

# China's Economy and Reform Priorities

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**1.Economic Situation**

**2.Adjustment of Economic Structure**

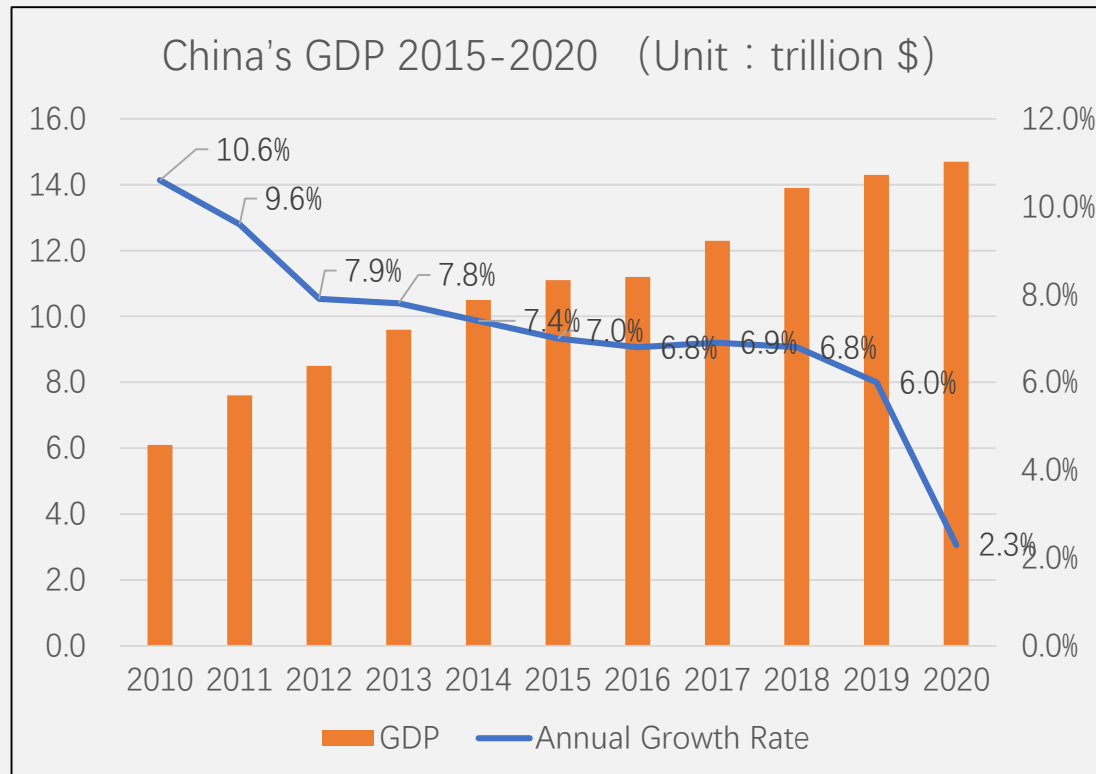
**3.Macroeconomic Policies**

**4.Reform Priorities**

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# Economic Situation

## 1.1 China's GDP in recent years

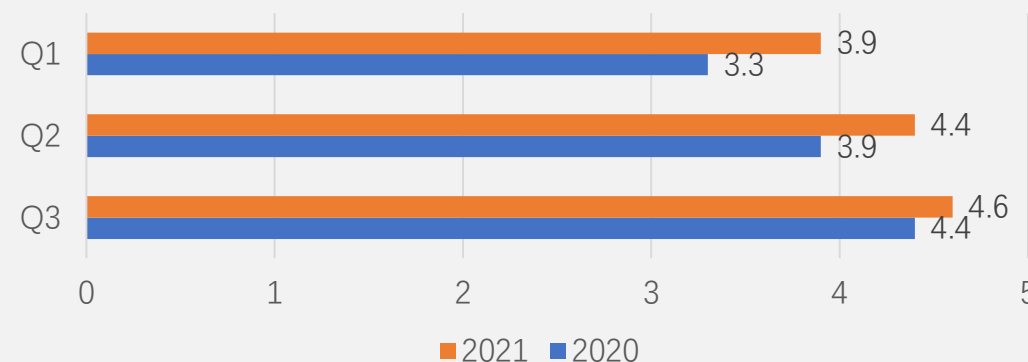


- Moving from high-speed development to high-quality development.
- Maintained steady growth above 6% before 2020.
- The only major economy reporting a positive growth in 2020.

