

Panel: China's Economy (Lilac & Tulip Room)

Date/Time: Wednesday, December 12, 2012 / 13:45-15:00

Talking Points for: Shen Zhihua, Director, Teaching and Research Section of Economics, PLA National Defense University

The 18th National Congress of the Communist Party of China has been held in November of this year, in which the new leaders have been elected and the new thoughts about economic development have been formed.

Especially, these new thoughts are based on the new judgment of the current domestic and foreign situations. On one hand, if we observe the domestic situations in China, we can find that the Chinese society has entered the stage of people demand upgradation, middle income trap, labor supply decrease and social contradiction emergence. On the other hand, if we look through the international situations after the financial crisis, we can find some new changes: (1) the world economy is in trouble and the global demand is reversing; (2) re-industrialization in developed countries leads more intense competition in international market; (3) industrial restructuring becomes the trend of the times and the traditional economy is facing serious threat; (4) the emergence of new trade protectionism makes the international trade situations more and more complex. Facing such realities, the old idea of development has been difficult to sustain, and we need to seek new development thoughts.

Based on these changes, our government puts forward that China must form new mode of economic development and turn the foothold of development to the improvement of quality and efficiency. Specifically, we should make economic development rely more on the pull of domestic demand (especially consumption demand), rely more on the drive of modern service industry and strategic emerging industries, rely more on the drive of scientific and technological progress, improving quality of workers and management innovation, rely more on the drive of resource conservation and recycling economy and rely more on the coordination and interaction of urban and rural development.

*** The views expressed herein do not necessarily reflect the views of the Asan Institute for Policy Studies.**