

THE CHINESE ECONOMY TODAY

THE PERSPECTIVE OF
RENOWNED CHINESE EXPERTS



How Brazil May Join the Chinese Market and Asia Community

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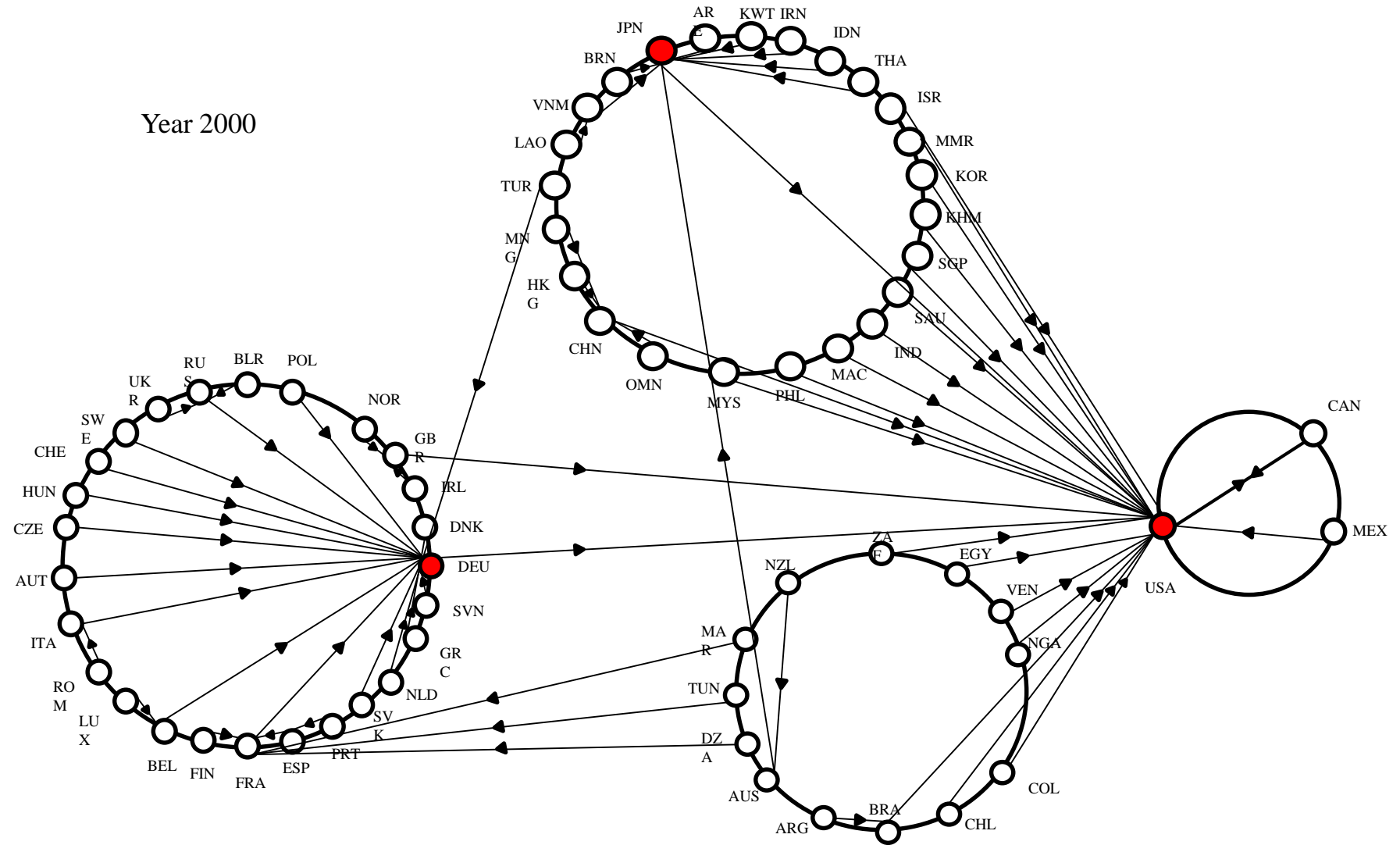
清华五道口
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1. Structural Changes in Global Value Chain

