

# China's Economy: 2021 – 2025

At the International Financial Symposium  
hosted by the Institute for International Monetary Affairs

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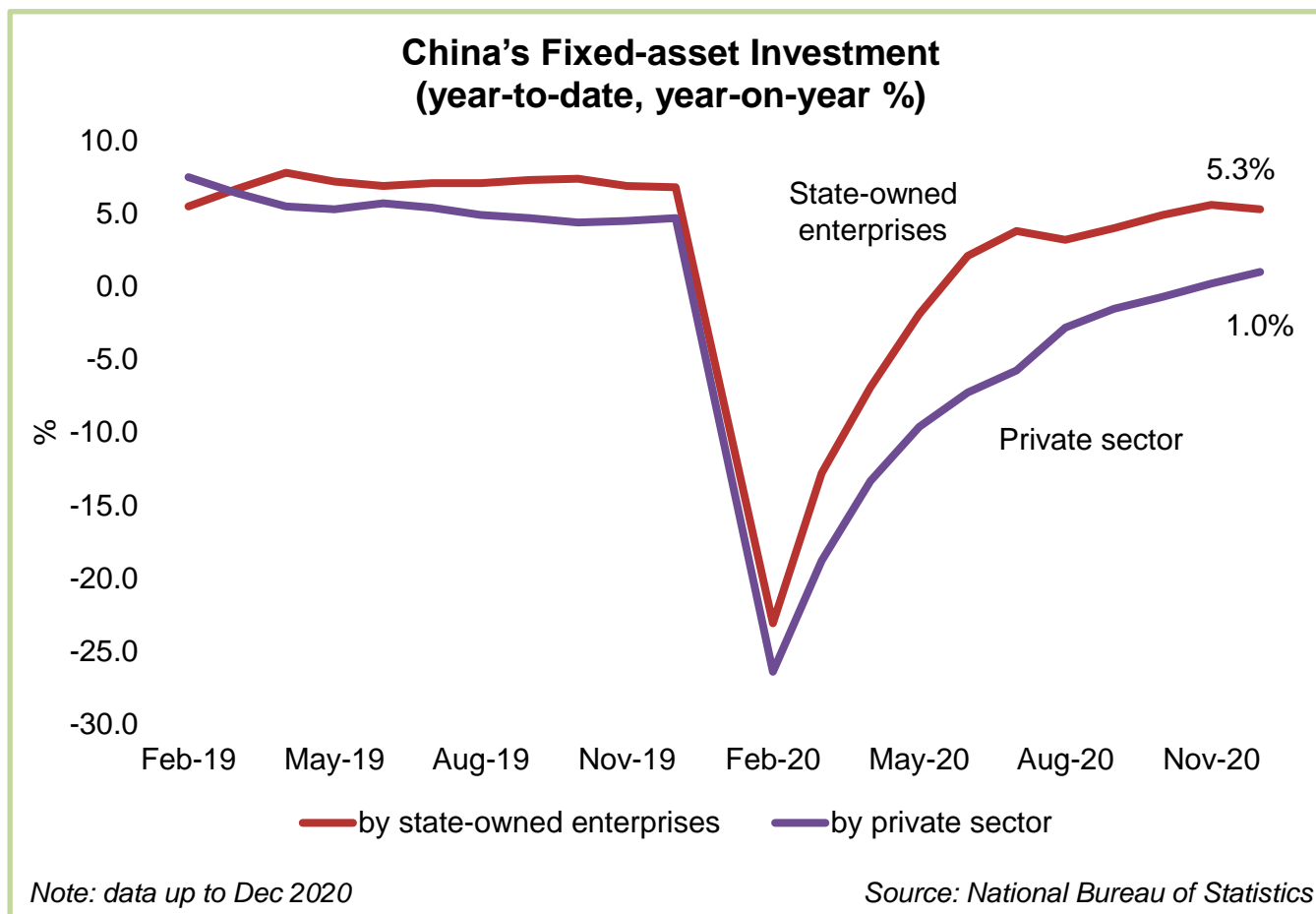
## China's economic recovery from Covid-19 continues...

