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# Understanding China's economy into 2025 – evolved development strategy, reform priorities and short-term macroeconomic management

CMG Primer

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[China Macro Group \(CMG\)](#)

# China Macro Group (CMG) – a specialized European management consulting and research firm

## Corporate profile

- ✓ CMG is an agile, service-minded and innovative **European management consulting and research firm**
- ✓ CMG serves **international corporate, investment and public sectors** on China related questions
- ✓ It specializes in assisting **strategic decision-making** of governance, executive and functional bodies
- ✓ CMG combines three **core capabilities**: policy, business and strategy
- ✓ CMG operates with presences in **Zurich, Munich and Shanghai**

## How we work

### China InsideOut

Cross-cultural team, extensive networks in China, “reality checked” China analysis and also accountable to the Chinese discourse

### Inter-disciplinarity

Business / strategy, public policy / political science, macro-economy, geopolitics / geoeconomics / trade

### “Multipolar” analytically

For geopolitical / geoeconomic analysis actively use, seek and iterate with expertise and views from different “poles”

### Epistemological and dialectical values

Original, fact-based and calibrated  
Dialectics seen as resource and a process principle

### Professional services DNA

Listening, ownership and co-creation as foundation to build trusted and tailored collaborations

## Our value proposition – 6 service areas

- 1 Consulting**
  - Strategy devising / review
  - HQ-subsidiary alignment
- 2 Briefing**
  - Strategic business context
  - Market / competitive trends
- 3 Sector/market/tech intelligence**
  - Value-chain, competitive and go-to-market
  - Tech, cluster and ecosystem analysis
- 4 Partnering with Chinese firms**
  - Partner mapping and evaluation
  - Collaboration concepts
- 5 Monitoring**
  - Policy / sector / market factors
  - Geopolitical / risk factors
- 6 Learning & curation**
  - Learning conferences / fact-finding
  - Trainings, events and moderations



# Agenda

**1**

**Recap: China's evolved development strategy – 'Dual Circulation'**

**2**

**Understanding China's economy into 2025**

- **Reform policymaking priorities**
- **External factors: Dealing with Trump 2.0 strategically and China's ongoing diplomacy**
- **Short-term macroeconomic management and CEWC 2024**

**3**

**European business' strategic decision-making on China today**

*Further CMG resources and services*

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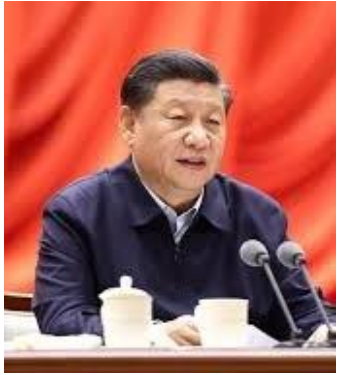
3

### European business' strategic decision-making on China today

*Further CMG resources and services*

# Xi's speech in April 2020 a few weeks after the initial containment of Covid alters China's development strategy

## Xi's reflection on China's development strategy in the past



*"The world is amid 100-year unseen changes. The pandemic is a crisis but meanwhile a crucial test...we need to think outside the box with long-term vision and refine our strategy, turn crises into opportunities and achieve high-quality development."*

--Xi's speech at the 7<sup>th</sup> meeting of the CCP Commission on Economy & Finance, April 10, 2020

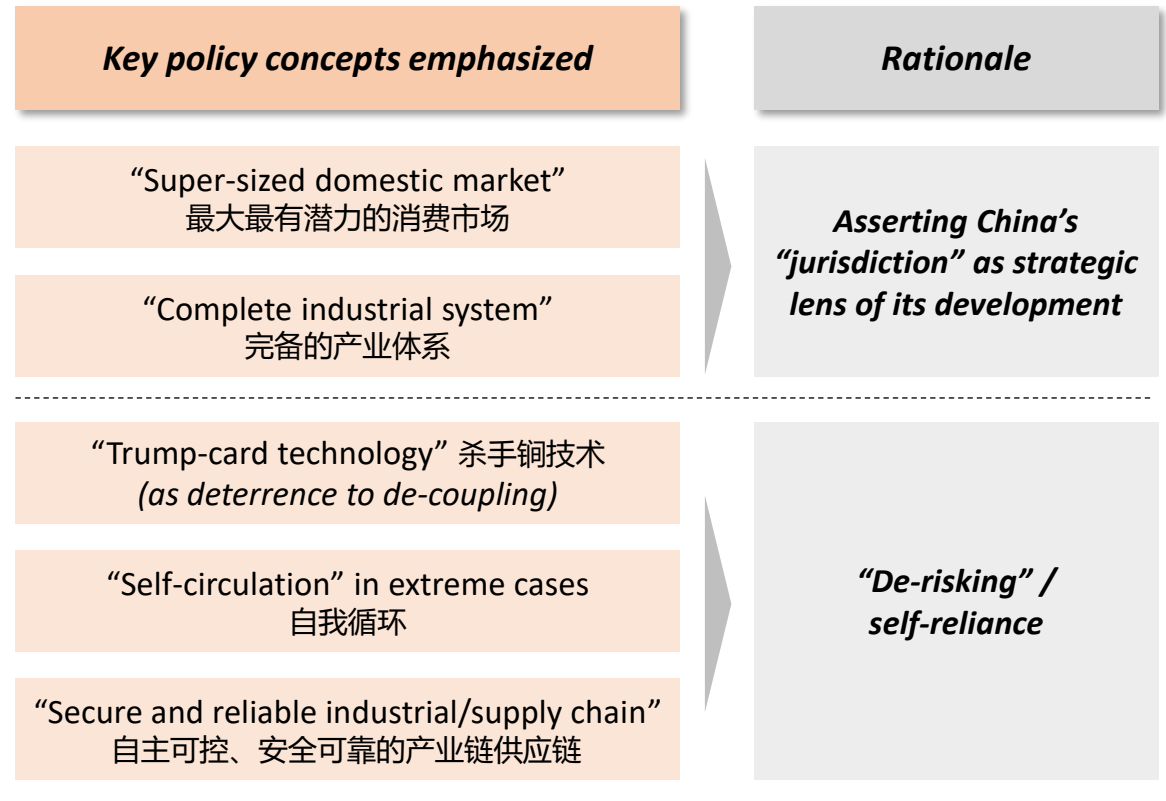
### Fast-growing economy relied on external supply and market

- Great economic achievements made by **integrating China into the "circulation of the world economy"** (国际大循环)
- China became a '**world factory**' that relied on raw material sources and end markets outside China

### ... but now external environment increasingly unfavorable

- Already ongoing **headwinds to economic globalization**, which could be intensified by the pandemic
- Global players becoming increasingly **"inward-looking"** (内顾倾向)

## Geoeconomic concepts infused into China's development strategy



# Jurisdictional rationale: China's industrial policy metric shifted from corporate to market supply lens by 2020

|                                |   | Phase 1: 1992-2005 | Phase 2: 2005-2011          | Phase 3: 2011-2020              | Phase 4: since 2020        |
|--------------------------------|---|--------------------|-----------------------------|---------------------------------|----------------------------|
| "Supply security" policy terms |   | Catch-up rationale | Emerging security rationale | Strengthened security rationale | Top-down security approach |
| Scope                          |   |                    |                             |                                 |                            |
| Chinese corporate lens         | Dependence on foreign tech (对外技术依存度)      |                    | 2006                        | 2015                            |                            |
|                                | Market share of domestic products (市场占有率) | 1996               |                             |                                 | 2018                       |
| Market supply-lens             | Self-sufficiency* (自给自足/自给率)              | 1994               |                             |                                 | Ongoing                    |
|                                | Supply capacity (供给能力)                    | 1996               |                             |                                 | Ongoing                    |
|                                | Market sufficiency (市场满足率)                |                    |                             | 2016                            | Ongoing                    |
|                                | Self-reliance (自立自强)                      |                    |                             |                                 | 2018                       |

\*Note: self-sufficiency used for food and energy only, except in the SEI in 2010, in which self-sufficiency was used one time also for "critical new materials" as technology



Among supply security concepts, only self-reliance is a risk management / "de-risking" measure, tackling critical supply bottlenecks

# China's 14th Five-Year-Plan is seen as of historic importance and “strategic shift”



**LI Junru**

Former Vice-President of the Central Party School, in an interview with China News Service's “China focus face to face” (中国焦点面对面) on 26<sup>th</sup> October 2020

*«The core of the [14th Five-year] plan is to realize the **biggest strategic shift** since the Third Plenary Session of the 11th Central Committee [in 1978] and the establishment of a market economy system. [...]*

*Now China clearly wants to promote the transformation of the economy from high-speed growth to high-quality development in accordance with the **new development concept**.*

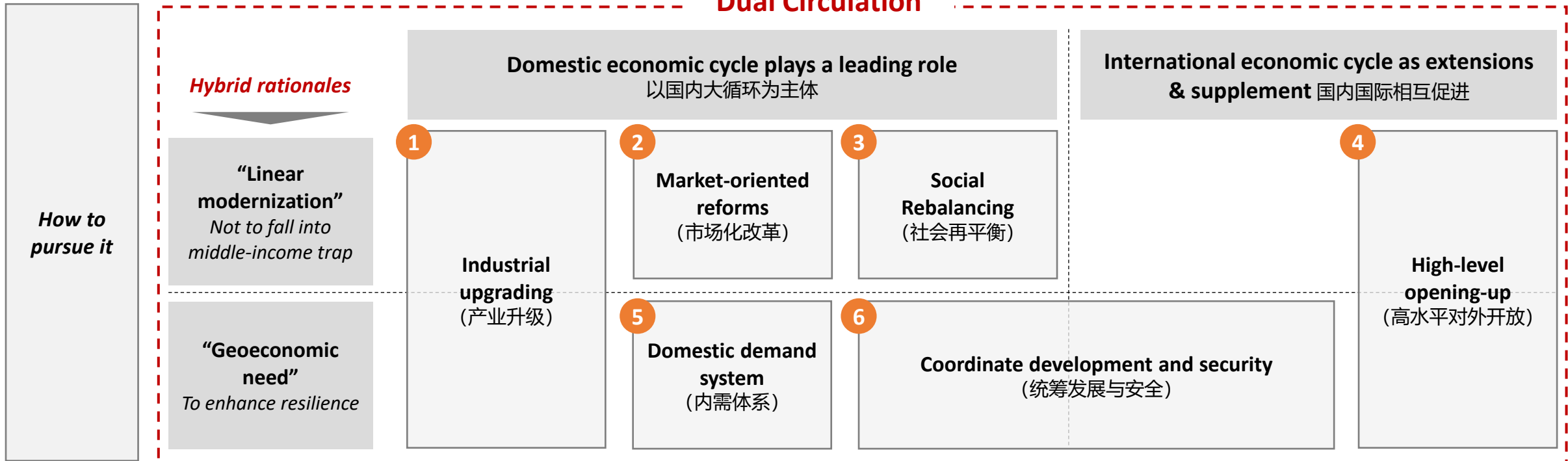
*At the same time, the entire economic layout is a new development pattern with internal circulation as the main body and internal and external circulation reinforcing each other.. This pattern is formulated based on the major changes unseen in a century and the needs of the great rejuvenation of the Chinese nation.»*

*«规划核心要义就是实现(十一届)三中全会以来、建立市场经济体制以来**最大的一个战略转移** [...] 现在中国明确要按照**新发展理念**推动经济从高速增长到高质量发展转变。与此同时，整个经济布局是要以内循环为主体、内外循环相互促进的新发展格局。»*

