



CHINA'S FOREIGN POLICY UNDER XI JINPING

IMPLICATIONS FOR LATIN AMERICA

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WTO
2001

GLOBAL FINANCIAL CRISIS
2008

19th PARTY CONGRESS
2017



RESOURCE MOBILISATION

EFFICIENCY

EAST ASIAN DEVELOPMENT MODEL (JAPAN, TAIWAN, SOUTH KOREA)

WTO, MULTILATERALISM AND DOMESTIC REFORM

DOMESTIC

- STATE OWNED ENTERPRISE (SOE) REFORM
- NATIONAL CHAMPION FIRMS
- EXPORT LED GROWTH
- PRODUCTIVITY
- FINANCIAL REPRESSSION
- CURRENCY MANIPULATION

INTERNATIONAL

- REGIONAL FTA (ASEAN+CHINA)
- LEADERSHIP FROM JAPAN
- ISOLATION OF TAIWAN
- SECURITY OF SEA LANES
- CHINA MODEL OF DEVELOPMENT
- HARMONIOUS WORLD
- GOOD NEIGHBOUR
- GLOBAL SOUTH

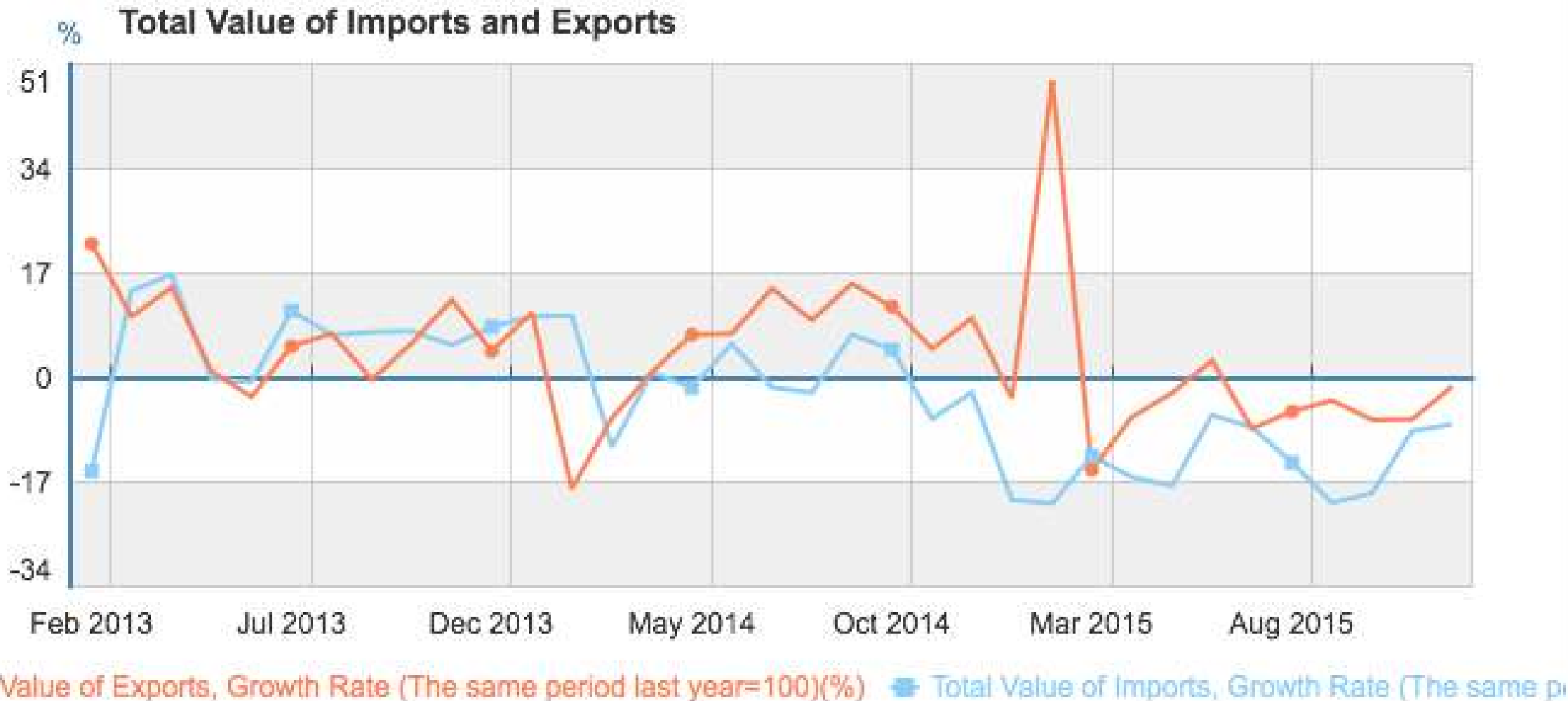
LINKING DOMESTIC AND INTERNATIONAL PROBLEMS