- ❖ Growth likely to accelerate in 2021 from a low base



...driven by policy stimulus

❖ SOE investment growth outpaces private sector investment growth



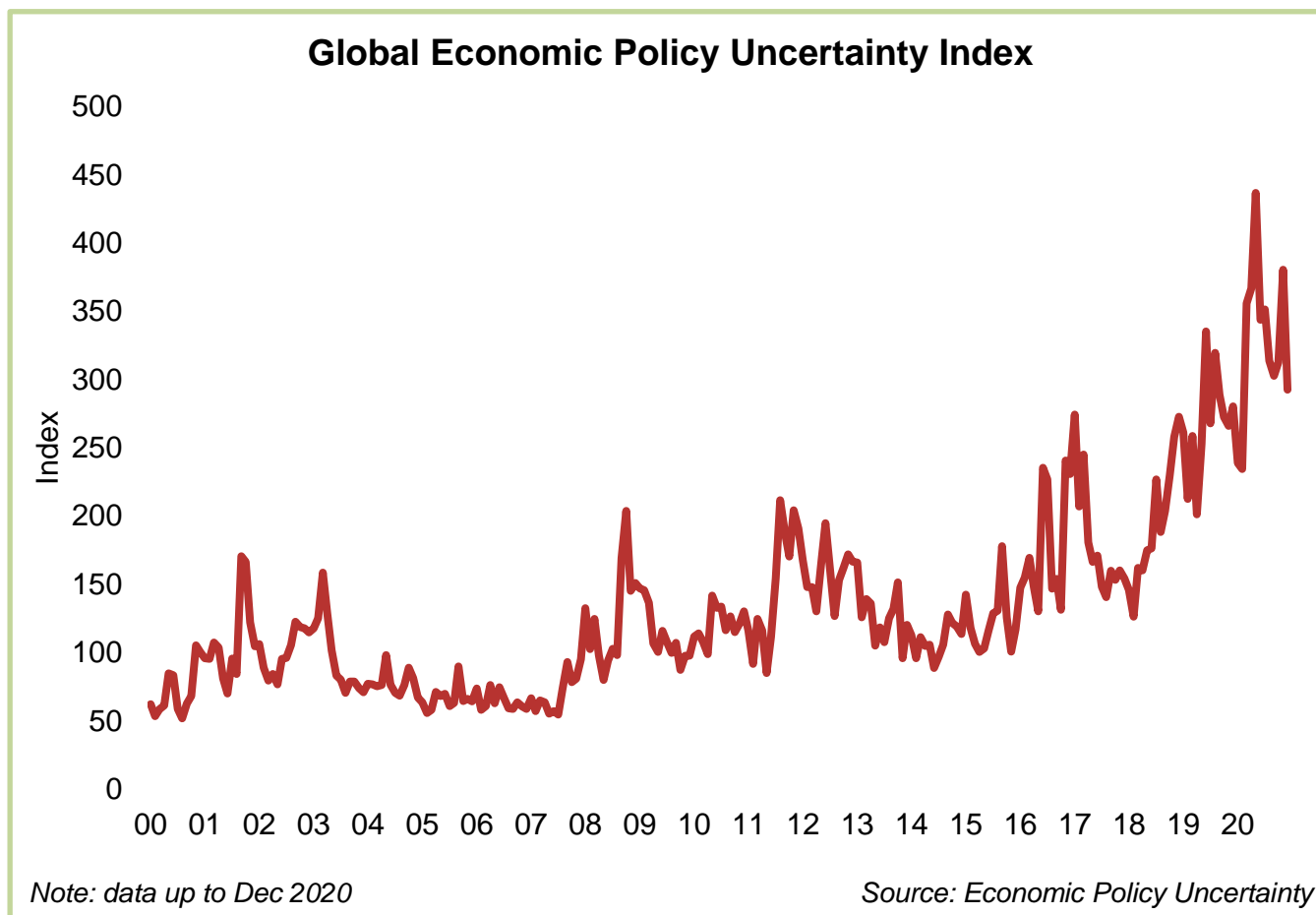
## Consumer spending is relatively soft

- ❖ Rising slower than production since the recovery



