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A worker inspects an intelligent yarn production line in Qingdao, Shandong province, on July 15. LIANG XIAOPENG / FOR CHINA DAILY

Economy on track to attain growth target

By OUYANG SHIJIA

China is on track to reach the 2024 GDP growth target of around 5 per cent given the strong policy stimulus, continued recovery trend and gradual recovery in domestic demand, experts and entrepreneurs said.

Despite facing challenges from a sluggish real estate market, still-weak demand and mounting external uncertainties, China still enjoys favourable conditions and capabilities to boost steady growth and tackle structural issues, they said.

They expressed optimism about the country's long-term growth, saying technological innovation, notably emerging fields like artificial intelligence and green industries, will serve as a new growth driver, propping up the world's second-largest economy.

Such optimism may grow in coming months on the back of the latest stance adopted by China's top leadership at the third plenary session of the 20th Central Committee of the Communist Party of China, held from July 15 to 18.

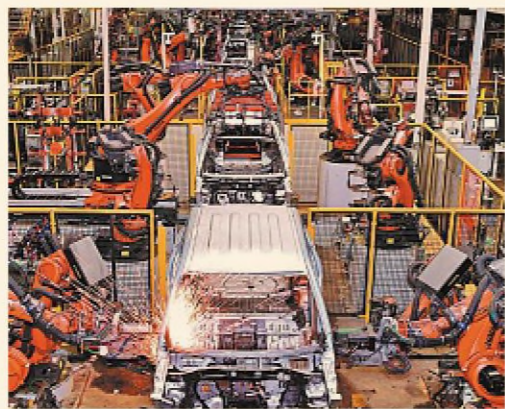
A statement released after the plenum said China will promote high-quality development, build a fairer and more dynamic market environment, improve the existing institutions and mechanisms for fostering new quality productive forces, and further enhance high-standard opening-up.

Svein R. Tyldum, chief executive officer, Marsh McLennan North Asia, a consultancy, said China's economy has made a good start this year with positive factors, laying a foundation for achieving its annual growth target of around 5 per cent this year.

"China is a significant source of innovation and talent, and a future competitive global competitor," he said on the sidelines of the 15th Annual Meeting of the New Champions, also known as the Summer Davos Forum, which concluded in late June in Dalian, Liaoning province. "China's pursuit of high-quality drivers of production and its economic development created greater co-operation space for companies around the world to work together in a more harmonious way."

He expressed optimism about China's economic prospects and the company's operations in China this year and beyond, saying China is Marsh McLennan's second-largest operation in Asia. The company is committed to the China market, with more investment plans in the pipeline.

Tyldum noted the broader economy is still facing mounting uncertainties from the external environment and structural challenges. "The foundation for economic stability and im-



A view of a smart manufacturing line for vehicles in Nanchang, Jiangxi province, in April. ZHU HAIPENG / FOR CHINA DAILY

provement is not yet so solid."

Data from the National Bureau of Statistics showed that China's economy grew by 5 per cent year-on-year in the first half of this year, which is consistent with the government's around 5 per cent annual growth target set at the beginning of the year. But in the second quarter, China's GDP grew by 4.7 per cent year-on-year, cooling from 5.3 per cent growth in the first quarter.

China's economy is still facing pressures from lacklustre demand, mainly due to a market correction in real estate, still-weak retail spending and the modest growth in infrastructure investment, said Sun Xuegong, director-general of the department of policy study and consultation at the Chinese Academy of Macroeconomic Research, which is part of the National Development and Reform Commission.

Against such a backdrop, the policy focus should be placed on boosting domestic demand, spurring consumer sentiment and expanding effective demand, including moves to further stabilise the housing market and strengthen the social security system, Sun said.

More efforts should also be made to stabilise employment, increase personal incomes, further unleash the services consumption potential and increase investment in areas related to the new quality productive forces, green development and people's livelihood, he said.

China has already announced a series of measures to boost demand, including the issuance of 1 trillion yuan (\$138 billion) worth of ultra-long-term special treasury bonds this year as well as driving large-scale equipment renewal and trade-in deals for consumer goods.

Despite facing many headwinds, China still

enjoys favourable conditions to foster steady economic growth this year, as the country's domestic demand will likely pick up further in the remainder of the year with a series of supportive policy measures taking effect gradually, Sun said.

Looking ahead, Sun said he is optimistic about China's long-term economic outlook, saying there are several positive factors supporting the country's high-quality development.

"China is moving from a middle-income country to a higher-income economy. But we still see a gap between China's per capita income and that of the developed economies," he said. "That means we still have the potential and space to grow further."

Sun said China's economy is still in the stage of transformation of growth drivers towards new quality productive forces.

