

An aerial photograph of the Great Wall of China, showing its stone structure winding across a mountain range. The landscape is covered in dense forest with trees in various shades of green and yellow, indicating autumn. A winding road is visible in the distance on the right side of the image. The Great Wall features several watchtowers and a prominent staircase section where several people are walking.

# CURRENT TOPICS ON CHINA

The  
Economist

MARCH 3RD-9TH 2018

# How the West got China wrong

Don't panic over plastic

Hollywood after Weinstein

Povera Italia: a dismal choice

A special report on autonomous vehicles



**DEVELOPMENT IN  
INTERNATIONAL  
RELATIONS  
AND THE NEED  
TO  
UNDERSTAND  
CHINA**



# US – CHINA TRADE WARS

Foreign investment and access to Chinese markets

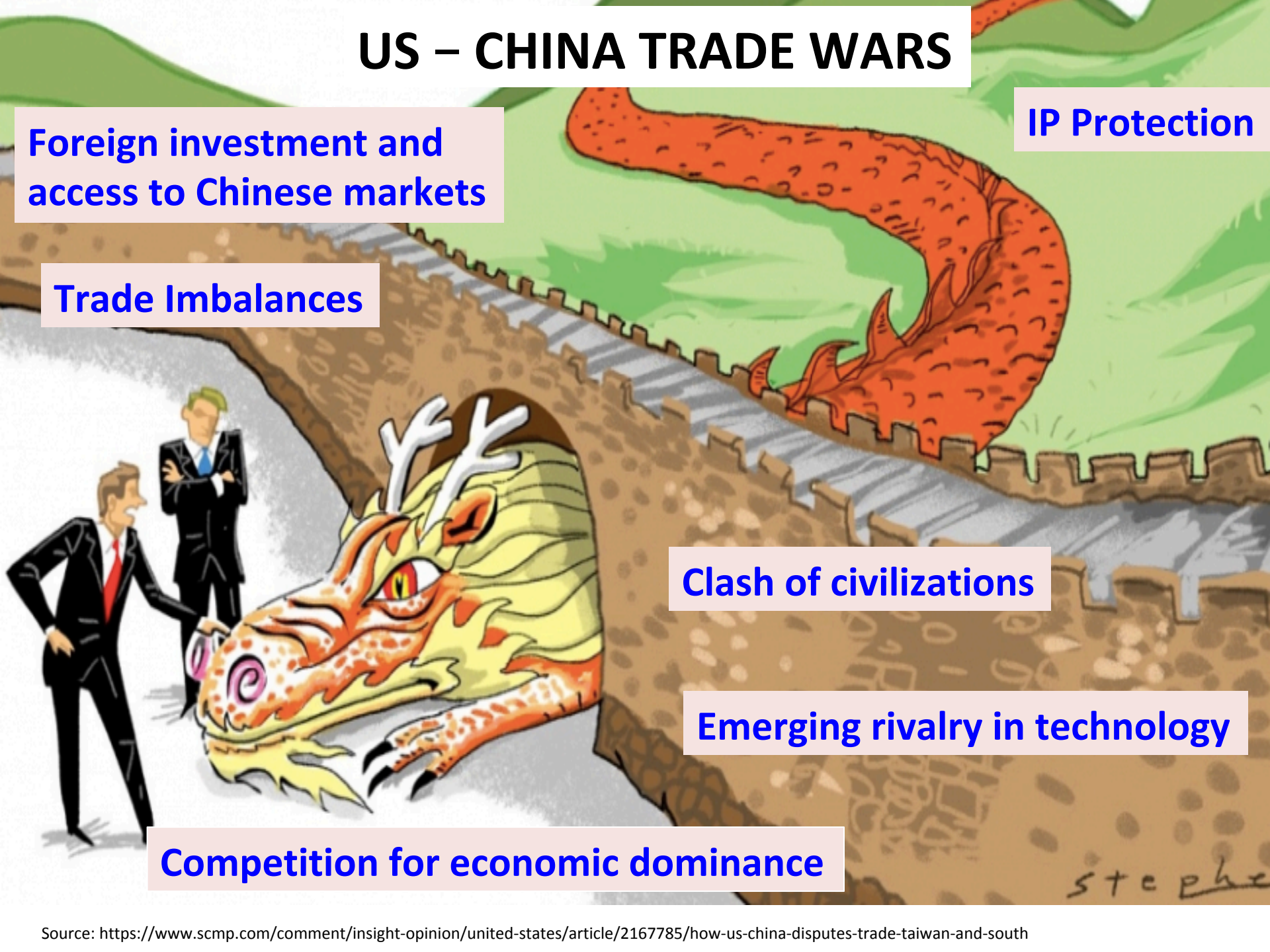
IP Protection

Trade Imbalances

Clash of civilizations

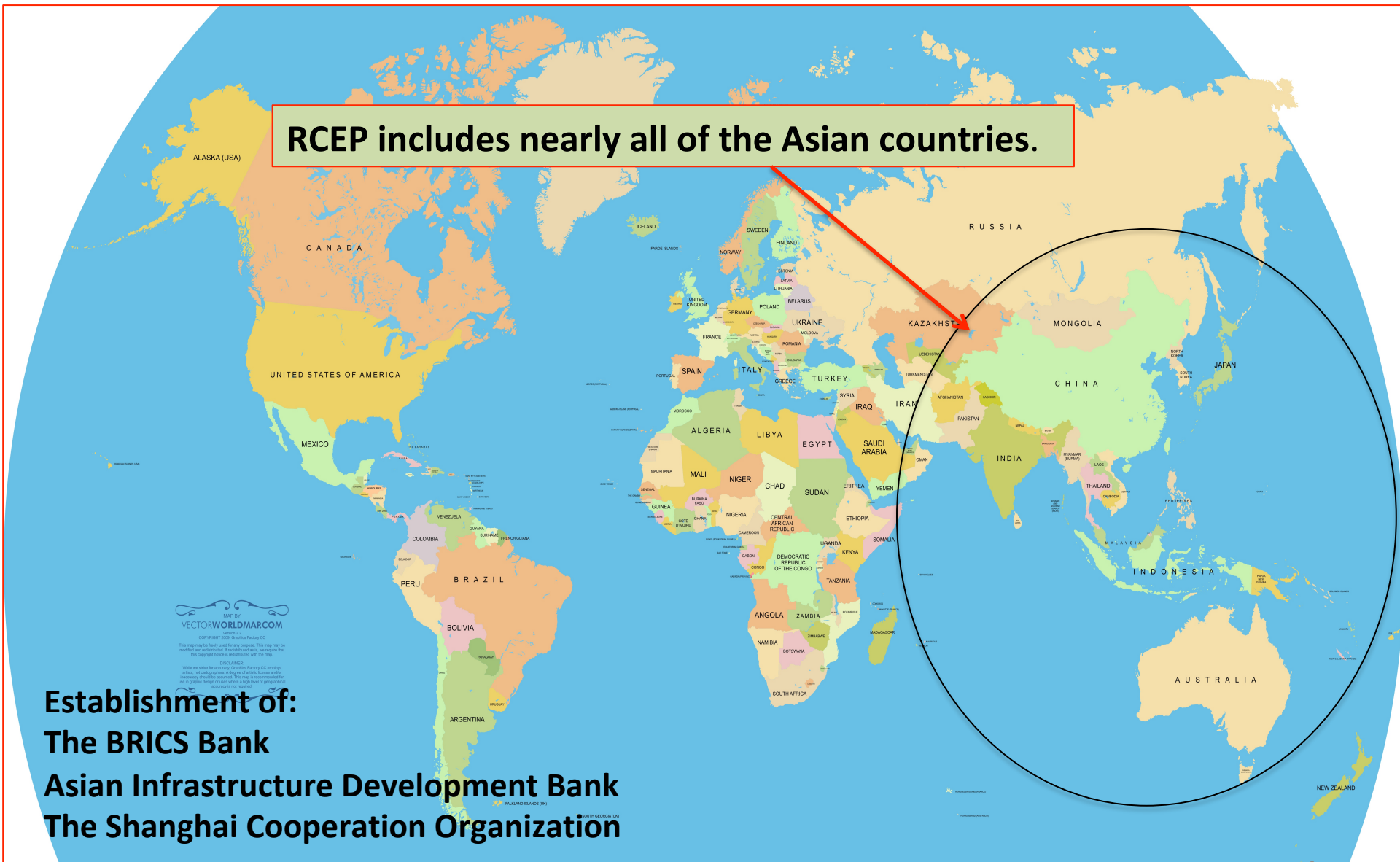
Emerging rivalry in technology

Competition for economic dominance



# Building of Competing International Institutions and the Regional Comprehensive Economic Partnership

RCEP includes nearly all of the Asian countries.