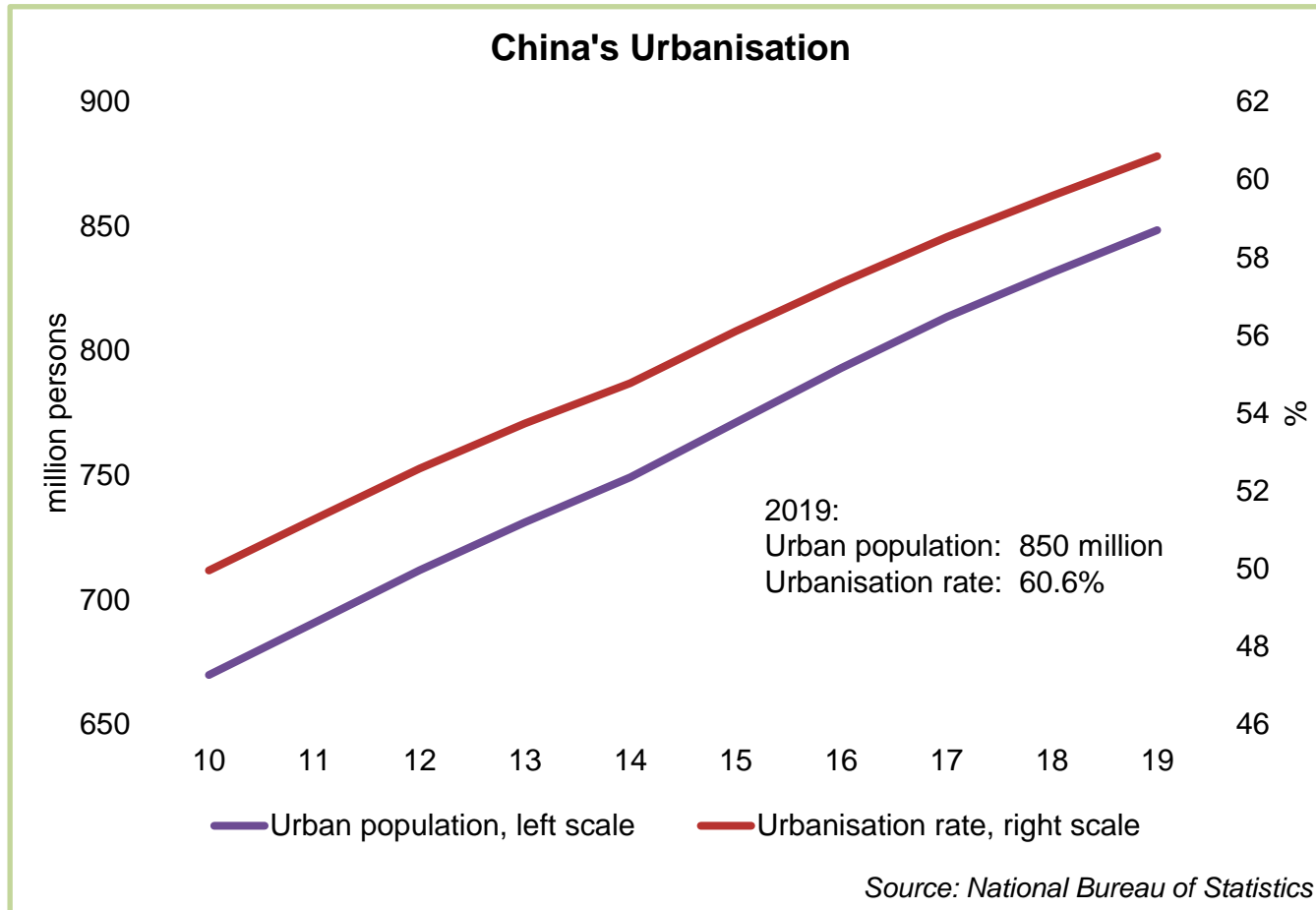
## Government is promoting consumption through an “internal circulation”

- ❖ Amid elevated global trade and policy uncertainty



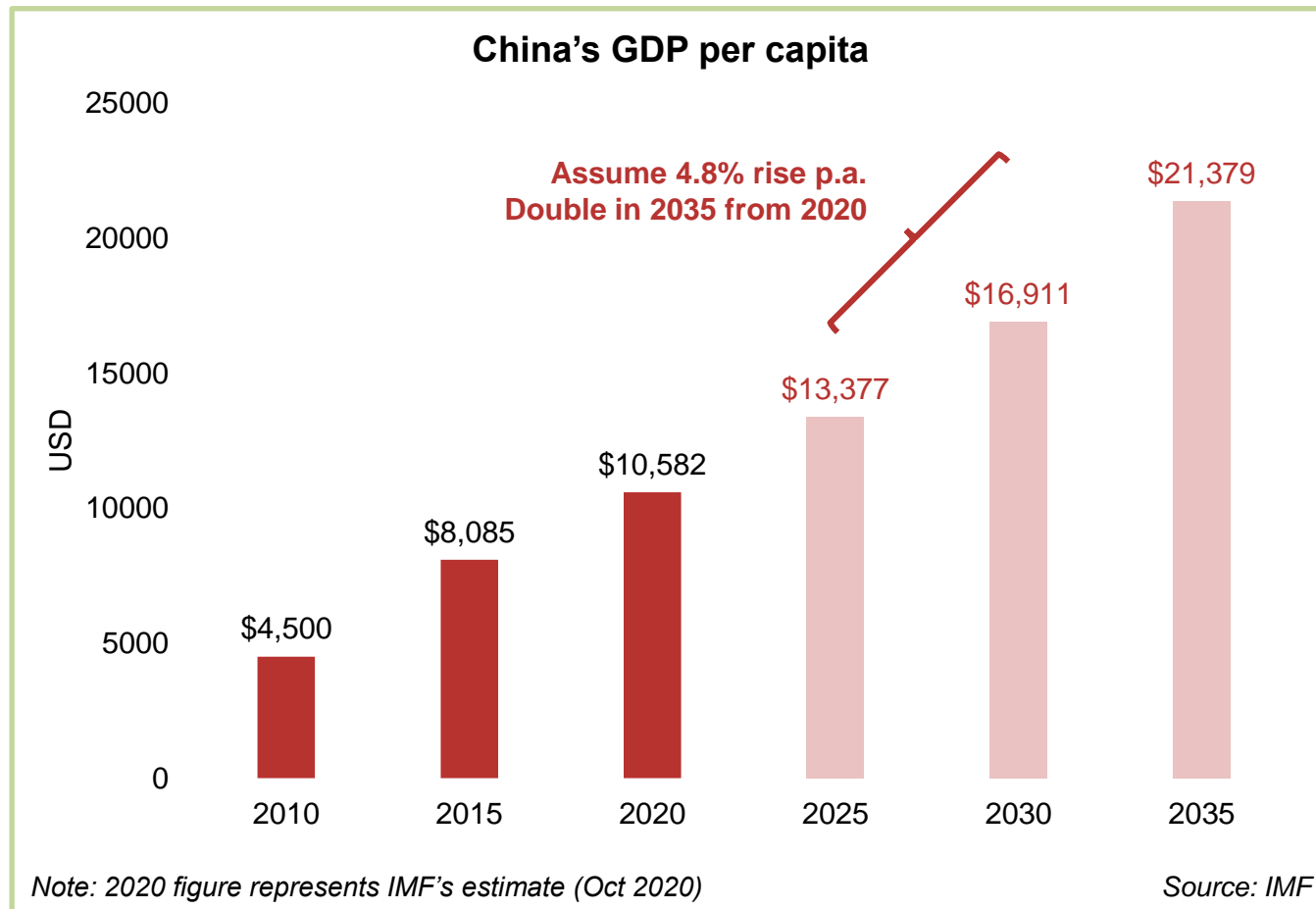
## Continuing urbanisation offers a growing consumer market