# 'Dual Circulation' as core concept of the "strategic shift" introduced in 2020/2021 relies on 6 key policy pillars

|                      |   |
|----------------------|---|
| <b>Ultimate goal</b> |  <p><b>Build China into a modernised socialist country and realise rejuvenation of Chinese nation</b><br/>全面建设社会主义现代化国家，实现中华民族伟大复兴</p> |
|----------------------|---|

|                              |  |
|------------------------------|--|
| <b>How to reach the goal</b> |  <p><b>Pursue High-Quality-Development with the "new development pattern"</b><br/>构建新发展格局，推动高质量发展</p> |
|------------------------------|--|



**Among six policy pillars, industrial upgrading and high-level opening up shaped by both linear modernization and goeconomic needs**

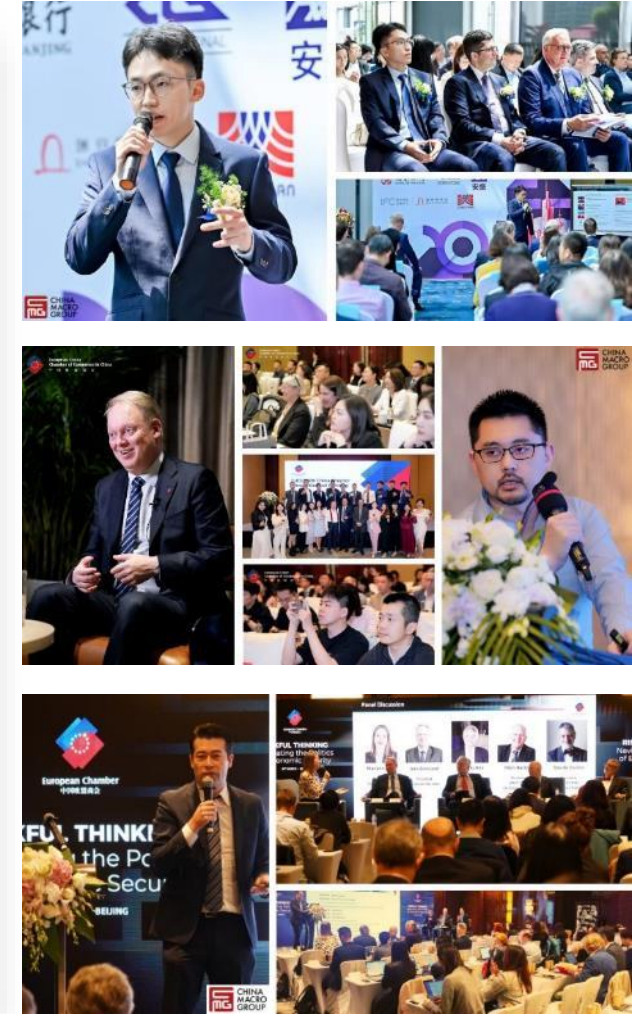
# 'Dual Circulation' policy pillar 6: China's risk management / "de-risking" toolbox consists of 6 key measure types

|  | 1<br><b>Self-reliance</b><br>(自立自强/自主可控)  | 2<br><b>Key/core tech breakthroughs</b><br>(突破/攻关)  | 3<br><b>Securing external supply</b>   | 4<br><b>'Trump cards'</b><br>(杀手锏)   | 5<br><b>Sectoral governance</b><br>(bio/cyber)  | 6<br><b>Retaliatory capacity</b>  |
|--|---|---|--|--|---|---|
| Managed "risk"                         | Import dependencies   | China's tech bottlenecks  | Import dependencies  | Western tech decoupling (defensively)  | Weaponisation or abuse of sensitive tech  | Inability to retaliate and deter  |
| Scope                                  | Critical industrial inputs  | Tech  | Resources (energy, food, critical minerals)  | Tech (mature vs. emerging strategic tech)  | Tech  | Foreign influence and pressure  |
| Key measures                           | <ul style="list-style-type: none"> <li>Supply chain ecosystem pilots</li> <li>'Hidden champions'</li> <li>Storage capacity</li> </ul> | <ul style="list-style-type: none"> <li>'New system for mobilizing resources nationwide', e.g. special R&amp;D projects or R&amp;D value-chain coordination</li> </ul> | <ul style="list-style-type: none"> <li>International supply chain cooperation, e.g. via the BRI</li> <li>SOE-led ODI for e.g. critical minerals</li> <li>Trade policy</li> </ul> | <ul style="list-style-type: none"> <li>Mature: new energy, HSR, communication / electrical equipment</li> <li>Emerging: quantum, AI and gene tech</li> </ul> | <ul style="list-style-type: none"> <li>Regulating data and esp. cross-border data transfer</li> <li>Restricting FIEs in some sensitive areas</li> </ul> | <ul style="list-style-type: none"> <li>Export Control Law</li> <li>Anti-Foreign Sanctions Law</li> <li>Foreign Relations Law</li> <li>Anti-Espionage Law</li> </ul> |
| Risk-management approach               | Supply chain security via 'onshoring'   | Accelerated indigenous catching-up  | Import diversification and going out   | Retain/create foreign dependencies on China  | Market governance   | Legal deterrence toolbox  |
| Impacts on European / foreign business | Incentivized localization of FIEs' supply chain   | Substitution of foreign tech by Chinese tech  | Diversification need by Chinese customers  | Potential dependency on select Chinese tech  | Higher compliance cost in using sensitive tech  | Higher exposure to geopolitical risks   |







# Reference: EUCCC-CMG report “Riskful thinking – navigating the politics of economic security”



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full report here**



# “Strategic shift”: policymaking across 6 pillars of ‘Dual Circulation’ shows deviation from pre-14<sup>th</sup> FYP trajectory

| Policy substance of ‘Dual Circulation’ across six policy pillars  |  | Deviations compared to pre-14 <sup>th</sup> FYP policy trend  |
|---|--|---|
|  <p><b>1</b><br/><i>Industrial upgrading</i></p>                  | <ul style="list-style-type: none"> <li>Enhance indigenous innovation</li> <li>SSSR*, modernized and complete industrial system</li> <li>Unleash growth potential of service sector</li> </ul>              | <ul style="list-style-type: none"> <li>Mobilized national resources to enhance innovation</li> <li>Enterprises as core actor to innovate</li> <li>Stronger industrial support to local/localized players</li> </ul> |
|  <p><b>2</b><br/><i>Market-oriented reforms</i></p>               | <ul style="list-style-type: none"> <li>SOE reform to sharpen SOE competitiveness</li> <li>Unleash the potential of all types of market entities</li> <li>Market governance progression</li> </ul>          | <ul style="list-style-type: none"> <li>Stronger roles to SOEs and state-owned economy</li> <li>Strengthened ideological control over business</li> </ul>  |
|  <p><b>3</b><br/><i>Social rebalancing</i></p>                    | <ul style="list-style-type: none"> <li>Common prosperity</li> <li>Social fairness and social protection</li> <li>Balanced regional and urban-rural development</li> </ul>                                  | <ul style="list-style-type: none"> <li>Rebalanced societal interest against economic interest—sometimes prioritizing societal interest with a trade-off of economic loss</li> </ul>                                 |
|  <p><b>4</b><br/><i>High-level opening-up</i></p>                 | <ul style="list-style-type: none"> <li>Broaden opening-up in more sectors</li> <li>Chinese firms ‘going-out’, incl. both export and ODI</li> <li>More active participation in global governance</li> </ul> | <ul style="list-style-type: none"> <li>More institutional reform e.g. proactive alignment with global economic standards</li> <li>Leveraged connectivity with BRI, BRICS, global south</li> </ul>                   |
|  <p><b>5</b><br/><i>Domestic demand system</i></p>               | <ul style="list-style-type: none"> <li>Expand domestic consumption</li> <li>Increase efficiency and return of investment</li> <li>Build unified market</li> </ul>  | <ul style="list-style-type: none"> <li>Coordinated SSSR and domestic demand expansion, SSSR more driven by market demand</li> <li>More trade activities within domestic market</li> </ul>                           |
|  <p><b>6</b><br/><i>Coordinate development and security</i></p> | <ul style="list-style-type: none"> <li>Ensure economic resilience esp. food &amp; energy supply, industrial- and supply-chain resilience, and technological self-reliance</li> </ul>                       | <ul style="list-style-type: none"> <li>Rebalanced security interest against economic development interest—sometimes prioritizing security with a trade-off of economic loss</li> </ul>                              |

\*Note: SSSR = Supply-side structural reform

# Xi's 'Dual Circulation' vision: China as "super gravitational field" attracting international goods and resources

## Xi's geoeconomic vision



"The new development paradigm is by no means a closed domestic cycle but rather an **open system of dual circulation**. China's position in the global economy will continue to rise, its connections with the world economy will grow even closer, and the market opportunities it offers to other countries will become increasingly expansive. As a result, China will emerge as a **super gravitational field (巨大引力场)** attracting international goods and factor resources."

--Xi Jinping at an expert panel meeting, Aug 2020

## ... hints to target outcome of "strategic shift" in China's development strategy

|  | Previous paradigm<br><i>Benefit from opening-up and exporting into global economy</i>  | New paradigm<br><i>Benefit from domestic economy as core, and manage interdependence with world economy</i>   |
|--|--|---|
| <b>Key context factors</b>             | <ul style="list-style-type: none"> <li>Economic immaturity and favorable external environment:</li> </ul>  | <ul style="list-style-type: none"> <li>Economic maturity and unfavorable external environment</li> </ul>  |
| <b>High-level development strategy</b> | <p><b>"World factory"</b></p> <ul style="list-style-type: none"> <li>Utilize China's labor endowment                             <ul style="list-style-type: none"> <li>Labor cost advantage to attract FDI</li> <li>TFP growth additionally from urbanization</li> </ul> </li> <li>Catch-up indigenously via tech transfers / spill-overs (from FDI)</li> </ul> | <p><b>"Dual Circulation"</b></p> <ul style="list-style-type: none"> <li>Reduce "dependence" on global economy for demand and achieve more resilience via "de-risking" esp. including self-reliance policy                             <ul style="list-style-type: none"> <li>Thus, a geoeconomic market logic supersedes indigenous catch-up logic</li> </ul> </li> <li>TFP growth from technological leadership (NQPF's emerging and future industries)</li> </ul> |
| <b>Key policy priorities</b>           | <ul style="list-style-type: none"> <li>Opening-up</li> <li>Industrial policy</li> <li>Build infrastructure</li> <li>Initial market reforms</li> <li>Initial "going out"</li> <li>Build market governance</li> </ul>  | <ul style="list-style-type: none"> <li>"Domestic demand system" incl. "national unified market"</li> <li>"De-risking" with "coordinate development and security"</li> <li>"NQPF"-centered industrial policy</li> <li>Deepened opening-up, market reforms and "going out"</li> </ul>   |

