

RISING CHINA AS A NEW FORCE FOR REGIONAL ECONOMIC INTEGRATION

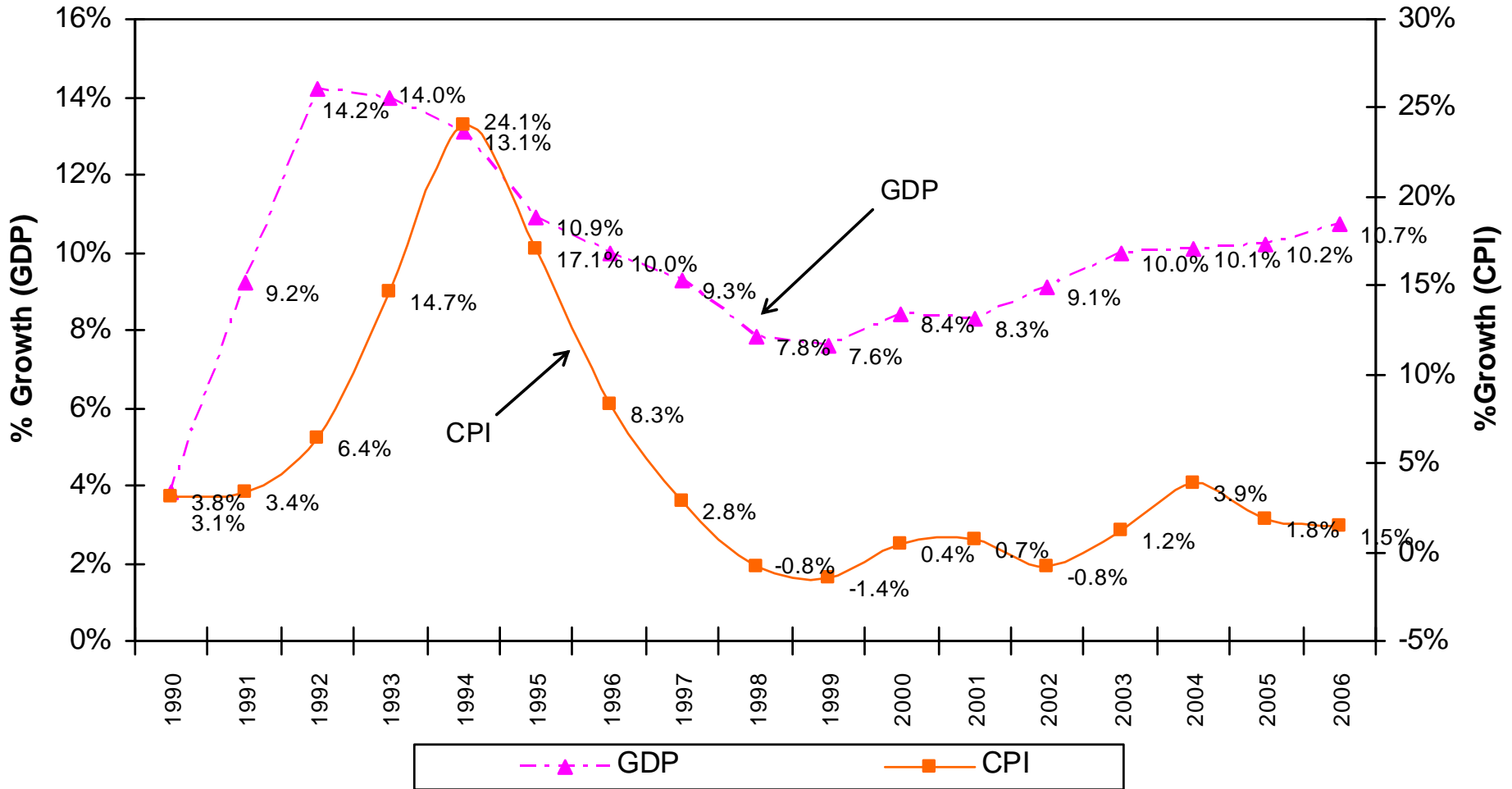
Professor John Wong
Research Director
East Asian Institute, Singapore

(May 2007)

