

Letter from Consul General

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Chinese Consulate General in Auckland

What does the Government Work Report tell about the Chinese Economy?

The annual sessions of the National People's Congress (NPC) and the Chinese People's Political Consultative Conference (CPPCC), collectively known as the "Two Sessions," have just concluded in China. The focal point of these sessions every year is the Government Work Report. This year's Government Work Report centred on the development of the Chinese economy, reviewing the economic situation of 2023 and outlining the economic development goals and implementation plans for 2024. Recently, significant attention has been drawn to the economic situation in China, with some media outlets in the United States and Europe hyping up the so-called "peak China" and raising numerous "puzzling" questions. Considering this, I would like to share my own perspective:

“Puzzle” One: Is it feasible for China to achieve the economic growth target of around 5%?

The economic growth target around 5% is achievable with efforts. This target aligns with the annual requirements of the "14th Five-Year Plan". It demonstrates the

proactive and diligent approach of the Chinese government and is generally in line with the potential for economic progress. China boasts abundant macroeconomic policy tools and an enormous market. The coordinated development between urban and rural areas provides significant market potential and development prospects. China has a robust industrial system, high-quality human resources and sophisticated infrastructure networks. And its innovation capabilities has been rapidly improving. All these factors contribute to China's economic resilience against shocks. During this year's Spring Festival holiday, China witnessed 2.293 billion cross-regional trips, with domestic tourists spending a total of 633 billion yuan, marking a 7.7% increase from the same period in 2019. In the first two months of this year, China's total import and export value of goods reached 6.61 trillion yuan, an 8.7% year-on-year increase. The Chinese economy is undergoing a steady recovery with transformations of economic structure. It has ample endogenous momentum and significant potential for sustained growth. It is groundless to make the conclusion that China's economy has passed its peak.

“Puzzle” Two: Where does China's future growth momentum stem from?

This year's Government Work Report advocated for the construction of a modern industrial system and new quality productive forces — a crucial move for reshaping the Chinese economy. In 2023, exports of China's electric vehicles, lithium batteries, and photovoltaic products exceeded one trillion yuan, with a year-on-year increase of nearly 30%; the digital economy was boosted, with a penetration rate of 5G user surpassing 50%; and the number of international patent applications submitted by Chinese applicants through the Patent Cooperation Treaty has ranked first in the world for four consecutive years. These new quality productive forces have already been formed in practice and demonstrated strong support for high-quality development.

“Puzzle” Three: Will foreign investment leave China?

More and more multinational companies realized that investing in China means investing in the future. Despite a slight decrease compared to previous years, foreign investment attracted by China in 2023 still reached 1.13 trillion yuan, marking the third-

highest level in history. In 2023, China established 53,766 new foreign-funded enterprises, a remarkable 40% increase. In January this year, driven by such factors as major projects, investments from France and Sweden in China increased by 25 times and 11 times year-on-year, respectively. Investment from Germany, Australia, and Singapore also soared by 212%, 186%, and 77% respectively. Recently, Apple announced additional investment in China and planned to establish a new laboratory in Shenzhen. Over the past five years, the return on foreign direct investment in China has been around 9%, a relatively high level internationally. China has been regarded as the most ideal place to invest. The next "China" is still China, and there is no alternative for the opportunities that China offers. The Government Work Report proposes to expand high-level opening-up and promote mutually beneficial cooperation. China will actively align with high-standard international economic and trade rules, steadily expand institutional opening-up, promote the improvement of foreign trade in both quality and quantity, increase efforts to attract foreign investment, promote high-quality construction of the Belt and Road Initiative, and deepen multilateral and bilateral economic cooperation. China will advance negotiations on the China-ASEAN Free Trade Area 3.0 version, seek to join the Digital Economy Partnership Agreement (DEPA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), comprehensively and deeply participate in the reform of the World Trade Organisation, and promote the construction of an open world economy, bringing more cooperative and win-win outcomes to the people of all countries.

Both China and New Zealand are beneficiaries of economic globalization and trade liberalization. Pragmatic cooperation between the two sides has yielded fruitful results in past years. The immense potential of the Chinese market has been recognized by New Zealand enterprises. The first chartered ship carrying Zespri kiwifruits for 2024 recently set sail for China. A2, a famous New Zealand dairy brand, has already become the fifth largest infant formula brand in the Chinese market. Chinese new energy products become good complement for the New Zealand market and contribute to New Zealand's carbon neutrality by 2050. China and New Zealand should work together to safeguard free trade, oppose unilateralism and protectionism in

the name of "de-risking". it is high time for China and New Zealand to enhance collaboration to build a global community with shared future. Let's promote mutual beneficial cooperation and embark on new phases of friendship and cooperation between the two nations.