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Forecast of China’s Economic Growth Rate in 2021 and Policy Suggestions

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Abstract
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Keywords
economic forecast, economic situation analysis, Gross Domestic Product (GDP), policy suggestion

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Forecast of China’s Economic Growth Rate in 2021 and Policy Suggestions

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Abstract: Under the joint impact of the COVID-19 epidemic and the complex international situation, the future direction of China’s economic development has attracted much attention. This study systematically analyzes and forecasts the development trend and regularity of China’s medium and long-term economic growth rate. It is expected that the medium and long-term economic growth rate of China will show a downward trend in a wave shape. Based on the systematic integrated prediction approach on annual GDP growth proposed by our team, this study reviews China’s economic development in 2020 and forecasts China’s economic growth rate in 2021. It is expected that China’s economy will achieve a restorative growth with an annual growth rate of about 8.5% in 2021. The policy suggestions are further proposed based on the analysis, including promoting domestic consumption, stabilizing economic growth and development, building a science and technology innovation-oriented country, as well as accelerating the transformation of industrial structure. DOI: 10.16418/j.issn.1000-3045.20210106002-en

Keywords: economic forecast; economic situation analysis; Gross Domestic Product (GDP); policy suggestions

In 2020, China is entering the home stretch in realizing its first centenary goal of building a moderately prosperous society in all respects and goals in the “13th Five-year Plan.” Moreover, this year is crucial to devising the “14th Five-year Plan.” However, the outbreak of the COVID-19 pandemic (hereinafter referred to as the “pandemic”) hits the global economy hard, rendering it deep in recession, as well as China’s economic and social development. In the context of great uncertainty in the international economic situation and China’s economic operation, this paper explores the development trend and change law of China’s medium- and long-term economic growth rate by combining economic theory and practical experience. On the basis of a brief review on China’s economic growth in 2020, China’s economic trend in 2021 is forecast preliminarily and some suggestions are given on China’s current economic development.

1 Trend analysis and forecast of China’s medium- and long-term economic growth rate

In the light of general laws of economic development, international experience, and the changing trend of factors supporting China’s economic growth, the authors analyze China’s medium- and long-term economic growth trend and forecast the economic growth rates of the country in different periods from 2021 to 2050.

1.1 Forecast of China’s medium- and long-term economic growth trend: Wave-shaped decline in growth rate

As revealed by the laws of economic development in different economies, with the increase in gross domestic product (GDP) per capita or gross national income (GNI) per capita, the economic growth rate presents a downward trend overall when the economic development enters a certain period. The relationship between the GDP growth rate and GDP per capita in the world in 2019 (Figure 1) disclosed by the International Monetary Fund (IMF) indicates that GDP growth tends to fall as the GDP per capita rises.

The World Bank assigns the world’s economies to four income groups—low, lower-middle, upper-middle, and high-income countries based on their GNI per capita, with the definition standards of GNI per capita of less than or equal to 1 035 US dollars, 1 036–4 045 US dollars, 4 046–12 535 US dollars, and higher than 12 535 US dollars, respectively, in 2020. The average GDP growth rate of these four groups in 2019 is shown in Figure 2. Specifically, the average GDP growth rate of lower-middle income countries is 1.13 times that of upper-middle income countries and 1.42 times that of high-income countries.
China’s economic growth factors significantly influence its medium- and long-term economic trend. The change trends of these factors mainly include the following two aspects.

(1) China’s investment rate and savings rate tend to decline, while the capital-output ratio soars. According to the Harrod-Domar model, the economic growth rate is directly proportional to the investment rate or savings rate and inversely proportional to the capital-output ratio. China’s savings rate and investment rate respectively decreased from 50.7% and 47.0% in 2010 to 44.6% and 43.1% in 2019, while the capital-output ratio increased from 4.43 in 2010 to 7.06 in 2019, which potentially leads to the slowdown of economic growth. Since technologies advance and the investment efficiency is lowered, the number of units of additional capital required to produce an additional unit of output increases, thus decelerating China’s economic growth.