I

Economic Rise of China

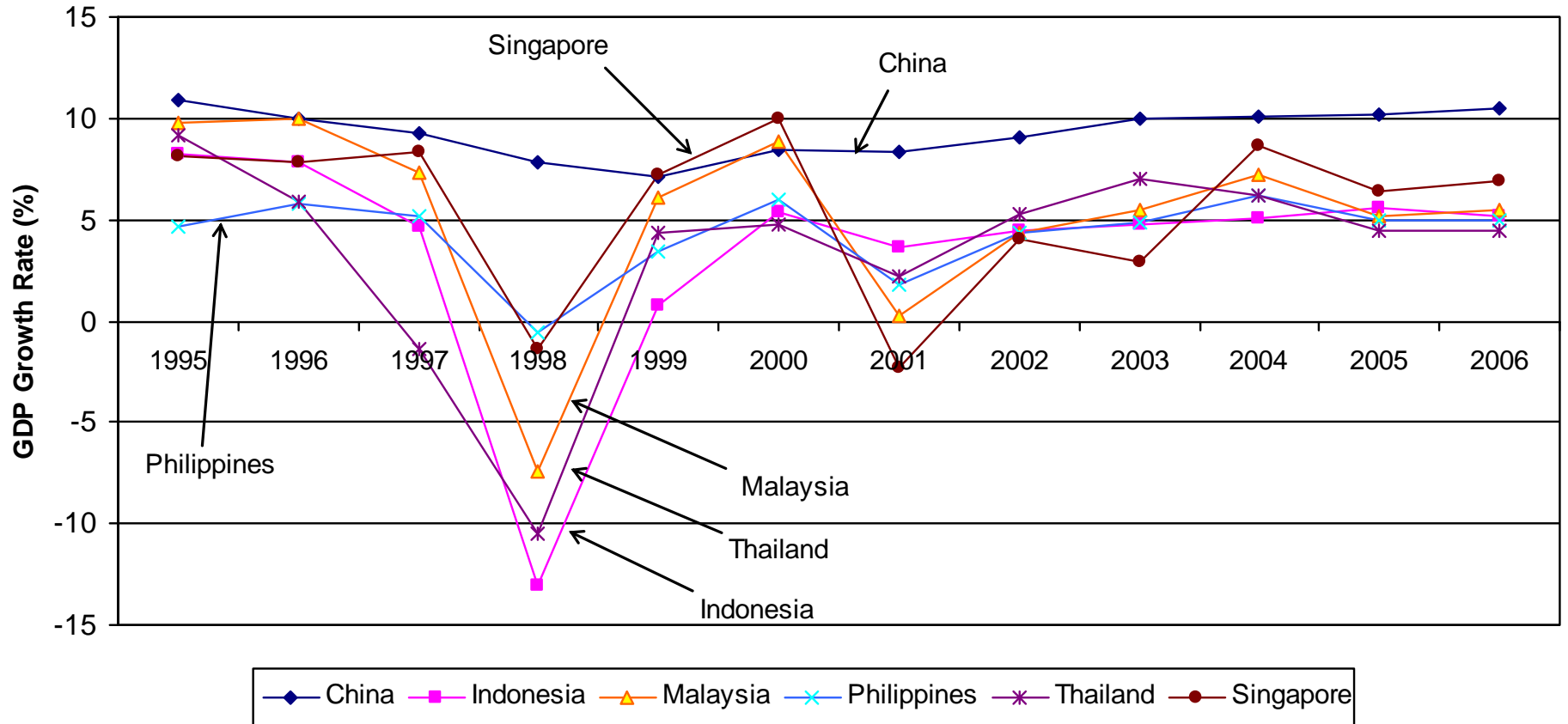
CHINA'S ECONOMIC GROWTH AND INFLATION, 1990-2006