## 1.1 China's GDP in 2021

- In 2021, the year-on-year growth rates in first three quarters are respectively 18.3%, 12.7%, 4.9%.
- The quarter-on-quarter growth rates in first three quarters are respectively 0.2%, 1.2%, 0.2%.
- The year-on-year GDP growth in the first three quarters reached 9.8%, and the two-year average growth during the same period was 5.2%.

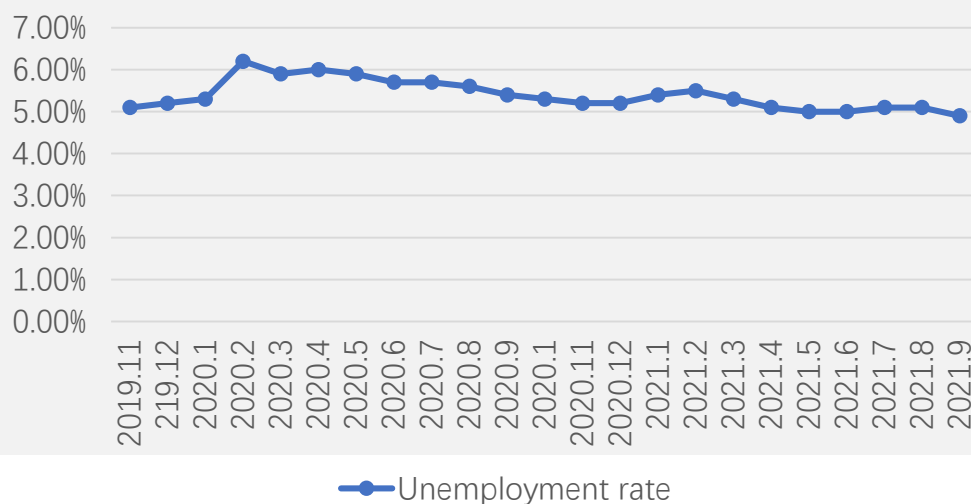
The comparison of GDP in the first three quarters between 2020 and 2021  
(Unit : trillion \$)



## 1.2 Major macroeconomic indicators

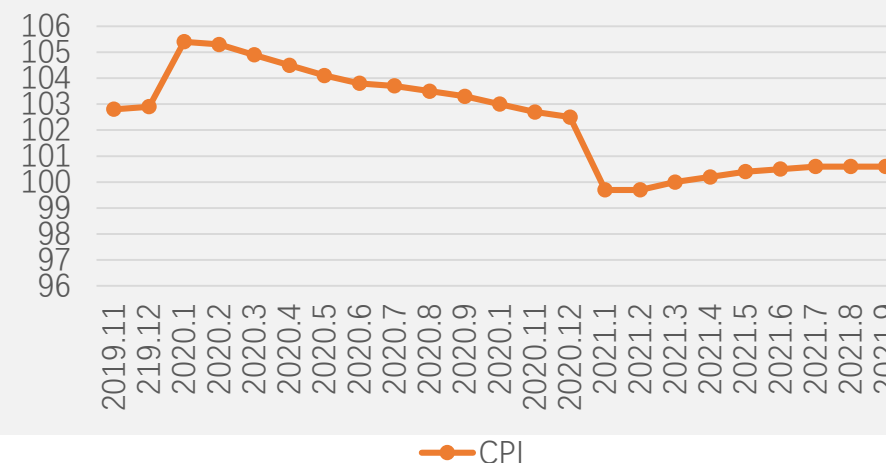
- The unemployment rate averaged around 5.2% in the first three quarters.
- Added an additional 10.45 million urban jobs.

