

China Macroeconomic Fundamentals

Suzhou, 2017

Key figures for China in 2016

- GDP: 11.20 trillion US dollars, with a growth rate of 6.7 percent, which meets the goal of medium-to-high economic growth set by the Chinese government.
- The value added of the primary industry accounted for 8.6 percent of the GDP; that of the secondary industry accounted for 39.8 percent; and that of the tertiary industry accounted for 51.6 percent, 1.4 percentage points higher than in the previous year.
- The total value added of the industrial sector increased by 6 percent over the previous year. The profits made by industrial enterprises above the designated size in 2016 were up by 8.5 percent over the previous year.
- The total value of imports and exports of goods in 2016 reached 3.65 trillion US dollars, down by 0.9 percent over the previous year. The deficit of exports minus imports of services was 1.71 trillion yuan.

Source: Xinhua News Agency

Belt and Road Initiative

- The Belt and Road Initiative, first launched in 2013 as “One Belt and One Road,” is China’s proposal to build a Silk Road Economic Belt and a 21st Century Maritime Silk Road in cooperation with countries along the old Silk Road through the continents of Asia, Europe and Africa.
- The initiative focuses on promoting policy coordination, the connectivity of infrastructure and facilities, unimpeded trade, financial integration, and closer people-to-people ties through extensive consultation, joint contributions and shared benefits, with the goal of bringing benefits to all.

- By the end of 2016, over 100 countries and international and regional organizations had expressed an interest in participating, and more than 40 of them had signed cooperation agreements with China.
- Since 2013, China has invested more than 50 billion US dollars in countries along the Belt and Road. In 2016 alone, direct investment reached 14.5 billion US dollars, or 8.5 percent of China's total outbound investment.
- China hosted the Belt and Road Forum for International Cooperation (BRF) in Beijing on May 14-15, 2017. BRF has attracted the largest number of foreign dignitaries to Beijing since the Olympic Games in 2008.

Source: Xinhua News Agency

China's supply-side structural reform

- China's three decades of rapid growth were fueled by capital investment, exports and consumption, usually thought of as being on the demand side. As China strives to sustain growth, supply-side reform is considered an innovative move to guide the world's second-largest economy into the "new normal" and a proactive decision to make it more globally competitive.
- Target: Further shifting China's focus to quality rather than quantity in terms of the economy; a supply-side structural reform is attaching greater importance to structural adjustments and innovations in technology and the system in a bid to make the economic structure more efficient.
- Key: Stimulating business through tax cuts, entrepreneurship and innovation while phasing out excess capacity resulting from the previous stimulus. Such measures are intended to increase the supply of goods and services, consequently lowering prices and boosting consumption.
- China's concrete supply-side reforms: Cutting housing inventories, tackling debt overhang, eliminating superfluous industrial capacity, cutting business costs, streamlining bureaucracy, promoting urbanization and abandoning the one-child policy are all examples of supply-side reforms.

Source: Xinhua News Agency

China's growing digital economy

- The digital economy, also known as the Internet economy, is based on digital computing technologies, comprising new business models such as e-commerce, cloud computing and payment services.
- China's digital economy grew significantly faster than the overall economy, becoming one of the country's major economic contributors. It surged 18.9



percent to 3.35 trillion US dollars in 2016. The digital economy accounted for 30.3 percent of China's GDP over the year. Taking its spillover effect into account, the digital economy contributed 69.9 percent to GDP in 2016.

- China has made a point of promoting the digital economy as part of its measures to upgrade the economy. At the governmental level, the central and local governments had identified the growth of the digital economy as an outstanding result of the "Internet+" strategy.

Source: 2017 China Digital Economic Development Whitepaper by China Academy of Information and Communications Technology (CAICT) and Ministry of Industry and Information Technology (MIIT)