(2) The sharp decline of population growth rate and the aging of population trigger the slowdown of economic growth. The close relationship between population and economic growth rate has been proved by the experience of some countries. The countries with fast economic growth generally witness population growth due to their great demand for labor; while countries with depopulation are prone to suffer low economic growth rates. Japan’s economic stagnation in the recent three decades and European Union’s lagging behind the United States in economic growth rate for a long time are both closely associated with the population growth rate. The drop of China’s natural population growth rate from 1.200% in 1978 to 0.334% in 2019 along with the aging of population should be responsible for the decline in China’s economic growth rate. In 2000, the proportion of China’s population aged above 60 was 10% and that above 65 was 7%, indicating China is entering an aging society, according to international practice. It should be noted that the aging of population in China presents a high speed. To be specific, the proportion of the population aged above 65 in China has increased from 6.9% in 1999 to 12.6% in 2019, and the population size of this group has enlarged from 86.79 million to 176 million, showing an increase of 102.8% in the 20 years. However, it usually takes 40 years on average for the aged population to double in developing countries. China’s economic development is expected to be hindered increasingly by the rather low fertility rate and aging of population.
from the 2020s. In particular, with the rapid aging of population, savings and investment are squeezed by social welfare expenditures such as pension, as a result of which China’s savings rate and investment rate will be further reduced.

To sum up, according to the general laws of economic development, international experience, and the changing trend of factors supporting China’s economic growth, China’s medium- and long-term trend of economic growth is forecast as a downward trend in a wave shape with three characteristics: (1) Although a downward trend of the economic growth rate is forecast, the growth rate is much higher than those of the countries at the same level of development. (2) Due to China’s large economic size and strong policy consistency, the economic growth rate will be declined steadily, showing gentle fluctuations compared with the situations of major economies in the world. (3) The economic growth rate probably rises in the short term owing to various favorable factors. However, it will still present a downward trend in the medium and long run, hitting the bottom in the middle of the 21st century as projected.

1.2 Forecast of China’s medium- and long-term economic growth rate

A clear understanding of China’s current economic development is a necessity prior to forecasting China’s medium- and long-term economic growth rate. In view of this, the current situation of China’s economic development is described herein: (1) China, only next to the United States, ranks second in the world in terms of economic aggregate. According to a release from the IMF, GDP of China and the United States in 2019 was 14 342.9 billion and 21 374.4 billion US dollars, respectively. Despite the ratio of China’s GDP to that of the United States as only 67.10%, China’s GDP was far higher than other countries. (2) From the perspective of economic growth rate, it was 6.1% for China and 2.3% for the United States in 2019. This suggests that China’s GDP grew more than twice as fast as that of the United States. (3) The GDP per capita of China was 10 262 US dollars in 2019, accounting for 89.8% of the world’s average (11 429 US dollars) and 15.8% of that of the United States (65 118 US dollars) in the same year.

In accordance with the theory that the economic growth rate shows a wave-shaped downward trend with the increase in GDP per capita and the conclusion that China’s economic growth rate will be higher than those of other economies at the same level of development, we make the following forecast for China’s economic growth rate in the first half of the 21st century.

(1) GDP is forecast to double in 2020 as compared to 2010. China’s economy in 2020 is forecast to grow at a rate of 2.4%. Calculated at comparable prices, China’s GDP in 2020 is expected to approximate 194.09% of that in 2010. Due to the shock of the pandemic, China’s GDP failed to double in 2020 as compared to 2010, but the result is still satisfactory, which almost achieves the great goal on GDP proposed in the Fifth Plenary Session of the 18th CPC National Congress.