"Although some of the traditional drivers are indeed weakening, such as the real estate and some traditional manufacturing sectors, we are seeing robust growth and huge potential in emerging fields including renewable energy, new energy, electric vehicles, photovoltaics and artificial intelligence," Sun said. "Those booming sectors are gradually becoming new growth drivers supporting China's long-term growth."

Foreign institutions have recently raised their forecasts for China's economic growth this year amid the country's continued economic recovery trend, strong policy stimulus and resilience in exports.

Barclays revised its China GDP forecast from 4.4 per cent to 5 per cent, and the World Bank changed its forecast from 4.5 per cent to 4.8 per cent.

Joe Ngai, chairman of management consultancy McKinsey China, said he believes China's 2024 growth target is achievable, which will contribute to around one-third of the global economic growth this year.

Ngai noted China's economy will not repeat Japan's experience three decades back, when it went down the path to recession and very low growth, saying China still has huge growth potential in terms of urbanisation and more productivity growth.

"I think we're very, very far from a stagnant productivity level. What we are looking at is that the nature of the economy needs to continue to shift," he said.

Ngai highlighted the importance of fostering new quality productive forces, saying innovation and technology will drive future high-quality growth.

"I believe that innovation will remain the biggest growth driver of China's economy. And China can be a global leader in innovation."

China to make greater strides in opening-up

Country's vast market will be major opportunity for world, official says

By XU WEL, ZHONG NAN and LIU ZHIHUA

China's policymakers outlined details of the to-do list for the nation's future opening-up earlier this month, pledging initiatives to increase unilateral opening to least-developed countries and expand access to the commodity, service, capital and labour markets in a well-paced manner.

The priorities for the country's reform and opening-up until 2029 were mapped out during the third plenary session of the 20th Central Committee of the Communist Party of China, the Party's central leadership, held from July 15 to 18.

Han Wenxiu, executive deputy director of the Office of the Central Commission for Financial and Economic Affairs, explained at a news conference on July 19 that expanding institutional opening-up and building a high-standard open economy were the key aspects of the reform-themed resolution adopted at the epoch-making policy meeting.

"We will turn China's vast market into a major opportunity for the world," he said, adding that China will continue to make life more convenient for foreign travellers in terms of accommodation, medical services and payments.

Other priorities include developing major landmark projects and small and beautiful livelihood projects to promote high-quality Belt and Road co-operation. Over 300 reform measures were outlined in the resolution on further deepening reform to advance Chinese modernisation.

According to a communiqué released by the Party's central leadership on July 18, the country will deepen foreign trade structural reform, further reform the management systems for inward and outward investment, and improve planning for regional opening-up.

Mu Hong, deputy director in charge of routine work of the Office of the Central Commission for Comprehensively Deepening Reform, told the briefing that evolving global landscapes and mounting external uncertainties will not waver "the resolve and confidence" of China to make greater strides in reform and opening-up.

"We are moving ahead one step at a time towards our goals, undeterred by any risk and not swayed by any disturbance," he said.

Meanwhile, officials have also sought to extend a strong message that China will remain a top destination for global investment.

According to the Ministry of Commerce, China saw the establishment of 26,870 new foreign-invested enterprises in the first half of this year, marking a 14.2 per cent increase year-on-year. However, the country's foreign direct investment dropped by 29.1 per cent year-on-year to 498.91 billion yuan (\$68.65 billion) during the period.

Han said the fall in FDI into China is only temporary. "As the country's business envi-

ronment continues to improve and market opportunities multiply, China's utilisation of foreign capital is set to keep expanding."

The official reaffirmed Beijing's commitment to creating a transparent, stable and predictable institutional environment for foreign firms.

"We need to proactively align with international high-standard economic and trade rules, ensuring compatibility and alignment in rules, management and standards in areas such as intellectual property protection, industrial subsidies, environmental standards, labour protection, government procurement, e-commerce and the financial sector."

He stressed the necessity to fully put in place the negative list for cross-border services trade, and promote the well-paced expansion of openness in areas such as telecommunications, the internet, education, culture and healthcare.

To level the playing field for domestic and foreign businesses, Han said foreign enterprises must receive national treatment in areas such as access to resources, qualification and licensing, standard-setting and government procurement.

"We are willing to share the great opportunities from China's development of new quality productive forces and the advance of Chinese modernisation. We'll be pleased and wish to see foreign companies thriving together with the Chinese economy."

The signals from the Party leadership towards greater strides in opening-up have buoyed the confidence of global business leaders and analysts.

Jean-Christophe Poinneau, president of Pfizer China, said he believes that China's reforms will further unleash market vitality, better allocate resources, boost the innovation and competitiveness of the country's economy, and lead to the overall progress of the economy and society.