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# New reform priorities as per “Third Plenum” (July 2024) show momentum across economic reform categories

| Addressing key reform areas with select entirely new reform measures — as compared to NPC 2024 |   | Execution since July 2024 / examples  |
|--|---|---|
| Economic reforms   | <b>Socialist market economy</b><br><i>Cf. deep-dive 1</i> <ul style="list-style-type: none"> <li>Improve equal treatment between state-owned and private economy, esp. regarding access to factors of production, market access and legal protection</li> <li>Defined more SOE responsibilities in innovation, industrial upgrading and national security</li> </ul>  | <ul style="list-style-type: none"> <li>Draft of Private Economy Promotion Law</li> <li>Draft “Made-in-China” definition</li> </ul>                            |
|  | <b>Developing NQPF*</b><br>(industrial policy + S&T innovation policy)<br><i>Cf. deep-dive 2</i> <ul style="list-style-type: none"> <li>Expanding innovative talent supply, e.g. via promoting international knowledge exchange</li> <li>Effective policy coordination – vertically between central and local governments</li> <li>Ensuring financing of innovation, e.g. via foreign VC/Pes</li> <li>Refined industrial upgrading blueprint: upgrade traditional industries (via standards), cultivate strategic emerging industries (via policy system), and build early leading position in future industries (via fundraising mechanism)</li> </ul> | <ul style="list-style-type: none"> <li>2024 National Key R&amp;D Program</li> <li>Special financing scheme for high-tech SMEs (“hidden champions”)</li> </ul> |
|  | <b>Macro-economic governance</b> <ul style="list-style-type: none"> <li>Systemic policy design and effective policy coordination – horizontally among ministries</li> <li>Improve financial capability and granting more financial autonomy for local governments</li> </ul>  | <ul style="list-style-type: none"> <li>Closer policy coordination between PBOC and MOF on counter-cyclical measures</li> </ul>                                |
|  | <b>Opening-up</b><br><i>Cf. deep-dive 3</i> <ul style="list-style-type: none"> <li>Proactive alignment (主动对接) with global economic standards</li> <li>Unilateral opening-up to least developed economies</li> <li>“Systemic trade policy making (贸易强国制度支撑和政策支持体系)”</li> </ul>   | <ul style="list-style-type: none"> <li>Broadened pilot programs e.g. cross-border data transfer</li> <li>Broadened visa-free entry</li> </ul>                 |
| Social and cultural reforms  | <b>Urban-rural development and social security</b> <ul style="list-style-type: none"> <li>Further equal treatment to rural immigrants, esp. for access to public service based on long-term residency</li> <li>Measures to restore population growth, e.g. birth-giving subsidy and public childcare service</li> </ul>   | <ul style="list-style-type: none"> <li>Announcement of enhanced public service provision to rural immigrants</li> </ul>                                       |
|  | <b>Media governance</b> <ul style="list-style-type: none"> <li>More effective governance on all-media channels and (esp. online) public opinion</li> </ul>  | <ul style="list-style-type: none"> <li>Restrictions on “immoral behaviors” by self-media</li> </ul>   |
| Security reforms   | <b>Coordinate development and security</b> <ul style="list-style-type: none"> <li>Ensuring China’s security interest, mainly—supply-chain resilience, technological self-reliance, risk-responding mechanism for trade activities</li> <li>Special focus on holistically coordinating supply chain of strategic minerals</li> </ul>   | <ul style="list-style-type: none"> <li>2025 export control list for “dual-use items” released</li> </ul>  |

\*NQPF = “New Quality Productive Forces”, a policy term for S&T and industrial policy, invented by Xi during his visit to Heilongjiang in Sep 2023

# Broad reform policymaking follow-through across all nine key socialist market economy pillars observed

| Dimensions           | Chapter 6 of 14 <sup>th</sup> FYP outlined 9 key reform dimensions...  | ... with policies further implemented since Third Plenum (Jul. 2024)  |
|----------------------|--|---|
| SOE reform           | <ul style="list-style-type: none"> <li>Optimize state-owned capital allocation and focus on strategic industries</li> <li>Enhance competitiveness, innovation, and resilience of SOEs</li> <li>Transform to a modern enterprise system with improved governance</li> </ul> | <ul style="list-style-type: none"> <li>SASAC, NDRC (Jul. 2024): <i>Guiding Opinions on Standardizing the Procurement Management of Central SOEs</i></li> <li>State Council (Jul. 2024): <i>3-year Action Plan on Gov. Procurement (2024-2026)</i></li> </ul>  |
| Private economy      | <ul style="list-style-type: none"> <li>Guide high-quality development of private enterprises, support R&amp;D and encourage them to participate in major national projects</li> <li>Support entrepreneurship and promote entrepreneurial spirit</li> </ul>                 | <ul style="list-style-type: none"> <li>First law on private economy – <i>Private Economy Promotion Law</i> is in drafting process currently</li> <li>MIIT et al. (Dec. 2024): <i>Action Plan for Digital Empowerm. of SMEs (2025-2027)</i></li> </ul>   |
| Property right       | <ul style="list-style-type: none"> <li>Improve laws and regulations to shape a “modern property right system”, incl. property rights on data, knowledge, and environment</li> <li>Ensure fair and equal protection of all ownership types</li> </ul>                       | <ul style="list-style-type: none"> <li>MOF (Dec. 2024): <i>Pilot Program for Whole-process Management of Data Asset</i></li> </ul>  |
| Factor marketization | <ul style="list-style-type: none"> <li>Strengthen market-based land reforms</li> <li>Improve human capital market, e.g., remove labor mobility barriers</li> <li>Develop data and technology capital market</li> </ul>   | <ul style="list-style-type: none"> <li>CCCCP, SC (Aug. 2024): <i>Opinions on Reform, Innovation, Dev. of Digital Trade</i></li> <li>NDA et al. (Dec. 2024): <i>Opinions on Utilization of Enterprise Data Resources</i></li> <li>CCCCP, SC (Oct. 2024): <i>Opinions on Industrial Worker Construction Reform</i></li> </ul> |
| Anti-monopoly        | <ul style="list-style-type: none"> <li>Improve anti-monopoly policy framework to encourage fair competition</li> <li>Enhance law enforcement to prevent disorderly expansion of capital</li> </ul>   | <ul style="list-style-type: none"> <li>SAMR (Nov. 2024): <i>Anti-monopoly Guideline for Essential Patent for Standards</i></li> </ul>   |
| Social credit        | <ul style="list-style-type: none"> <li>Strengthen social credit system with comprehensive policy framework, credit information management, and credit repair mechanism</li> </ul>  | <ul style="list-style-type: none"> <li>In (sub-) chapters of other policy documents, no stand-alone policy</li> </ul>   |
| Tax reform           | <ul style="list-style-type: none"> <li>Strengthen fiscal relations between central and local gov. to support strategic tasks and public services, gradually enhance local tax autonomy</li> </ul>  | <ul style="list-style-type: none"> <li>State Council (Dec. 2024): <i>Opinions on Optimizing and Improving the Management Mechanism for Local Government Special Bonds</i></li> <li>MOF et al. (Nov. 2024): <i>Tax Policies on Steady and Healthy Dev. of Real Estate</i></li> </ul>   |
| Financial SSSR*      | <ul style="list-style-type: none"> <li>Guide financial sector to effectively support real economy, enhance financial supervision, promote financial innovation in orderly manner</li> </ul>  | <ul style="list-style-type: none"> <li>State Council (Jan. 2025): <i>Guiding Opinions on HQD of Gov. Investment Funds</i></li> <li>MOF et al. (Nov. 2024): <i>Measures for the Administration of Strategic Investment by Foreign Investors in Chinese Listed Companies</i></li> </ul>                                       |
| Business environment | <ul style="list-style-type: none"> <li>Build a market-oriented, rule-based, international business environment</li> <li>Streamline administrative approvals and remove hidden entry barriers</li> </ul>  | <ul style="list-style-type: none"> <li>SAMR (Aug. 2024): <i>Key Measures to Optimize the Business Environment</i></li> <li>MIIT (Jul. 2024): <i>Opinions on ICT Industry Mgmt. and Optimizing Bus. Environm.</i></li> <li>GAC (Dec. 2024): <i>16 Measures to Optimize the Business Environment at Ports</i></li> </ul>      |

\*SSSR: Supply Side Structural Reform



# Third Plenum offers most credible policy commitment to treat different ownership forms more equally to date

## Third Plenum reform priorities across three types of market entities

|  | State-owned enterprises   | Privately-owned enterprises  | Foreign-owned enterprises  |
|--|---|--|--|
| <b>Access to factors of production</b> | <ul style="list-style-type: none"> <li>n/a</li> </ul>   | <ul style="list-style-type: none"> <li>Easier financing for POEs, e.g. lower borrowing cost</li> </ul>   | <ul style="list-style-type: none"> <li>Ensure national treatment for FIEs regarding access to factors of production</li> </ul>   |
| <b>Market access</b>                   | <ul style="list-style-type: none"> <li>Promote market-oriented reforms in competitive segments of sectors, e.g. in energy, railway, telecom and public utilities</li> </ul>   | <ul style="list-style-type: none"> <li>Remove market access barriers for POEs to e.g. infrastructure construction and other types of large public projects</li> </ul>        | <ul style="list-style-type: none"> <li>Shorten FDI negative list</li> <li>Remove FDI restrictions in manufacturing sector</li> <li>Gradually open market of finance, telco, healthcare...</li> </ul> |
| <b>Legal protection</b>                | <ul style="list-style-type: none"> <li>n/a</li> </ul>   | <ul style="list-style-type: none"> <li><i>Private Economy Promotion Law</i></li> <li>Supervision on fee over-charging and overdue/late payments to POEs (by SOEs)</li> </ul> | <ul style="list-style-type: none"> <li>Build a market-oriented, rule-based, international business environment</li> <li>Ensure legal rights and interests of FIEs in China</li> </ul>                |
| <b>Governance</b>                      | <ul style="list-style-type: none"> <li><b>More effective evaluation of SOE performance incl. how SOEs contribute to national strategic goals</b></li> </ul>                   | <ul style="list-style-type: none"> <li>POE credit evaluation</li> <li>Guide POEs to improve self-governance, enhance compliance and risk control</li> </ul>                  | <ul style="list-style-type: none"> <li>n/a</li> </ul>  |
| <b>Function</b>                        | <ul style="list-style-type: none"> <li>Direct state-owned reao sectors of public interest, e.g. security and public service, plus to strategic emerging industries</li> </ul> | <ul style="list-style-type: none"> <li>Allow POEs to lead major national S&amp;T projects</li> <li>Open public research resources and facilities to POEs</li> </ul>          | <ul style="list-style-type: none"> <li><b>Support FIE in cooperation along the supply chain</b></li> </ul>   |

Red = new measure

## CMG assessment

- The 2024 reform plan **removed** the long-lasting “**main body position**” (主体地位) **of the public economy**, a political signal that China wants to **further raise the position of the private sector** and increase reliance of GDP growth on private economy
- Equal treatment to all types of market entities** is stressed broadly, and more business environment improvement can be expected
- By making equal treatment, China wants to **take advantage of different market entities** and **promote synergies** among them
- SOEs, POEs and FIEs** shall all be included in a **unified framework to support China’s overarching national interests**, most importantly in areas of technological breakthroughs, industrial upgrading and supply-chain resilience

# Implementation example: China's first-ever 'Made in China' (draft) definition, ensuring equal treatment of FIEs

## MOF planning to issue requirements to "standardize" the qualification of "Made-in-China" product



*Definition of "Made-in-China" (three requirements)*

- 1 Products manufactured inside China
- 2 Percentage of **components** (measured by cost) manufactured inside China (varies by products)
- 3 For some products, **key components** manufactured and **key manufacturing process** completed inside China

*Scope of the requirement*

- **Only** targeted at **industrial products**
- Procurement of agricultural and mining products are not included

*Support for Made-in-China "*

- Qualified "Made-in-China" product receives **20% price preference** in public procurement, compared to non-qualified

*Key principles for implementation*

- **Equal treatment** to all market entities, forbidding discrimination on foreign players in definition of "Made-in-China"
- Standardized **self-declaration** required, but no other materials needed for qualification
- Exemption granted for products included in **trade agreement** with trade partners

**Standards of Made-in-China Product in Government Procurement (Draft)**  
By Ministry of Finance  
December 05, 2024

## Impact on FIEs

**Who will be impacted:**

- **FIEs with Chinese governments (including social health insurance and public research institutions) as key clients**
- **FIEs with infrastructure SOEs (e.g., energy, water telecom) as key clients (such SOEs will be regulated under public procurement soon)**
- **First and second tier suppliers for the above FIEs**
- **Indirect impact on all FIEs as this regulation will be broadly recognized by many other SOEs and private Chinese companies**

**How to react:**

**Immediately:**

- **Lobby MoF for the draft, possible points include:**
  - Requiring all bidders to submit Made-in-China statement, not just FIEs
  - Add dispute resolution channels in case of non-compliance by local governments