(2) China’s economic aggregate is predicted to reach the level of the United States around 2030, based on the current exchange rate methodology. The main reasons are the faster economic growth in China than in the United States and the fluctuation of exchange rate. The RMB appreciation is foreseeable relative to the US dollar in recent years, probably with an annual appreciation rate of about 1% on average. Nevertheless, the GDP per capita of China is forecast to be only a quarter of that of the United States according to the level of economic development, because China has more than four times the number of people as the United States.

(3) China’s economy is forecast to grow at a moderate or high rate in 2021–2035. Since the cardinal number of economic development was low in 2020, China’s economic growth rate is expected to reach around 8.5% in 2021. During the “14th Five-year Plan” period (2021–2025), China’s average economic growth rate is likely to reach about 6.3%. According to the projection of this study, China’s economic growth will fall below 6% during the “15th Five-year Plan” period (2026–2030), with the average annual growth rate being about 5.4%. And it will further drop to below 5% during the “16th Five-year Plan” period (2031–2035). From 2021 to 2035, the average annual economic growth rate of China is expected to reach about 5%; while that during 2036–2040 is forecast to be around 4.2%.

(4) China’s economic growth forecast is further lowered to below 4% during 2041–2050. At that period, the average annual economic growth rate of China will be about 3.8%, 0.7 percentage points lower than that in the 1930s.

(5) China will be developed into a great modern socialist country that is prosperous, strong, democratic, culturally advanced, harmonious, and beautiful by 2050. China’s economic aggregate is expected to be about twice the size of the United States around 2050, whereas the GDP per capita will be still only about half of that of the United States.

2 Analysis and preliminary forecast of China’s economic growth in 2021

The world’s economy, hit hard by the pandemic, slips into a deep recession. China’s economic and social development is also inevitably involved. In the first quarter of 2020, China’s GDP fell by 6.8% year-on-year, presenting the first negative growth since the reform and opening up. In response...
to the huge impact of the pandemic and facing the complicated and severe domestic and international environments, all regions and departments in China have scientifically coordinated the pandemic prevention and control with the economic and social development to powerfully and effectively promote restoration of production and life under the strong leadership of the CPC Central Committee with Comrade Xi Jinping at the core. In the second quarter of 2020, China’s economic growth rate rapidly turned from negative to positive, with the economy increasing by 3.2% year-on-year. The situation was further recovered with a year-on-year economic growth of 4.9% in the third quarter. At present, the upturn of China’s economy has been seen. In November 2020, the purchasing manager’s index (PMI), non-manufacturing business activity index, and composite PMI output index were 52.1%, 56.4%, and 55.7%, respectively, 0.7, 0.2, and 0.4 percentage points higher than the previous month. Moreover, the three indexes in November were all highs within the year and they were above the tipping point for nine consecutive months. Although the three indexes were lowered in December, they were still at high levels, indicating that, overall, the economy has maintained a good momentum of steady recovery.

China has become the first country showing a positive annual economic growth rate after the pandemic outbreak among the world’s major economies. Its GDP growth rate in the fourth quarter is expected to reach 6.7%, namely that the economic growth will rebound to its pre-pandemic level at the end of 2020, and the annual economic growth rate in 2020 is expected to be about 2.4%. More severe and highly uncertain domestic and international environments in 2021 are still challenging for the economy of China. How the economy develops and whether it can achieve rapid recovery growth become the concerns of the CPC, Chinese government, and all walks of life.

2.1 Prerequisites and major influencing factors for the forecast of China’s economic growth in 2021

2.1.1 Prerequisites

China’s economic operation, the development of the international economic situation, and the growth of China’s external demand in 2021 will all suffer great uncertainties. The authors forecast China’s economic growth in 2021 with the following four aspects as the prerequisites: ① Under the strong leadership of the CPC Central Committee with Comrade Xi Jinping at the core and the guiding principles of the Fifth Plenary Session of the 19th CPC Central Committee, the Chinese government upholds the underlying principle of pursuing progress while ensuring stability, so that the economic operation is maintained within a reasonable range. ② The pandemic situation in China is still under control without serious recurrence. With the large-scale vaccination, the pandemic in most countries in the world, especially in developed countries, has been well controlled. ③ There will be no all-round confrontation and conflict in politics, military affairs, economy, and science and technology between China and the United States in 2021. ④ In 2021, large-scale conflicts and local wars will not occur in China’s neighboring regions, such as the Korean Peninsula, the South China Sea region, and the Taiwan Strait.

