

China's economic rebound to benefit the world

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FOCUS

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Bright start: Transport minister and MCA president, Datuk Seri Ir Dr Wee Ka Siong (centre, back row) flanked by co-founder and patron of WCES Tan Sri Lee Kim Yew on his right and WCES organising chairman Tan Sri Michael Yeoh on his left during the ribbon-cutting ceremony.

CHINA will provide business opportunities for the world as its economy rebounds strongly from Covid-19 crisis on the back of effective government policies and political commitment, according to prominent speakers at the World Chinese Economic Summit (WCES).

With surge in exports and investments, China will be the only major economy to post growth this year and its GDP is projected to grow at 2%, according to Zhang Xiaoqiang via zoom at the WCES hybrid conference held in Kuala Lumpur last Monday.

Speaking in Mandarin, the executive vice chairman cum CEO of the China Center for International Economic Exchanges said: "China's dual-circulation economic policy is meant to create win-win situation for China and the world. Its policies will provide business opportunities for the world."

The dual-circulation policy was formulated several months ago after the Trump administration imposed ban on Huawei and high-tech exports to China, which has hampered the business activities and growth of Chinese technology firms.

The dual-circulation policy covers two prongs: internally China wants local firms to innovate their technologies and products, supported by local demand to reduce foreign reliance; and externally, China continues to open up its domestic market for foreign goods and foreign investments.

While other countries are still combating Covid-19 pandemic and struggling to get their economies back on feet, China's economic rebound and effective policies have drawn more foreign direct investment (FDI) than the previous year.

And while UNCTAD expects global FDI flows to shrink by up to 40% in 2020 due to the Covid pandemic, FDI into China rose 6.3% year-on-year to 899.38 billion yuan in the first 11 months of 2020, according to official data.

The world's second largest economy expanded 4.9% in the third quarter compared to a year ago. The International Monetary Fund predicted in October China's GDP would expand 1.9% this year and growth would accelerate to 8.2% next year.

Zhang sees more business opportunities for Asean countries and the Chinese people around the globe as he outlined areas that could attract investment opportunities, with special mention on Hainan that is being developed as a free trade area and international tourism/medical hub.

"Chinese economic strategies next year will be important for all, in particular overseas Chinese. Capital from overseas Chinese account for half of China's FDI and I believe they will be winners," said Zhang.

He added China remembers that overseas Chinese were the first to invest in China and help in China's economic development after reformist leader Deng Xiaoping opened up the mainland in 1978.

"President Xi Jinping recently said overseas Chinese has provided the most important support for us to achieve China Dream," Zhang added.

When a former WCES forum was held in Chongqing (China) in 2015, the then Chinese Vice President in his address revealed that 60% of FDIs into China came from the global Chinese diaspora – a powerful economic force worldwide.

Zhang believes that China's trade and economic cooperation with Asean nations will be given greater focus after the signing of Regional Comprehensive Economic Partnership (RCEP), in which Asean nations are members.

"The RCEP's formation is good news for Chinese economy. It will lead to free trade and greater investment. As Asean's relation with China is friendly, it will benefit from China's policies," noted Zhang as he spoke from Beijing.

Asean has become the biggest trading bloc of China this year, after overtaking the US and EU. Despite the Covid-19 crisis, total China-Asean bilateral trade rose 5.6% year on year to US\$610bil for the first 11 months of 2020, according to a report by China's CGTN channel.



Prime minister Tan Sri Muhyiddin Yassin delivering his opening keynote address through video at the hybrid summit.

Concurring with the views of Zhang is Prof Dr Fan Gang, president of China Development Institute (CDI) and an influential economist.

He said: "With exports to Asean ranking as number one, China's cooperation with Asean is an important pillar for China's international cooperation."

Stating that China will continue with President Xi's Belt and Road Initiative (BRI), the head of China's independent think tank noted Beijing still has "a lot of work to do" after overcoming the Covid-19 crisis earlier this year.

China is now facing supply chain adjustment as substantial companies plan to relocate to other countries to achieve diversification, and the country has to do "a lot of catching up" in the development of technology.

Other challenges faced by the world's second largest economy include reforming its public health system, tackling trade war and economic decoupling with the US.

