

Changes in Global Economic Patterns and Impacts on International Relations

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国际经济格局变化 对国际关系的影响

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*本文仅代表作者个人意见, 并不必然反映与作者相关的各机构的观点。

Changes in Global Economic Patterns: Introduction

- ◆ The Major Changes in the Past Decade:
 - ◆ The Emergence of the Chinese Economy
 - ◆ The Partial De-Coupling of East Asia
 - ◆ Changes in China's Model of Development
 - ◆ The Internationalisation of the Renminbi

Changes in Global Economic Patterns: The Emergence of the Chinese Economy

- ◆ China's share of global GDP rose from over 4% 10 years ago to 11% today, but is still only half of U.S. GDP. Similarly, Chinese share of World trade is also approximately 11% now.
- ◆ However, in terms of per capita GDP, China, at US\$6,000, is still below the global average of US\$10,000 and only 1/8th of the U.S. GDP per capita. And despite significant advances in science and technology in China in many fields, such as the successful Shenzhou X manned space flight, the deep-sea submersible vessel, and the Tianhe II super-computer, the overall level of science and technology still lags behind the U.S.
- ◆ It is still too early to speak of the G-2.

Changes in Global Economic Patterns: The Emergence of the Chinese Economy

- ◆ However, it is fair to say that any global initiative, such as reducing the risks of climate change, advancing multilateral trade negotiations, reforming the international monetary system, and in general maintaining peace and prosperity, that does not have the support of both the U.S. and China faces almost certain failure. Only an initiative that is actively supported by both countries can have a reasonable probability of success.
- ◆ That is why the Sunnylands summit between President XI Jinping and President Barack Obama was such an important milestone event.

Changes in Global Economic Patterns: The Partial De-Coupling of East Asia

- ◆ The East Asian economies have been trading more and more with one another than with the developed economies of Europe and North America. This is one of the reasons that enable the partial de-coupling of the East Asian economies from the rest of the World economy. As empirical evidence, the East Asian economies have done relatively well since 2008 despite the prolonged recession and stagnation in the developed economies.
- ◆ Thus, the partial de-coupling of East Asia is likely to accelerate the integration of the East Asian economies themselves as well as other multilateral initiatives such as the ASEAN Free Trade Area (+3, +6) and the Chiangmai₆ Initiative.

Changes in Global Economic Patterns:

Changes in China's Model of Development

- ◆ Gong forward, Chinese economic growth will be driven by the growth of its own internal demand, consisting of both investment and consumption, rather than the growth of exports, and by innovation and technical progress in addition to growth in tangible inputs.
- ◆ China has also been gradually changing from its role as the World's Factory to the World's New Growth Market. It will become the World's largest importing country in a year or two.
- ◆ The Chinese trade surplus vis-a-vis the World has been declining and will continue to decline until Chinese international trade is approximately balanced.

Changes in Global Economic Patterns: The Internationalisation of the Renminbi

- ◆ The Renminbi has since 2009 been used in the clearing and settlement of Chinese international transactions. Currently, 16% of Chinese international trade is settled in Renminbi. The use of the Renminbi for international settlement will continue to increase, especially in East Asia.
- ◆ This is a natural development, as settlement in own currencies reduces both transactions costs and exchange rate risks.
- ◆ The Renminbi has been current accounts convertible since 1994. It is likely to become capital accounts convertible within the next five years, perhaps with the imposition of some fees on conversion into and out of Renminbi to discourage short-term round-trip capital flows.