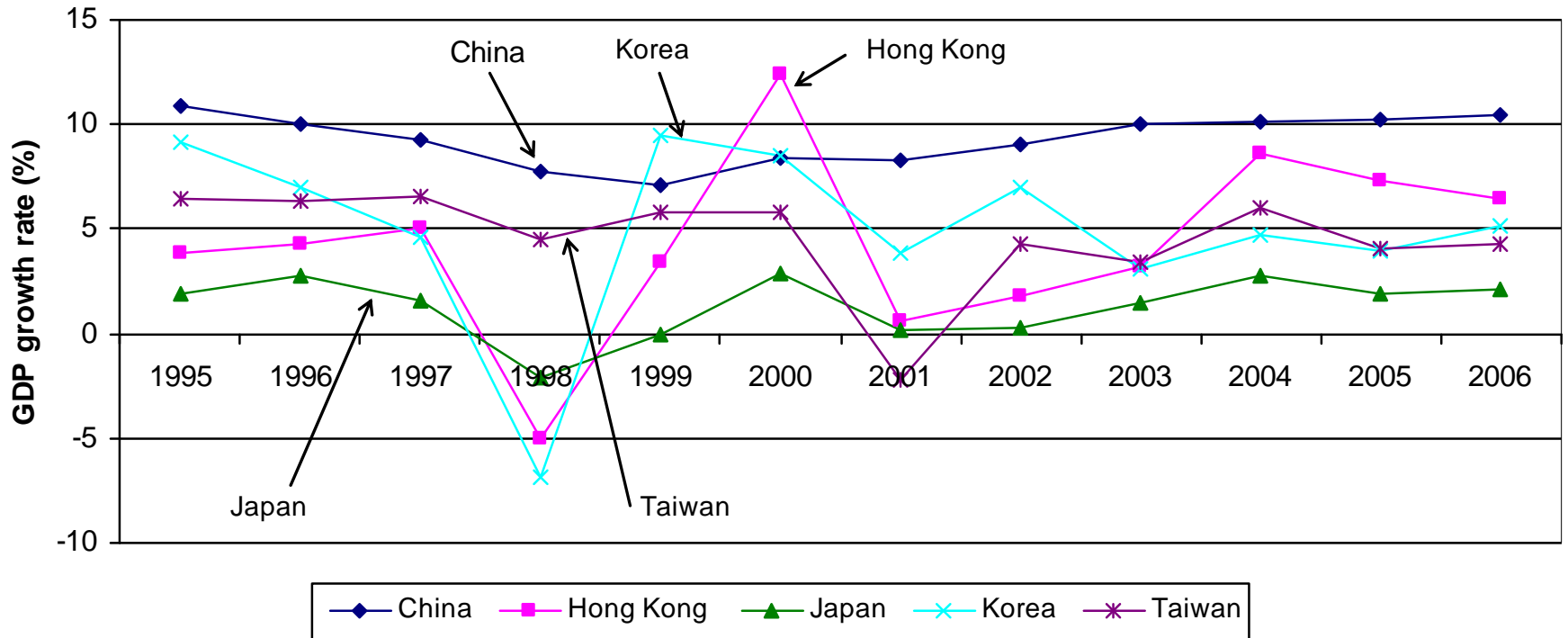
China's Growth Performance

- Average growth of 9.7% for 1979 - 2004.
 - 10% growth for 2002-2006
 - 10.7% growth for 2006
- High growth largely unaffected by external shocks and global economic slowdown.
- WTO deepens China's economic integration, globally and regionally.
- China as the world's foremost workshop.

CHINA AND ASEAN + 5: CRISIS AND RECOVERY (1996-2006)



