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Crawford School Dialogue

Asia's Economic Transformation:

Implications for Australia

Presented by the Arndt-Corden Department of Economics and the Crawford School

Tuesday, 12 March, 2011

Weston Theatre, J G Crawford Building 132, Lennox Crossing, ANU



The Chinese Economic Transformation: Performance, Challenges and Implications

Ligang Song

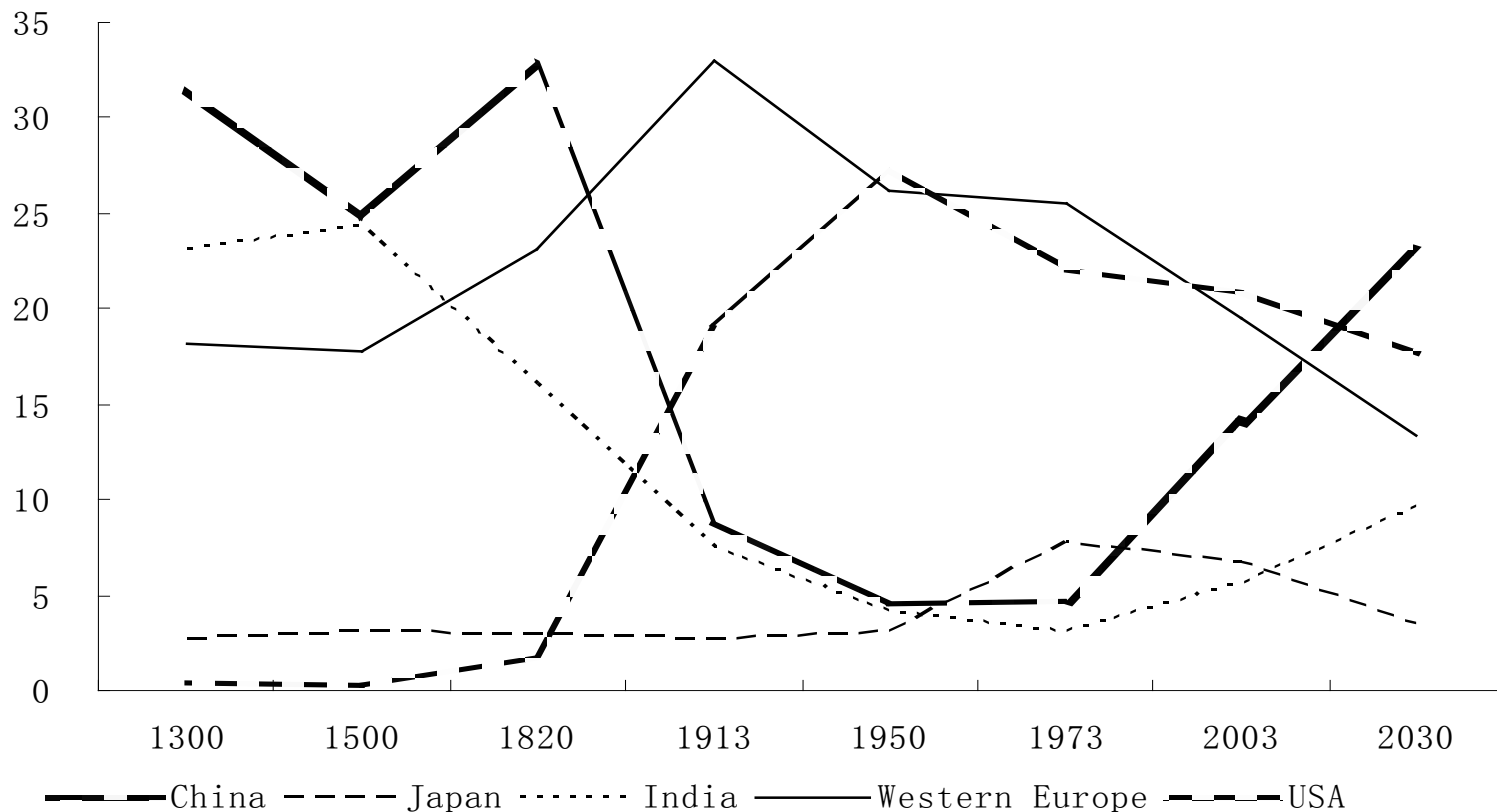
Crawford School of Economics and Government

Content

- Significance
- Performance
- Impacts
- Challenges
- Strategies
- Implications

Significance: China's rise, fall and rise again

Figure 1 Changing GDP shares in the world: China and the major economies: 1300-2030 (per cent, based on 1990 international dollar)



Performance

- Rapid economic growth
- Rising per capita income
- Urbanisation and migration
- Industrialisation
- Trade-orientation
- Poverty reduction
- Determinants of growth