**Establishment of:**  
**The BRICS Bank**  
**Asian Infrastructure Development Bank**  
**The Shanghai Cooperation Organization**

Source: adapted from Vector-world-map



# China's claims in the South China Seas

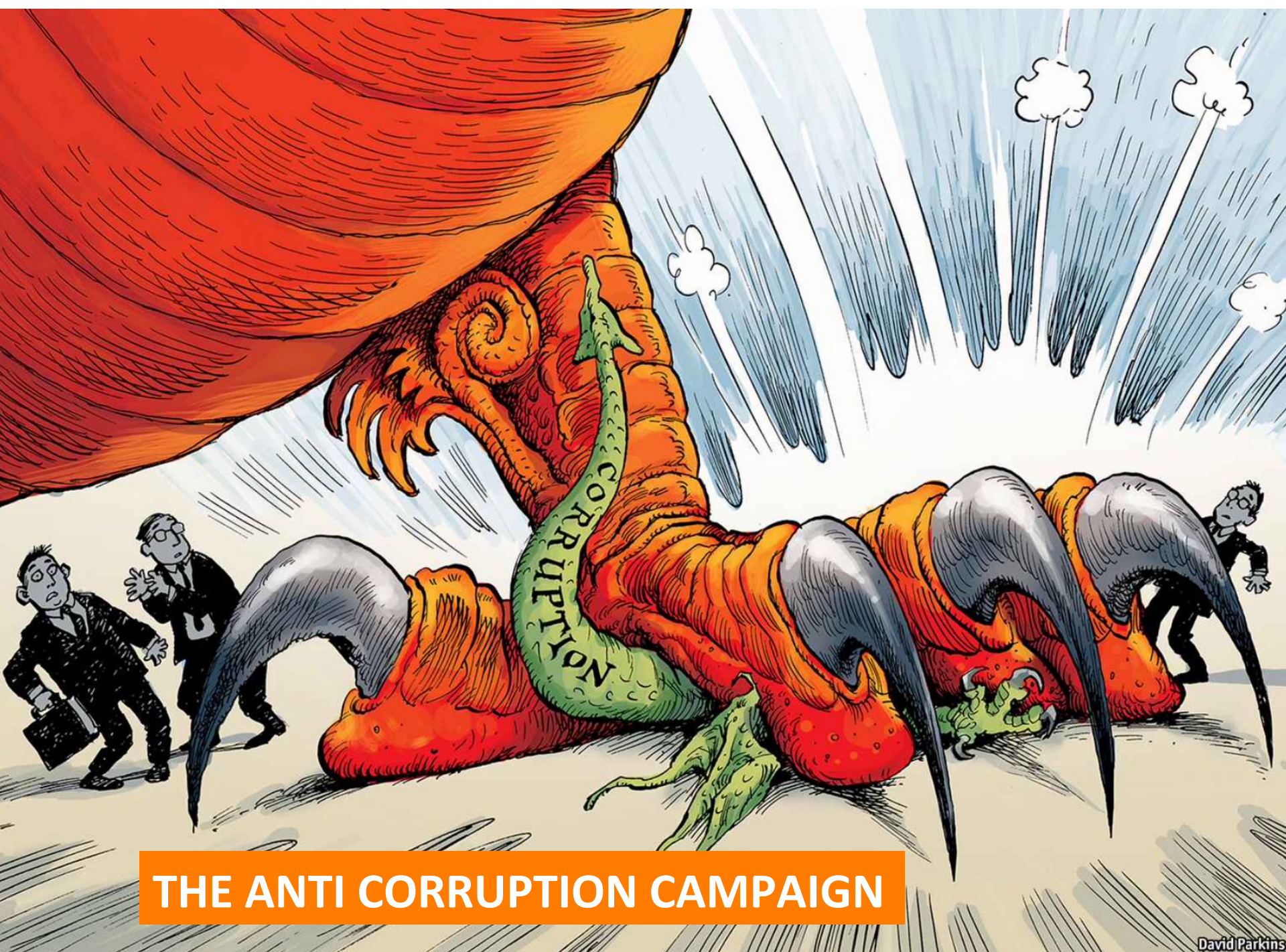


# ONE BELT, ONE ROAD INITIATIVE & VULNERABILITY IN CHINA'S TRADE ROUTES





# **POLITICAL AND SOCIAL DEVELOPMENTS**

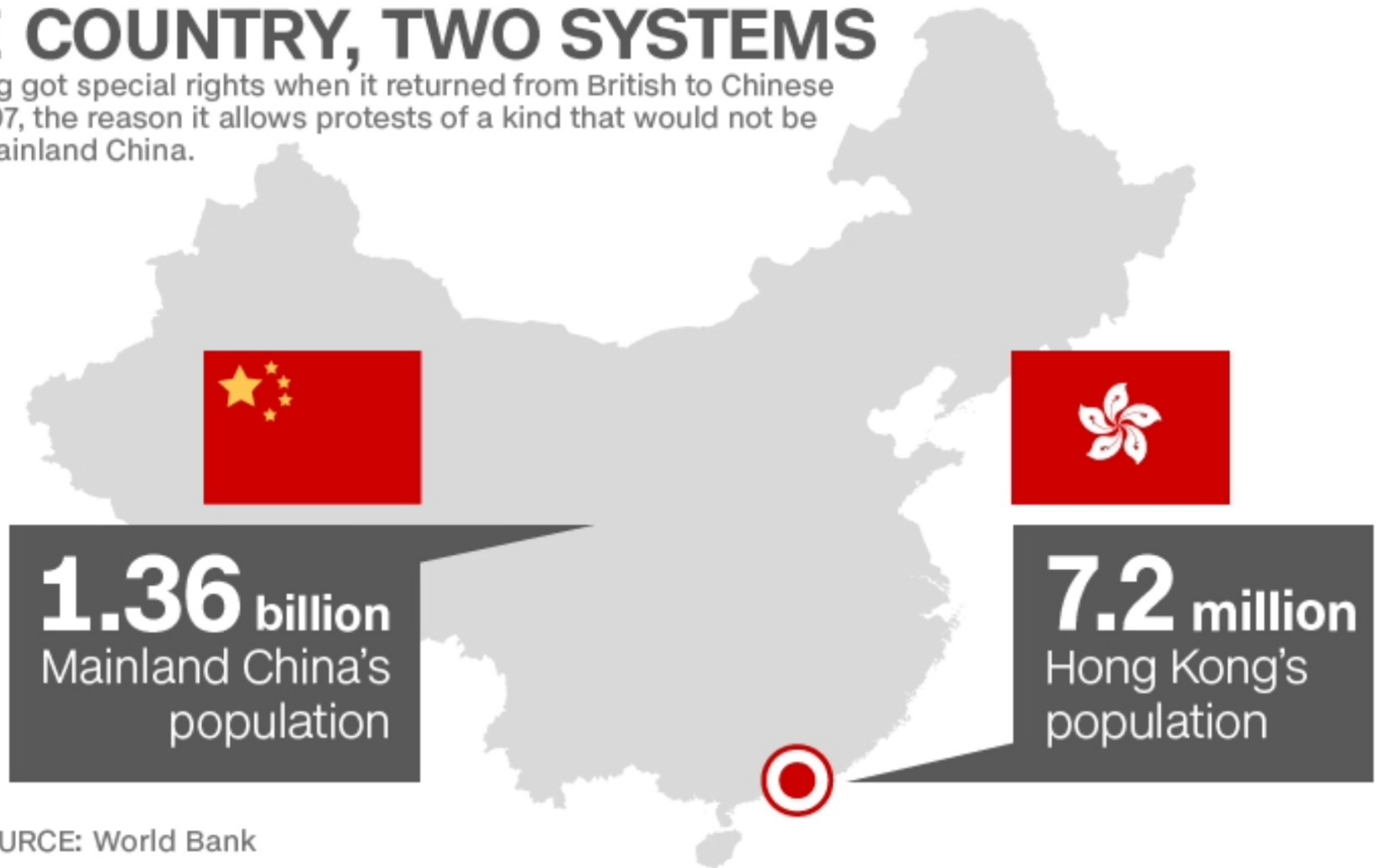


**THE ANTI CORRUPTION CAMPAIGN**



# ONE COUNTRY, TWO SYSTEMS

Hong Kong got special rights when it returned from British to Chinese rule in 1997, the reason it allows protests of a kind that would not be seen in mainland China.