- ❖ Size of urban population comparable to the US & Europe combined



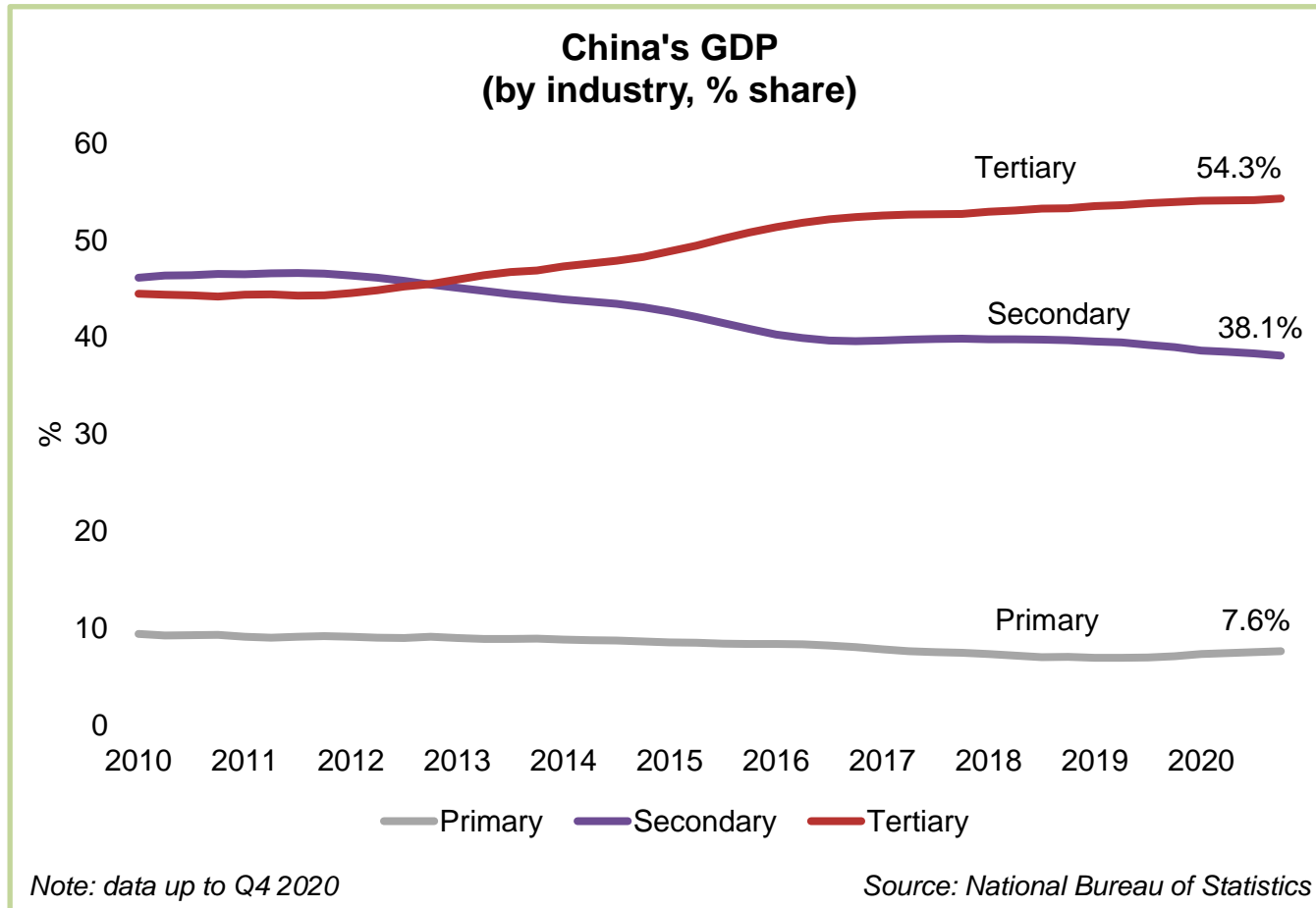
## Government looks to boost the middle class

