

# ***On the Special Feature: The Challenges of Modern China and the Challenges of "New Normal" China***

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Since the founding of the People's Republic of China in 1949, the nation has faced numerous difficulties, nevertheless, it has been able to grow into the world's second largest economy. Following the establishment of the Open Door Policy in 1978, restrictions on international economic transactions stemming from political events of the late 1980s, the Asian currency crisis and the Lehman shock are some examples of the economic challenges China has encountered, yet diplomatic means and economic policy maneuvering have limited their direct effects to the short-term.

China is now confronting fresh economic difficulties unrelated to past challenges, however, each of these issues must be resolved if sustainable economic growth is to be realized. In this special feature we introduce the inevitability of China being forced to deal with such issues, explain the passive problems facing modern China, and recognize its challenges in proactively addressing the measures required to maintain sustainable economic growth.

In his paper, "An Overview of a New Cold War: Radical change in the international environment surrounding China's great power", Professor YUKAWA Kazuo of Asia University discusses China's international relations and the trade friction between it and the U.S., the most concerning economic issue at present. Moreover, Prof. YUKAWA explains China's economic frontier of expected growth in the decades following the Open Door Policy, explores the history and background behind recent trade friction with the U.S., and introduces future prospects for China.

The problem of declining birthrate and aging population is shared by many developed nations, and the current situation in China is covered in "China's Population Problems and Its Impact on Economic Growth" from Associate Professor WANG Yanjun of Jilin University. The author states that given the vast scale of China's population, the effect of declining birthrate and aging population on economic growth may reverberate beyond China,

therefore, it remains an issue that Japan should monitor closely.

"The Environmental Protection Industry in China and its Northeast, and Market Entry Challenges for Japanese Companies", a paper compiled by OIKAWA Hideaki, President of Across Japan Inc., addresses the environmental issues that China is actively pursuing to achieve sustainable economic growth. As an environmental business coordinator in the Northeast of China, Mr. OIKAWA provides a first-hand account of China's environmental policy and the current state of environmental issues, lists the environmental problems that China must solve, and suggests the need for Japan to play a cooperative role.

The three themes of international relations disputes, population problems, and environmental issues are key in the sense that China's economic growth is not sustainable unless viable solutions for each can be found. Problems in international relations and population are passive issues that China inevitably must resolve in the short-term, while environmental problems are active issues that can be dealt with in the long-term. China has achieved rapid development since joining the World Trade Organization in 2001. Although its economic growth has been unparalleled, the formation of social security systems and environmental measures have been unable to keep pace with the development. On another front, the rapid growth in China's foreign trade has resulted in additional challenges of trade friction with the U.S.

China has been in a state of flux of late, with a contradiction of radical growth and gradual institutional reform. While China has cited its transition from fast growth to medium-speed growth as a necessary change to apply its "New Normal" policies, it is hoped that harmonious development of stable growth and gradual institutional reform can be achieved moving forward.

[Translated by ERINA]