**In the next 3-5 years:**

- **Lobby via industry associations for potential requirement (2) and (3) for your products/your clients' products**
- **Localize in China via greenfield, M&A or JV**



**While the regulation enhances equal treatment of big MNCs in China, SMEs with higher localization cost will face more challenges**

# “NQPF” as new policy principle seeks to solidify “emerging industries” and take early lead on “future industries”

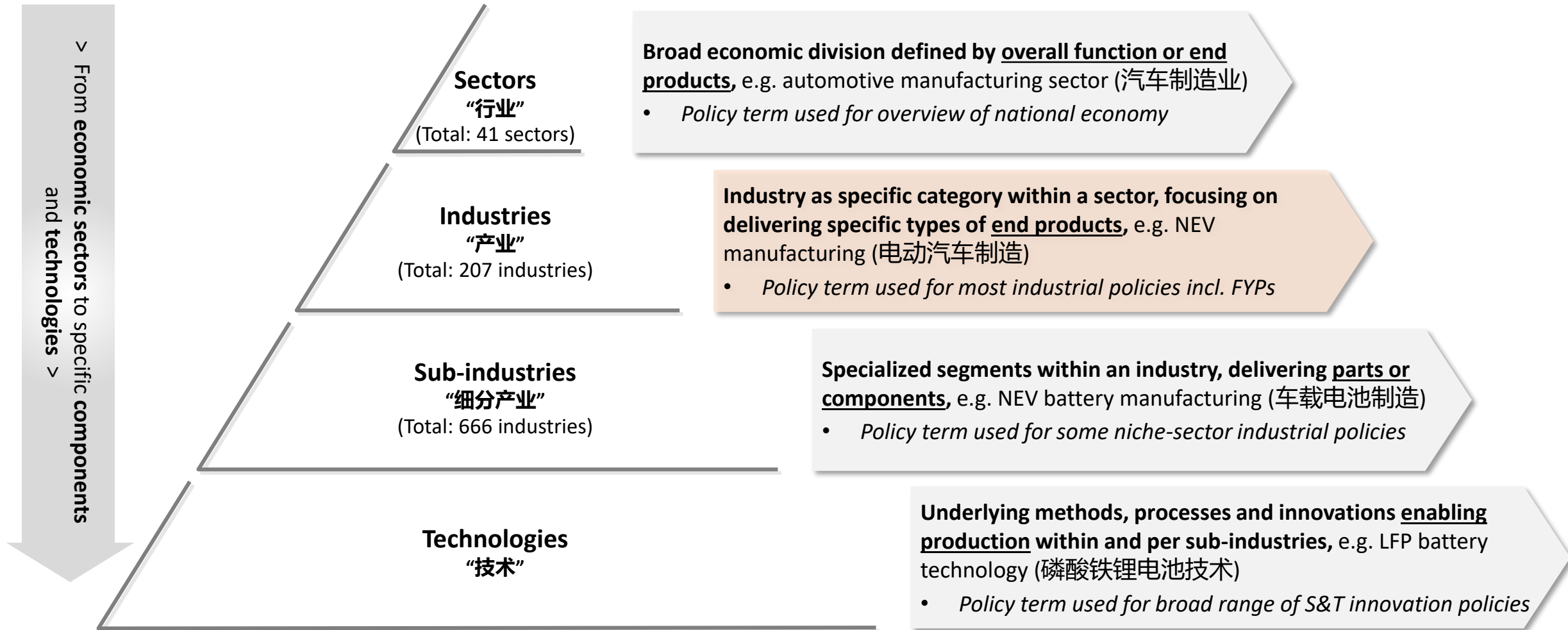
|                                    | “Emerging industries”* (mature, or to reaching maturity soon)                    |   |   |   |   |   |   |   | “Future industries”* (at early stage of exploration)  |   |   |   |   |   |   |   |   |
|------------------------------------|--|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
|                                    | 1  | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 1   | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| Policy lens                        | <b>New-gen IT</b><br>• 5G telecom<br>• Semiconductor<br>• Internet of things     |   |   |   |   |   |   |   | <b>New energy</b><br>• Renewable energy power generation<br>• Power grid                      |   |   |   |   |   |   |   |   |
| Market lens                        | <b>New materials</b><br>• Petrochemical<br>• Advanced steel<br>• Composite fiber |   |   |   |   |   |   |   | <b>High-end equipment</b><br>• Industrial robotics<br>• CNC machinery<br>• Additive manufact. |   |   |   |   |   |   |   |   |
|                                    | <b>NEV</b><br>• Motor, controller<br>• Vehicle battery<br>• Vehicle software     |   |   |   |   |   |   |   | <b>Green industry</b><br>• Green manufact.<br>• Energy saving<br>• Carbon mitigation          |   |   |   |   |   |   |   |   |
|                                    | <b>Civil aviation</b><br>• Commercial-use aircraft<br>• Aero engine              |   |   |   |   |   |   |   | <b>Marine engineering</b><br>• High-end ship making<br>• Offshore equip.                      |   |   |   |   |   |   |   |   |
|                                    | <b>Metaverse</b><br>• Industrial use<br>• Commercial use<br>• Entertainment      |   |   |   |   |   |   |   | <b>Braint-computer interface</b><br>• Signal in-/output<br>• Signal encoding                  |   |   |   |   |   |   |   |   |
|                                    | <b>Quantum tech</b><br>• Q-computing<br>• Q-communication<br>• Q-measurement     |   |   |   |   |   |   |   | <b>Humanoid</b><br>• Perception system<br>• Structural components                             |   |   |   |   |   |   |   |   |
|                                    | <b>Generative AI</b><br>• Algorithms<br>• Multi- and cross-model dataset         |   |   |   |   |   |   |   | <b>Biomufacturing</b><br>• Biosensor<br>• Bioreactor  |   |   |   |   |   |   |   |   |
|                                    | <b>Next-gen display</b><br>• Display materials<br>• Display environments         |   |   |   |   |   |   |   | <b>Next-gen network</b><br>• Internet infrastructure<br>• Web 3.0                             |   |   |   |   |   |   |   |   |
|                                    | <b>Next-gen energy storage</b><br>• Hydrogen fuel cell<br>• Sodium-ion battery   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| Linear industrial policy rationale | ✓  | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✗   | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| De-risking rationale               | ✓  | ✓ | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ | ✗   | ✗ | ✓ | ✗ | ✗ | ✗ | ✗ | ✗ | ✗ |
| US sanctions / export controls     | ✓  | ✓ | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ | ✗   | ✓ | ✓ | ✓ | ✓ | ✓ | ✗ | ✗ | ✓ |
| Market maturity                    | ●  | ◐ | ◐ | ● | ● | ◐ | ● | ● | ○   | ◐ | ◐ | ◐ | ◐ | ◐ | ○ | ○ | ◐ |
| Competitive SOEs                   | ✓  | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✗   | ✗ | ✓ | ✗ | ✗ | ✓ | ✓ | ✗ | ✓ |
| FIEs explicitly encouraged         | ✓  | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓   | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✗ | ✓ |

\* Note: emerging vs future industries defined by *Standardization Pilot Program for New Industries (2023-2035)*, issued jointly by MIIT, MOST, Standardization Administration of China  
 Assessment methodology: linear industrial policy rationale = included in “National Key R&D Program”, de-risking rationale = included in “National S&T Major Projects (for breaking tech bottleneck)” in past 5 years; analysis on US sanctions/export control refers to Entity List, CCL and USML; analysis on FIE roles refers to NDRC’s *FDI Positive List (2024 draft)*



**Goeconomic rationale: “de-risking” focuses on emerging industries and FIEs encouraged to contribute to quasi all NQPF industries**

# 4-layer industrial classification – industrial policymaking focuses on “industries” (产业), and so are NQPFs



\*Note: NQPF is China’s new policy principle for innovation and industrial policy, firstly raised in Sep 2023 during Xi’s trip to Heilongjiang

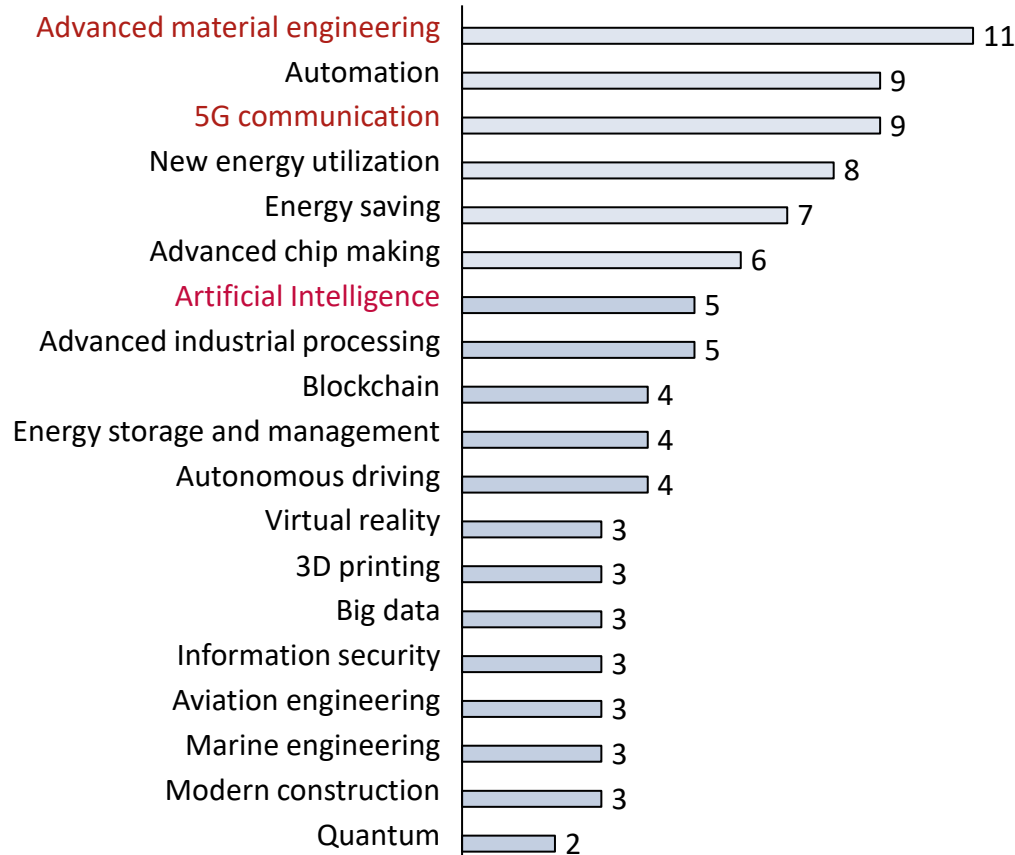
\*Source: CMG synthesized from industrial policy documents incl. FYPs and China’s Industrial Classification Standards GB/T 4754-2017