- ❖ China may double the size of its economy and income per capita by 2035



## Services replaces production as major growth driver...

- ❖ China is shifting to a growth model relying more on consumption & services





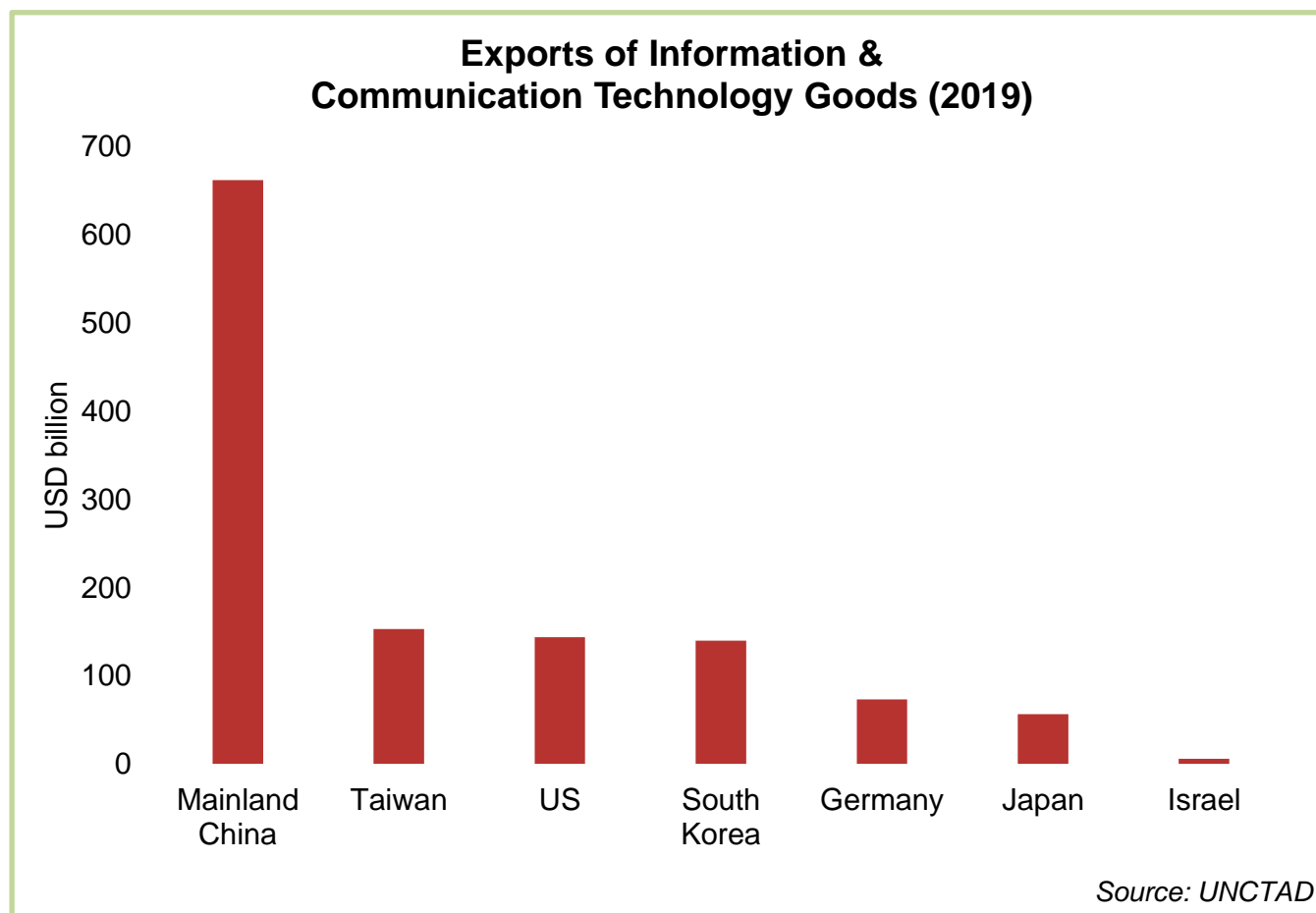
...while industrial upgrade & high-end manufacturing gather pace