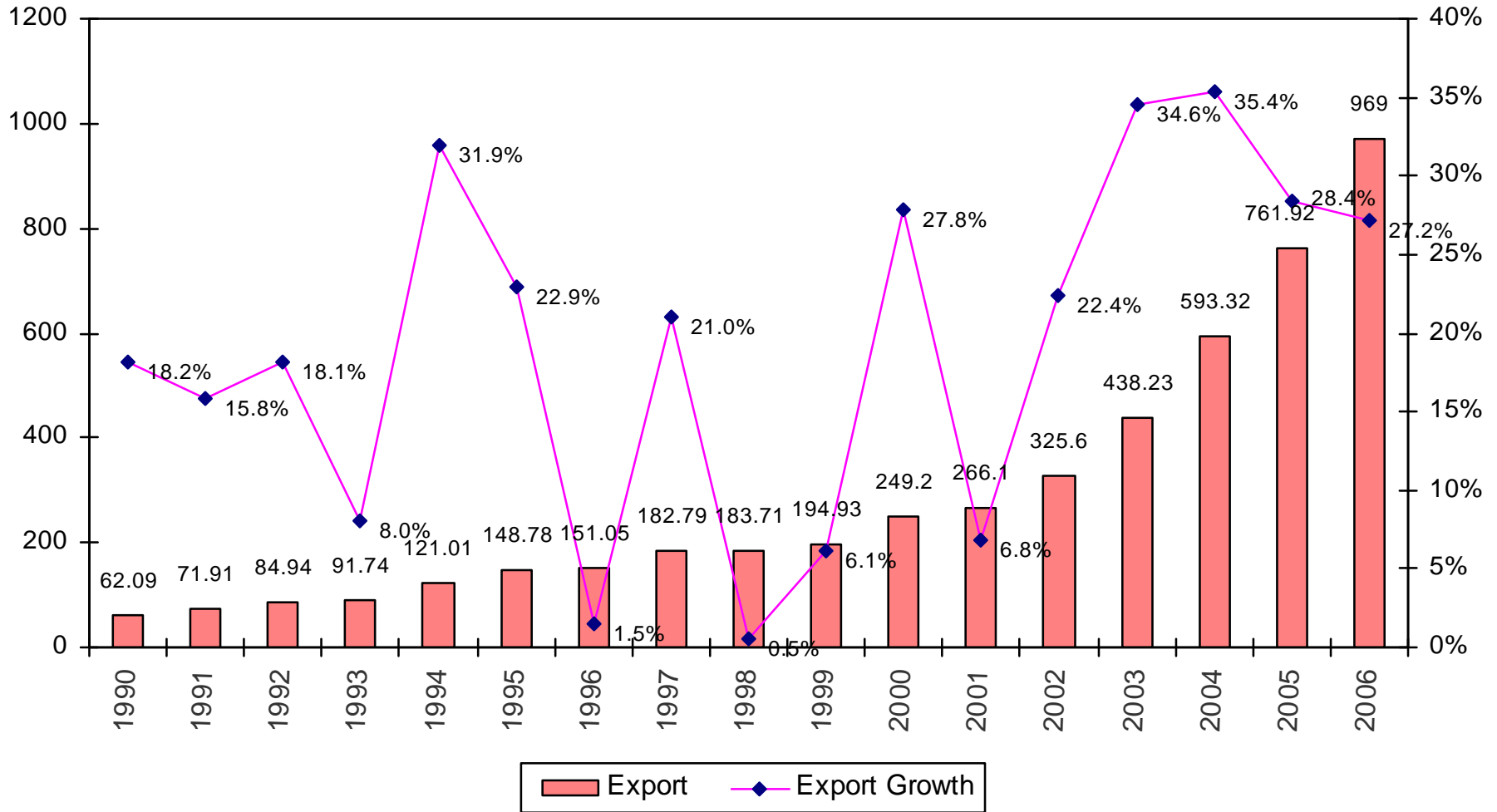
CHINA AND EAST ASIA GROWTH, 1995-2006



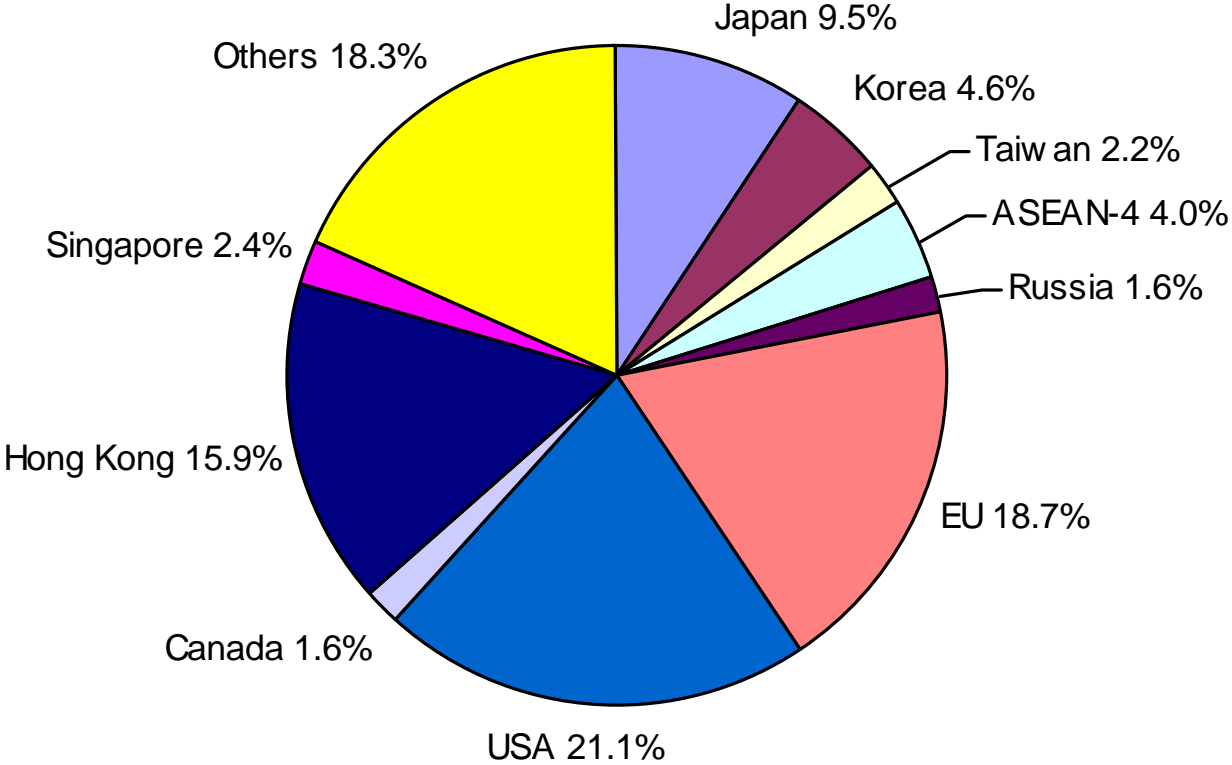
China Tops the World or Among World's Top Producers, 2005

	Production in 2006	Changes from 2005
• Coal:	2.4 billion tons	up 8.0%
• Crude Steel:	422 million tons	up 19.7%
• Cement:	1.2 billion tons	up 15.5%
• Automobiles:	7.3 million units	up 27.6%
• TV Sets:	83.7 million sets	up 1.1%
• Air Conditioners:	68.5 million units	up 1.3%
• Refrigerators:	35.3 million units	up 18.2%
• Personal Computers:	93.4 million units	up 15.5%
• Mobile Phones:	480.1 million units	up 58.2%