2.1.2 Main influencing factors

(1) The policy of the new American government toward China. The United States is currently the only superpower in the world, and thus China-US relations are the most crucial bilateral relations for China. Joe Biden’s inauguration will be held around January 20, 2021. The change of president will basically not influence the general direction of Washington’s China policy. No matter who wins the presidential election, the American government will still adhere to its suppression against China’s development, especially in the key and core fields of science and technology, which is a bipartisan consensus in the United States. However, there may be important differences in the specific policies towards China between Donald Trump and Biden administrations: ① Different priorities. Trump holds that China is the main enemy. In Biden’s opinion, Russia is the main enemy posing main threats, while China is the main competitor. ② Different strategies. Trump basically suppressed China alone; while Biden advocates uniting allied countries to achieve the goal. ③ Different scopes of “decoupling.” After Biden takes office, the suppression against China in key and core fields of science and technology by the United States will not be eased, whereas the scope of “decoupling” is expected to narrow. ④ Different policies. Unlike Trump, Biden may devise more robust and predictable policies. ⑤ Different general situations. Trump advocates the all-round confrontation with and suppression against China, while Biden supports confrontation, competition, and cooperation.

(2) Other aspects of China-US relations. In the short term, the tension between China and the United States may ease in stages after the American presidential election. In 2020, some of the conflicts between China and the United States intensified, which was related to the election to some extent. After the inauguration of the new president, the president’s main tasks will turn to his own country, including the response to the pandemic. As a result, the suppression and accusation against China will be eased. It is expected that the first-stage trade agreement between China and the United States will still play a role as a ballast over the short term. Under the impact of the pandemic, China’s imports become more important to the United States than before. The procurement plan in the first-stage trade agreement is particularly crucial to the economic recovery of the United States. Thus, the possibility of all-round deterioration of China-US relations is low. Practical and constructive cooperation regarding climate change, trade, and prevention and control of pandemic between the two countries are foreseeable. Overall, the detente
or improvement of China-US relations can be expected in the short term in 2021.

(3) The Regional Comprehensive Economic Partnership (RCEP). Fifteen member countries including 10 ASEAN countries, China, Japan, South Korea, Australia, and New Zealand formally signed the RCEP on November 15, 2020. According to the data of World Bank [3], the 15 member countries of RCEP had a total population of 2,255 million with a total GDP and total export volume of 25.22 trillion and 6.54 trillion US dollars, respectively, in 2018, which indicates the most potential free trade area with the largest population size and scale of economy and trade. RCEP represents the victory of multilateralism and free trade, which will be bound to add new momentum to the development and prosperity of the regions and contribute to the recovery growth of the world economy. More than 65% of commodity trade among the 15 member countries will probably enjoy zero tariff in the future, which is exhilarating because it would promote the development and prosperity of the manufacturing industry and even the overall economy in China.

(4) EU-China Comprehensive Agreement on Investment (CAI). The two sides concluded on schedule the negotiations for the agreement on December 30, 2020, heralding the boost of the investment, economy, and trade relations between China and the EU. Besides, it will help to strengthen the economic cooperation between China and the EU and push them to build a higher level of global value chain, thus bringing new opportunities for the economic development of the two sides. In the context of the 14th Five-year Plan, the CAI is of great significance to the economic transformation and upgrading, the cooperation in science, technology, and innovation, the development of high-end service industry, and the improvement of high-quality opening-up of China.

