

# The Main Issues and the Game Changing Concepts of Chinese Economy



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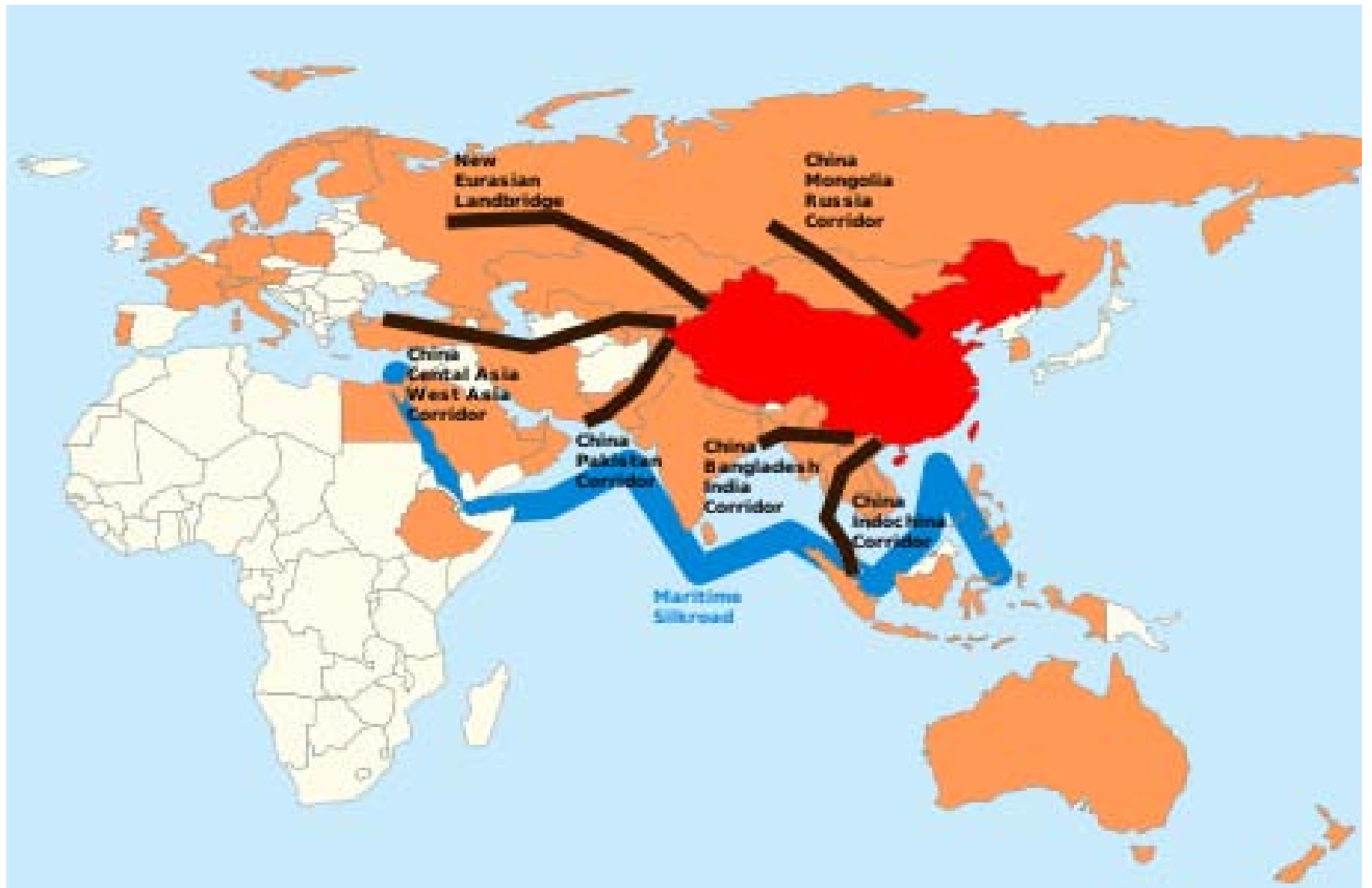
1

# Connectivity and integration

# Belt and Road Initiatives

- **Unimpeded trade**
- **Facilitate connectivity**
- **Financial integration**
- **Policy Coordination**
- **People to people contact**