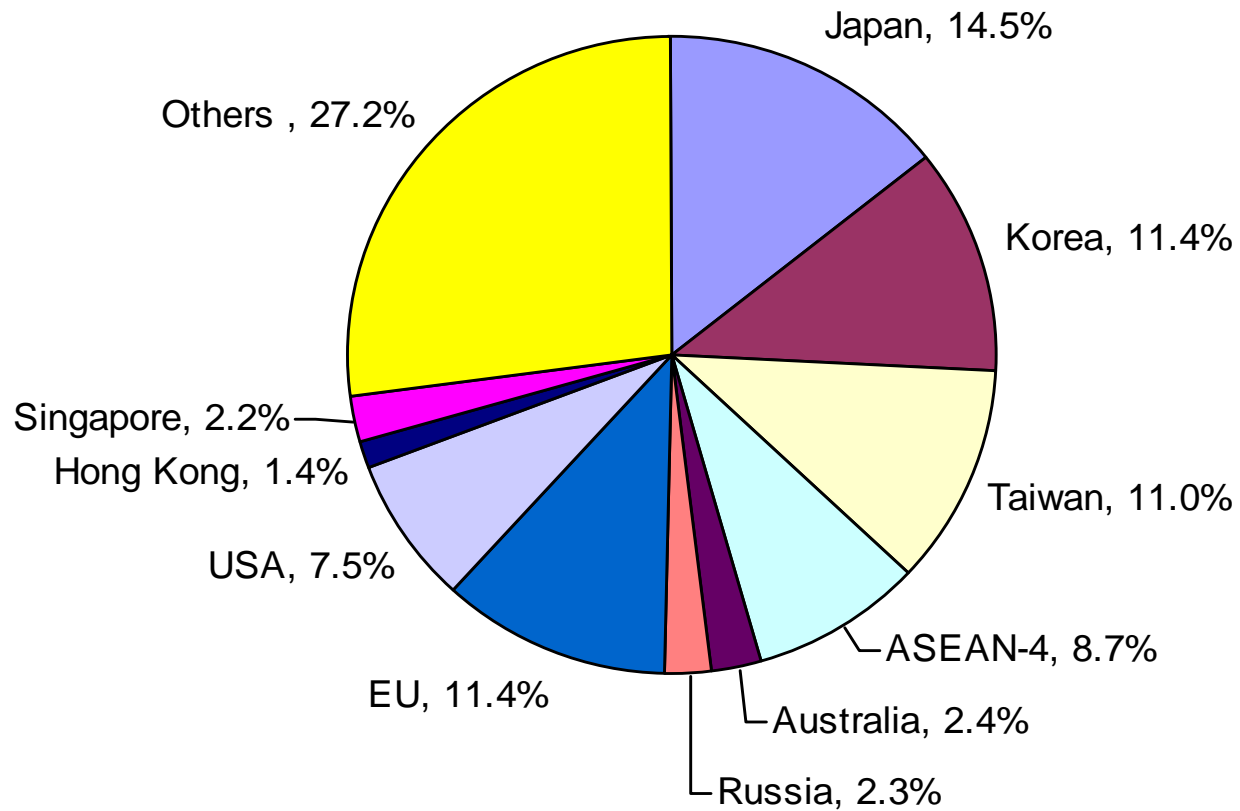
CHINA'S EXPORT AND GROWTH, 1990-2006



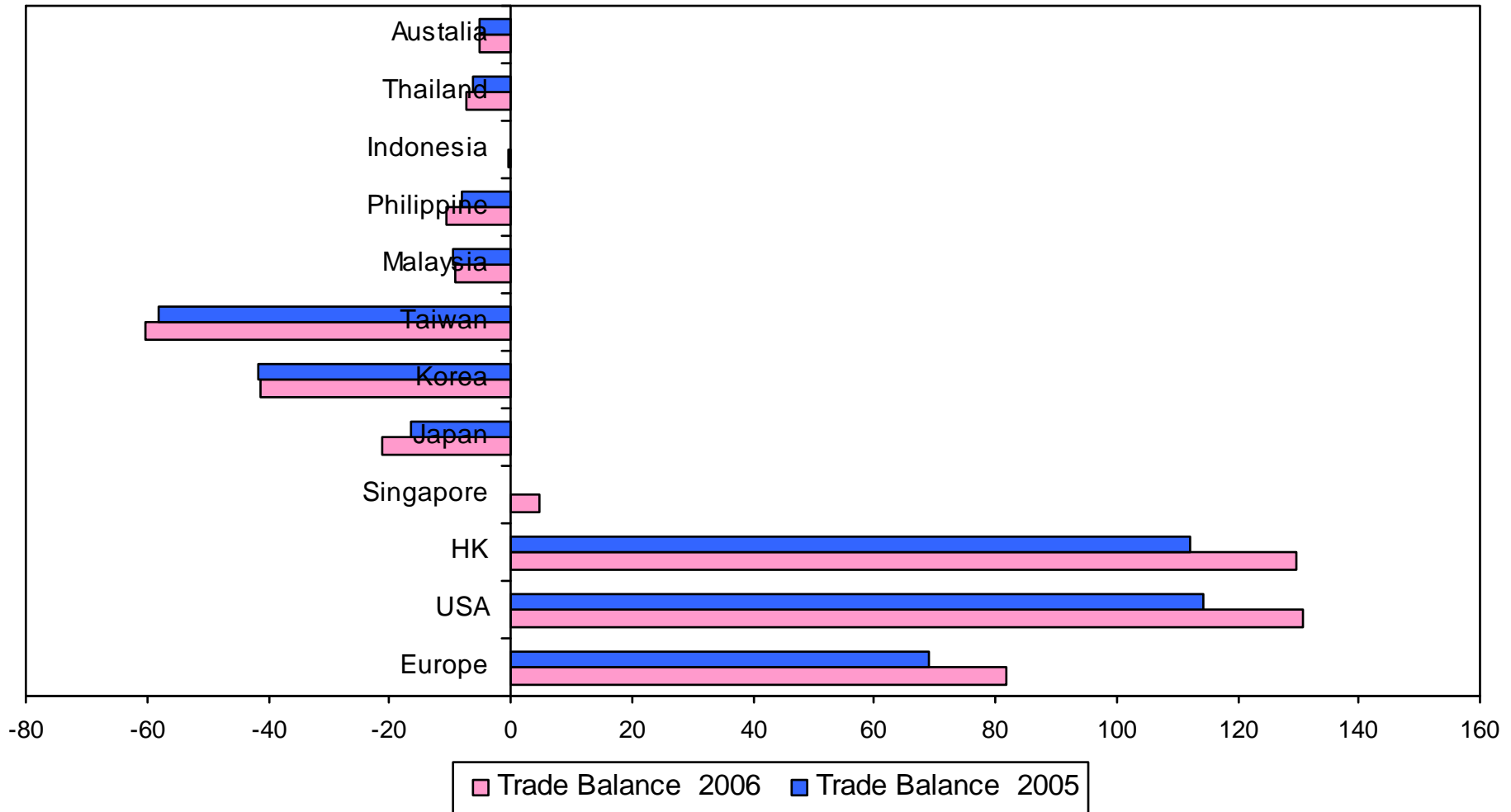
CHINA'S TOP 10 EXPORT DESTINATIONS, 2006



