

WORLD

China has ability to avoid economic crisis

Economists call for serious measures to overcome slowdown challenges

By YIFAN XU in Washington
yifanxu@chinadailyusa.com

China is resilient and can respond to economic risks, negative factors and crises, experts say. "My view is that a systemic crisis is still pretty unlikely to occur in China," said Thomas Orlik, chief economist at Bloomberg Economics.

Orlik spoke at the event "Will the Bubble Still Not Pop? A Discussion of China's Economic Future" hosted by the Center for Strategic and International Studies on Thursday.

He published the book *China: The Bubble That Never Pops in 2020*, suggesting that China's economy and financial system are "more resilient than critics in the West give them credit for"; and China's economic and financial policymakers are "more innovative, more ingenious at better solving problems than critics here in Washington, DC, or on Wall Street give them credit for".

These were still the reasons why "there's nothing so far which looks like a systemic financial crisis" in China, he said.

Orlik also said China's economy had been hit by the pandemic, like that of the rest of the world, and "Chinese resilience is standing up in the face of the COVID-19 stress test".

"The bubble that never pops still is not going to pop," Orlik said.

"In a global pandemic, we really can't talk about winners, but China has lost less than most other major economies."

Specifically, Orlik said that in public health, China performed "extremely well". In growth, China

had a V-shaped recovery after controlling the first COVID-19 outbreak in 2020. But the picture became less positive after the Omicron outbreak and lockdowns in several major cities, leading to weak growth in the second quarter of this year.

In the long run, Orlik said, the United States and China would be closer to each other in terms of their share of the global economy, though no one can tell the exact timing of it.

Data released by China's National Bureau of Statistics on July 15 shows that China's GDP grew by 0.4 percent year-on-year in the second quarter of this year. The Chinese economy grew 4.8 percent in the first quarter, and fell back significantly in the second quarter, leading to GDP growth of 2.5 percent in the first half of the year. China's full-year economic growth target is 5.5 percent.

Optimistic views

It is a "challenging moment" for China and the US with long-term economic uncertainty, Orlik said. For China, he suggested grappling with problems in the real estate sector to avoid triggering bigger troubles. For the US, he warned that high inflation and aggressive tightening by the Federal Reserve may take the US into a recession.

Joyce Chang, chair of global research at JP Morgan, said China is capable of easing policies and using stimulus to avoid systematic crisis and still has "a lot of tools" to rebound.

"Quarter-to-quarter growth came down 8.7 percent. But for the

third quarter, we are looking for a rebound. It's probably going to be in the quarter-to-quarter over 10 percent after declining 8.7 percent. We have 5.7 percent for the fourth quarter and the year growth forecast at 3.2 percent," Chang said on China's growth data and forecast.

Arthur Kroeber, head of research at Gavekal Dragonomics, said China is unlikely to suffer a crisis, but it does not mean that it is "immune to crisis".

"The system is very resilient, and the ability to respond to crisis is much higher than most people give credit for," Kroeber said. He also suggested China focus more on micro-economic forms of competition and tax law rather than paying too much attention on deploying capital.

Yao Yang, dean and professor of the National School of Development at Peking University, said the opinions vary among Chinese economists on China's growth prospects.

"In the long run, I am actually more optimistic than most people. I believe that at the end of this decade, the Chinese economy is going to become as strong as the American economy," Yao said.

China leads in many areas of technology and production, such as electric vehicle production which is "phenomenal", he said.

Nicholas Lardy, a nonresident senior fellow at the Peterson Institute for International Economics, said China's role in foreign investment, international trade and the global economy is increasing even during the pandemic.

"I would point out that China has actually continued to strongly converge on the advanced economy levels in 2020, 2021, and again this year," Lardy said.

Deadly flooding



Rescue workers of the Iranian Red Crescent Society evacuate a body after flooding in the southern Fars Province on Saturday. Flooding in southern Iran has killed at least 21 people and left others missing following heavy rainfall in the largely arid country, state media reported.

IRANIAN RED CRESCENT / AFP

BRIEFLY

UNITED STATES Biden infection seems to be BA. 5 variant

The causative agent for US President Joe Biden's COVID-19 infection is "most likely" the BA. 5 variant, his physician said on Saturday. Biden's symptoms continue to improve, with sore throat, runny nose, loose cough and body aches, Kevin O'Connor announced in a memo to the White House after preliminary sequencing results had returned. "His voice remains deep," O'Connor added. "His pulse, blood pressure, respiratory rate and temperature remain entirely normal. His lungs remain clear." Biden, 79, is taking treatment well and will continue to take Paxlovid, an antiviral therapy produced by Pfizer.

Child labor used in Alabama factory

A subsidiary of Hyundai Motor Co has used child labor in a plant that supplies parts for the Korean carmaker's assembly line in nearby Montgomery, Alabama, according to area police, the family of three underage workers, and eight former and current employees of the factory. Underage workers, in some cases as young as 12, have recently worked at a metal stamping plant operated by SMART Alabama LLC. SMART, listed by Hyundai in corporate filings as a majority-owned unit, supplies parts for some of the most popular cars and SUVs built by the automaker in Montgomery, its flagship US assembly plant.

THE PHILIPPINES Three dead in campus shooting in Manila

Three people were killed and two others injured in a shooting incident on a campus in Manila on Sunday afternoon. The Metro Manila Development Authority said the shooting took place at 14:55 local time at the gate of Ateneo de Manila University before the law school's graduation ceremony. Former Lamitan mayor Rose Furigay, her bodyguard, and a school security guard who tried to stop the shooting were killed. The former mayor's daughter, who was supposed to graduate from the law school on Sunday, was injured.