- OVER-INVESTMENT (2008 41% OF GDP)
- LACK OF DOMESTIC CONSUMPTION
- LOW PRODUCTIVITY
- TRADE SURPLUS (9% OF GDP 2007)
- RISE OF INTEREST GROUPS
- PROPERTY BUBBLE
- INEQUALITY (GINI 0.49 2008-9)

- TRADE FRICTIONS WITH US AND EU
- GROWING NATIONALISM IN CHINA

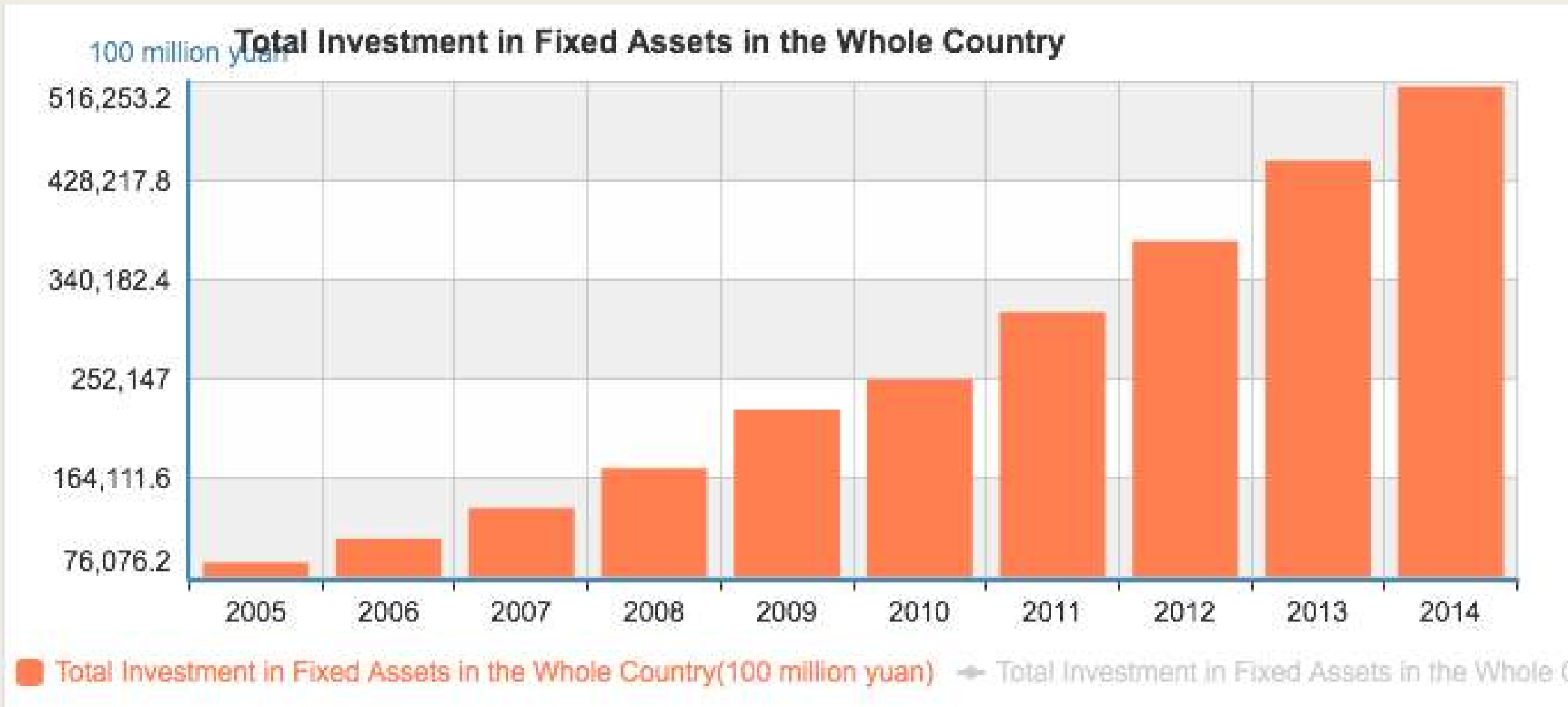
2008: THE GREAT REBALANCING

- 20% DROP IN EXPORTS; 23 MILLION LOST JOBS



RESPONSE: OVER INVESTMENT: US\$ 590bn.