2.2 Brief introduction to the forecast method of China’s annual GDP growth rate

Many major factors affecting GDP forecast are highly uncertain, thus making the forecast greatly complicated and difficult. Some factors are difficult to quantify and many factors lack the data for the forecast. Inspired by the idea of forecasting grain output proposed by Chen et al. [2], we forecast the annual GDP using the systematic integrated prediction approach with input-occupancy-output analysis as the core. The key points of this model are listed as follows:

1. It regards the national economy as a typical complex system. The national economy is hierarchical, and there are complicated interactions between subsystems and between the system and the environment, featuring strong nonlinearity, randomness, and dynamic characteristics. The model necessitates the comprehensive consideration of international factors, political situation, socio-economic and technological factors (such as policies, finance, science and technology, population, and prices), and natural factors (such as disasters and meteorology).

2. The model grasps the principal contradictions and factors that affect economic growth.

3. Various quantitative methods are combined in the model, including input-output technique, statistical methods and econometrics, scenario analysis, prosperity analysis, and expert analysis.

Herein, the forecast of 2021 is taken as an example: 1. The overall growth trend of China’s GDP in 2021 is analyzed; 2. China’s GDP growth scenario and prosperity in 2021 are analyzed; 3. Econometric models are established for major industries and the three key demands (consumption, investment, and import & export) from the perspectives of production-based and expenditure-based methods, so that the GDP’s growth rate can be analyzed and forecast independently; 4. The combination forecasting of China’s GDP growth rate is realized with the model calculation results and expert analysis.

2.3 Analysis and forecast of China’s GDP growth rate and economic trend in 2021

Affected by the pandemic, China’s economic growth rate in the first quarter of 2020 was only −6.8%, showing a quite low cardinal number. The economic growth rate is forecasted as 16.3%, 7.3%, 6.3%, and 5.9% in the first, second, third, and fourth quarters of 2021, respectively, presenting a trend of being high at first and lowered later on. The annual economic growth rate is forecast as around 8.5% in 2021, which would be back to 6% in 2022 (Table 1). From the perspective of the three major industries, the growth rates of the value added in the primary, secondary, and tertiary industries are expected as 3.2%, 9.5%, and 8.4%, respectively. They are respectively 0.3, 6.8, and 6.3 percentage points higher than those in 2020.

Table 1  GDP growth rate of China’s three major industries from 2019 to 2021

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2019</th>
<th>2020 (forecast) (%)</th>
<th>2021 (forecast) (%)</th>
<th>Increment in 2021 from 2020 (forecast) (percentage point)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP growth</td>
<td>6.1</td>
<td>2.4</td>
<td>8.0</td>
<td>1.9</td>
</tr>
<tr>
<td>Wherein:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary industry</td>
<td>3.1</td>
<td>2.9</td>
<td>3.2</td>
<td>0.3</td>
</tr>
<tr>
<td>Secondary industry</td>
<td>6.7</td>
<td>2.7</td>
<td>0.6</td>
<td>6.8</td>
</tr>
<tr>
<td>Tertiary industry</td>
<td>6.9</td>
<td>2.1</td>
<td>8.4</td>
<td>6.3</td>
</tr>
</tbody>
</table>

Data source: National Bureau of Statistics and calculations by the project team.


The above forecast on the growth rate of the three major industries in 2021 is based on the following aspects. ① Continuous supply-side structural reform in agriculture. The transformation and upgrading of agriculture and animal husbandry will bring new impetus to economic development. In particular, the recovery growth of the breeding industry, e.g., pig breeding, will boost the value added of the primary industry in 2021, slightly higher than that in 2020. ② Recovery growth of the secondary industry. The pandemic-induced stagnation in production and operating activities in 2020 will likely resume step by step in 2021, and a greater increase can be expected. Additionally, the growth rate of the value added in emerging industries will be maintained at a high level, and the potential for R&D and independent innovation will be further released. However, the external demand will suffer great uncertainties owing to the overseas pandemic. ③ Post-pandemic recovery growth of service industry. Wholesale and retail trade, accommodation and catering services, transportation, warehousing, and postal services will be restored to their pre-pandemic levels or even developed to higher levels, which thus result in the steady recovery growth of the service industry. In addition, the new growth drivers for the development of the service industry will increase at a relatively stable rate, thereby breathing new life into the growth of the service industry.

