and consolidate technological innovation capabilities.

**Keywords:** post-epidemic era; economic globalization; "dual circulation" pattern

## 1. Introduction

The pattern of globalization after the epidemic will be reshaped. Economic globalization will be more restricted by political, social, cultural and other forces. Facing the uncertainty in the process of economic globalization, the layout of the global industrial chain and supply chain is redistributed [1-3]. The regionalization trend of the world economy has deepened. Facing the severe impact of the new crown pneumonia epidemic, China took the lead in restarting globalization [4]. The government emphasized that it is necessary to give full play to the advantages of China's domestic market and gradually form a new development pattern with domestic circulation as the main body and mutual promotion of domestic and foreign dual circulations. However, the construction of a new pattern of "dual circulation" development still faces many problems, such as the difficulty of driving the domestic cycle and the further deepening of the trend of foreign regionalization. Therefore, this article analyzes the difficulties China faces and seeks a development path to build a new pattern of "dual circulation" development [5,6].

## 2. The Strategic Significance of Building a New Development Pattern of "Dual Circulation"

### 2.1. International Level

In 2020, the world economy is clearly in a downward trend, and the operating mode of economic globalization has been suffering from twists and turns: the industrial division of labor and industrial circulation of globalization have been greatly hindered. Therefore, China must change its thinking to deal with the pressure brought about by the current changes in the international political and economic situation. For this reason, China must persist in starting from the supply side and deepen the supply-side structural reforms. At the same time, new competitive advantages must be obtained through innovation. In the past two years, Western countries have realized that "industry hollowing" is a great obstacle to the stability and development of their countries, so they have attracted domestic manufacturing industries from other places to return to the country. Various countries have begun to pay attention to scientific and technological research and development. The gap between the United States and other countries in terms of scientific and technological innovation has been gradually narrowed, and its status has begun to shake. Coupled with the continued impact of the epidemic, the socio-economic conditions in the United States are also steadily deteriorating. In order to cope with the various contradictions that have arisen in the United States, the U.S. government has shifted domestic contradictions to contradictions with China, and has taken various measures to suppress China. Which led to the rapid deterioration of Sino-US relations? Therefore, with regard to the current international situation, China needs to make timely strategic adjustments [7].

### 2.2. Domestic Level

Although the epidemic has also caused a serious impact on China's economy, with China's adjustments, China's domestic basic market has stabilized, proving the huge potential for domestic demand. "With internal circulation as the main body" means to activate potential domestic demand while opening up new markets, expanding production and new forms of employment, and satisfying the diverse needs of residents. Drive the operation of the domestic economy with domestic demand, build a "domestic cycle", enhance my country's competitiveness in international competition, thus occupy an important position in the international cycle, and ultimately form a new development pattern of domestic and international "dual circulation".

Therefore, international cooperation and exchanges are also inseparable to build a new pattern of "dual

circulation" development. We must make full use of both domestic and international markets to expand China's economic development space. China has built a domestic and international "dual circulation" model on the basis of a large domestic cycle, which can not only promote the sharing and mutual promotion of resources between the two cycles, but also prevent existing risks and ensure the stability of China's economic operation [8].

### **3. Challenges Facing the Construction of a New Development Pattern of "Dual Circulation"**

#### **3.1. The Potential of Domestic Consumption still Needs to be Further Tapped**

In 2020, my country's international trade imports are far lower than previously expected. From the data point of view, domestic demand has not shown strong vitality as we expected. This also shows that insufficient domestic demand in China has begun to hinder China's economic development. In the new era, it is difficult for my country to transform its foreign-oriented model, and tapping the potential of domestic consumption has become a major problem. Therefore, expanding domestic demand is an important task to promote my country's domestic economic cycle. China has a large population and huge consumption potential. This advantage in domestic demand is currently China's biggest advantage in stimulating economic recovery. The huge gap between reality and expectations shows that domestic demand must be used to promote development. In summary, how to stimulate and expand domestic demand and guide residents' consumption will be a long-term issue for my country's future development [9,10].