INVESTMENT UP FROM 41% GDP IN 2008 TO 46% 2010-13

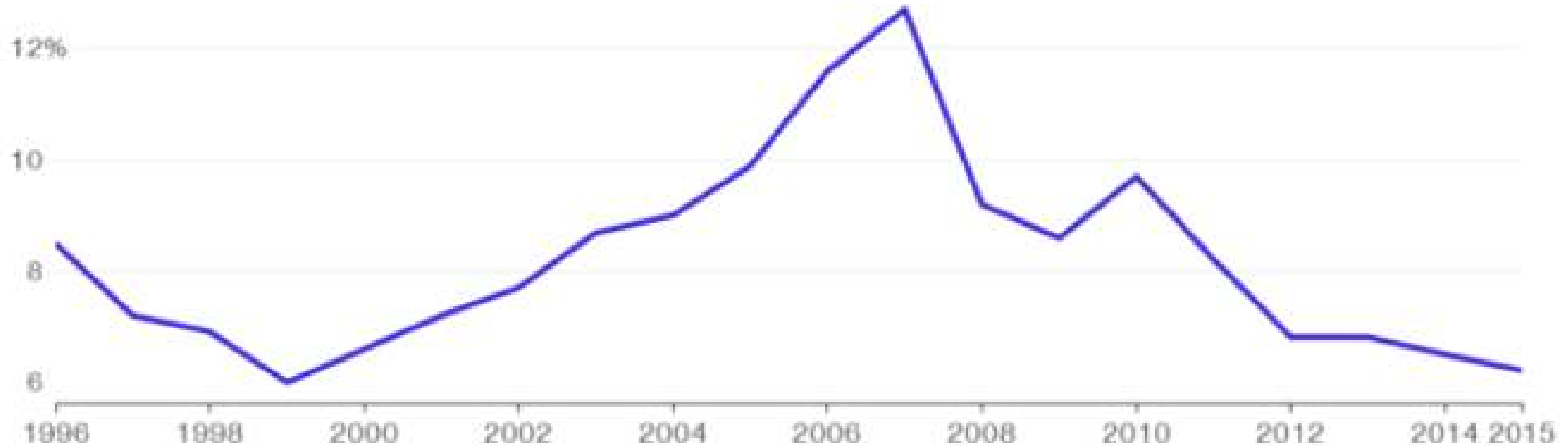


DEEPENING STRUCTURAL PROBLEMS



China Productivity Growth at 16-Year Low

■ China labor productivity growth YoY



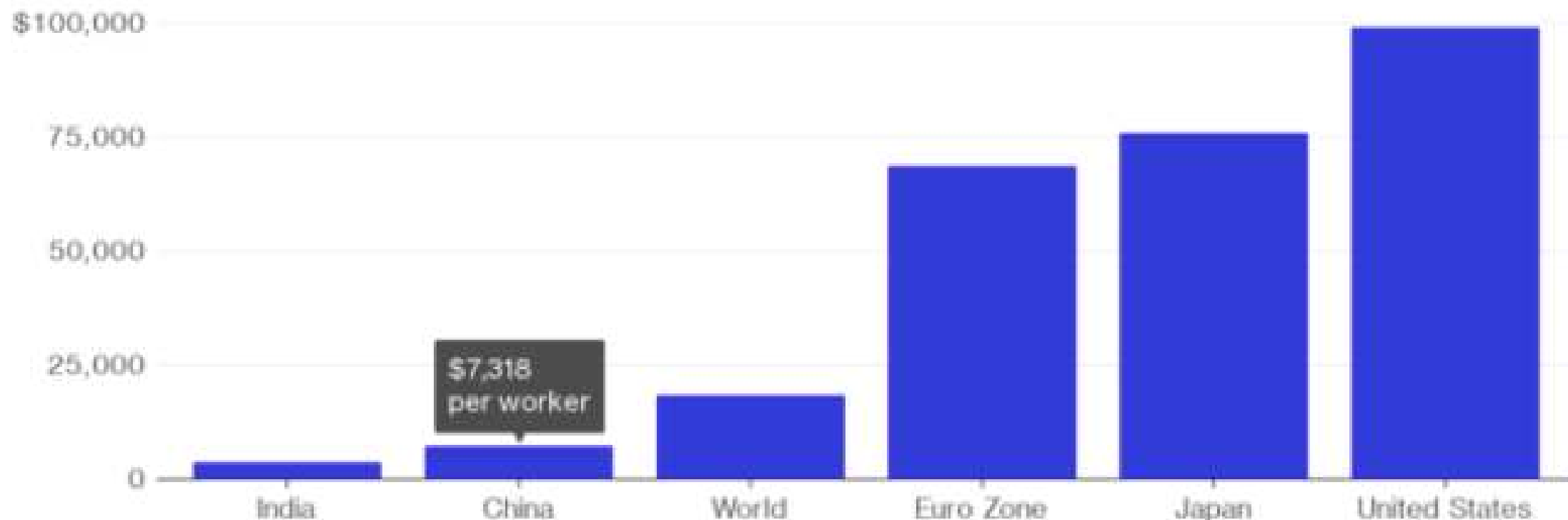
Sources: National Bureau of Statistics, International Labour Organization
Data based on 2005 constant price.

