Current Economic Situation

China has emerged as a leader in its own right, developing from a closed and centrally planned economy to a dynamic market driven economy. Through reforms and the restructuring of its economy, China experienced skyrocketing increases in the economy’s GDP since 1978. It currently stands as the second largest economy in the world. The Chinese government continues to restructure the economy in order to increase domestic consumption and decrease the dependency on exports.

In 2010, China became the world’s largest exporter. The global economic downturn of 2008 reduced foreign demand for Chinese exports for the first time; however, the economy was quick to bounce back in 2010 with a growth rate of 10 percent. Its improving economic conditions are reflected in China’s steadily rising World Bank’s Ease of Doing Business rankings.

China continues to tackle emerging economic challenges including high domestic savings rates, creating jobs for the millions of migrant workers, and controlling environmental degradation.

APEC Relations

Since joining APEC in 1991, China has supported the Bogor goals of trade and investment liberalization and economic cooperation.

Currently, 62 percent of all Chinese merchandise exports are sent to APEC economies, with the U.S. as the main destination. Sixty-six (66%) percent of total merchandise imports into China come from APEC, with Japan and Korea as the main sources of imports.

Within APEC, China acts as a leader in the Agriculture and Technical Cooperation Working Group, which is responsible for food security and safety.

Energy and Environmental Policy

As one of the world’s largest oil consumers, second only to the U.S., China has been investing heavily in renewable energy field in recent years. In 2006, Chinese government announced that by 2010 it would decrease energy consumption by 20 percent according to its 2005 output. Moreover, in 2009, China announced it would reduce carbon intensity by 40 percent from their 2005 output by 2020. Other energy and environmental initiatives by the Chinese government include adding alternative energy sources to its energy production as well as developing nuclear energy.

Response to crisis

The global economic downturn led to a drastic decrease in demand for Chinese exports, leading to a stall in domestic industrial production. China’s GDP growth slowed from 14.2 percent in 2007 to 9.1 percent in 2009, the lowest in five years. To counteract these economic setbacks, in 2008 China implemented a $586 billion stimulus package aimed at encouraging growth and domestic consumption. Funds were funneled into such areas as infrastructure investment, environmental protection and disaster rebuilding.

Notably, despite the global economic downturn, foreign direct investment flows into China increased by 22.8 percent from $83.5 billion in 2007 to $108.3 billion 2008.