# Advanced material engineering, 5G (6G) and AI most critical to succeed in NQPF industries

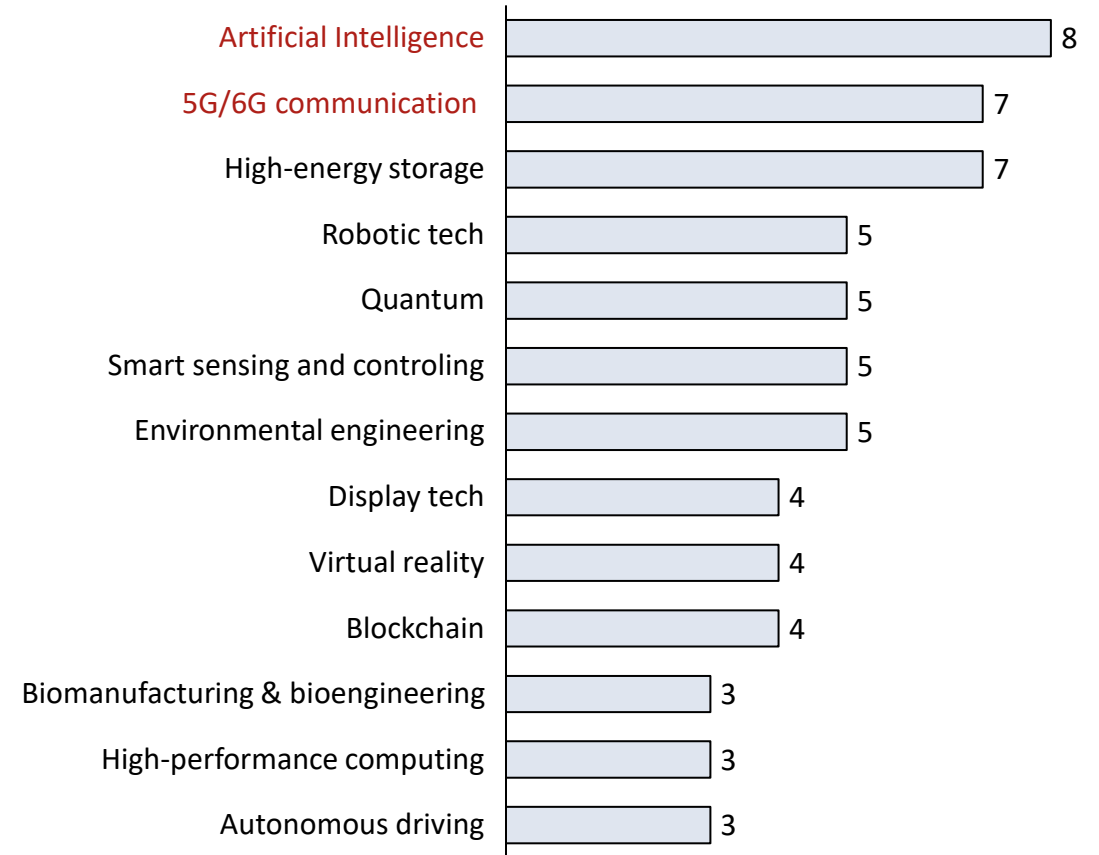
## NQPF emerging industries

*Frequency of technology type required to build 8 emerging industries across sub-industries*



## NQPF future industries

*Frequency of technology type required to build 9 future industries across sub-industries*



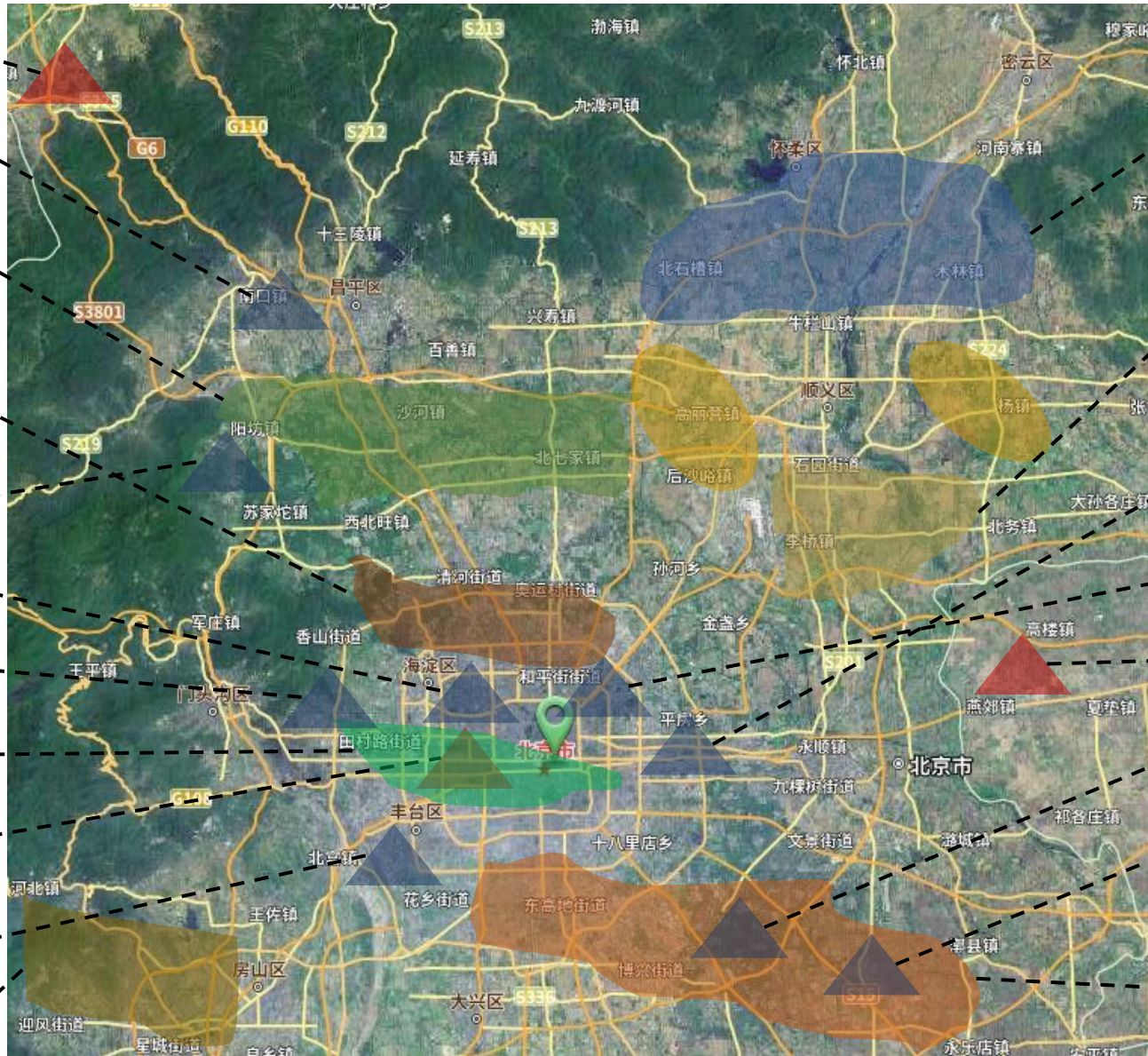
Note: technologies for emerging industries and future industries are extracted accordingly from MIIT's Standardization Pilot Program for New Industries (2023-2035), CMG qualitatively grouped the list of technologies



**New-gen IT and New Materials are the main NQPF sectors relying on these top three technologies both at high market maturities**

# Case-study: Beijing boasts industry clusters for 16 out of 17 NQPF industries – future industries more scattered

- Yanqing UAV Industrial Park**  
7 Civil Aviation, esp. aircrafts
- Biomufacturing Industrial Park**  
6 Biomufacturing
- Future Science City**  
9 Next-gen energy storage  
6 Green industry  
4 High-end equipment
- Zhongguancun Science City**  
1 New-gen IT  
5 NEV, esp. smart connectivity  
3 New materials  
4 High-end equipment
- CSIC ship Industrial Park**  
8 Marine Engineering
- Wudaokou AI Industrial Park**  
5 Generative AI
- Quantum Tech Future Industrial Park**  
3 Quantum computing
- AI Large Model Industrial Cluster Area**  
5 Generative AI
- Shijingshan National Lab of VR**  
1 New-gen IT: Electronics
- South Central Axis Int. Cultural S&T Park**  
1 Metaverse  
5 Generative AI, eps. AIGC
- Fangshan Industrial Park**  
3 New Materials



- Huairou Science City**  
4 High-end equipment  
7 Civil Aviation, esp. aircrafts  
3 New materials  
1 New-gen IT  
2 New energy
- Beijing Innovation Industry Cluster Demonstration Zone**  
1 New-gen IT  
7 Civil, Aviation  
5 Smart connectivity  
4 High-end equipment
- Internet 3.0 Industrial Park**  
1 Metaverse  
8 Next-gen network, esp. Web 3.0
- Laser Display Industrial Park**  
7 Next-gen display
- Pinggu Intelligent Agriculture**  
4 High-end equipment
- Humanoid Robot Innovation Center**  
4 Humanoid
- Beijing Robot Industrial Park**  
4 Humanoid
- Beijing Econ & Tech Development Zone**  
1 New-gen IT  
5 NEV, esp. smart connectivity  
4 High-end equipment: Robotics and smart manufacturing

Brain-computer interface as the only absent NQPF industry at too early stage lacking firms and tech breakthroughs for cluster formation



# Better integrating China's industry-academic-research chain (产学研) tackled as a key lever to support "NQPF"

|                                  | Talent cultivation  | Basic research  | Need identification   | Applied research  | Product/tech R&D   | Commercial application   | Market feedback                                       |
|----------------------------------|---|---|---|---|--|--|---|
| <b>Universities</b>              | <ul style="list-style-type: none"> <li>Targeted scientific talent cultivation</li> <li>General knowledge</li> </ul> | <ul style="list-style-type: none"> <li>Increase the share of <b>S&amp;T expenditure</b> on basic research, especially subjects with "<b>urgent national needs</b>"</li> </ul>                               | <ul style="list-style-type: none"> <li>Encourage research with "<b>high risk and high value</b>"</li> <li>Encourage <b>diversification</b> of research topics</li> </ul>  | <ul style="list-style-type: none"> <li>Give scientists <b>greater flexibility and power</b> to self-decide directions</li> <li>Improve research <b>result transfer to industries</b></li> </ul> | <p><b>Core reform efforts</b></p> <ul style="list-style-type: none"> <li>Conduct <b>joint researches, guided by practical needs of companies</b> (企业主导的产学研深度融合)</li> </ul>   | <ul style="list-style-type: none"> <li>N/A</li> </ul>  | <ul style="list-style-type: none"> <li>N/A</li> </ul> |
| <b>Research institutes</b>       | <ul style="list-style-type: none"> <li>N/A</li> </ul>   |   |   |   |  |  |   |
| <b>SOEs</b>                      | <ul style="list-style-type: none"> <li>N/A</li> </ul>   | <ul style="list-style-type: none"> <li>Encourage capable POEs to <b>lead national research projects</b></li> <li>Further <b>open-up</b> major scientific research infrastr. (国家重大科研基础设施) to POEs</li> </ul> | <ul style="list-style-type: none"> <li>Both R&amp;D for the market as well as <b>encouraging</b> capable POEs to develop <b>cutting-edge technologies</b></li> </ul>  | <ul style="list-style-type: none"> <li>Mostly <b>market-oriented</b> commercialization and product feedback</li> </ul>  |  |  |   |
| <b>POEs</b>                      | <ul style="list-style-type: none"> <li>N/A</li> </ul>   |   |   |   | <ul style="list-style-type: none"> <li>N/A (no specific mentioning in industry-academic-research cooperation, regarding early-phase innovation)</li> </ul>   | <ul style="list-style-type: none"> <li><b>Expand</b> the catalog of industries that encourage foreign investment and reasonably reduce the negative list for foreign investment access</li> <li>Improve FIE <b>market access</b> with "national/local treatment" (国民待遇)</li> </ul> |   |
| <b>FIEs</b>                      |   | <ul style="list-style-type: none"> <li>N/A</li> </ul>   | <ul style="list-style-type: none"> <li><b>Strengthen financial support</b> for national projects and tech-SMEs</li> <li>Encourage more <b>long-term</b> investment in <b>early-phase</b> innovations, especially in "<b>hard technologies</b>" (硬科技)</li> </ul> | <ul style="list-style-type: none"> <li>N/A</li> </ul>   |  |  | <ul style="list-style-type: none"> <li>N/A</li> </ul> |
| <b>Finance</b>                   | <ul style="list-style-type: none"> <li>N/A</li> </ul>   |   |   |   | <ul style="list-style-type: none"> <li>Encourage foreign <b>high-level science and engineering universities</b> to open campus in China</li> <li>Promote <b>international S&amp;T exchanges</b>, and encourage <b>international S&amp;T organizations</b> to establish offices in China</li> </ul> | <ul style="list-style-type: none"> <li>N/A</li> </ul>  |   |
| <b>International cooperation</b> |   |   |   |   |  |  |   |