"We expect a lot of adjustments to be made in China, but we are determined to develop our economy further and continue to grow under the dual-circulation policy," said Prof Dr Fan.

Despite having gone through a difficult and tumultuous year, Beijing's leadership has given itself thumbs up for its performance this year when the top leaders conducted self-appraisal this month.

China has impressed the world for putting Covid-19 under control quickly and taking decisive actions to revive its economy, reported Xinhua on the government review of performance.

China has also scored highly in sci-tech innovations, opening-up and improving people's livelihood, added Xinhua in its report.

But to an outside observer like Malaysia's Prof Dr Chin Yew Sin, China has also made contributions to the world.

The advisor for One Road One Belt Association said at the conference: "China has given two gifts to the world: getting rid of abject poverty of 600 million people and introducing BRI.

"When China takes good care of its people, it will not create social problem for the world. And the BRI is a great manifestation of China helping other nations after its economy is strong."

Among the poor nations that have received extensive help from China in BRI projects are Pakistan, Africa, Laos, Cambodia and Myanmar.

Tan Sri Lee Kim Yew, founder and patron of WCES, was all praise for China's prompt action to help other nations with its masks and other personal protective equipment: "China's peaceful rise has contributed much to the world. Without the strong manufacturing and supply chain of China, what could have happened to the world in terms of Covid-19 casualty?"

As one of the topics of WCES 2020 conference was on BRI and sustainability in post-Covid new economy, green BRI had attracted new ideas.

Dr Guo Wanda, executive vice president of Beijing-based CDI, opined China now needs green BRI and a sustainable financing for BRI projects.

"We need a sustainable financing for BRI projects. This can be innovative, taking into consideration social responsibility and development needs."

Green expert Alexandra Boakes Tracy, president of Hong Kong's Hoi Ping Ventures, said the way forward for BRI is to ensure projects will not harm the environment, climate and biodiversity.

Her findings show that China is funding projects that are cutting through 21 protected areas in mainland South East Asia.

The expectations that future BRI projects should be green may not be far-fetched given that China is a party to the Paris Agreement, and President Xi had pledged in September that China would adopt more vigorous policies and measures to achieve carbon neutrality before 2060.

In the green aspect, China has also made some progress.

Independent Green BRI Center reported recently that China's climate change projects in Belt and Road nations "have made remarkable progress". In Jan-June 2020, BRI energy-related investments were climate-friendly for the first time, it said.

As President Xi and US president-elect Joe Biden are on the same wavelength on climate change, speakers see the possibility of Washington being able to work together with Beijing in future on green subjects and sustainability.

“We are seeing a reboot of de-globalisation. Everybody wants to work together, as in RCEP and APEC (Asia-Pacific Economic Cooperation). We are seeing multilateralism coming back,” said Dr Wang Huiyao, a state counsellor and chairman of Centre for China and Globalisation.

But green or not, the original objective of BRI to connect the world to facilitate movement of people and goods so that economic development could take place was emphasised by Prof Dr Kriengsak Chareonwongsak, a former Thai Member of Parliament and adviser to the Prime Minister.

“Connectivity is productivity. And this creates opportunities, particularly for Asean,” said the head of the Institute of Future Studies for Development.

He sees opportunities abound as China is now pushing for the development of smart cities, Health Silk Road and Tourism Silk Road.

According to a 2017 report by the Asian Development Bank, developing Asia will need to invest US\$1.7 trillion per year in infrastructure until 2030 to maintain its growth momentum, tackle poverty and respond to climate change.

The one-day conference also saw speakers sharing their views on opportunities from digitalisation, AI and blockchain in the new economy, with China embarking on a Digital Silk Road.

For WCES organising chairman Tan Sri Dr Michael Yeoh, the economic summit – with the theme “connecting business, promoting shared prosperity and sustainability in the post-Covid new economy – has achieved its objectives.

He said the conference has learnt about new opportunities in the new normal and cooperation between companies in China and Malaysia, and Asean.

“The participants were impressed by the Prime Minister’s commitment (in his opening address) to ensure Malaysia remain business-friendly to attract investments.

“It was also recognised that China should play a bigger role in assisting emerging countries cope with the new normal,” he told Sunday Star.