Unemployment rate



- CPI grew by 0.6% in the first three quarters, lower than the around-3% target.
- PPI grew by 6.7%.

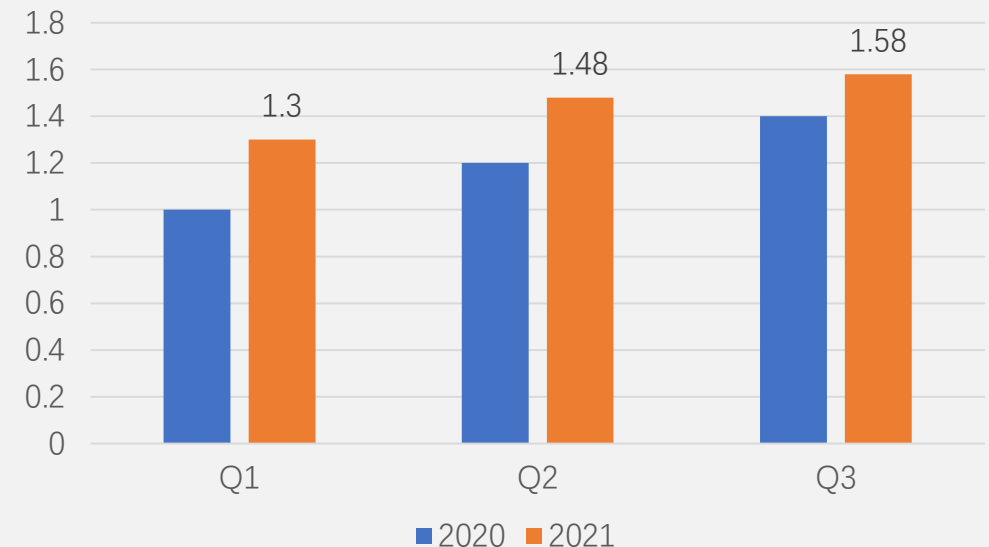
CPI



## 1.2 Major macroeconomic indicators

- China's trade in goods registered 4.43 trillion USD, a record high and representing a year-on-year increase of 22.7%.
- Trade with ASEAN, Japan and South Korea were respectively 639 billion USD, 27.9 billion USD and 26.6 billion USD.
- China secured a total foreign investment of 13.5 billion USD in the first three quarters, we remain the country with the largest FDI inflow.

The comparison of trade in the first three quarters between 2020 and 2021 (Unit : trillion \$)



## 1.2 Economic cooperation with BRI countries

- China's trade with participating countries of the Belt and Road Initiative has increased by 23.4% year-on-year.
- Our non-financial direct investment in 56 BRI countries increased by 14.2% year-on-year and accounted for 18.4% of our total outbound investment during the same period.
- Most of the investment went to regional economies including Singapore, Indonesia, Vietnam and Malaysia.





