Escaping the Middle Income Trap: A Forum

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China’s inexorable rise

a. China’s rapid, broad-based growth . . .

Source: NBSC 2010; World Bank 2011.
b. ... has made it the second-largest economy in the world ...
c. ... the world’s largest exporter ...
d. . . . and the world’s largest manufacturer

![Graph showing manufacturing GDP (US$ billions, current prices) for the United States and China from 2000 to 2009.]

Source: UNSD 2010.
China 2030: key recommendations

• Recalibrate the role of Government and private sector towards a stronger market based economy
• Promote an innovation eco-system
• Go Green
• Ensure equality of opportunity and access to basic amenities and social services
• Reform the fiscal system aligned with the role of government
The role of the state

• Recalibrate the role of state owned enterprises and reform their governance structure
• Reexamine the role of state owned banks
• Land reform, especially in peri urban areas
An eco-system for innovation

- Raise quality of university graduates and research
- Link in global innovation and R&D networks
- Build IPR and legal institutions to facilitate international innovation ecchains
- Build “sticky” cities
Environment

Go green through

- market incentives
- Effective regulations
- Energy efficiency of buildings
- Smart transport systems
- Stronger institutions for green development implementation
Equality of opportunity

• Narrow and overcome rural urban service disparities
• Focus on underserved rural areas and migrants
• Better pension systems and long term care
• Enhanced government capacity and accountability
The fiscal system

- Reform fiscal central-provincial-sub provincial relationship and align expenditure responsibility with resource availability
- Bring all resources “on budget”
- Allocate towards social and environmental challenges
- Introduce SOE dividends into the treasury
Thank you