

# China's economic outlook 'much brighter' than some have claimed: Cedrus report

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Rani Jarkas, Chairman of Cedrus Group, delivers a speech at the 2023 Autumn Macro Situation Forum on September 14, 2023. Photo: Courtesy of Chongyang Institute for Financial Studies at Renmin University of China

The outlook for China's economy is much brighter than some analysts and economists have claimed, said Rani Jarkas, chairman of Swiss financial firm Cedrus Group, at a recent forum held in Beijing.

"China's flexible macroeconomic framework is able to adapt and respond to changing demand and conditions, providing a buffer against macroeconomic fluctuations and external shocks," Jarkas noted.

With the theme "China's Economic Recovery: Challenges and Opportunities," the 2023 Autumn Macro Situation Forum, co-hosted by Cedrus and the Chongyang Institute for Financial Studies at Renmin University of China (RDCY) on September 14, released two research reports by the two co-hosts, which analyzed China's current economic situation, and affirmed China's continued contribution to the recovery of the world economy.

The report by Cedrus, titled *The Locomotive is Powering Through Amid Global Headwinds*, provides an insight into the economic realities of the Chinese economy and puts into context its strengths and the challenges faced by other nations. It presents the view that the Chinese economy is once again acting as the world economy's "locomotive" at a time when the global economy is facing the long-term economic consequences induced by COVID-19.

The report also explains how China's "absolute dominance" in manufacturing has transformed it from the "world's factory" that mainly relied on low-cost production and processes into an innovation powerhouse, leading the way in several key industries. These industries include electric vehicles (EVs), 5G and 6G, and artificial intelligence (AI), among others.

The other report *Review and Suggestions for Economic Policies Since the Summer of 2023* by RDCY said that Chinese economic indicators in August demonstrated marginal improvement.

In August, China's consumer price index (CPI) rose by 0.1 percent year-on-year and the producer price index (PPI) fell by 3 percent, showing a slight improvement compared to the previous month. Total imports and exports fell 8.2 percent year-on-year, narrowing from July's double-digit decline.

During the second quarter this year, ministries and commissions under the State Council have introduced various policies and measures to stabilize economic growth, said Wang Wen, executive dean of RDCY.

Given the lag effect of policies, the RDCY report anticipates that the impact of previous policies will continue to be reflected in various economic indicators in the coming

months.

The overall Chinese economy is showing a positive uptrend toward sustained recovery, Zhang Junkuo, chairman of the China Development Research Foundation and former deputy director of the Development Research Center of the State Council, said at the forum. The sub-index for new orders in the manufacturing PMI exceeded 50 percent, he noted.

Nonetheless, since the foundations of the Chinese economic recovery are not solid, continuous and long-term efforts should be made to expand consumption, promote investment and boost confidence, Zhang noted.

Chen Zhongyang, professor of the School of Finance at Renmin University of China, stressed at the forum the important role the government plays in promoting sound and steady economic development.

Chen said that the role of government is to provide an environment for the development of enterprises and minimize uncertainty as much as possible. In this vein, the regulatory aspect is important, he said.

"Our greatest advantage over the past 40 years has been that we have both government and market mechanisms in place, and this combination will continue to be crucial in the future," Chen added.

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