❖ Rising costs drive manufacturers to pursue higher value-added products



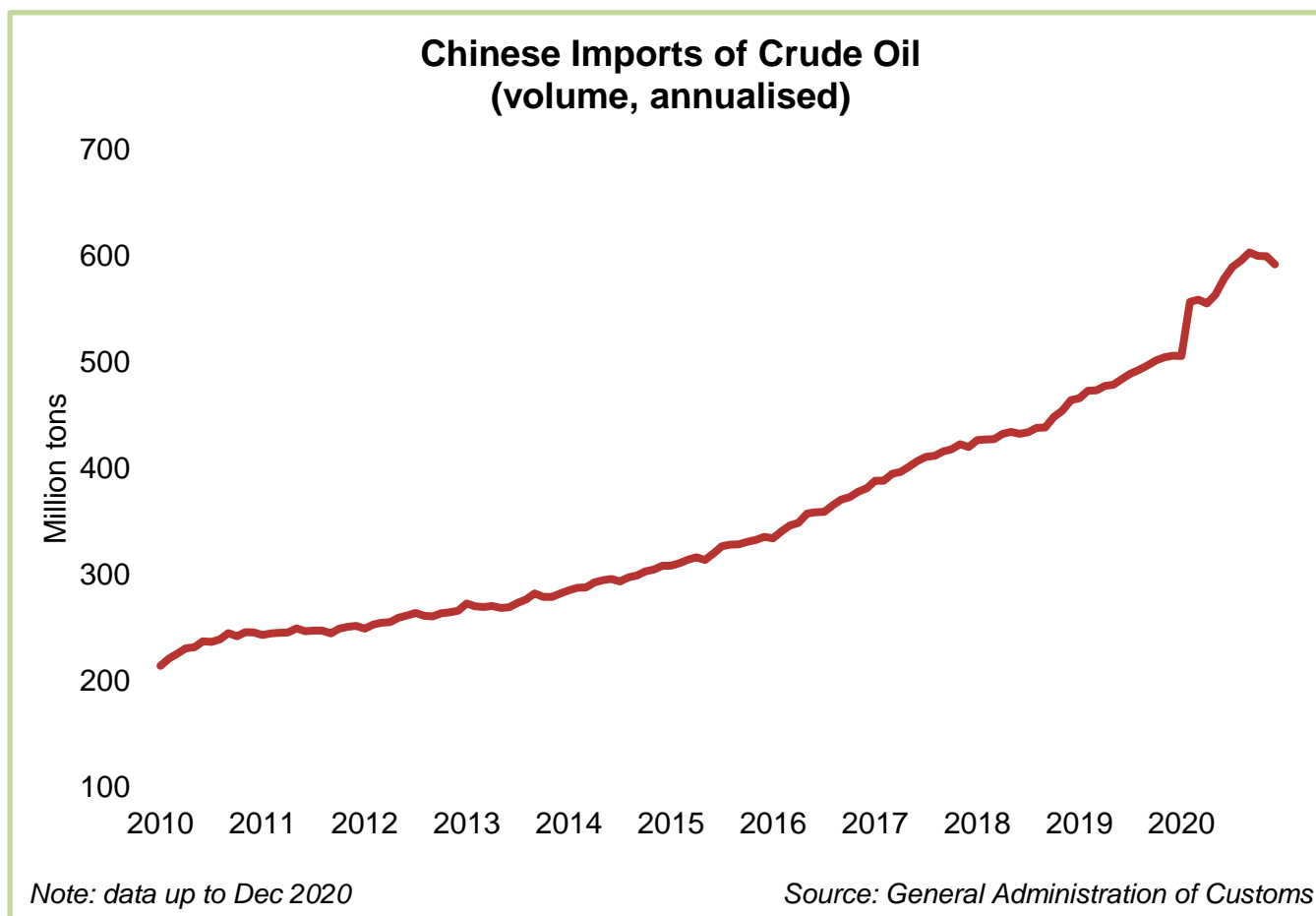
## China is a dominant component supplier

- ❖ It has increased its share of global exports in electronics, vehicles & parts



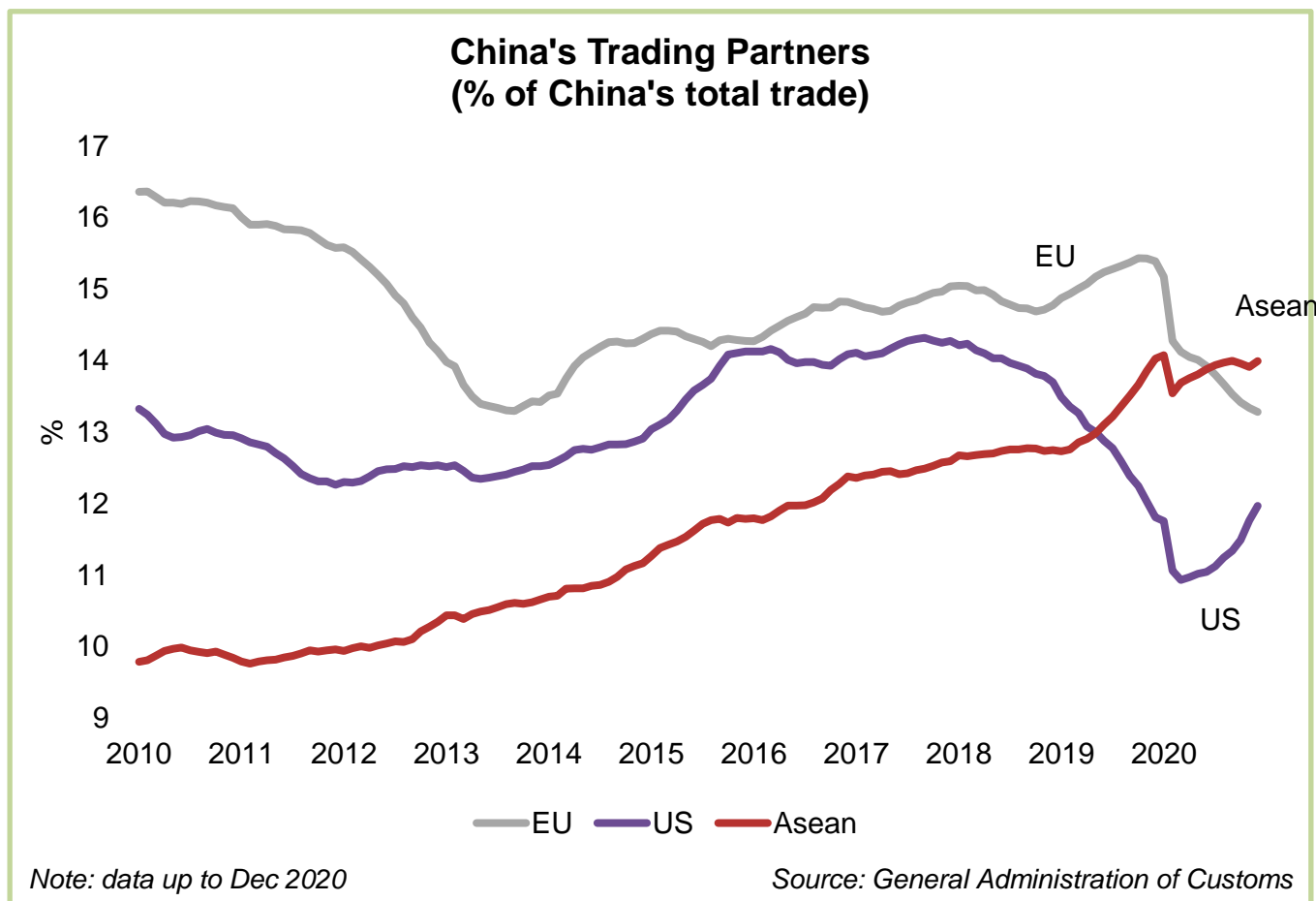
## It steps up push into renewable energy to drive sustainable growth