China's Labor is Less Productive

Rates are less than a tenth of European, Japanese and U.S. levels



■ Annual labor productivity in 2015



Sources: International Labour Organization, National Bureau of Statistics of China
Data are in constant price of 2005

NEW SILK ROAD ECONOMIC BELT



WHY SO COMPLICATED?

一带一路示意图



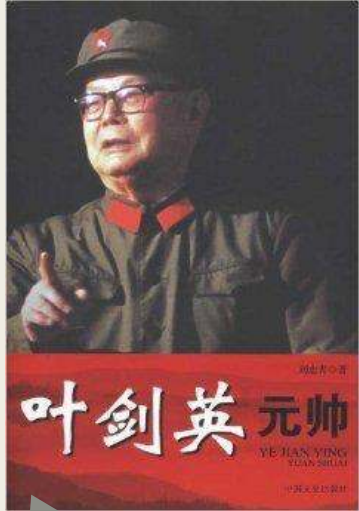
INTEREST GROUPS

THE 'PRINCELINGS'

General Wang Zhen



Marshall Ye Jianying



Wang Jun
Chairman of the Board of Directors, CITIC

US\$107bn in BRI



Wang Bing
1987 Dep Chief of Staff Southern Fleet Air Force
1983 Established China Marine Helicopter Company



Ye Xuanning Liaison Dept of PLA
General Political Affairs Dept
President of Carrie (Kaili) Group