Red = new measure




**Both SOEs and POEs are encouraged to engage in and carry out national research projects to develop cutting-edge technology**

# Deep-dive: 40 pilot universities have been trialing effective commercialization of research outcomes since 2020

## Institutions granted autonomy to manage research outcomes

|             |  |  |
|-------------|--|--|
| Mar<br>2019 |   | <p><b>Management Measures of State-Owned Assets of Public Institutions</b> (事业单位国有资产管理暂行办法) by MOF</p> <ul style="list-style-type: none"> <li>Public universities / research institutions allowed to manage and deal with research outcomes (e.g. transactions) without licensing by MOF or other government organs</li> </ul>                         |
| Feb<br>2020 |   | <p><b>Opinions on Improving Patent Quality and Research Outcome Transfer</b> (提升高等学校专利质量促进成果转化) by MOE and MOST</p> <ul style="list-style-type: none"> <li>Transfer of research outcomes newly set as most important KPI for scientists and researchers, switched from previously dominant focus on publications and patent applications</li> </ul>    |
| Oct<br>2020 |  | <p><b>Granted Researchers' Ownership or Long-term Usage Right of Research Outcome</b> (赋予科研人员职务科技成果所有权或长期使用权) by MOST</p> <ul style="list-style-type: none"> <li>A sample of 40 pilot institutions (incl. SJTU, ZJU) allowing researchers to own Intellectual Property Rights of research outcomes that they created at public institutions</li> </ul> |

## Case-study: Shanghai Jiao Tong University (SJTU) as leading pilot

|   |  |   |
|---|--|---|
|  | <p><b>Previous bottlenecks of outcome transfer</b></p>   | <p><b>Solutions of SJTU pilot program</b></p>   |
| <p><b>IPR ownership</b></p>   | <ul style="list-style-type: none"> <li>Administrative barrier to transfer due to state ownership of research outcomes created in public institutions</li> </ul>                          | <ul style="list-style-type: none"> <li>SJTU allows 100% IPR ownership by scientists/researchers of research outcomes created in public institutions</li> </ul>        |
| <p><b>Commercialization</b></p>   | <ul style="list-style-type: none"> <li>Lacking commercial or industrial experience, scientists/researchers have high risk perception on commercializing the research outcomes</li> </ul> | <ul style="list-style-type: none"> <li>SJTU bridges scientists/researchers with experienced industrial players (many are SJTU alumni) as business advisors</li> </ul> |
| <p><b>Tolerance of failure</b></p>  | <ul style="list-style-type: none"> <li>Lacking tolerance and insurance mechanism for commercialization failure</li> </ul>  | <ul style="list-style-type: none"> <li>SJTU allows payment deferring or exemption for reasonable failure in commercialization projects</li> </ul>                     |



Having incubated ~100 commercialization projects during past three years, tested SJTU approach is likely to be rolled-out nationwide

# Strong and broad follow-through on “High-level opening-up” reform efforts since “Third Plenum” in July 2024










(After introducing the key outcomes of the Third Plenum, and highlighting the significant measures), Xi emphasized:

*“China’s development is open and inclusive. China will continue to expand opening-up, proactively align with high-standard international economic and trade rules, and build a world-class business env. that is market-oriented, law-based, and internationalized...”*

*China’s determination to advance high-level opening-up remains unwavering“*

- Xi Jinping meeting heads of major international economic organizations attending “10+1” dialogue in Beijing, Dec. 10, 2024

| Key dimensions  | Measures since Third Plenum (July 2024)   |
|---|---|
|  <p><b>FDI promotion</b></p>                                      | <ul style="list-style-type: none"> <li>Further shorten FDI “Negative List”, with complete removal of FDI restrictions in manufacturing (Nov 2024)</li> <li>Further expand FDI “Positive List” (Dec 2024)</li> </ul>                               |
|  <p><b>Opening-up pilots</b></p>                                  | <ul style="list-style-type: none"> <li>Expand opening-up in telco sector with 4 new pilots (Nov 2024)</li> <li>Allow establishment of foreign-owned hospitals in 9 pilots including Hainan (Nov 2024)</li> </ul>                                  |
|  <p><b>Expat / travel convenience</b></p>                         | <ul style="list-style-type: none"> <li>Expand visa-free policy to include more countries, extend visa-free stay, and add 21 new entry points (July and Nov 2024)</li> <li>Ease accommodation settlement for expats/visitors (Jul 2024)</li> </ul> |
|  <p><b>Cross-border data transfer</b></p>                         | <ul style="list-style-type: none"> <li>Beijing FTZ pilot issued negative list regulation (Aug 2024)</li> <li>Shenzhen established cross-border mechanism for transfer and recognition of credit data (Jan 2025)</li> </ul>                        |
|  <p><b>Unilateral opening-up to least developed countries</b></p> | <ul style="list-style-type: none"> <li>Zero-tariffs levied for 98% of goods for total of 27 least developed countries (August 2024), and 16 countries added in September (2024)</li> </ul>  |
|  <p><b>Trade promotion</b></p>                                  | <ul style="list-style-type: none"> <li>Ease financing and streamline cross-border settlement for export activities (July 2024)</li> <li>Negative-list-based regulation on trade of service (Aug 2024)</li> </ul>                                  |
|  <p><b>Institutional opening-up</b></p>                         | <ul style="list-style-type: none"> <li>Commitment towards international economic organizations</li> <li>Expand pilots for institutional opening-up (Oct 2024)</li> </ul>  |

# Agenda

1

Recap: China's evolved development strategy – 'Dual Circulation'

2

## **Understanding China's economy into 2025**







- Reform policymaking priorities
- **External factors: Dealing with Trump 2.0 strategically and China's ongoing diplomacy**
- Short-term macroeconomic management and CEWC 2024

3

European business' strategic decision-making on China today

*Further CMG resources and services*

# Trump 2.0: China doubling down on reform & opening-up while betting on pluri- and multilateral opportunities

| Action arena   |  | Anticipated high-level actions / responses   | CMG assessment  |
|--|--|--|---|
|    | <b>China's economy / reforms</b>             | <ul style="list-style-type: none"> <li>Accelerate shift from focus on structural issues in economy to short-term economic revival</li> <li>Accelerate opening-up to least developed economies and all non-US nations, continued build-up of a unified domestic market and reforms to provide a better level playing field</li> <li>"De-risking": tap new supply chain resilience opportunities sourcing from non-US nations</li> </ul> | <ul style="list-style-type: none"> <li>Likely face some less "allied" pressure with Trump 2.0, Beijing will follow-through on its "geoeconomic turn" building its domestic market &amp; improving business environment</li> </ul> |
|    | <b>China-US</b>                              | <ul style="list-style-type: none"> <li>Seek to sustain existing guardrails and develop new mechanisms to manage security issues</li> <li>Explore deal-making offering China's state capital (e.g. for green tech) and non-strategic investment to create jobs as greenfield FDI all while refining legal retaliation capacity</li> <li>Deepen strategic engagement with US (China-based) business community</li> </ul>                 | <ul style="list-style-type: none"> <li>Beijing will seek a Xi-Biden type consensus on key security issues, "talk (to) business" for a win-win all while preparing retaliation</li> </ul>  |
|    | <b>China-EU</b>                              | <ul style="list-style-type: none"> <li>Deepen diplomatic engagements with EU and pitching support to EU strategic autonomy</li> <li>Step-up of efforts in mediating a peaceful settlement of Russia-Ukraine war</li> <li>Explore reviving of Comprehensive Agreement on Investment (CAI), esp. for Chinese OFDI</li> </ul>   | <ul style="list-style-type: none"> <li>Esp. if able to help settle war in Ukraine, Beijing will pitch a new type of economic engagement that contributes to EU goals</li> </ul>   |
|    | <b>"Taiwan issue"</b>                        | <ul style="list-style-type: none"> <li>Continue mix of deterrence and assurance towards the "West" – special focus on Trump</li> <li>Patience towards 2026 elections and a possible return of the Kuomintang (KMT) in 2028</li> <li>Step-up of incentives towards Taiwan with preferential trade and facilitated P2P exchanges</li> </ul>  | <ul style="list-style-type: none"> <li>Deterring TW pro-independence forces, compelled to spend more on defense in face of Trump 2.0, remains the key priority</li> </ul>   |
|   | <b>APAC region</b>                           | <ul style="list-style-type: none"> <li>Renew bid to join CPTPP and deepen connectivity aiding CN offshoring and supply chains</li> <li>Prioritize deepening of cooperation with Japan and South Korea (cf. FTA trilateral)</li> <li>India: work towards further rapprochement (e.g. via BRICS) to avoid tensions to resurface</li> </ul>   | <ul style="list-style-type: none"> <li>Beijing will seek to make political gains with extra efforts and flexibility to deepen RCEP-based regional economic integration</li> </ul>   |
|  | <b>Global governance and foreign affairs</b> | <ul style="list-style-type: none"> <li>Actively seek opportunities in pluri-/multilateral formats while sustaining GDI, GSI and GCI</li> <li>CN-Russia: keep partnership w. Russia against backdrop of likely shifting US-Russia dynamic</li> <li>North Korea: explore how to use China-DPRK relations to help smooth US-China relations</li> </ul>  | <ul style="list-style-type: none"> <li>Beijing will step-up leadership on climate through Chinese-style modernization and cementing its role in global governance</li> </ul>  |

# China's diplomacy: activist efforts towards major countries and select governance bodies ahead of Trump 2.0

| Stakeholder                                   | Key diplomatic activities and messaging post-US election   |
|---|--|
| Xi at APEC / G20                              | <ul style="list-style-type: none"> <li>• Xi's APEC and G20 speeches advocating for economic globalization, multilateralism and for development and the "Global South"</li> <li>• In Lima, Xi also held a final official meeting with US president Biden, reiterating China's "four red lines"</li> </ul>                                 |
| Xi meets International Economic Organizations | <ul style="list-style-type: none"> <li>• Commitment to multilateralism and international cooperation pledging to better support the development of "Global South" countries towards an "equal and orderly multipolar world" plus to proactively align with international economic standards</li> </ul>                                   |
| China-India                                   | <ul style="list-style-type: none"> <li>• Resumed Special Representative talks on the territorial dispute (Dec '24) – not held for 5 years – and discussed return to 2005 agreement, building on agreement reached in Oct. to disengage along disputed border, create buffer zones, and make patrolling arrangements</li> </ul>           |
| China-Japan                                   | <ul style="list-style-type: none"> <li>• FM Wang Yi and Premier Li Qiang met with Japanese FM Takeshi Iwaya in Beijing on 25 Dec</li> <li>• Iwaya and Wang agreed to hold a high-level economic dialogue and organize the Japan-China Security Dialogue</li> </ul>   |
| China-EU                                      | <ul style="list-style-type: none"> <li>• Xi phone call with new EU Council President Antonio Costa on 14 Jan – 2025 marking 50<sup>th</sup> anniversary of EU-China diplomatic relations</li> <li>• Xi: "there is no clash of fundamental interests or geopolitical conflicts between China and the EU"</li> </ul>                       |
| China-US                                      | <ul style="list-style-type: none"> <li>• Xi call with President-elect Trump on 17 Jan, Xi emphasizing that both "share extensive common interests and broad space for cooperation"</li> <li>• Vice-President Han Zheng attending Trump's inauguration ceremony as most senior Chinese government representative ever</li> </ul>          |
| Vice-Premier Ding at WEF                      | <ul style="list-style-type: none"> <li>• Doubling down on Xi's 2017 speech, advocating for globalization and promising support developing countries in building emerging industries</li> <li>• He highlights key ongoing reform efforts in China such as equal treatment of different capital forms and opening-up</li> </ul>            |
| China-Russia                                  | <ul style="list-style-type: none"> <li>• Xi conversation with Putin on 21 Jan, reiterating China willing "to continue guiding China-Russia relations in seeking lofty goals and far-reaching prospects", and "further deepen strategic coordination, resolutely support each other, and safeguard their legitimate interests"</li> </ul> |
| Taiwan  | <ul style="list-style-type: none"> <li>• Fujian province established county-level Taiwan Affairs Offices (TAOs) as testing zone for cross-Strait "integrated development" with more supportive policies for Taiwanese to study or work in Fujian, plus Shanghai and Fujian re-activate tourist group traveling to Taiwan</li> </ul>      |