- ❖ China aims to be carbon-neutral by 2060, reducing reliance on imports of oil



## Uncertainty over China-US relations remains...

- ❖ ...but the Asean region has now become China's biggest trading partner



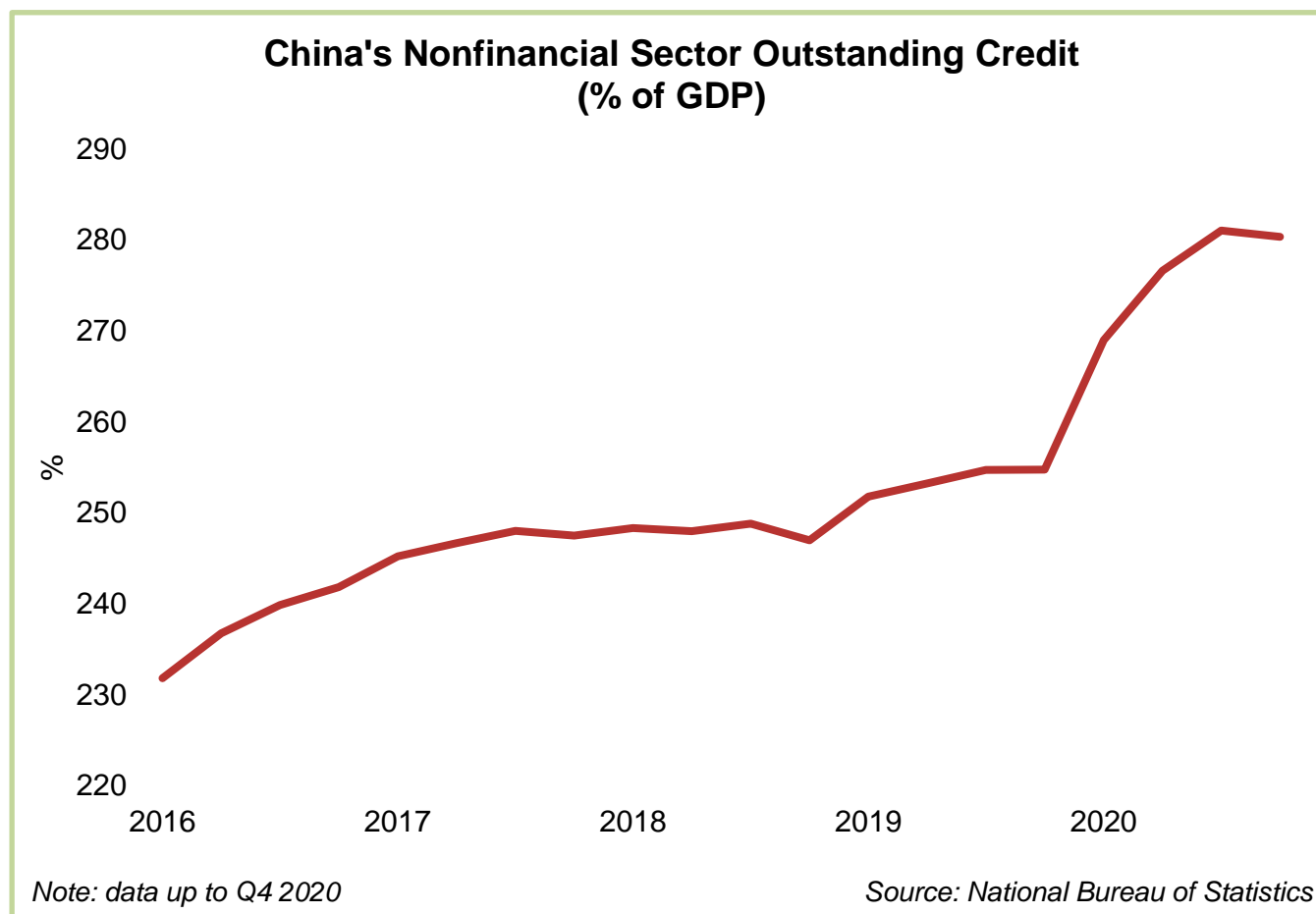
## Income inequality persists

- ❖ Income gap widens in dollar terms, though slightly declines in terms of ratio