## 1.3 The outlook of China's economy

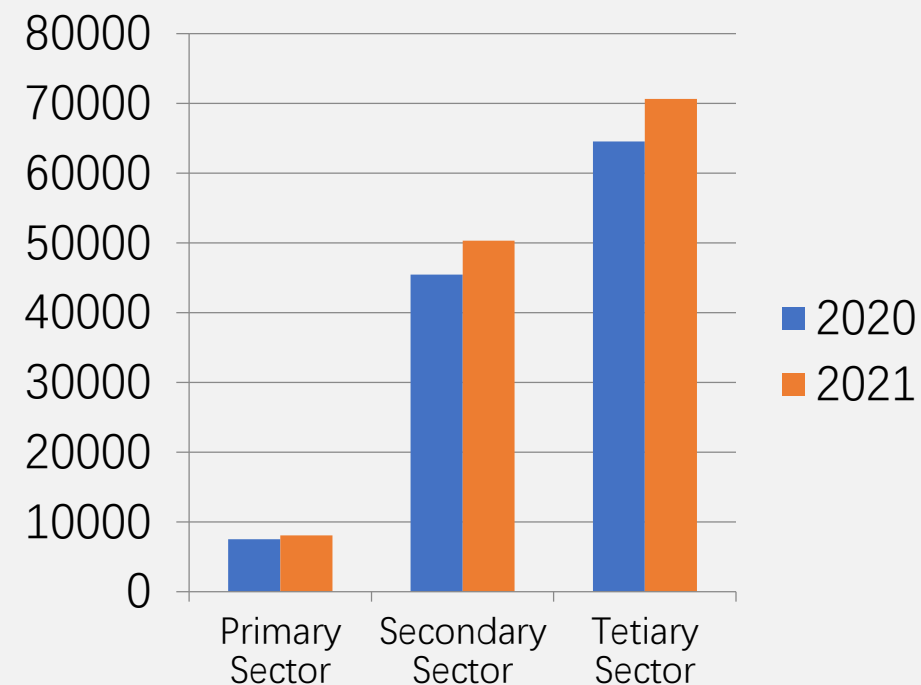
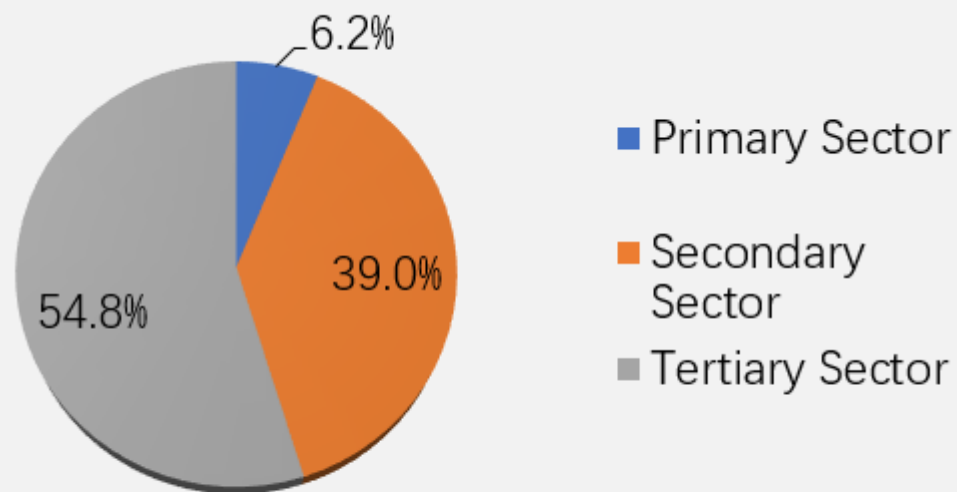
Organizations	Issue date	Global GDP		China's GDP		US' GDP	
		2021	2022	2021	2022	2021	2022
IMF	Oct	5.9%	4.9%	8.0%	5.6%	6.0%	5.2%
OECD	Sep	5.7%	4.5%	8.5%	5.8%	6.0%	3.9%
WB	Oct	5.7%	4.4%	8.5%	5.4%	6.8%	4.2%
ADB	Sep	-	-	8.1%	5.5%	-	-

- China is fully capable of delivering our economic and social development goals set for the year.
- We expect to see the speed of growth returning to the potential growth rate of 5.5% in 2022.