**1.36 billion**  
Mainland China's  
population

**7.2 million**  
Hong Kong's  
population



SOURCE: World Bank

Source: CNN website



# Taiwan Independence Movement And China's Sovereignty claim



# Democracy protests in Hong Kong



Photo source: [www.scmp.com/sites/default/files/2013/05/26/protest2.jpg](http://www.scmp.com/sites/default/files/2013/05/26/protest2.jpg)



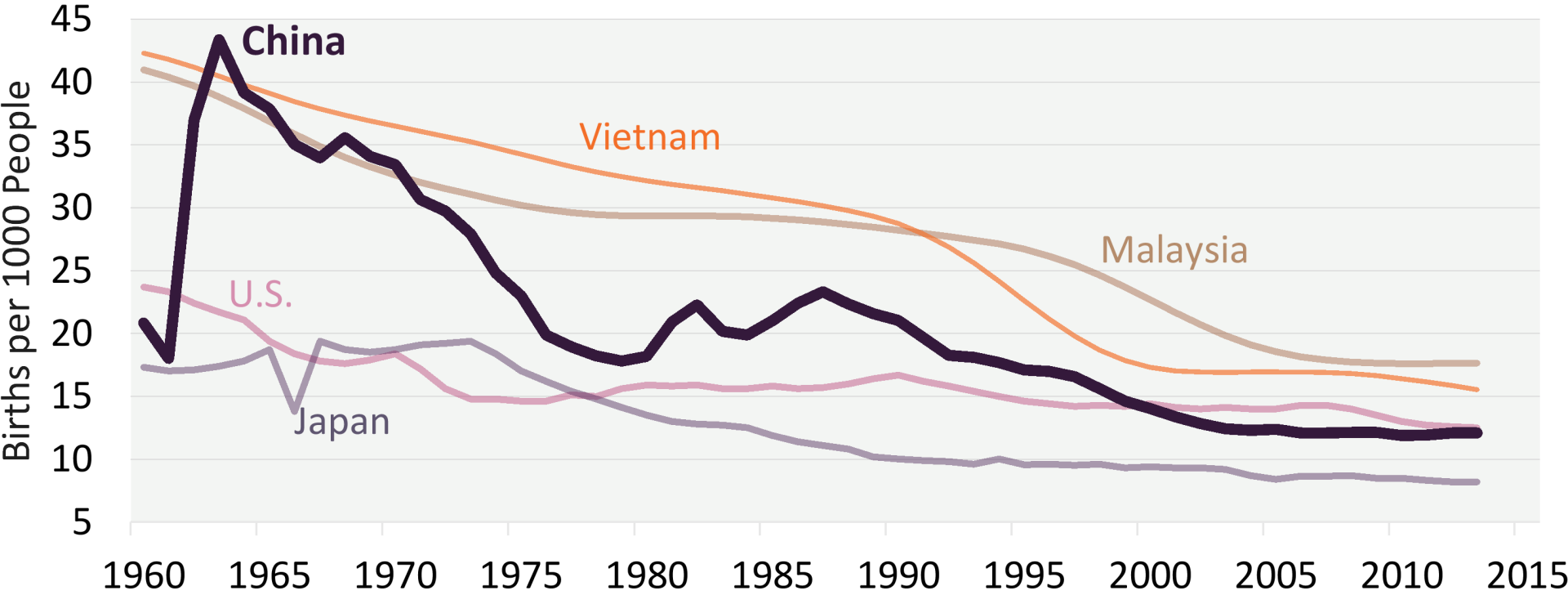
# Aging Population



Source: <http://www.theatlantic.com/magazine/archive/2016/06/chinas-twilight-years/480768/>