"Pfizer is looking forward to the future of China's economy," he said. "China's world-class business environment that is market-oriented, law-based, and internationalised will further enhance foreign investors' confidence. And multinational companies, including Pfizer, will be more willing to invest and expand their business in China."

Ren Jing, senior vice-president of Schneider Electric, said the French industrial and technology group will continue to deepen its presence in the Chinese market and increase investment in new energy projects.

Dereck Ji, managing partner for China at ADL Consulting, a Belgium-based consulting firm, said one of the key signals from the policy meeting this week is that China's comprehensive deepening of reform has continued to expand in breadth and depth, providing broad opportunities for many enterprises, including foreign investors.

"The Chinese market has advantages that no other market can match, especially in terms of infrastructure, scale and capital, which are massively attractive to multinationals."

We are willing to share the great opportunities from China's development of new quality productive forces and the advance of Chinese modernisation. We'll be pleased and wish to see foreign companies thriving together with the Chinese economy."

Han Wenxiu, executive deputy director of the Office of the Central Commission for Financial and Economic Affairs

Manufacturers up investments in services trade

By ZHONG NAN

When Loctek Ergonomic Technology Corp, a Ningbo, Zhejiang province-based office products manufacturer, launched its first self-owned container vessel with a capacity of 1,800 TEUs (twenty-foot equivalent units) last April, its goal was to reduce shipping costs and meet schedules on time.

Few could anticipate that this move would turn trade in services-related business into another major revenue driver for the company this year.

"Pushed by our clients' demand for shipping services and soaring goods orders generated by cross-border e-commerce transitions, space on our container ships has always been fully booked and we have put two new overseas warehouses into operation in the United States and Germany in early July," said Xiang Lehong, chairman of Loctek Ergonomic.

"Buying the container vessel has helped more Chinese exporters ship their products abroad," said Xiang, adding that the company is also providing overseas warehousing services to more than 700 exporters across various industries.

Loctek Ergonomic's initiative is just an example to highlight how capable Chinese manufacturers transform their businesses to the next level and seek more growth points in trade in services.

In contrast to goods trade, trade in services refers to the sale and delivery of intangible services like transportation, tourism, telecommunications, warehousing, advertising, computing and accounting.

Despite facing rising trade protectionism and economic uncertainties, the growth of China's trade in services will maintain an upward trajectory this year, with huge potential in foreign trade, consumption, logistics and tourism, experts and foreign business executives said.

Attracted by China's growing foreign trade volume, US-based logistics provider FedEx launched two new flights to the US from Qingdao, Shandong province, and Xiamen, Fujian province in June.

The company also plans to establish international gateway facilities at each location to enhance operational and clearance efficiency, in keeping with the increased business and trade demands of local customers.

"The launch of these two new cargo flights is a proactive move to meet the growing demand of China's foreign trade and deepen co-operation with the local market," said Koh Poh-Yian, vice-president for operations at FedEx China.

China's trade in services totalled 3.02 trillion yuan (\$415.66 billion) in the first five months of this year, up 16 per cent year-on-year, data from the Ministry of Commerce showed.

In the meantime, the country's imports and exports of travel services totalled 820 billion yuan, a jump of 48.4 per cent on a yearly basis.

Upbeat about the Chinese market, EHL Hospitality Business School, a Swiss hospitality management university, started the seventh "HEMBA" programme — an executive master of business administration in hospitality — with China Europe International Business School in Shanghai in June.

Achim Schmitt, dean of the Lausanne, Switzerland-based school, said the university will provide more tailor-made courses for Chinese students in the coming years.

Schmitt said that the hotel business in China has changed significantly in recent years. For example, luxury hotels are losing points with



Visitors check out imported products at a trade expo in Langfang, Hebei province, in June. WANG MIN / XINHUA

travellers in favour of specialised boutique hotels and fancy breakfasts. A number of hotels in Yunnan province and the Xizang autonomous region with beautiful landscapes have been the go-to options for a number of travellers.

Developing services related to immersive experiences is an effective way to attract more foreign tourists, as it allows them to explore these destinations from the comfort of their own homes, he added.

The huge market demand and growth opportunities in China, particularly in sectors like export-related manufacturing, travel, smart city

development and e-commerce, are driving an increasing number of multinational companies to boost their investments in trade in services business within the country, said Nie Pingxiang, a researcher specialising in trade in services at the Chinese Academy of International Trade and Economic Co-operation in Beijing.

To seek more growth points, China rolled out in April national and pilot free trade zone versions of negative lists for international trade in services, further liberalising its service sector and creating a more open and fair business environment.