# Agenda

1

Recap: China's evolved development strategy – 'Dual Circulation'

2

## **Understanding China's economy into 2025**

- Reform policymaking priorities
- External factors: Dealing with Trump 2.0 strategically and China's ongoing diplomacy
- **Short-term macroeconomic management and CEWC 2024**

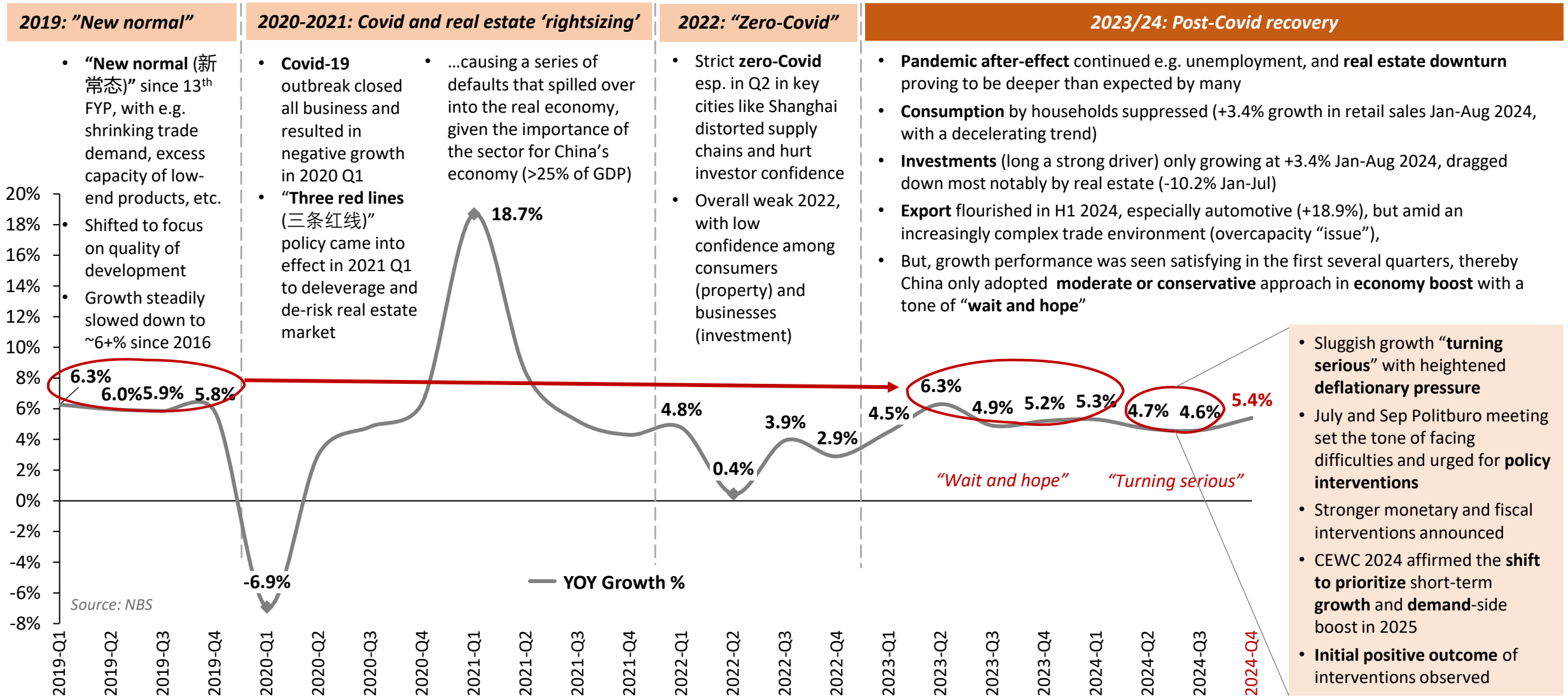
3

European business' strategic decision-making on China today

*Further CMG resources and services*

# Economic performance in last 5 years: post-pandemic recovery is an unexpected struggling process

## China's quarterly GDP growth over the past 5 years



Policy-making turning point came in Q3 2024, seeing more urgent for interventions to counter deflationary pressure and revive growth

# “Sept./Oct. interventions”: China made several short-term interventions, aiming to revive economic dynamism

## Overview of economic policymaking since mid-year 2024 as build-up to the “September/October interventions”

## Rationale of intervention

|                          | Politburo meeting<br>(July 30)   | Politburo meeting<br>(September 26)  | PBOC <sup>1)</sup> / MOF <sup>2)</sup> announcements<br>(September 24 and October 12)   |
|--------------------------|--|--|---|
| Economic situation       | <ul style="list-style-type: none"> <li>2024 H1 GDP growth <b>5.0%</b> but a <b>slump</b> from Q1’s 5.3% to Q2’s <b>4.7%</b></li> <li><b>Higher pressure</b> to reach annual GDP growth target of 5.0%</li> </ul>   | <ul style="list-style-type: none"> <li>2024 Q3 GDP growth was <b>only 4.6%</b></li> <li><b>Core CPI<sup>3)</sup> slump</b>: Core CPI was around <b>0.6% in March to June</b>, but it <b>drastically dropped</b> to 0.4% in July, 0.3% in August, and even <b>0.1% in September</b> -&gt; a <b>dangerous signal</b> of falling into a <b>deflationary spiral</b></li> </ul> |   |
| Judgment by government   | <ul style="list-style-type: none"> <li>Judging “<b>insufficient demand</b>” as key challenge</li> <li>Recognizing need for “<b>incremental policies</b>” (增量政策) prioritizing consumption over industrial upgrade, deviating from NPC and CEWC</li> </ul>   | <ul style="list-style-type: none"> <li>Politburo <b>non-customarily discusses economic issues</b>, judging that “China is facing new issues and problems in its economy”</li> </ul>  | <ul style="list-style-type: none"> <li>Merely echoing judgement of last Politburo meeting</li> </ul>  |
| Policy stance / measures | <ul style="list-style-type: none"> <li>“<b>Trade-in</b>” of consumer goods                             <ul style="list-style-type: none"> <li>Covering automotive, home appliances, electronic products</li> </ul> </li> <li><b>Living subsidies</b> <ul style="list-style-type: none"> <li>Target at disadvantaged groups, e.g. poorest families</li> </ul> </li> <li><b>Golden-week coupons</b> <ul style="list-style-type: none"> <li>Target at tourists and consumers</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>Urging <b>proactive actions to boost economy despite challenges</b> <ul style="list-style-type: none"> <li>This is a very negative and <b>rare tone</b> in Beijing’s policy language</li> </ul> </li> </ul>   | <ul style="list-style-type: none"> <li>Multiple cuts of <b>policy interest rate</b></li> <li><b>Reserve Requirement Ratio</b> cut</li> <li>New tools to allow injecting liquidity directly by PBOC into <b>stock market</b></li> <li><b>Property market</b> relaxation</li> <li>Relieve <b>local government debt</b></li> <li>Replenishing capital of <b>SOE banks</b></li> </ul> |

PAN Gongsheng, PBOC Governor, explains 3 elements of rationale at Financial Street Forum in Beijing:

- (1) Clear recognition of the key issues facing China’s economy being “**insufficient demand, weak market confidence, and low consumer price**”
- (2) Clarifying that China’s long-term policy direction are **structural reforms** under “High-Quality Development” with focus on economic transition, but they should not be pursued **at cost of short-term growth**
- (3) Inferring that this intervention is only for **short-term** to bring economy back to a growth trajectory
  - PAN says that key indicator is the **consumer price**, likely once the metric (e.g. Core CPI) is back to a satisfying level, **stimulus measures will be gradually phased out**

*Core of intervention*

1): People’s Bank of China 2): Ministry of Finance 3): Core CPI = CPI excluding energy and food

# Counter-cyclical intervention: how does the market perceive the October fiscal stimulus?

## CMG view on debate baseline

### Key questions

- *What are the rationales behind the October fiscal stimulus?*
- *What are the key successful factors for a good stimulus?*
- *Does the market perceive it to be strong enough?*

### Analysis on current policy stance

- Beijing realized the necessity to rebalance focus on longer-term structural reforms to the short-term goal of economic revival
- Initial counter-cyclical interventions announced since 2024 Q3 include both monetary easing in September and targeted fiscal expansion to tackle local debt in October

## CMG summary of the debate on China's fiscal policy stimulus

### Viewpoints on key challenges for China's economy

#### Two key rationales behind the October fiscal stimulus

- To reduce government debt burden: save spending on interests of local government debts via debt swap
- To boost domestic demand by governments: local governments will free up c.a. 2T yuan annually, which can be directed esp. to the repayment of debt to enterprises, new investment or improving livelihood

#### Market perceptions vary, debating effectiveness of stimulus

- Positive perceptions
  - Some see the October stimulus to be strong and above-expectations, with positive market signals detected:
    - Reduced devaluation pressure on RMB in 2024 H2 compared to H1
    - Gradual recovery in consumption observed in 2024 Q3
- Negative perceptions
  - Some deem the Oct stimulus below-expectations, because:
    - Earlier overly-high expectations for fiscal expansion
    - The debt swap should be more seen as “risk mitigation and gap-filling” measure rather than a “real stimulus”
    - Oct fiscal measures primarily only as a supplement to existing policy measures, not a game-changer

### Viewpoints on (policy) response

- 2.1 Leverage favorable global monetary policy environment
  - Globally low-interest rate favors counter-cyclical fiscal and monetary expansion
- 2.2 Make timely and bold stimulus
  - Stimulus is most effective when applied timely, as delayed intervention may struggle to restore confidence
  - Only bold and above-expectation measures are effective
- 2.3 Take fiscal expansion as the most crucial lever
  - Under downward pressure, credit expansion of corporates and households is usually suppressed, which limits the spending and adds to the overall downward pressure
  - ... therefore, government is the only actor capable of taking counter-cyclical credit expansion—fiscal spending should be outstandingly strong to compensate for the spending shortage of corporates and households
- 2.4 Correctly set spending priorities and fundraising sources
  - Effective stimulus should set correct spending priorities, e.g. investment in infrastructure or social programs
  - It should also consider funding sources, e.g. fundraising from central vs. local gov via general bond or SPB\*, etc.

Source: DING Zhijie, PENG Wensheng, GUAN Tao, ZHU Haibin and HONG Hao's speeches at 15th Caixin Summit in 2024, synthesized by CMG

\*Note: SPB = Special Purpose Bond

# Insufficient demand: can short-term stimulus alone sufficiently expand China's domestic demand?

## CMG view on debate baseline

### Key questions

- What are the key reasons for China's insufficient demand?
- Are such reasons structural or short-term?
- What are the key measures to enhance China's domestic demand effectively?