XINHUA—AGENCIES

By CHEN HONG
chenhong@chinadaily.com.cn

Having laid a solid industrial foundation, Nansha district in Guangzhou, South China's Guangdong province, is focusing on high-quality development to become a regional leader in modern manufacturing and strategic emerging sectors.

According to the district's latest five-year plan for emerging industry development, its industrial added value of strategic emerging sectors is projected to rise 14 percent annually on average. By the end of 2025, it is forecast to reach 121 billion yuan (\$17.9 billion), accounting for 40 percent of the district's GDP.

Of the sectors, the annual industrial output value of intelligent connected automobiles will be close to 300 billion yuan and be one of the domestic leading players. New-generation information technology, artificial intelligence and healthcare sectors will grow to about 100 billion yuan each.

Three other important strategic emerging industries include new energy, high-end equipment and emerging services. The former two will generate an annual industrial output value of nearly 50 billion yuan each in 2025 in line with the plan, while the latter is expected to surpass 20 billion yuan.

The district government has also made plans for cutting-edge technologies, such as blockchain, quantum science and technology as well as nanotechnology.

According to the plan, the district will make breakthroughs in technologies and applications in fields of natural gas hydrate, humanoid intelligence, quantum information, nanotechnology and new materials.

The district witnessed strong economic growth over 2016-20, with several major indices posting double-digit growth, official statistics showed.

Its industrial output value hit roughly 350 billion yuan in 2021, up 11.1 percent year-on-year, according to government data.

Of all the industries, carmakers generated more than 150 billion yuan in output. The new energy vehicle industrial cluster, led by GAC Toyota, a joint venture between Guangzhou Automobile Group and Toyota; and two Chinese companies

Nansha district positions itself to be a hub of technological greatness



Clockwise from top: A view of the Nansha area of the China (Guangdong) Pilot Free Trade Zone. A staff member of self-driving technology company Pony.ai conducts a road test of a Lexus in Nansha. Bodyshells lined up in the production plant of GAC Toyota in Nansha.

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Hycan and WM Motor, is growing rapidly.

The emerging industry has taken shape in Nansha. There are about 620 companies engaged in AI and biotechnologies.

CloudWalk Technology, based in Nansha, is one of the largest AI suppliers in the financial industry in China. It was listed on the Shanghai Stock Exchange's sci-tech innovation board in May, the first in the AI category in China.

The aerospace industry is also seeing burgeoning development in Nansha. For example, CAS Space, a commercial aerospace company backed by the Chinese Academy of Sciences, is committed to the development of a new generation of reusable

liquid launch vehicles and sub-orbital space tourism vehicles. It is building a solid rocket production base integrating research, production, experiments, assembly and testing, which is to be capable of producing 30 rocket products per year.

More than 6,600 financial or finance-related companies have settled in Nansha, including the Guangzhou Futures Exchange, which went into operation in June 2021.

Official statistics showed that about one-fifth of the nation's financial leasing companies are in Nansha, making the district a hub for the leasing of airplanes and ships in South China.

In addition, a batch of major projects, including a hypersonic wind tunnel and extreme marine scientific research facilities, are under construction in Nansha. Government figures indicated that 3.67 percent of local GDP has been used for R&D in Nansha.

Funds and talent

Nansha's modern industries are expecting a new takeoff. In mid-June, the State Council issued an overall plan for Nansha district to deepen comprehensive cooperation between Guangdong and the Hong Kong and Macao special administrative regions. It aims to build Nansha into an important platform for Hong Kong and Macao to better integrate

into national overall development.

According to the mid-June plan, construction of a scientific and technological innovation industry cooperation base and a youth entrepreneurship and employment cooperation platform between Nansha and Hong Kong and Macao will be accelerated.

More importantly, the plan proposes three funding and tax incentives for Nansha, which can greatly boost investment and attract talent.

First, it will impose 15 percent corporate taxes on companies that belong to the district's encouraged industries in its launching areas as compared to generally 25 percent. Second, companies in key high-tech industries will be allowed to prolong

the periods of their carry-over of losses. Third, residents of Hong Kong and Macao working in Nansha can enjoy a personal income tax rate the same as that of the special administrative regions where they hail from.

To assist industrial development, the district launched a new preferential policy that fuses together the incentives for innovation, industry, fund and talent. The move is the first among State-level new districts.

Nansha district government plans to pour more than 20 billion yuan into subsidies for research institutes, companies and talents.

For example, the subsidy for research and development institutes and high-level professional teams could both reach up to 100 million yuan. Young entrepreneurs from Hong Kong and Macao in Nansha could access rewards of up to 1 million yuan.

Companies that choose to settle in Nansha could get bonuses from the government in terms of corporate operation, executives' personal incomes and equity exercises once they are listed on a stock market.

Huang Xiangdong, president of Guangzhou Greater Bay Technology, said Nansha enjoys geographical advantages. Located at the geometric center of the Guangdong-Hong Kong-Macao Greater Bay Area, it boasts a strong innovative atmosphere and sound business environment.

Founded in September 2020, Huang's business is a private high-tech company hatched by GAC to focus on the research and manufacture of fast-charging batteries. The battery the company makes was officially certified by the World Record Certification Authority in 2021. It takes just eight minutes to charge from 0 to 80 percent and five minutes from 30 percent to 80 percent.

According to Huang, it took just six months for the company to complete the patent application to authorization. The battery system factory was built and put into operation in just five months.

Scan the QR codes below to learn more about Nansha.