#### **3.2. The International Cycle is Difficult to Adapt to External Changes**

One is the change on the demand side. Since the reform and opening up in 1978, China has vigorously developed an export-oriented economy with its low labor costs and strong preferential policies. However, in recent years, foreign trade protectionism has risen and the international market has continued to shrink, making my country's foreign trade situation even more severe. The second is the change on the supply side. Although domestic production is highly embedded in the global supply chain, most of it is processing foundry, and it is difficult to join the core links in key areas. As the new crown pneumonia epidemic has not improved, countries have adjusted the layout of industrial supply chains, which directly led to the risk of rupture of my country's industrial chain supply chain. The third is the change of technological progress. In technological innovation and key areas, China is still in the process of catching up with the world's frontiers. As countries monopolize core technologies, China will abandon the "old method" that relied on the introduction of imitation learning in the past, and accelerate the pace of independent innovation in order to take the lead in the competition with other countries.

#### **3.3. Innovation Ability Needs to be Further Strengthened**

Innovation is an important engine for China to promote the domestic economic cycle, and it is in an extremely important strategic position in future development. Although China is a "manufacturing power", there is still a big gap between it and the "manufacturing power". In recent years, China has noticed the shortcomings of inadequate innovation capabilities, proposed to strengthen the construction of innovation capabilities, and has also introduced related policies to support "national innovation", but the results have not been significant. Therefore, to break foreign monopolies, find a new fulcrum for economic development, and achieve real high-quality economic development, it is necessary to accelerate the cultivation of scientific research and innovation capabilities, and to encourage individuals and enterprises to join the pace of innovation through policies and other means. Provide a strong impetus for social development.

### **4. Exploration of the Path to Construct a new Development Pattern of "Dual Circulation"**

#### **4.1. Expand Domestic Demand and Open up New Space in the Consumer Market**

China has a population of more than 1.4 billion and the domestic market has huge potential, but the domestic consumption contribution has been relatively low. The main reason is that the consumption of low-income groups and rural residents has not received due attention. In the future, these consumer groups should be paid more attention to in order to truly expand domestic demand. At the same time, the policy should shift the focus to the direction of residents' consumption and expanding market demand: First, the income level of residents should be raised to a higher level to ensure residents' consumption ability. Only with the increase of residents' income, after meeting their own life needs, they have the ability to consume in other fields, thereby activating the consumption potential of the market. The second is to expand employment. During the epidemic, many small, medium and micro enterprises had to close their business and many workers were laid off. Therefore, it is necessary to support these small, medium and micro enterprises to alleviate the unprecedented pressure on survival and guarantee existing jobs. The third is to raise the level of social security, especially to increase financial expenditures for some public utilities and people's livelihoods, so that people's money will be saved from these places and then used for other consumption.

#### **4.2. Open Development and Create New Advantages in International Competition**

To build a new development pattern of "dual circulation", it is still necessary to grasp the main tone of "opening". Therefore, we need to correctly understand the relationship between the "dual circulation" and openness: the "dual circulation" is to stimulate the domestic potential demand capacity through the domestic cycle, and then use the power of the domestic cycle to promote the international cycle and make the domestic

market And the international market can carry out better joint development and achieve sustainable development. Because of the influence of external factors and the tension of the international situation, it is more difficult for China to attract foreign investment. The government should realize the attraction of foreign investment through preferential policies and expand the degree of opening up. The export-oriented economic orientation has been transformed into a two-way open model based on domestic demand. At present, China has 21 pilot free trade zones as the vanguard of China's foreign trade exports. These pilot free trade zones are the basis for China's open development. Through these pilot free trade zones, a number of free trade ports with their own characteristics have been built. To give full play to China's opening-up advantages in many aspects and at multiple levels to promote the birth of a new pattern of high-level opening-up.

#### 4.3. Innovative Development, Fostering New Driving Force for Technological Competition

Innovation is an important engine for China to promote the domestic economic cycle. It is the main driving force for industrial development and the decisive factor for the formation of strong regional competitiveness. In today's world, especially with the current easing of the new crown epidemic, the competition for scientific research and innovation in various countries in the fields of medical care and science and technology has become more intense, and China must accelerate the strengthening of innovation and research and development capabilities. On the one hand, it is necessary to make up for the shortcomings, to use innovation as the fulcrum of development, and work hard to make up for the shortcomings of scientific research and innovation in certain fields. The other is to stimulate innovation vitality. R&D is a very difficult process. Once

breakthroughs are made in technology, new economic growth points will be spawned and a qualitative leap will be produced. Therefore, gather innovation resources to reduce the cost of innovation, stimulate innovative activities, and provide strong impetus for social development through innovation-driven.

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