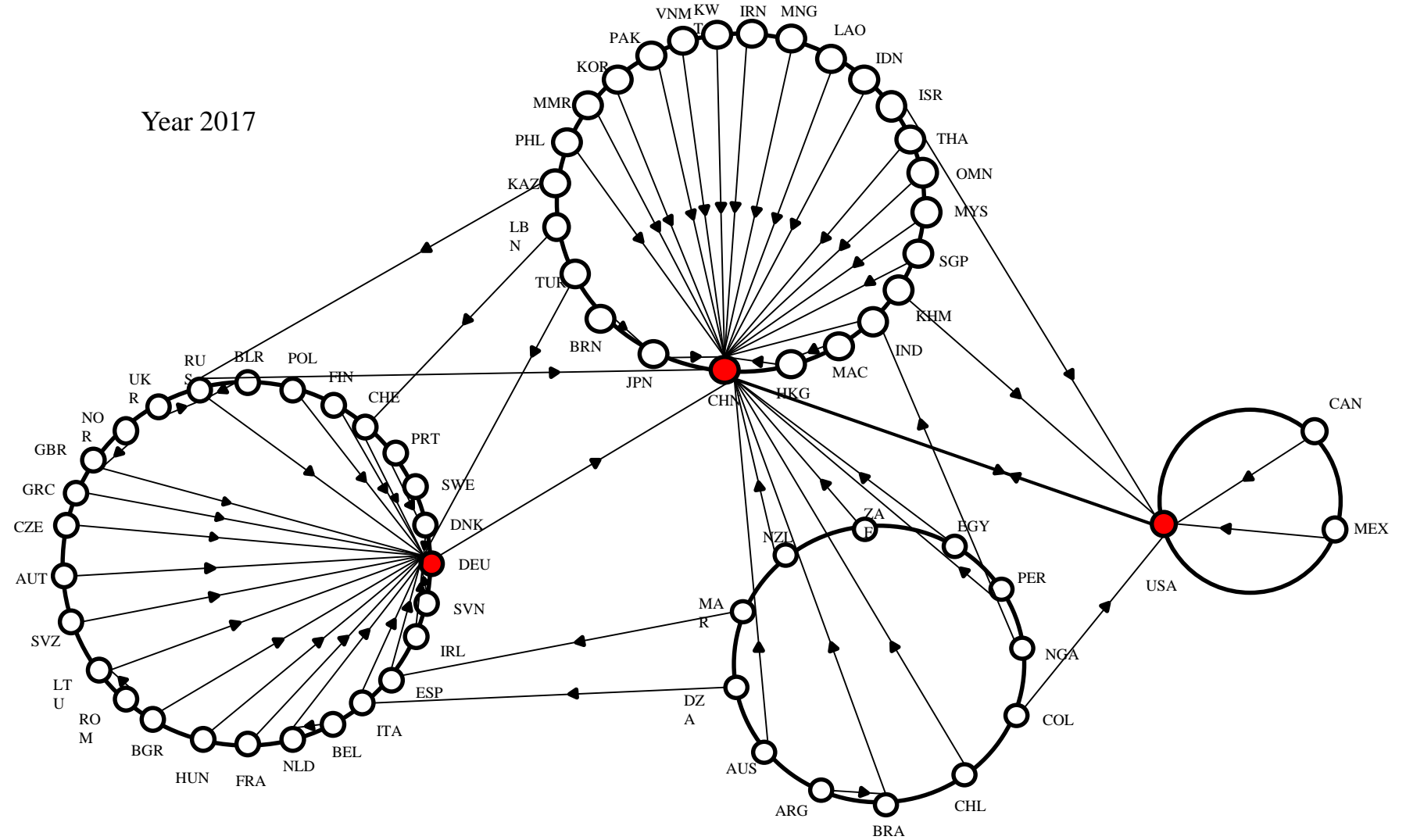
Global trade landscape (2000)