Judging from the three key demands, with the domestic pandemic under control and the per capita disposable income of the residents increasing, China’s consumption is expected to continue to recover and become the main force driving economic growth. The impact of relevant investment policies continues. In particular, under the strong support of the 14th Five-year Plan for the development of high-tech industries, investment in high-tech industries will become the driving force for overall investment growth, which further consolidates the role of investment played in economic growth. In terms of foreign trade, the COVID-19 vaccine will get approval in 2021, as a result of which the pandemic situation in developed economies such as the European Union, the United States, and Japan would be well controlled. After fully realizing the problems caused by the imbalance in foreign trade, the Chinese government vigorously promotes the import of goods and services, making the import and export gradually tend to be balanced. Consequently, the promoting effect of the net export of goods and services on economic growth will be weakened. The contribution rates of consumption, investment, and net export of goods and services to GDP are expected to be 57.7%, 38.8%, and 3.5% in 2021, respectively, boosting GDP growth by 4.9, 3.3, and 0.3 percentage points in turn (Table 2).

### Table 2
China’s GDP growth rate and the contribution rate of three demands to GDP (2019–2021)

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP growth rate (%)</th>
<th>Contribution to GDP (%)</th>
<th>Percentage-point increase in GDP contributed by demands</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Final consumption</td>
<td>Gross capital formation</td>
</tr>
<tr>
<td>2019</td>
<td>0.1</td>
<td>57.8</td>
<td>31.2</td>
</tr>
<tr>
<td>2020 (forecast)</td>
<td>2.4</td>
<td>-14.0</td>
<td>97.5</td>
</tr>
<tr>
<td>2021 (forecast)</td>
<td>8.5</td>
<td>57.7</td>
<td>38.8</td>
</tr>
</tbody>
</table>

Data source: National Bureau of Statistics and calculations by the project team.

3 Summary and suggestions

(1) With giving full play to its advantages in the global production chain, China should promote the foreign trade-driven development, create a new pattern of foreign trade, and quicken its pace in fostering a new development paradigm with domestic circulation as the mainstay and domestic and international circulations reinforcing each other. The global short-term economic prospect is not optimistic in 2021 due to the pandemic out of control by the end of 2020. By contrast, China has gradually achieved economic recovery at a speed faster than expected. ① Export. The export of China has grown rapidly during its providing various products including anti-epidemic supplies to other countries. China stands firm for maintaining the stability of the global industrial chain and supply chain by taking concrete actions and makes its contribution to supporting other countries in stabilizing their markets. China is likely to bear witness to its further rapid development in foreign trade in 2021 and will provide more Chinese products for the global market. ② Domestic demand. Affected by the pandemic, China’s consumption situation continued to be sluggish in 2020. While progress has been made in pandemic prevention and control, the recovery rate of consumption is still far below expectations. In 2021, on the premise of ensuring the orderly prevention and control of the pandemic, China should take various measures to further promote consumption and enhance the effect of domestic demand as the prime power on the sustainable development of the dual-circulation system.