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# Adjustment of Economic Structure

## 2.1 China's economic structure



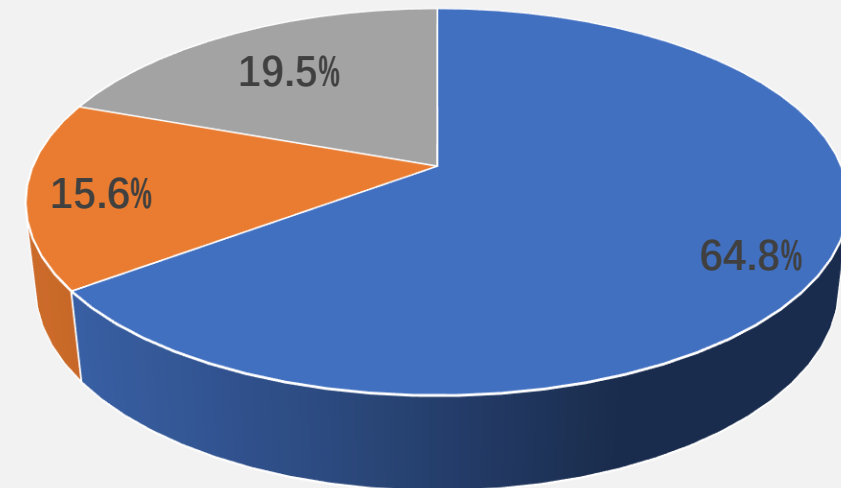
### On the supply side

- The share of manufacturing in the economy increased slightly to 27.4%.
- The service sector contributed 54.2% to growth in the first three quarters.
- The three sectors' shares in the economy were 6.2%, 39% and 54.8% respectively.

## 2.2 China' s economic structure

### On the demand side

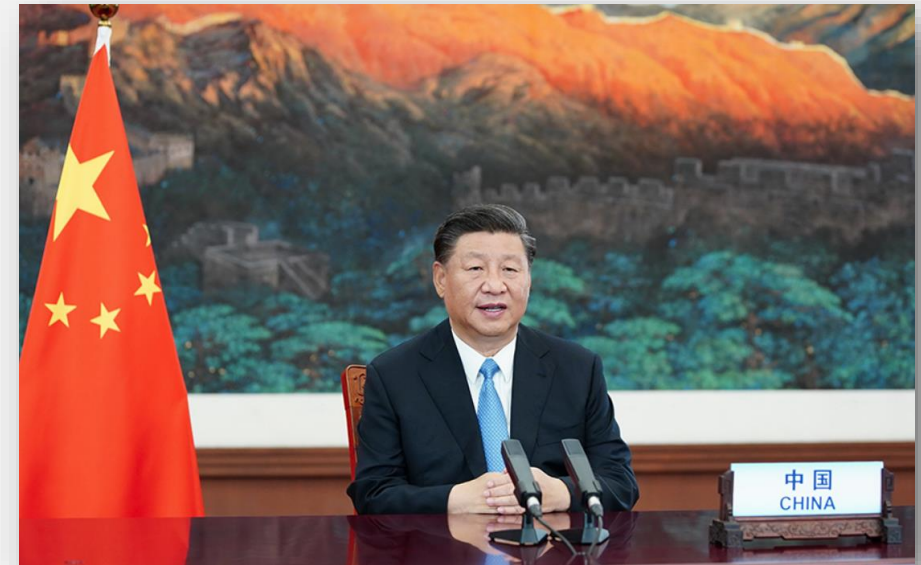
- China' s total social retail sales of consumer goods, fixed-asset investment and trade in goods increased reached 16.4%, 7.3% and 22.7% year-on-year.
- Final consumption, capital formation and trade in goods and services respectively contributed 64.8%, 15.6% and 19.5% to China' s total growth.



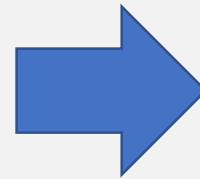
- Final consumption
- Capital formation
- Trade in goods and services

## 2.3 China' s green transition

- President Xi committed China to achieving carbon peaking by 2030 and carbon neutrality by 2060.
- We have made the *Action Plan for Achieving Carbon Peaking by 2030*.
- Speeding up our efforts to develop implementation plans for key areas and industries.