Year 2000

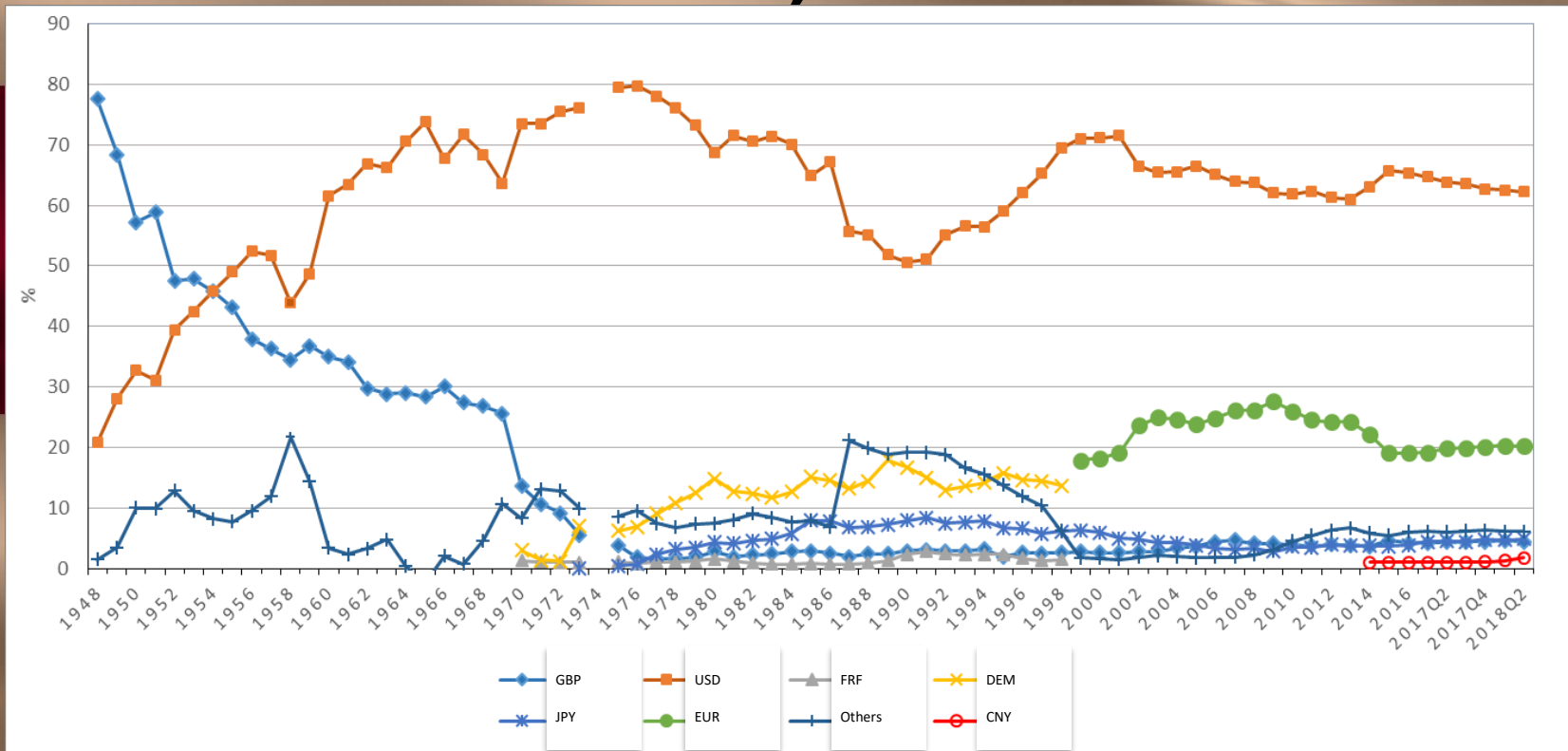


Global trade landscape (2017)

