

China's Economy Shows Strong Resilience

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China's better-than-expected economic performance in the first half of this year was applauded by overseas organizations who believe that China will continue to be a stabilizer of the global economy. Analysts pointed out that China's satisfactory answer sheet on the economy is closely related to its strong resilience.

In the first half of the year, China posted a forecast-beating GDP increase of 6.9 percent, higher than the global average.

Global expectations on China's economic performance are high. The International Monetary Fund (IMF) raised China's 2017 growth forecast to 6.7 percent, its third increase this year. Bloomberg projected China's GDP in the third and fourth quarters at 6.6 and 6.7 percent respectively, both projections 0.1 percent higher than its previous forecasts.

The Standard Chartered Bank revised China's growth this year from 6.6 percent up to 6.8 percent, saying China will achieve an accelerated annual growth for the first time since 2010.

The more resilient economy results from an optimized structure bolstered by further expansion of the consumer market and the services sector. According to a report by the Boston Consulting Group (BCG), China's consumer market is growing by 10 percent a year on average, faster than in any other country.

In the first half year, final consumption expenditures contributed 63.4 percent and the services industry contributed 59.1 percent to economic growth. The continuation of consumption's fundamental role and the service industry's role as a main engine of growth is vital to China's economic resilience.

Bob Carr, director of the Australia-China Relations Institute, thinks consumption is relatively sticky and stable. Final consumption, as the largest contributor to GDP growth, has further stabilized China's economic growth, he said.

China has a burgeoning middle class and it is estimated an additional 850 million people will join in the middle class by 2030, Carr said. By then, China's spending will reach \$14.3 trillion, accounting for 22 percent of the global total, higher than that of the US at 7 percent, he continued.

The emergence of new impetus produces economic resilience as well. The implementation of the strategy of innovation-driven development since the beginning of this year has fostered new technologies, new industries and new forms of business. The rise of new impetus represented by strategic new industries and sharing economy has become new

growth drivers.

European think tank Bruegel holds that China is now speeding up to surpass many developed countries in terms of scientific innovation.

According to a recent study by Bruegel, China has already spent more on research and development, as a percentage of GDP, than the European Union, and it now produces as many scientific publications as the US and more PhDs in natural sciences and engineering.

Bruegel believes China is fully capable of becoming a leader in scientific innovation and pushing forward a multi-polarized global scientific research pattern by 2050.

China's economic resilience cannot be achieved without sound fundamentals. As the largest developing country and the second-largest economy in the world, China is in the process of new-type industrialization, informatization, urbanization and agricultural modernization.

The country's solid material foundation, abundant human resources and vast market potential will continue to provide a sound basis and condition for sustained economic growth.

Supply-side structural reform facilitates economic resilience as well. The reform has promoted economic transformation, stimulated vitality, defused risks and boosted confidence.

In the first half of 2017, about 16,000 new businesses were registered every day on average, more than two times before China's business system reform, strongly driving innovation and entrepreneurship.

In the second quarter, the prosperity index among small and micro enterprises reached 96.5 percent, the highest in the past two years. A 6.9 percent increase in above-scale industrial added value was registered, the best performance since 2015, indicating that policies to support the development of the real economy have begun to yield results and the quality of development has been improved.

Deloitte said in a report that the Chinese government is proactively taking measures to meet the challenges brought by urbanization and aging of population, forging "one-hour economic circles" to strengthen transportation and trade links between rural and urban areas.

The country is also accelerating development of pension and medical services and exploring development opportunities as the population ages rapidly. In addition, it is also devoted to automation and artificial intelligence as a way to pursue the transformation from a labor-intensive goods exporter to a high value manufacturing country.

As the Forbes pointed out, "The China miracle isn't over -It has entered its second phase."

Translated from Chinese

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