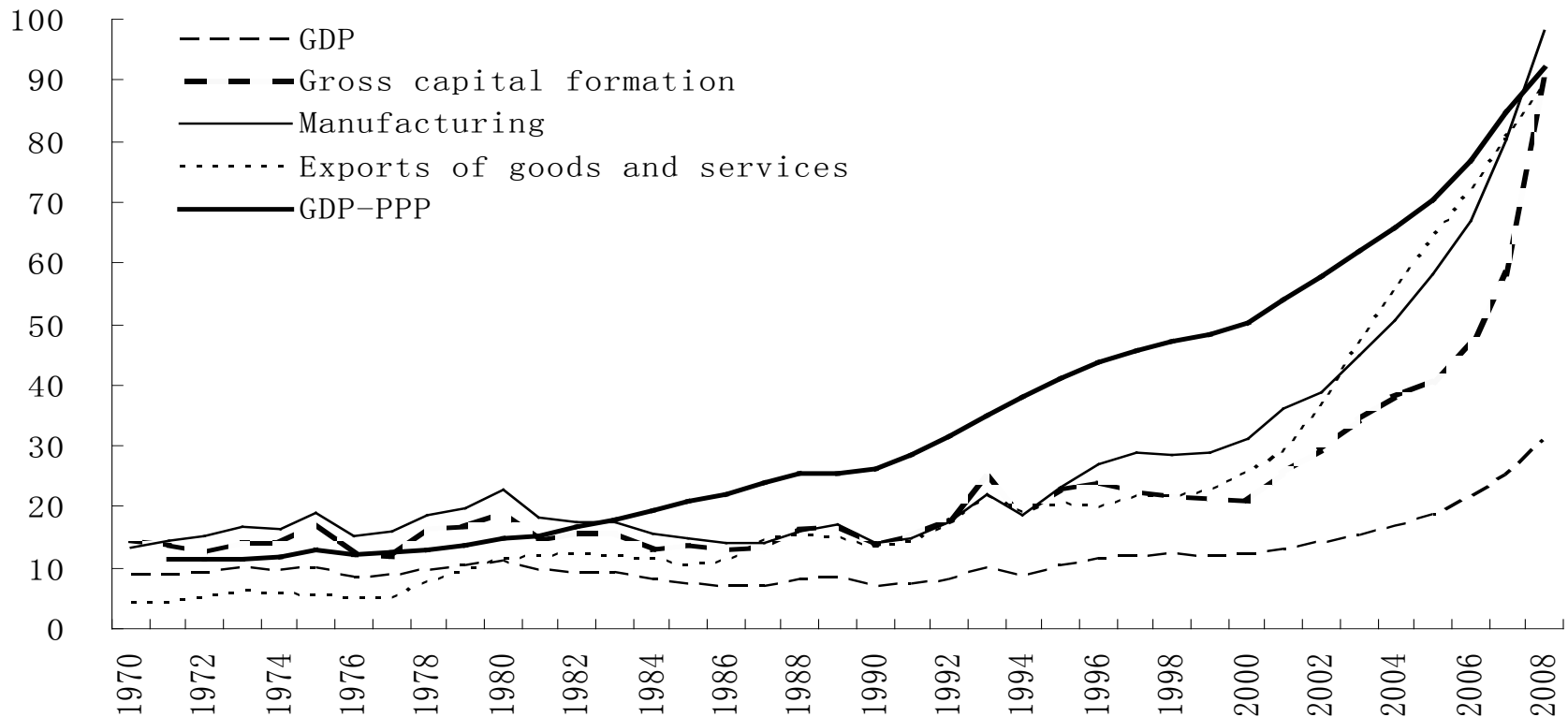
Impacts

- Size
- Production
- Trade
- Capital
- Commodity price
- Emission
- Macroeconomic link

China's catching up

Figure 4 Ratios of China to the United States of the key measurements: 1970-2008

(per cent, taking the US as 100)



Consumption of key energy and metals

Table 5 China's consumption of key energy and metals and their shares in the world

	2009	2009	2009	2008	2008
	Oil (Million tonnes)	Coal (Million tonnes of oil equivalent)	Steel (million metric tonnes of finished steel products)	Copper (10 thousand tonnes)	Aluminum (10 thousand tonnes)
China	405	1537	542	481	1260
World	3882	3278	1121	1803	3817
China's share in the world (%)	10.4	46.9	48.4	26.7	33.0

Challenges

- The global imbalances
- The aging society
- The environmental challenge
- The equity consideration
- The macroeconomic stability
- The institutional change
- The global governance

Strategies

- Investment versus consumption
- Export orientation and domestic demand
- Structural change and adjustment
- Market-oriented reform and institutional change
- Technological progress
- The efficient, sustainable and equitable considerations
- The role in reforming the global governance

Warning on globalisation

- ‘If anything, history suggests that globalisation is a fragile and easily reversible process, with implications not just for international trade, but for the international division of labour and economic growth as well’

Findlay and O’Rourke (2007, p. 535).

The 12th Five-Year Plan (2011-2015)

- Setting a growth target of 7 per cent per annum
- Increasing the urbanisation rate to 51.5 per cent (up by 4 percentage points)
- Lifting the service sector's share in GDP to 47 per cent (up by 4 percentage points),
- Creating 45 million new jobs in urban areas
- Increasing R&D expenditure in GDP to 2.2 per cent
- Cutting energy consumption per unit of GDP by 16 per cent
- Cutting carbon emission per unit of GDP by 17 per cent.

Implications for Australia

- Growth
- Resource
- Investment
- Agriculture
- Services
- Tourism
- Cooperation