Year 2017



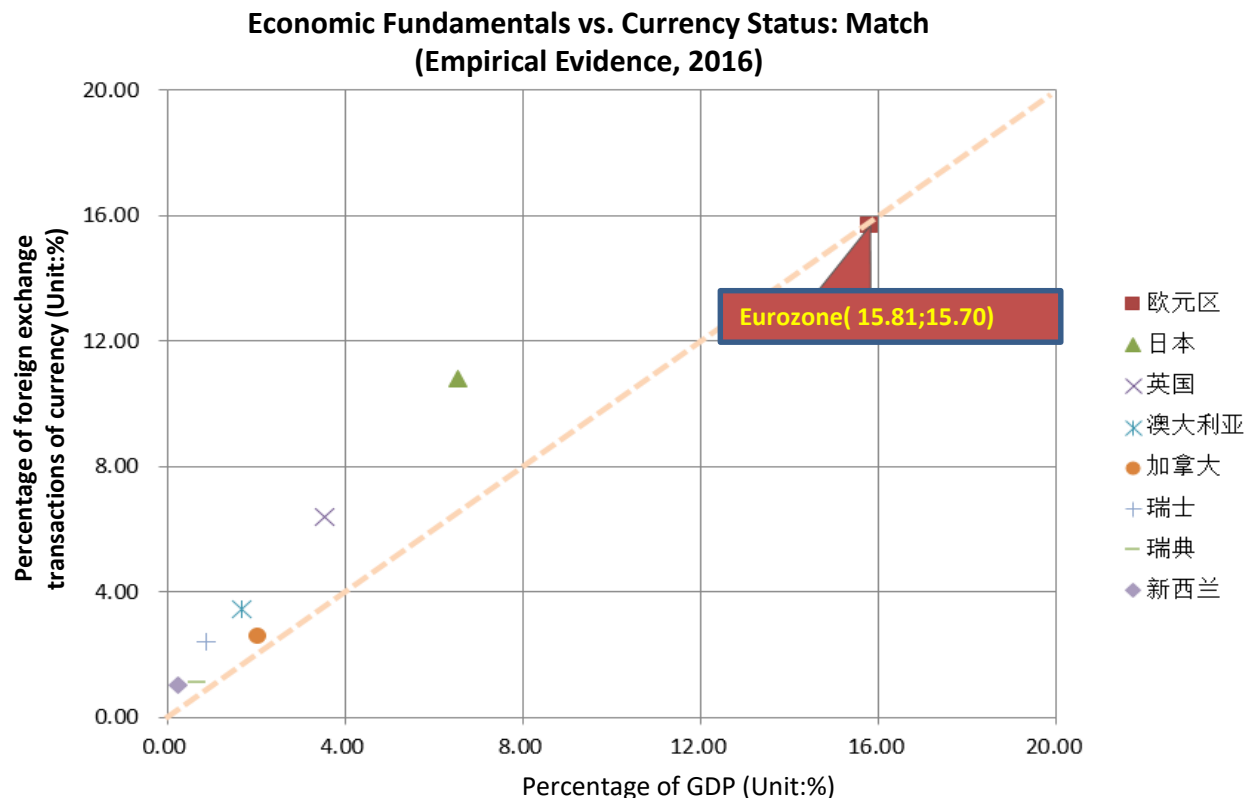
Global Currency Composition of Official Foreign Exchange Reserves (1948-2018, %)



Source of data: IMF COFER database, Eichengreen et al (2017)