Wang Jingyang, Ye Jingzi
Lobbying for BRI Shaanxi

丝绸之路经济带核心区

形成面向中亚、南亚、西亚国家的通道、商贸物流枢纽、重要产业和人文交流基地

建设向北开放的重要窗口



新疆



甘肃

青海

宁夏

陕西

内蒙古

北京

辽宁

黑龙江

吉林

沿海诸市

“一带一路”特别是21世纪海上丝绸之路建设的排头兵和主力军

21世纪海上丝绸之路核心区

福建

面向南亚、东南亚的辐射中心

云南

广西

21世纪海上丝绸之路与丝绸之路经济带有机衔接的重要门户



Not-so-young Turks

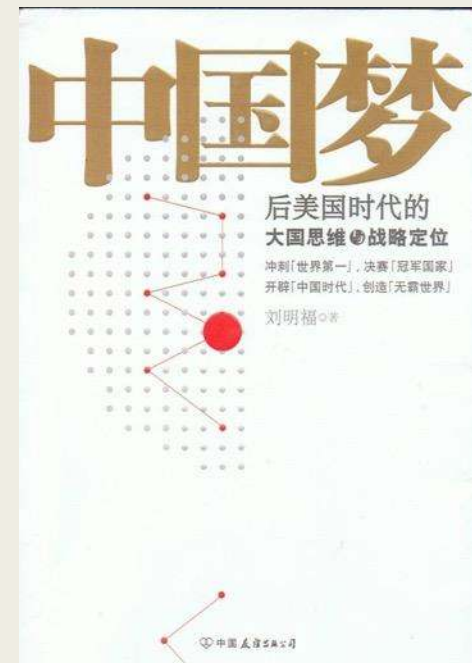


Liu Shaoqi



General Liu Yuan

Colonel Liu Mingfu



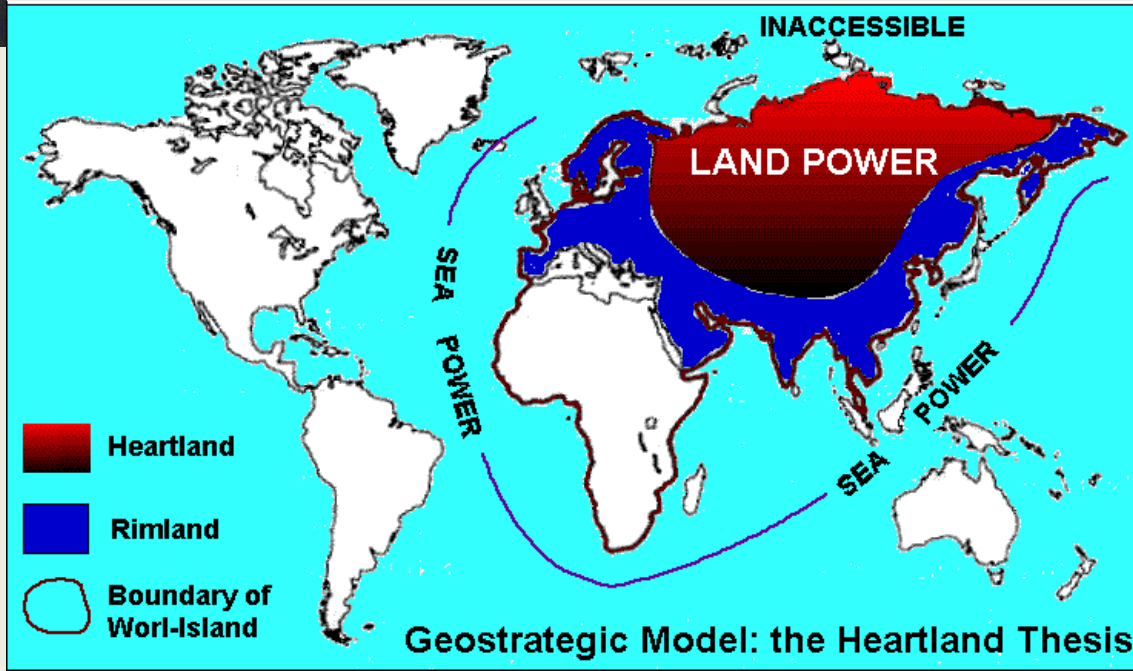
THE CHINA DREAM
Great Power Thinking
and Strategy in the
Post-US Era
(December 2009)

GEOPOLITICS

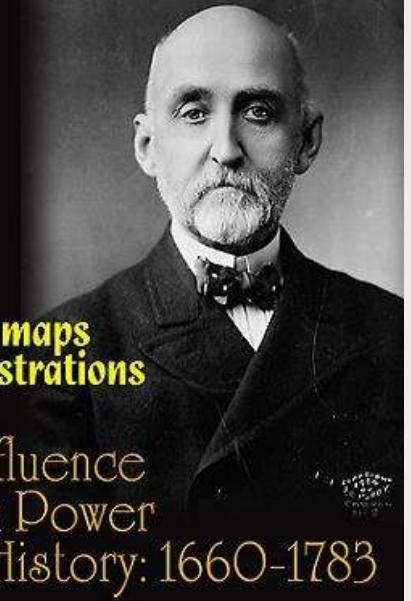


Halford Mackinder
1861-1947

'Heartland Theory'



Alfred Thayer Mahan



with all maps
and illustrations

The Influence
of Sea Power
Upon History: 1660-1783

from MobileReference

Alfred Thayer Mahan
1840-1914

Theory of Sea Power

CONCLUSIONS

- DOMESTIC STRUCTURAL PROBLEMS CAUSE GLOBAL INSTABILITY
- SOLUTIONS CANNOT DEPEND ON RECOVERY OF DEMAND IN US AND EU
- DOMESTIC DEMAND AND EFFICIENCY REQUIRES ECONOMIC AND POLITICAL LIBERALISATION
- MAYBE TRADE DEFICIT
- DEMAND BETTER FOR GLOBAL SOUTH THAN EXPORT OF CHINESE CAPITAL
- STAGNATION MORE LIKELY UNDER XI JINPING
- NOT BAD FOR LATIN AMERICA – BUT NATIONALISM BAD FOR EAST ASIA