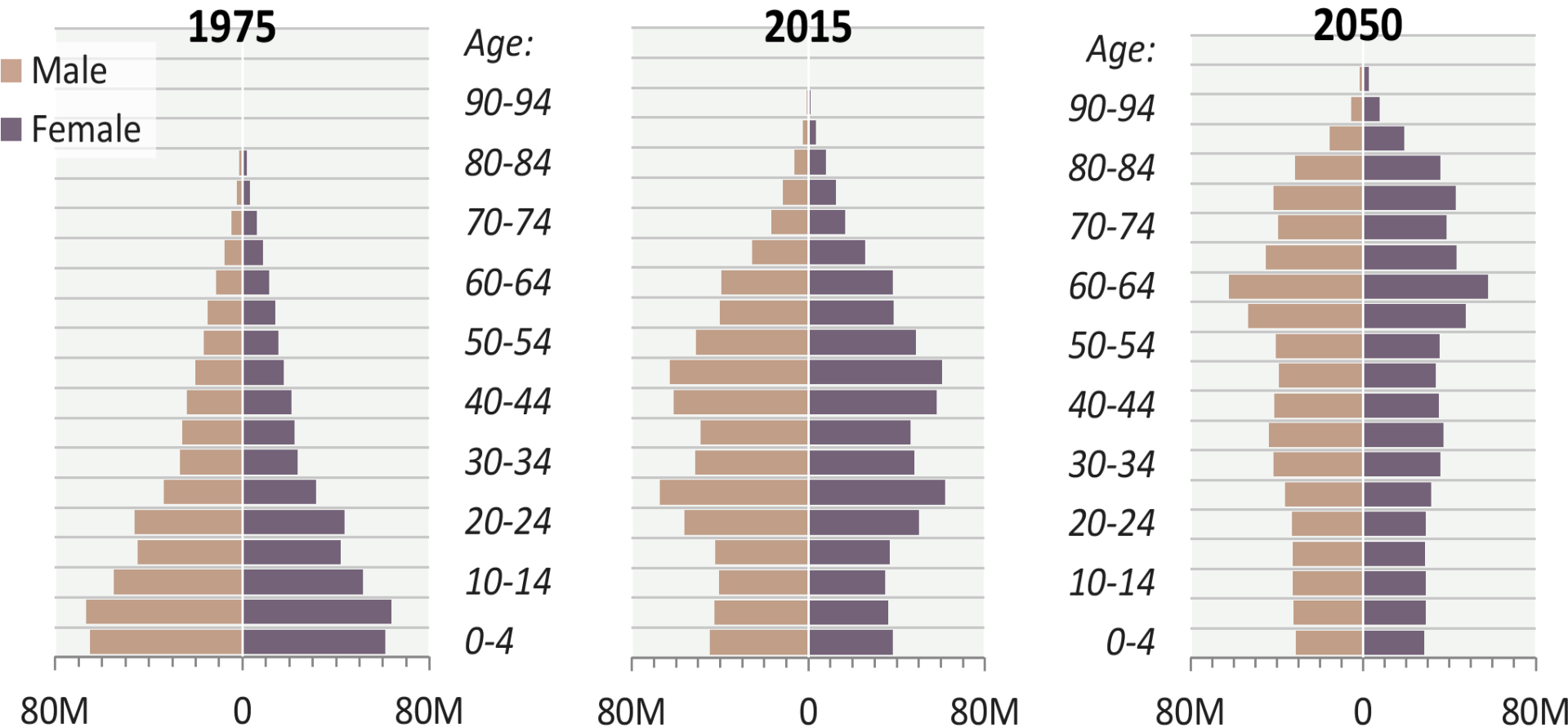
# Trends in China's Birth rate



Source: World Bank

BloombergBriefs.com

# China's Aging Population

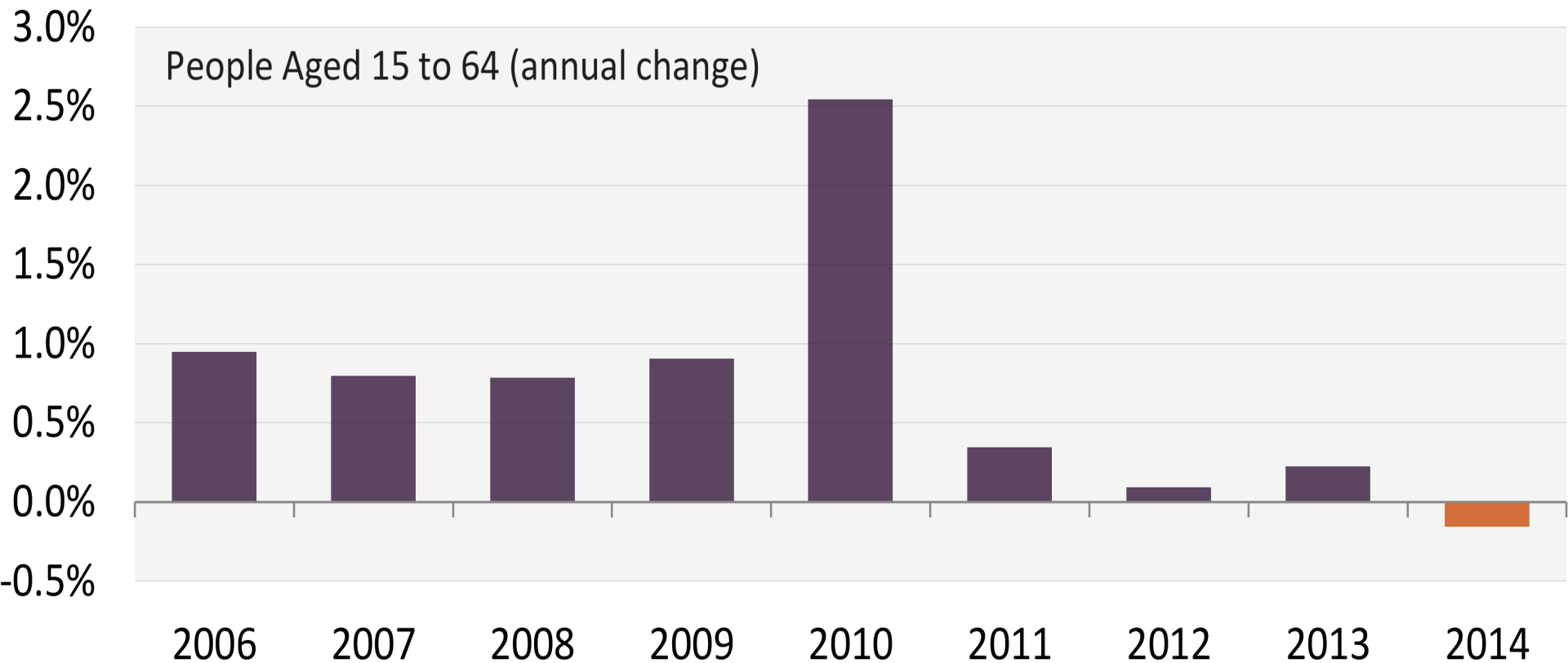


Source: UN World Population Prospects

BloombergBriefs.com



# Changes in China's Labor Force to 2014



Source: National Bureau of Statistics

BloombergBriefs.com

# SOCIAL REFORMS



居民户口簿  
Household Register

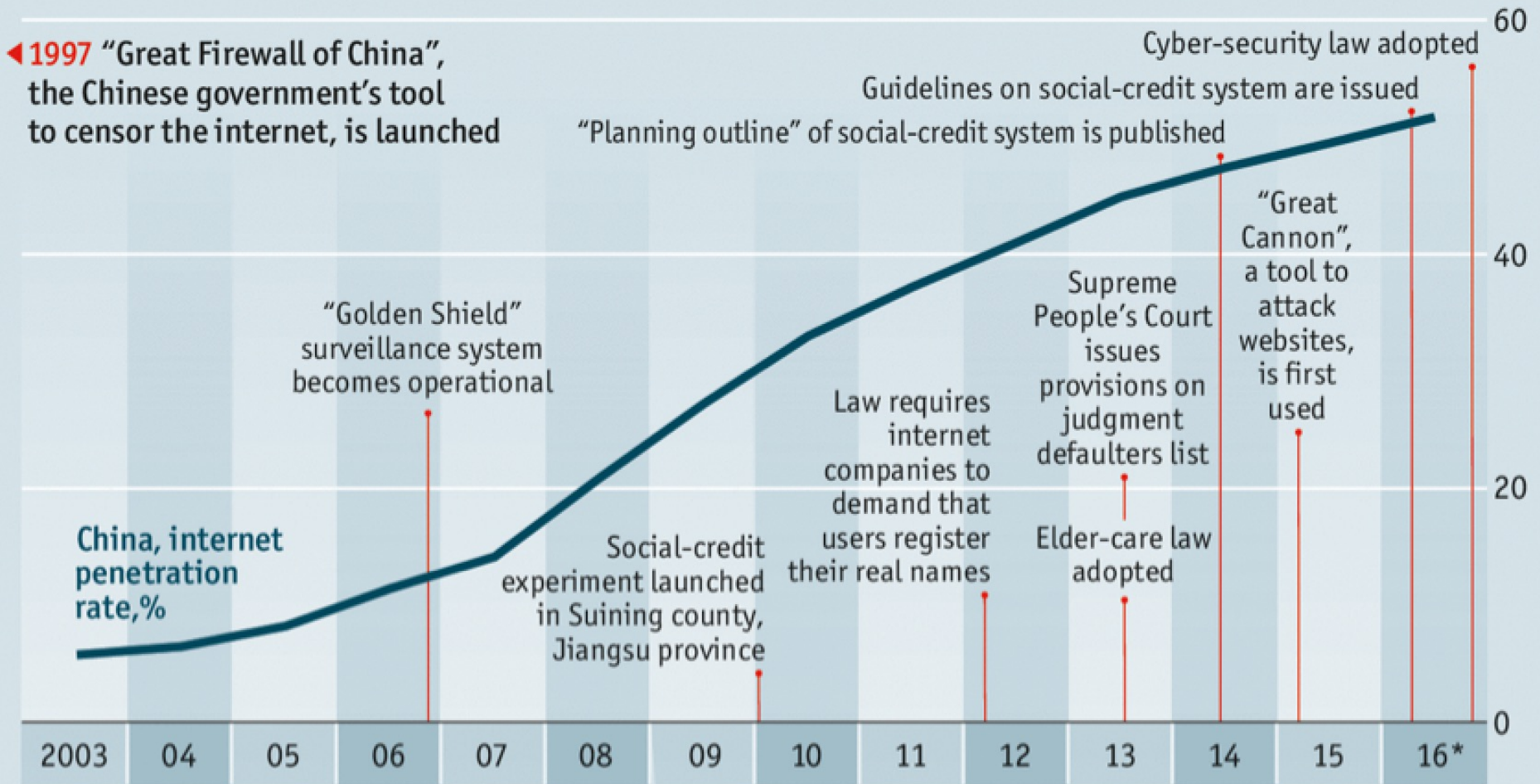
中华人民共和国公安部制  
Under Supervision of The Ministry of Public Security of P.R.C