The Steady State of the International Monetary System: Empirical Evidence

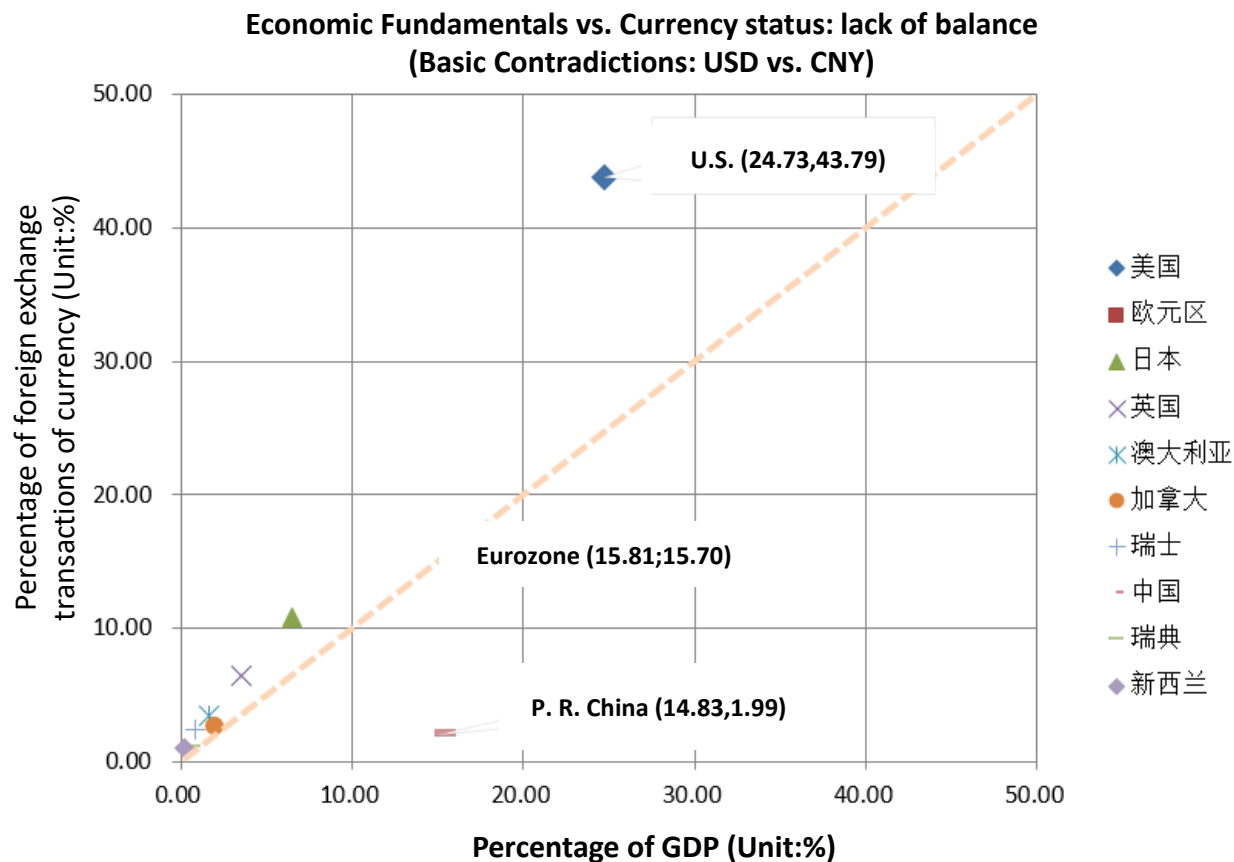
Percentage of GDP (economic fundamentals) vs. Percentage of Foreign Exchange Transactions of Currency (currency status)



Source of data: BIS (Bank for International Settlements),IMF-WEO
(IMF World Economic Outlook)

Lack of Balance of the International Monetary System: Basic Contradictions (USD vs. CNY)

Percentage of GDP (economic fundamentals) vs. percentage of foreign exchange transactions of currency (currency status)



Source of data: BIS (Bank for International Settlements), IMF-WEO (IMF World Economic Outlook)



Asian Community and a Tri-pod Global Governance

ASIAN COMMUNITY AND A TRI-POD GLOBAL GOVERNANCE

1. Two levels

- Global governance, like IMF, WB, WTO
- Regional governance, EU, US-Ca-M, Asian community
- How to build up an Asian economic order?
 - just like north America, the economic structure in East/South East Asia is Hub-spokes.
 - China has to take the lead for the Asian's regional integration.
- China could open its market unilaterally to the member countries of Asian Community

Types of international public goods

1. Global Public Goods

Only one variety of the good should be provided to the entire continuum of nations.

- Preference for some public goods may be relatively homogeneous
- Extremely costly to provide a new variety of the public good (k is very large)
- Examples: climate change, Covid 19 control

2. Regional Public Goods

Type 1: Geographic

- The preferences of nations are relatively heterogeneous;
- Deviation for the ideal variety imposes a high cost on a nation;
- The provision of an additional variety of the public good is not so costly

The optimal arrangement of nations into blocs is fully driven by distribution of preference for the public good among nations.

- Empirically, the distribution of preferences may be highly correlated with geographic locations.
 - Production network linkages are strongest within regions rather than across regions

2. Regional Public Goods

Type 2: Non-Geographic

The preference for the variety of some public goods may be based on factors other than geographic locations.

- Developing nations may share similar preferences about how the global macro economy should be managed.
- The resource-rich nations may share similar preference on the regulation of the commodity markets (Consider OPEC).

How to implement?

- China open it's market to AC members unilaterally.
- Countries enter into AC sequentially
- Rules are similar to TPP.
- Centered on Asian market, but open to countries in other region.

Asian Community

- Free Goods Market
 - China could first open its market to member countries.
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- Fair factor markets
 - Technology market: no discrimination policies against any member countries.

Thank you!

For academic purposes. Please oblige us with your comments should there be any inadequacies.



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