Asia’s Economic Transformation: Implications for Australia
Presented by the Arndt-Corden Department of Economics and the Crawford School

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Weston Theatre, J G Crawford Building 132, Lennox Crossing, ANU
The Chinese Economic Transformation: Performance, Challenges and Implications

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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

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<tbody>
<tr>
<td><strong>Oil (Million tones)</strong></td>
<td>405</td>
<td>1537</td>
<td>542</td>
<td>481</td>
<td>1260</td>
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<tr>
<td><strong>Coal (Million tonnes of oil equivalent)</strong></td>
<td>3882</td>
<td>3278</td>
<td>1121</td>
<td>1803</td>
<td>3817</td>
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<tr>
<td><strong>Steel (million metric tonnes of finished steel products)</strong></td>
<td>10.4</td>
<td>46.9</td>
<td>48.4</td>
<td>26.7</td>
<td>33.0</td>
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<td><strong>Copper (10 thousand tonnes)</strong></td>
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<td><strong>Aluminum (10 thousand tonnes)</strong></td>
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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’

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