# Creating Social Trust in China

## Towards an all-seeing state

Target date for completion of social-credit system **2020** ▶



Sources: China Internet Network Information Centre; *The Economist*

\*To June

# The Environment and Green Energy Sources

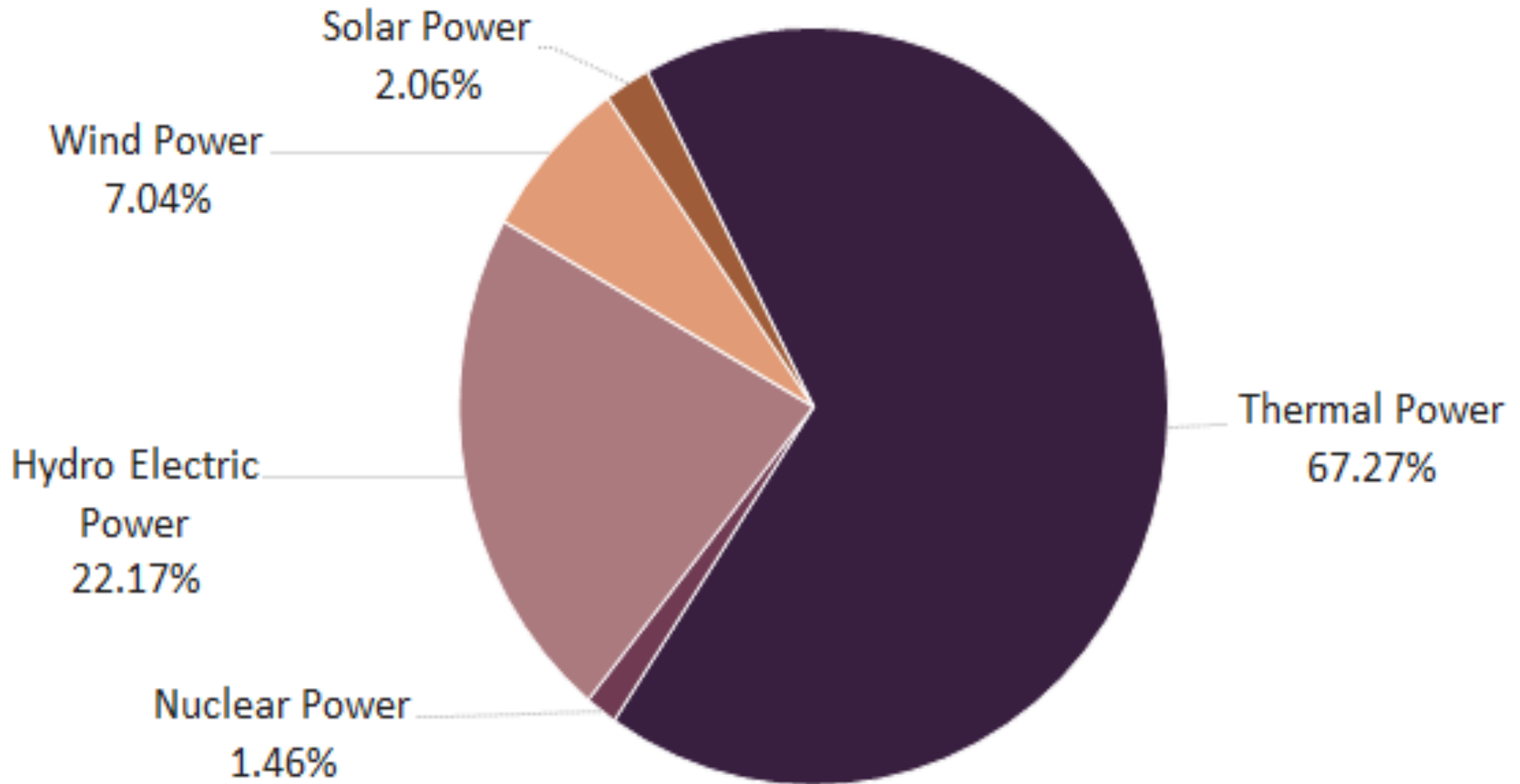
Air and water pollution cost 5.8 percent of GDP per year (World Bank and SEPA)

16 of the world's 20 most polluted cities are in China (World Bank)

Birth defects rose from 91 per 10,000 in 1997, to 171 per 10,000 in 2008 (Beijing Municipal Health Bureau)