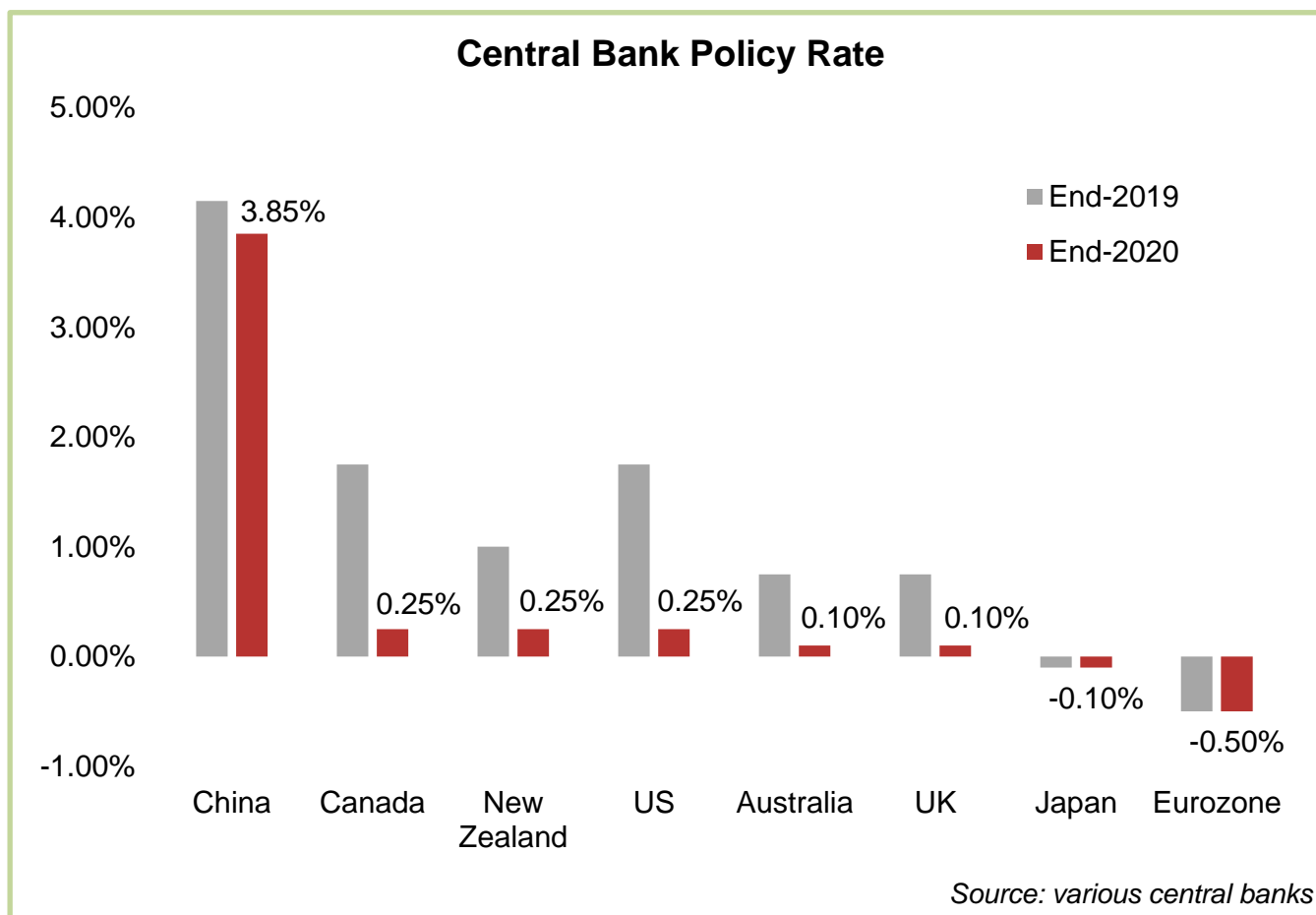
## Rising debt poses risks to financial markets

- ❖ PBOC may hold off adding liquidity to markets if recovery gathers steam



## There remains room for further stimulus

- ❖ China is the only major economy that has yet to apply quantitative easing



# Thank you!

## Acknowledgement

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