CHINA'S TOP 10 IMPORT SOURCES, 2006

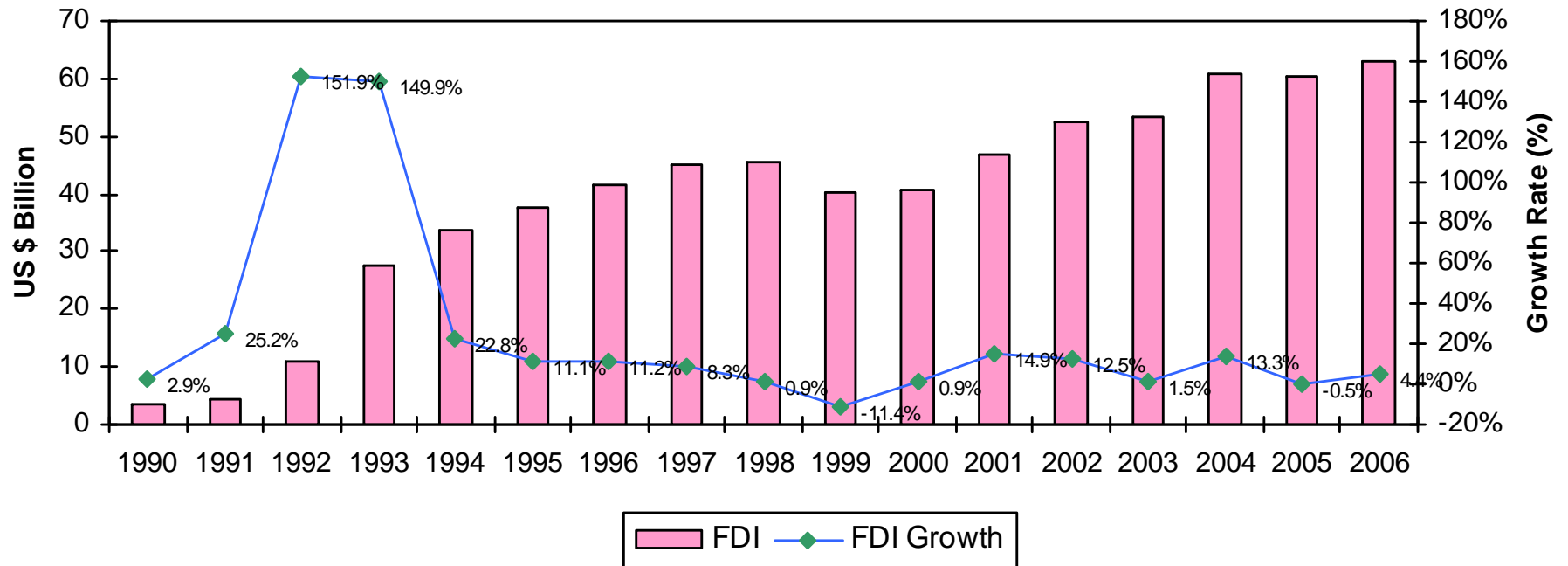


CHINA'S TRADE BALANCE WITH SELECTED COUNTRIES (IN USD BILLIONS)