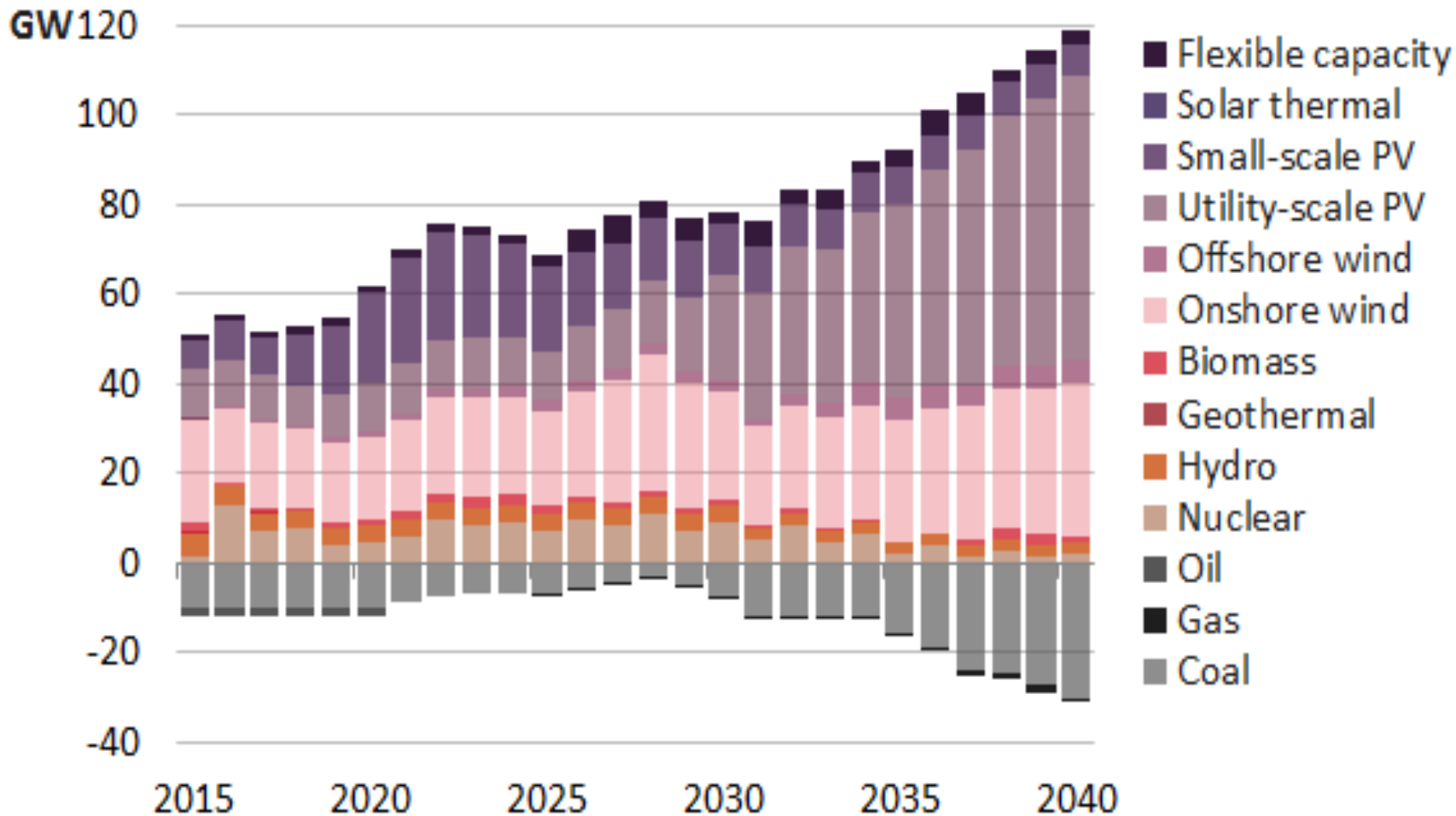


# China's Energy Generating Capacity 2014



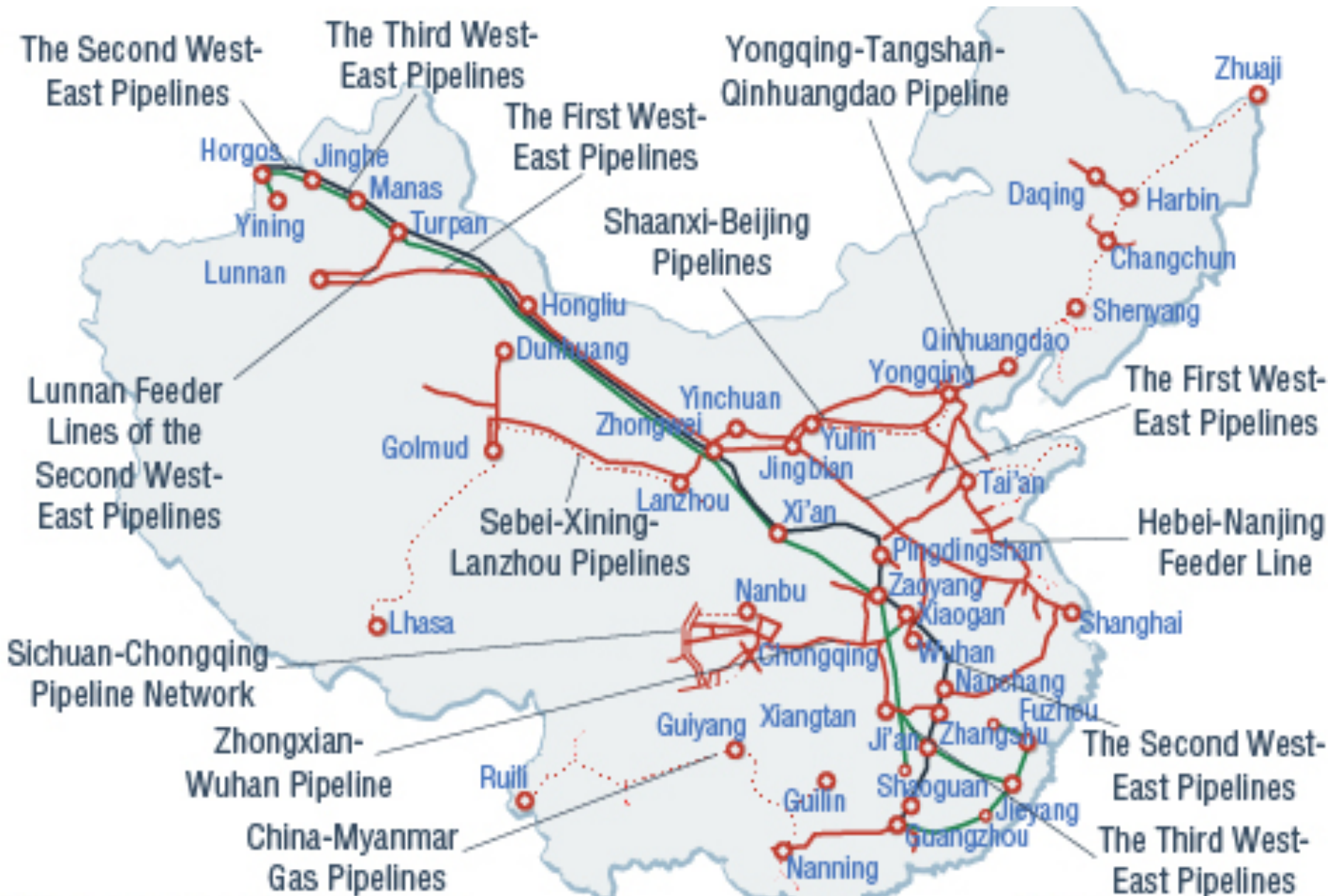
Source: National Energy Administration of China  
Bloomberg Intelligence

# Planned Changes in China's Energy Capacity: Additions and Retirements





# PLANNED GAS INFRASTRUCTURE to 2020

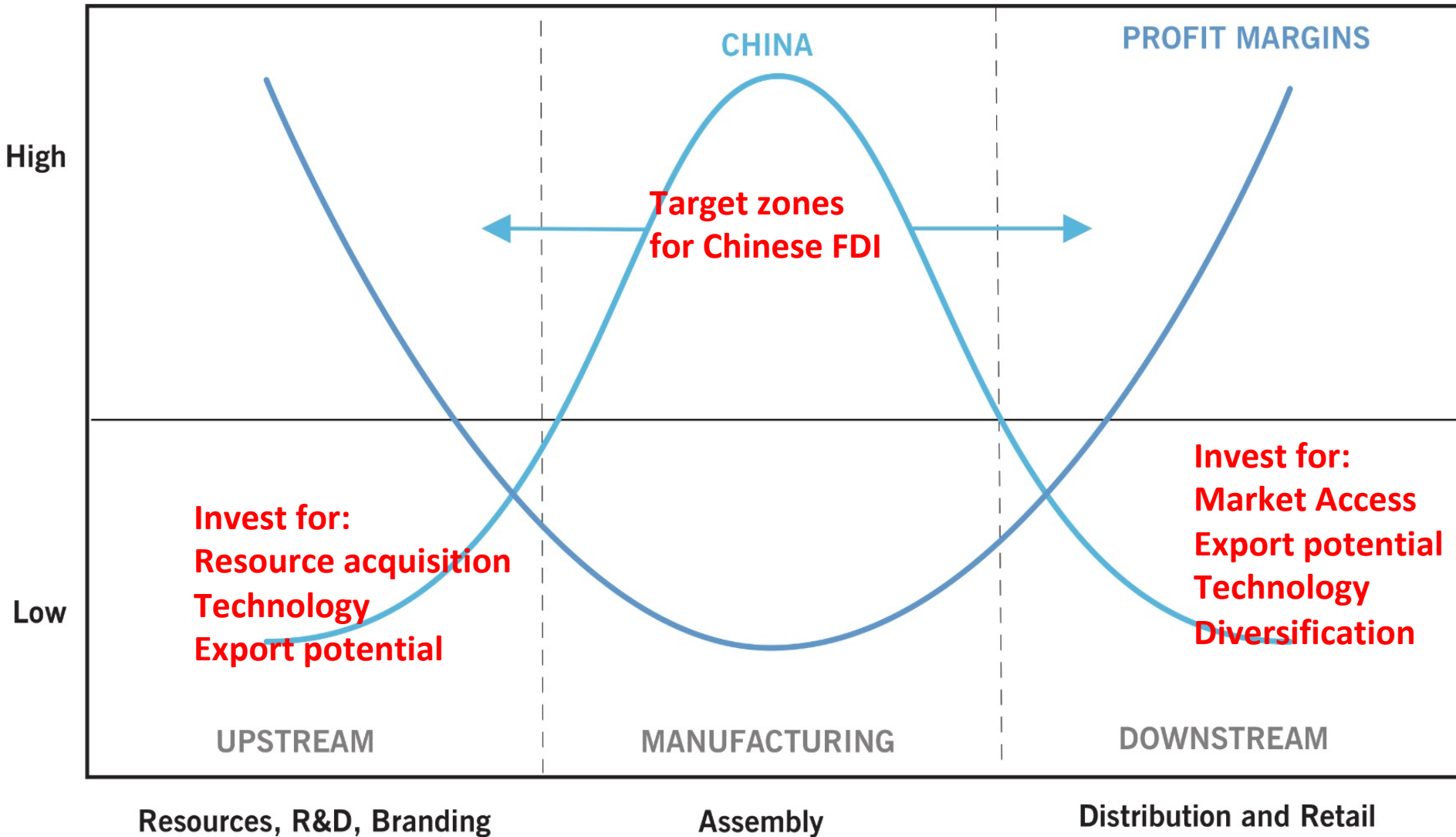


Source: Suchuang Gas IPO Prospectus

# **INTERNATIONAL TRADE AND DEVELOPMENT POLICIES**



# MOVING UP THE GLOBAL VALUE CHAIN



Source: Daniel Rosen & Thilo Hanwmann, *China Direct Investment in California*, Asia Society, 2012, p.33

# CHINA IN THE GLOBAL VALUE CHAIN

## Gross Exports versus value Added Exports

2009 US trade balance in iPhones (million dollars)

	China	Japan	Korea, Rep. of	Germany	Rest of world	World
<b>Traditional measure</b>	-1,901.2	0	0	0	0	<b>-1,901.2</b>
<b>Value added measure</b>	-73.5	-684.8	-259.4	-340.7	-542.8	<b>-1,901.2</b>

Source: Miroudot, S., Global Forum on Trade Statistics, 2-4 April 2011 (8)



**10 key industries: Information technology; Numerical control tools and robotics; Aerospace equipment; Ocean engineering equipment and high-tech ships; Railway equipment; Energy saving and new energy vehicles; Power equipment; New materials; Medicine and medical devices; and Agricultural machinery**

**MADE IN CHINA 中国制造**

**2025**

**Milestones:**

- **Increase R&D spend as a percentage of sales from 0.95% to 1.68%**
- **Increase labor productivity annually by 7.5% to 2020 and by 6.5% annually thereafter**
- **Reduce energy consumption per unit of added value by 35% by 2025**
- **Reduce water consumption per unit of added value by 35% by 2025**

# THE ONE BELT ONE ROAD POLICY





## China's FDI Flows to Belt and Road Countries and Regions 2015

	FDI Outflows in 2015		Outward FDI Stock at 2015 Year End	
	US\$ Million	Share	US\$ Million	Share
<b>Total</b>	<b>18,929</b>	<b>100.0%</b>	<b>115,679</b>	<b>100.0%</b>
Singapore	10,452	55.2%	31,985	27.6%
Russia	2,961	15.6%	14,020	12.1%
Indonesia	1,451	7.7%	8,125	7.0%
United Arab Emirates	1,269	6.7%	4,603	4.0%
India	705	3.7%	3,770	3.3%
Turkey	628	3.3%	1,329	1.1%
Vietnam	560	3.0%	3,374	2.9%
Laos	517	2.7%	4,842	4.2%
Malaysia	489	2.6%	2,231	1.9%
Cambodia	420	2.2%	3,676	3.2%
Thailand	407	2.2%	3,440	3.0%
Saudi Arabia	405	2.1%	2,434	2.1%
Myanmar	332	1.8%	4,259	3.7%
Pakistan	321	1.7%	4,036	3.5%
Israel	230	1.2%	317	0.3%