## 2.3 China's green transition



We have brought down energy intensity by 2.3% year-on-year, 0.3 percentage points higher than the decline achieved in the first half of the year.

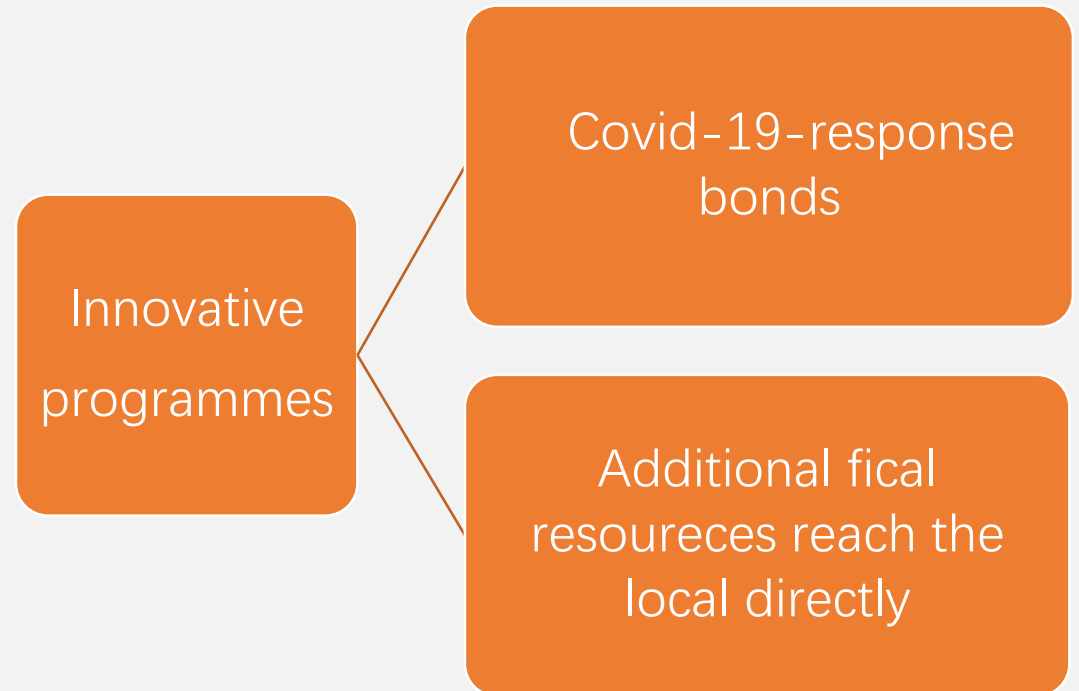
As of 2020, China has shut down over 100 million kilowatts of outdated coal-fired power generating capacity. Coal-fired power as a share of installed power generation capacity dropped to below 50%, meaning coal is no longer the main source of additional power generated each year.

A white number '3' centered within a blue and orange gradient square that has a slight 3D effect.

# Macroeconomic Policies

## 3.1 Fiscal policies

- We have budgeted 3.9 trillion USD for fiscal spending for fiscal year 2021, an increase of 1.8% year-on-year.
- we set a reasonable target for deficit-to-GDP ratio, which is around 3.2%.
- we will continue to cut taxes and fees. During the 13th five-year period, China cut a total amount of taxes and fees worth 1.2 trillion USD.





## 3.2 Monetary policies

- China will focus its monetary policy on stabilizing banks' financing costs.
- Helping small and micro businesses bring down total financing costs and incentivizing financial institutions to provide more support.
- Stepping up macro-prudential management of cross-border capital flows.
- Ensuring RMB' s foreign exchange rate stabilizes at a reasonable equilibrium level.



# Reform Priorities

## China's reform priorities (to name a few)



**Thanks !**