

On the Special Feature : China's New Economic Challenge

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China has experienced rapid economic growth for nearly half a century, with an average real GDP growth rate of 9.44% during 1978-2019. Before that, even amidst the Cultural Revolution of 1966-1976, an average real GDP growth rate above 6% was preserved. However, from 2007 China's GDP growth rate has sagged after a peak of 14.2%. Especially, the United States initiated a trade war against China in 2018, which began with tariffs. Following that, in 2020 an epidemic named COVID-19 has swept across China and spread throughout the world. Both have undoubtedly added more uncertainties to the Chinese economy. In that context, China faces a new challenge, that of maintaining continuous growth while achieving economic transformation smoothly. With great interest in that subject, this special feature issue contains three articles which address differing aspects of the Chinese economy.

The first article, titled “Regional Divisions in the U.S. and the U.S.-China Trade War,” is contributed by Yaoqian Mu. This article examines the background and causes of the U.S.-China trade war from the perspective of regional divisions in the United States. More specifically, his study illustrates the existence of regional geographical divisions in the United States and discusses the influences of divisional structure on the presidential election and thus, on its international policy, which involves a series of anti-globalization and anti-international cooperation policies. From that viewpoint, he points out that the outbreak of the US-China trade war is closely related to the divisional structure within the United States.

The second article, titled “A Study on Interprovincial Economic Networks in China,” written by Takanori Minamikawa, aims to clarify the structure of the economic network between the 31 provinces of China. He attempts to construct the economic network between provinces by utilizing the data on the number of people infected with COVID-19, considering that the

number of people infected with COVID-19, to a large extent, can reflect the infection route and thus can present the degree of economic ties between provinces. By modeling a spatial weighting matrix, he finds that close proximity does not necessarily ensure a tight relationship between provinces within China, and there seem no direct economic ties between the three northeastern provinces and other provinces.

Shenghua Li, Haifeng Jin, and Shu Mu contribute the last article, which is titled “Current State of Investment in the DPRK by Companies in the Jilin and Liaoning Provinces.” Their study introduces the history of China’s investments in the DPRK and government cooperation between the two countries, with special focus on Jilin province and Liaoning province, the two main sources of Chinese investments toward the DPRK. They find that a large amount of funds from other provinces is invested in the DPRK through the companies headquartered in Jilin province and Liaoning province, and that recent investments are primarily concentrated in Rason. On the basis of these findings, political implications on promoting China’s investments towards the DPRK are also provided.

The three articles refer to the current economic challenge faced by China in a new light, from the perspectives of the U.S.-China trade war, the inter-provincial network, and China’s investments in the DPRK. The U.S.-China trade war depicts China’s external environment, the inter-provincial network exhibits China’s inner economic connection, and investment toward the DPRK shows China’s positive attitude in relation to regional cooperation. These three articles, which seek to examine China’s economy from varied perspectives, symbolize the diversity of current Chinese studies. We hope that they provide sufficient clues for each reader to find out the future direction and potential of China.