Source: *Statistical Bulletin on China's Outward Foreign Direct Investment 2015*

<http://economists-pick-research.hktdc.com/business-news/article/Research-Articles/China-Takes-Global-Number-Two-Outward-FDI-Slot-Hong-Kong-Remains-the-Preferred-Service-Platform/rp/en/1/1X000000/1X0A804W.htm>

# Railway map of People's Republic of China

Colored lines showing CRH and other high speed rail services

Last update: 2018-01-15

## A HI SPEED TRAIN NATION

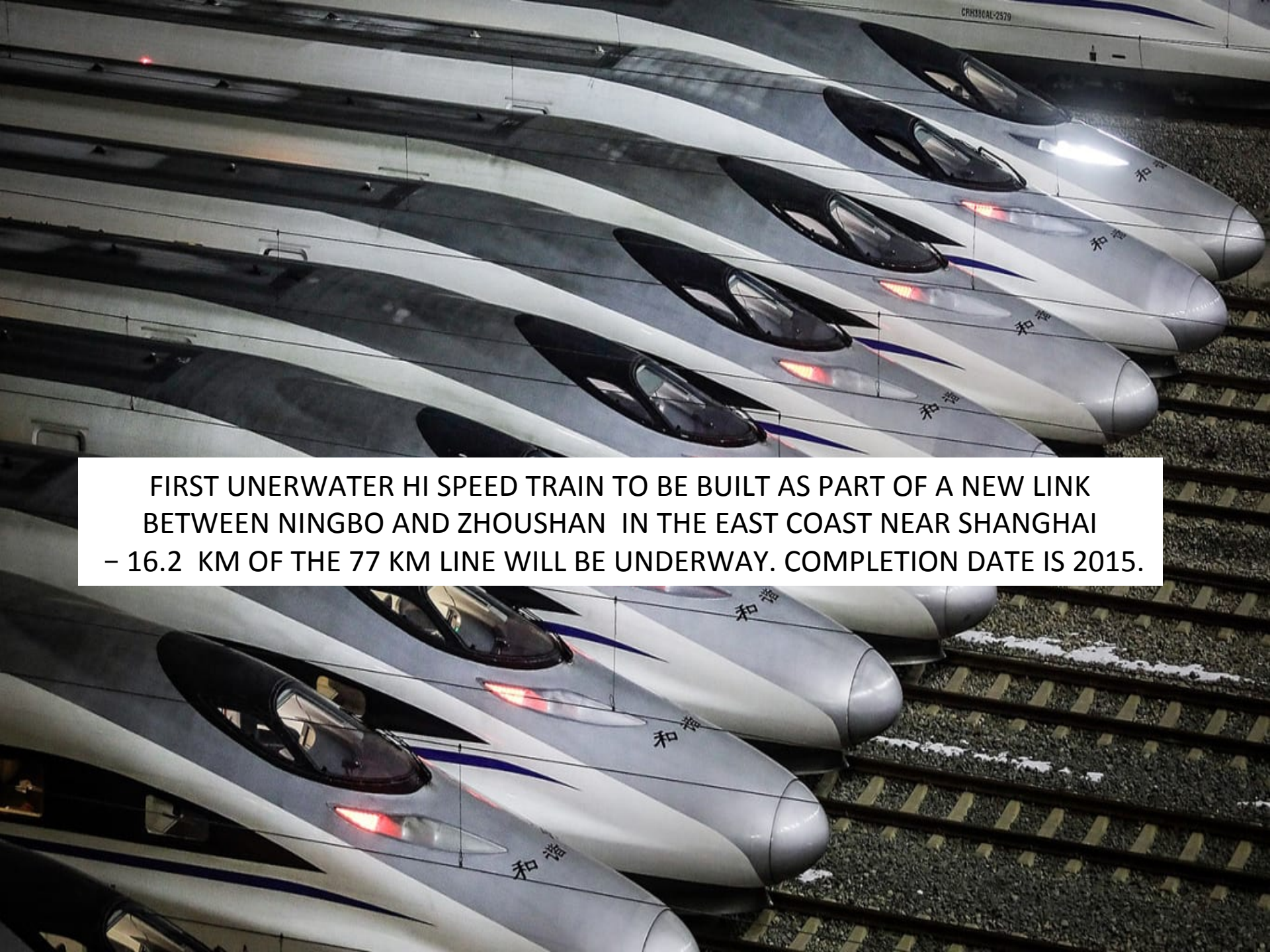
- Lines capable for speed above 300 km/h
- Newly built lines capable for 200-299 km/h
- Upgraded lines and other lines with CRH service
- Conventional lines with no CRH service

25,000 KM IN HI SPEED RAIL LINES IN 2017  
GROWING TO 38,000km in 2025.





CRH380AL-2579



FIRST UNDERWATER HI SPEED TRAIN TO BE BUILT AS PART OF A NEW LINK BETWEEN NINGBO AND ZHOUSHAN IN THE EAST COAST NEAR SHANGHAI - 16.2 KM OF THE 77 KM LINE WILL BE UNDERWAY. COMPLETION DATE IS 2015.



# CHINA IN AFRICA and FOREIGN AID SPENDINGS



CHINA PLEDGES \$60 BILLION TO DEVELOP AFRICA

# China's investment in Latin America

As Chinese trade with Latin America has grown, the country has begun to invest in a variety of projects across Central and South America.

*Tap on the map points to learn more.*



# THE YUAN HUBS





# **REFORM AND GOVERNANCE ISSUES**

# BEIJING CONSENSUS: THE CHINA DEVELOPMENT MODEL



# Videos on the China Model

- The Beijing consensus

<https://www.youtube.com/watch?v=5XjSrsv1itk>

- The Shanghai Theory of Economic Growth


<https://www.youtube.com/watch?v=UR-uWwvpn5c>

- Western Liberal Democracy Wrong for China

<https://www.youtube.com/watch?v=EwM9CuGcBgl>



## FINANCIAL REFORM IN CHINA: THE HONG KONG SHANGHAI THROUGH TRAIN AND THE HK-SHENZHEN CONNECTION



	Shanghai Stock exchange	Shenzhen stock exchange	Stock exchange of Hong Kong
# of listed companies	1,041	1,672	1,780
Market Cap (US billion)	\$5,610.1	\$3,463.0	\$3,998.8
Monthly value of shares traded	\$2,802.8	\$2,037.6	\$353.0
Source: David Richard and Alan Lee, Dorsey.com, April 11, 2015			