- **New Eurasian Land Bridge, running from Western China to Western Russia**
- **China–Mongolia–Russia Corridor, running from Northern China to Eastern Russia**
- **China–Central Asia–West Asia Corridor, running from Western China to Turkey**
- **China–Indochina Peninsula Corridor, running from Southern China to Singapore**
- **China–Myanmar–Bangladesh–India Corridor, running from Southern China to Myanmar**
- **China-Pakistan Corridor running from South-Western China to Pakistan**
- **Maritime Silk Road running from the Chinese Coast through Singapore to the Mediterranean**



- 50 countries signed cooperation,
- china carried out capacity collaboration with 20 countries, and
- built 56 economic and trade cooperation zone
- Along 6 corridors

2

# Sustainable Development, Infrastructure

- Long-term economic growth can only be achieved through massive, systematic, and broad-based investments in infrastructure assets
- Asia need USD 22.6 trillion to fill the infrastructure gap
- Maximum output of the existing MNO such as ADB and IBRD fall short of that
- Global Economic Governance issues



# Asian Infrastructure and Investment Bank

- **Funding infrastructure projects across Asia**
- **Asia 39 countries**
- **With capital of USD 100 billion**
- **28 project approved**

3

# Barriers to Trade and Investment

# Further Integration

- **Exploring governance systems, modernizing system capabilities and furthering reform**
- **Replacing the low cost policy with the innovation**
- **New system will serve nationwide development and promote an internationalized and legalized business environment, nurturing new boundaries in global competition to expand economic growth**

# Free Trade Zone

- Shanghai free trade zone 2013, 2015
- Guangdong, Tianjin and Fujian in 2015
- 2017 opened seven more in Liaoning, Zhejiang, Chongqing, Sichuan, Henan, Hubei, Shanxi

# 中国自贸试验区示意图



4

# Entrepreneurship and Innovation

# Non-Traditional Approach to Develop

- **Mass entrepreneurship and innovation**
- **In China 15000 new companies register each day**

• 5

• **Internet plus**



- **China is more focused on Internet plus**
- **Big data, cloud computing, internet of things**
- **E-commerce, industrial networking, internet banking**

6

# Supply Side Reform

# Unleash Productivity and intro. adjust

- Through Tax cut, restructuring and innovation
- To better serve the increase in demand
- Main focus received in 2015
- cutting industrial capacity,
- reducing the housing inventory,
- cutting leverage,
- lowering corporate costs and
- improving weak economic links.

7

# RMB Internationalization

# RMB Internationalization

- **Share Currency Risk, Transaction cost reductions, Collection of international seigniorage, Macroeconomic flexibility, Political leverage, and Reputation as a soft power**
- **RMB in SDR 2015**
- **Long dollar and short RMB**
- **30 countries have currency swap agreement, 22 are along BRI**

8

Made in China 2025

## Imperative for the status of advanced economy

- **comprehensively upgrade Chinese industry**
- **Competitiveness, value addition and brand recognition**
- **New materials, railway equipments, energy saving and new vehicles, numerical control tools and robotics, ocean engineering and high tech, biological medicine and medicine devices, information technology, aerospace equipment, agriculture technology and power equipment**

9

# Financial Connectivity



- Hong Kong capital market which provide access to A share and Renminbi denominated bonds
- Shanghai and Shenzhen connectivity

10

## Xiaongan New Area

# A New Experiment to Curb Pressure on Big Cities

- **Non-capital function tackle the issues with Beijing**
- **100 km south of Beijing in Hebie**
- **Initial is 100, 200 and then 2000 Sq Km**
- **Tianjin, Beijing, Hebie as world class city cluster**

# Lessons learnt from china

- **Start from small formers and rural areas**
- **Invest in knowledge infrastructure**
- **Social cohesion and accountability**
- **Build a competent government committed to inclusive development**
- **Invest heavily in infrastructure**
- **Experiment with new policies and then introduce them gradually**

- For china it is not big bang rather it is big issues like mobility, incentive, price flexibility and competition etc
- Use of financial market for development
- Use of govt to promote competition

# Conclusion

- **China is working on various fronts to keep the economy on track and maintain stable economic growth by using market power and best practices**