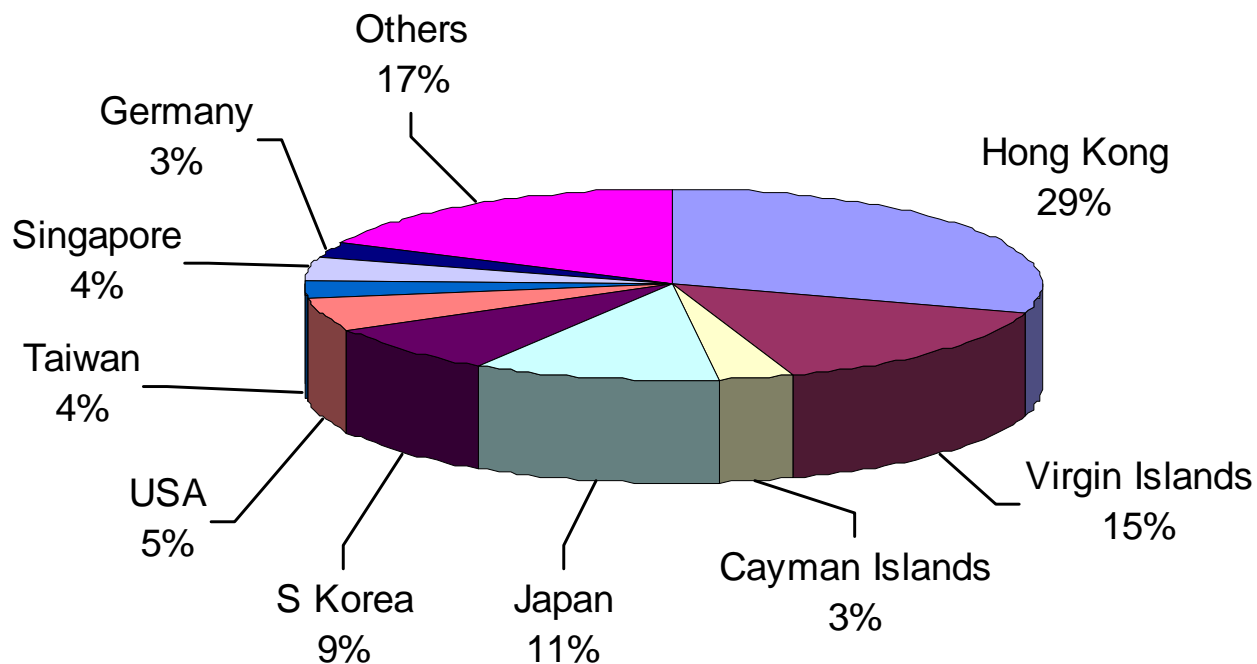
CHINA'S FDI, 1990-2006

Non-financial sector data



FDI INTO CHINA IN 2005 (US\$ 60 BILLION)

Top 10 Foreign Investors, Foreign Capital Actually Utilized



In 2005, ASEAN 4 (Indonesia, Malaysia, Thailand and The Philippines) invested a total of US\$ 733 million in China, accounting for 1.2% of FDI into China.

II

Global & Regional Impact of China's Growth

Global Impact of China's Growth

- Along with rise of international-supply-chain production networks, China has emerged as a major **integrating force** in world economy.
 - # China converts “Made in Asia” into “Made in China” for world markets.
- China has consistently chalked up twin surpluses, i.e. surplus in both capital account and current account.
 - # China has too much saving and too much capital, aggravating global macroeconomic imbalances.

CHINA AT THE CENTER OF GLOBAL PRODUCTION NETWORKS