# The RMB as an international reserve currency





# THE SHANGHAI PILOT FREE TRADE ZONE

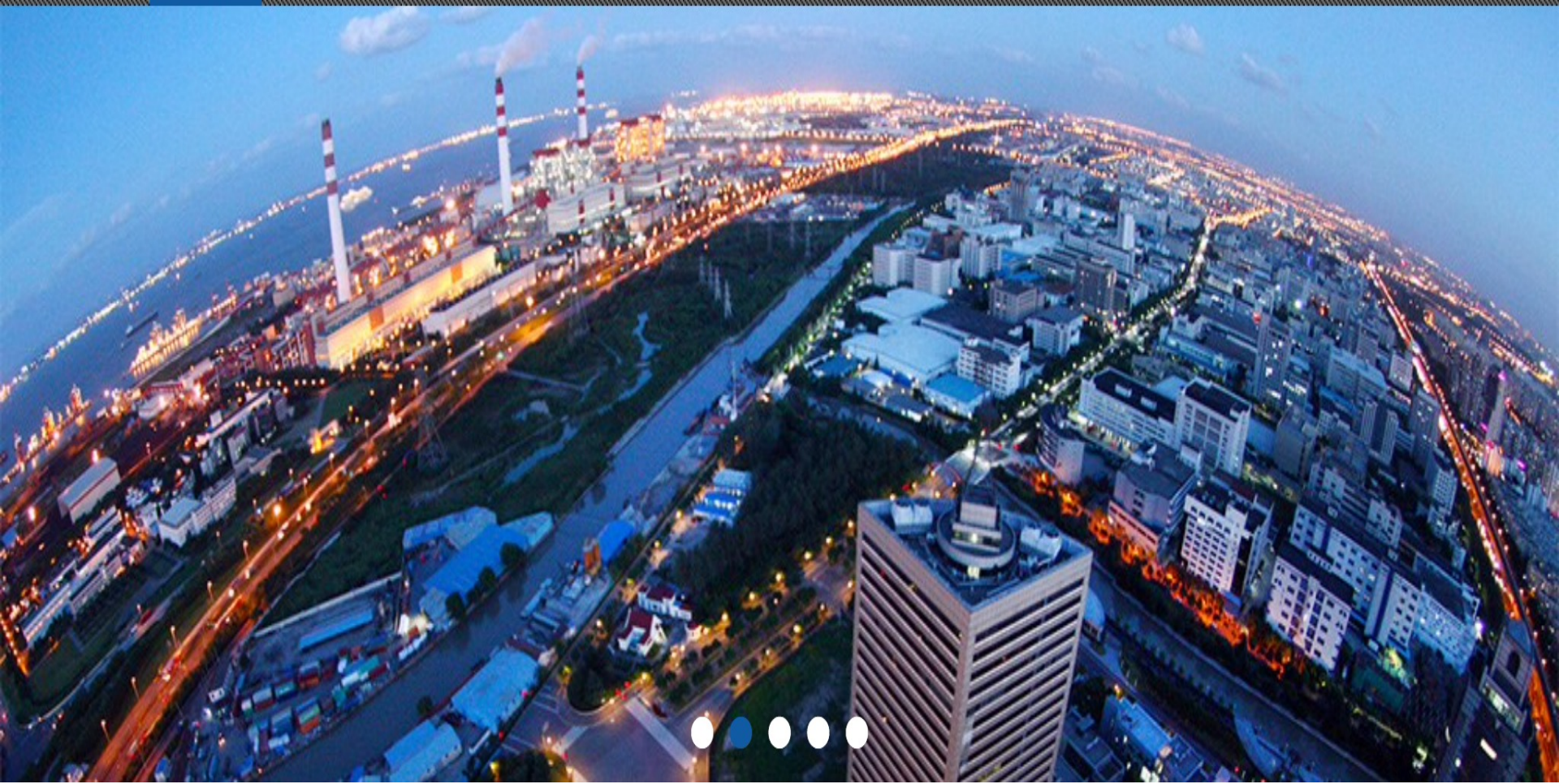


Photo source: [en.china-shftz.gov.cn](http://en.china-shftz.gov.cn)



# CHINA'S SUPPLY SIDE REFORM

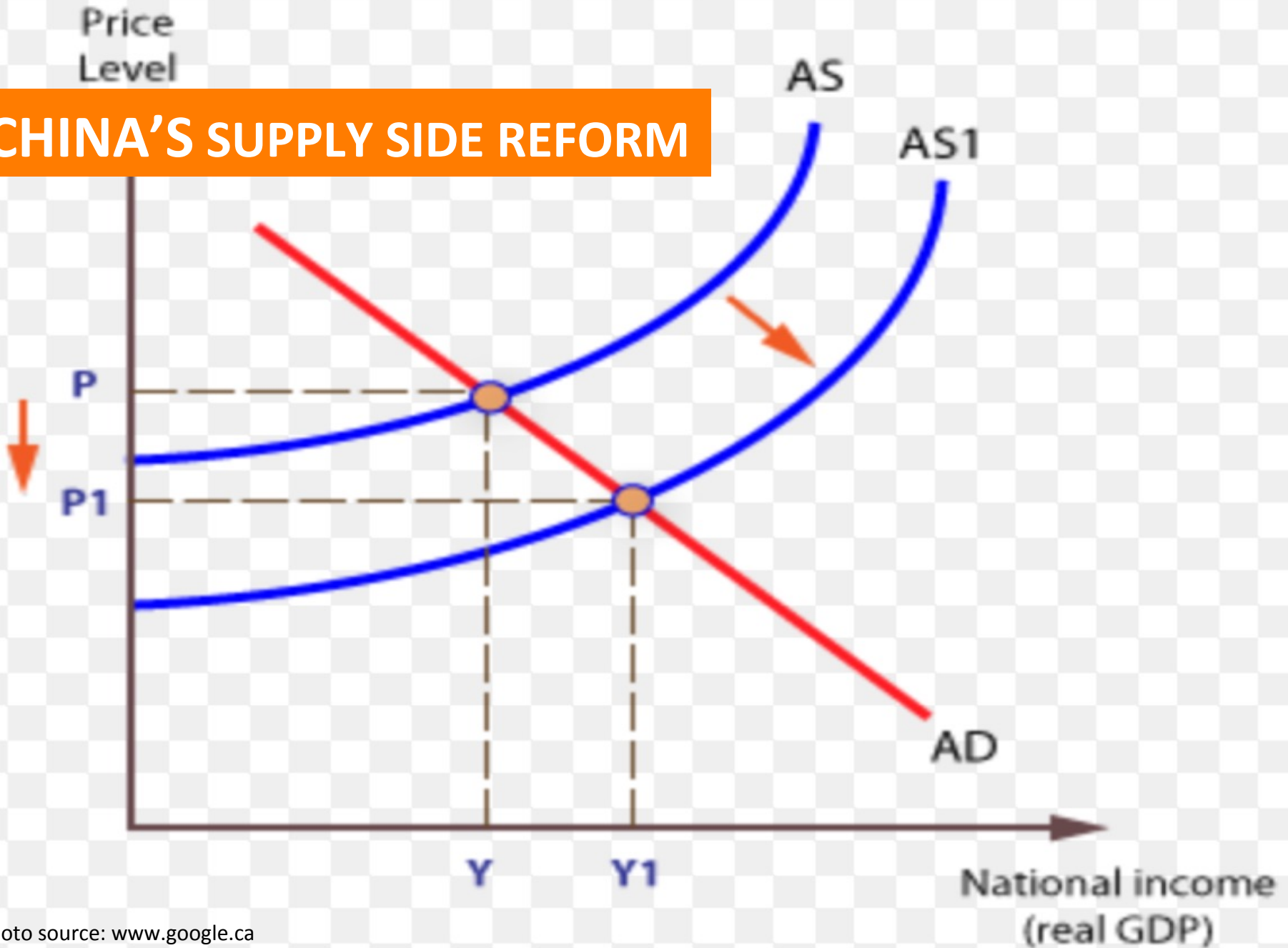


Photo source: [www.google.ca](http://www.google.ca)

Copyright: [www.economicsonline.co.uk](http://www.economicsonline.co.uk)

# **INTERNATIONAL INITIATIVES**

# THE ASIAN INFRASTRUCTURE DEVELOPMENT BANK

## THE SIGNING CEREMONY OF THE ARTICLES OF AGREEMENT OF THE ASIAN INFRASTRUCTURE INVESTMENT BANK 《亚洲基础设施投资银行协定》签署仪式

June 29<sup>th</sup> 2015, Beijing, China  
2015年6月29日 中国·北京





# THE BRICS BANK - THE NEW DEVELOPMENT BANK



# The Shanghai Cooperation Organization



# The Regional Comprehensive Economic Partnership Initiative

These include nearly all of the Asian countries.





## Trans-Pacific Partnership Member Countries



# REEP Versus TPP Negotiating Countries

RCEP negotiating countries

TPP negotiating countries

Population: 3.4 billion  
Combined GDP: US\$17.25 trillion  
% of global GDP: 33%

Population: 80 million  
Combined GDP: US\$30 trillion  
% of global GDP: 40%

Cambodia  
China  
India  
Indonesia  
Japan  
Laos  
Myanmar  
Philippines  
South Korea  
Thailand

**Australia**  
**Brunei**  
**Malaysia**  
**New Zealand**  
**Singapore**  
**Vietnam**

Canada  
Chile  
Mexico  
Peru  
USA

# Comparing RCEP and TPP

## RCEP

- Asia –Pacific oriented
- Service trade and investment
- Economic and technical cooperation
- Trade standards in Asia-Pacific
- IP and legal matters

## TPP

- North America oriented
- Customs and trade facilitations; Trade remedies
- Sanitary and phytosanitary measures
- Technical barriers to trade
- Service trade, investment, e-commerce
- IP, labour and environmental standards; Dispute mechanisms

**TPP is said to have the higher standards for transparency, and trade rules.  
RCEP is China – centric whereas TPP is US – centric.**



# **EMRGING INTERNATIONAL ROLE OF CHINA?**

**Implications for Canada**