(2) Proactive fiscal policies and prudent monetary policies should be still adopted to stabilize growth and promote development. At the beginning of 2020, the sudden outbreak of the pandemic and the large-scale and high-intensity pandemic prevention and control measures posed great obstacles to the majority of enterprises, especially the service industry and...
small, medium, and micro enterprises. In spite of the initial victory of pandemic prevention and control and China’s economy entering the recovery cycle, the economic impact caused by the pandemic has not faded and there are still some risks in the operation of the real economy. Therefore, “stabilizing growth and promoting development” should still be the top priority of China’s economic work in 2021. Suggestions: ① China should continue proactive fiscal policies in 2021 while ensuring the effectiveness of policy implementation. The total fiscal deficit needs to be controlled at a reasonable level and, meanwhile, the scale of local government special bonds should be kept reasonable. Moreover, expenditures in policies are suitable, which, on the premise of reasonable and by innovation are still the goals of development. People have areas should be highly guaranteed. ② Prudent monetary policies are suitable, which, on the premise of reasonable and sufficient liquidity, need to facilitate the social financing and monetary credit. ③ The combined forces of various departments in devising and implementing economic policies should be ensured, especially for fundamental problems, so as to promote the synergistic effect of various policies and mitigate the adverse impact of the pandemic on consumption, investment, and foreign trade.

(3) Building a country based on scientific and technological innovation and realizing the high-quality growth driven by innovation are still the goals of development. People have basically reached the consensus of the long-term existence of trade disputes between China and the United States. The friction and competition between the two countries in the field of science and technology will definitely become fierce in the future. In recent years, the United States has repeatedly sanctioned Chinese high-tech enterprises on the grounds of “national security,” for example, cutting off the supply of chips to Huawei to depress its 5G development, suppressing Chinese enterprises listed in the United States with financial hegemony, and imposing academic blockades by some measures, like suspending the entry of Chinese students and scholars involved in core technical disciplines, to contain China’s high-end technological development in various ways. At present, there is still a big gap between China and the United States in the field of science and technology. Suggestions: ① Facing the blockade imposed by the United States, China should concentrate to develop core technologies, break through their bottleneck, adhere to the policy of making itself a country of innovators, and rationally distribute core industries. ② From the perspective of the entire industrial chain of the high-end manufacturing industry, China should concentrate on advantageous strengths to conquer key and difficult technologies in core areas. Besides, there is also a need to increase research support in basic disciplines, speed up the reform of the science and education system, and establish an enterprise-university-research institute cooperative system close to reality. ③ It is suggested to support the development of innovative enterprises in various ways and take concrete steps to track and evaluate the effectiveness of the support policies. ④ The introduction of overseas high-end talents and innovative talents should be intensified, which include industrial and technological talents and those involved in basic research and social welfare research, to establish a safe industrial technology system suitable for China which absorbs technologies from other countries through various channels. ⑤ The role of independent innovation in science and technology should be enhanced in supporting economic growth in the future.

(4) China needs to accelerate the transformation and upgrading of industrial structure and cultivate world-class advanced manufacturing clusters. In recent years, information and communication technologies have increasingly become an important impetus for the economic globalization. Digital technologies, such as cloud computing and artificial intelligence, have brought about significant changes in the global value chain and shifted it to intelligence and servitization. The global economic recession and trade obstruction caused by the pandemic influence the globalization. As a result, regionalization and diversification can be found in some industries, and the global value chain, industrial chain, and supply chain are facing reconstruction. Additionally, China’s demographic dividend has gradually weakened, and the original development mode of integrating into and participating in global value chain competition with the advantage of low-cost labor force is no longer applicable. Therefore, the transformation and upgrading of China’s industrial structure are imperative. Suggestions: ① With the opportunity of vigorously promoting the construction of important economic zones such as Guangdong-Hong Kong-Macao Greater Bay Area, China should focus on cultivating a new generation of strategic emerging industries such as information technology. ② With the new opportunity of RCEP and CAI, China should attract global high-quality production enterprises and build a world-class high-end regional industrial chain cluster. ③ By giving full play to its existing technological advantages in emerging industries such as 5G and quantum communication, China should strategically combine with manufacturing powers to determine the supporting point of the development of the manufacturing industry by information technology. ④ It requires to climb to the middle and high end in the new development of the global value chain by promoting the optimization and upgrading of traditional industries and developing modern service industry.

References


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