### Analysis on current policy stance

- Government acknowledges that China faces demand-side issues, but perceives it more as cyclical
- And "lack of effective demand" (有效需求不足) is seen as biggest issue since CEWC\* '23
- Since then, some demand-boosting actions have been taken, but rather conservatively and with limited effectiveness
- Only in 2024 Q3, stronger monetary and fiscal stimulus were announced

## CMG summary of the debate on China's insufficient demand

### Viewpoints on key challenges for China's economy

#### Historical view: insufficient demand as a long-lasting trend

- China repeatedly faced insufficient domestic demand situations since 1998, esp. during three periods: AFC\*, GFC\* and Covid
- Domestic demand – esp. consumption growth – slowed down even before the breakout of Covid

#### Complex systemic factors and shock events as key reasons

- Long-term / fundamental causes
  - Income distribution imbalances
  - Social security insufficiency, e.g. ~4% of population without social security, 200M "flexible workers" with limited security
  - Excessive or imperfectly-designed regulations in some sectors
  - Private investment barriers
  - Economic transitions e.g. over-leveraged real estate sector
- Short-term triggers
  - Covid disruption
  - Negative wealth effect (property + stock asset price slump)
- Outcomes
  - Shrinking revenues of local governments, corporates and households and weak market confidence
  - Weakened demand and suppressed aggregate spending
  - Downward pressure on economy

### Viewpoints on (policy) response

#### Counter-cyclical intervention

- Under downward pressure, rational entities reduce spending due to weak confidence towards future revenue or income—causing market failure
- 1.1 Thus, introduction of strong and above-expectation government intervention is necessary to counter such suppressing pressure

#### Short-term stimulus

#### Systemic / institutional improvement

- 1.2 Income distribution reform to increase household income and improve income structure
- 1.3 Enhanced public service to broaden social security net, improve public services esp. in housing, education and healthcare
- 1.4 Urbanization and rural-urban integration to consolidate consumption demand

#### Long-term structural aspects

#### Cultivate new demand drivers

- 1.5 "Betterment consumption (发展性消费)" e.g. better education and healthcare
- 1.6 "Producer services (生产性服务)" e.g. R&D, venture capital, IP protection
- 1.7 Infrastructure construction in rural areas, e.g. waste treatment, medical

Source: YIN Yanlin, ZHANG Junkuo, ZHANG Bin, XU Lin, and LIU Shijin's speeches at 15th Caixin Summit in 2024, synthesized by CMG

\*Note: AFC = Asian Financial Crisis, GFC = Global Financial Crisis, CEWC = Central Economic Work Conference

# CEWC 2024: first time adjusting to prioritize short-term growth over longer-term reforms since CEWC in 2022

| Dimensions                                 | 2025 policy focus as per key changes made in CEWC 2024 compared to 2023  | CMG assessment   |
|--|--|--|
| <b>Status perception</b>                   | <ul style="list-style-type: none"> <li>Perceived “<b>not few</b>” (不少) <b>economic difficulties</b> in 2024 rather than merely “some” (一些) in 2023, and “insufficient demand” remains the biggest challenge</li> <li>Being more explicit about the fact that some businesses facing challenges and households are dealing with job insecurity and income</li> <li>Perceived a <b>further deteriorated</b> external environment</li> </ul>  | <ul style="list-style-type: none"> <li><b>Heightened “crisis” perception</b> observed in top-level policy thinking</li> <li>Such thinking paves road for introduction of <b>stronger or bolder interventions</b> in 2025 for restoring economy</li> </ul>  |
| <b>High-level policy-making principles</b> | <ul style="list-style-type: none"> <li>Set goal to maintain economic growth, ensure job creation, and stabilize consumer price</li> <li><b>Removed “cross-cyclical macroeconomic management”</b> (跨周期调节), and stressed “more proactive and effective” (更加积极有为) (counter-cyclical) interventions for domestic demand expansion</li> </ul>   | <ul style="list-style-type: none"> <li>A signal for Beijing to <b>temporarily prioritize short-term growth revival</b> over long-term development interest e.g. structural reforms</li> </ul>  |
| <b>Macroeconomic policy</b>                | <ul style="list-style-type: none"> <li>Monetary policy: changed from “flexible but prudent” (稳健灵活) to “<b>moderately loose</b>” (适度宽松); announced new rounds of cut in policy interest rate and RRR; newly addressed PBOC’s using innovative tools to stabilize financial market</li> <li>Fiscal policy: changed from “moderately adding efforts (适度加力)” to “<b>more proactive</b>” (更加积极); newly stated to focus <b>spending on improving livelihood and consumption boost</b></li> </ul> | <ul style="list-style-type: none"> <li><b>Strongest monetary easing signal after GFC</b></li> <li>Broadened PBOC role in supporting financial market e.g. inject liquidity to stock market</li> <li><b>Fiscal spending no longer</b> (at least in a near term) <b>focuses on supply</b> but demand side</li> </ul> |
| <b>Demand vs supply</b>                    | <ul style="list-style-type: none"> <li><b>Domestic demand expansion esp. consumption</b> is positioned as the <b>primary policy focus</b>, compared to the second place in 2023, new policy package announced e.g. increase pension and SHI subsidies</li> <li>Industrial upgrading deprioritized to be the secondary policy focus</li> </ul>  | <ul style="list-style-type: none"> <li><b>Consumption boost as core effort</b> in 2025, but such consumption-centered policymaking still adheres to a <b>post-pandemic recovery logic</b></li> </ul>   |
| <b>Domestic risk containment</b>           | <ul style="list-style-type: none"> <li>Newly articulated to “consistently putting efforts” (持续用力) to <b>stabilize real estate market</b>, and promote the consumption of inventory housing</li> </ul>  | <ul style="list-style-type: none"> <li>Release of <b>demand potential</b> (e.g. cheaper loan) and relaxation on <b>financing developers</b> (e.g. whitelist) will continue</li> </ul>  |
| <b>Reform implementation</b>               | <ul style="list-style-type: none"> <li>Proceeded improving financial capability and granting more financial autonomy for local governments</li> <li>Proceeded promoting introduction mid- and long-term capital into capital market</li> </ul>   | <ul style="list-style-type: none"> <li>The <b>only two proceeded reforms</b> serve tackling local debt and stabilizing capital market</li> </ul>   |

# Macroeconomic management: enhanced counter-cyclical interventions since Q3 2024 to revive the GDP growth

| Dimensions              | CEWC 2024 policy stance   | Policy measures so far and execution status  | Key indicators  | Outlook for 2025   |
|-------------------------|---|--|---|--|
| Monetary easing         | <ul style="list-style-type: none"> <li>“Moderately loose (适度宽松)” — <b>strongest monetary easing signal</b> since after GFC</li> </ul>   | <ul style="list-style-type: none"> <li>Policy interest rate cut e.g. 7-day Repo <b>In execution</b></li> <li>Required Reserve Ratio (RRR) cut <b>In execution</b></li> <li>New (swap) tool to inject liquidity to stock market by PBOC <b>In execution</b></li> <li>Further cut of policy interest and RRR <b>Announced</b></li> </ul>                                 | <ul style="list-style-type: none"> <li>M2 growth</li> <li>Aggregate Financing to the Real Economy</li> </ul>                            | <ul style="list-style-type: none"> <li><b>Low-interest environment</b> likely to sustain throughout the year to counter deflation, enabling <b>easier financing for business and capital market</b></li> </ul> |
| Fiscal expansion        | <ul style="list-style-type: none"> <li>Make “<b>more proactive</b>” fiscal expansion in 2025</li> </ul>   | <ul style="list-style-type: none"> <li>Ultra-long special treasure bond <b>In execution</b></li> <li>Raised local debt ceiling for debt swap <b>In execution</b></li> <li>Replenishing capital of SOE banks <b>In execution</b></li> <li>SPB* to address local debt <b>Announced</b></li> <li>Raise fiscal deficit ratio to record high <b>In execution</b></li> </ul> | <ul style="list-style-type: none"> <li>Aggregate local debt</li> <li>Government expenditure</li> </ul>                                  | <ul style="list-style-type: none"> <li>More fiscal resource (on basis of confirmed 2T RMB) will be <b>freed up for local government expenditure</b>, esp. on welfare, people’s livelihood, etc.</li> </ul>     |
| Demand boosting         | <ul style="list-style-type: none"> <li>Insufficient demand remains the biggest issue</li> <li>Domestic demand expansion as the <b>primary policy focus</b> in 2025</li> </ul> | <ul style="list-style-type: none"> <li>Industrial equipment upgrading <b>In execution</b></li> <li>“Trade-in” of consumer goods <b>In execution</b></li> <li>Living subsidies and holiday coupons <b>In execution</b></li> <li>Increase pension and SHI* subsidies <b>In execution</b></li> <li>Expand central government investment <b>Announced</b></li> </ul>       | <ul style="list-style-type: none"> <li>(Core) Consumer Price Index</li> <li>Total Retail Sales</li> <li>Producer Price Index</li> </ul> | <ul style="list-style-type: none"> <li>Likely to see <b>extraordinary consumption growth</b> and <b>largely expanding central government investment</b></li> </ul>   |
| Real estate restoration | <ul style="list-style-type: none"> <li>Continue to <b>stabilize</b> the property market</li> </ul>  | <ul style="list-style-type: none"> <li>Dropped downpayment ratio <b>In execution</b></li> <li>Allowed switch to cheaper loans <b>In execution</b></li> <li>Enhanced financing affordable housing <b>In execution</b></li> <li>Broadened “whitelist” for developers <b>In execution</b></li> <li>More urban renewal program <b>Announced</b></li> </ul>                 | <ul style="list-style-type: none"> <li>Property sales</li> <li>Property price</li> <li>New-start projects and inventory</li> </ul>      | <ul style="list-style-type: none"> <li>Priority set to <b>avoid any sharp declines in asset price</b>, and <b>ideally to reverse the negative growth</b> of property sales into positive</li> </ul>            |

\*Source: Politburo meeting, CEWC, NPCSC, MOF, PBOC

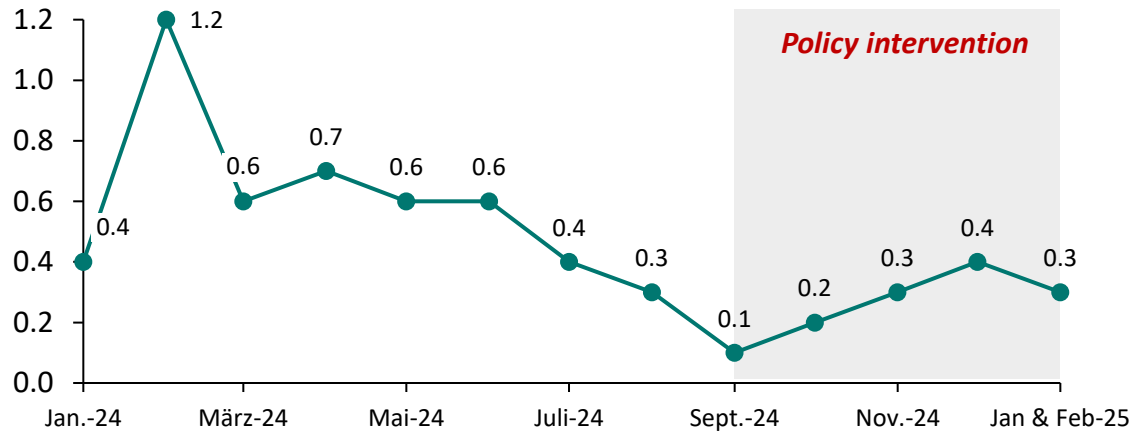


**An extraordinary 5.4% growth in Q4 2024 marked an initial growth revival thanks to proactive execution of earlier-introduced measures**

# Effectiveness of interventions: initial positive trends observed in both demand- and supply-side (by Feb 2025)

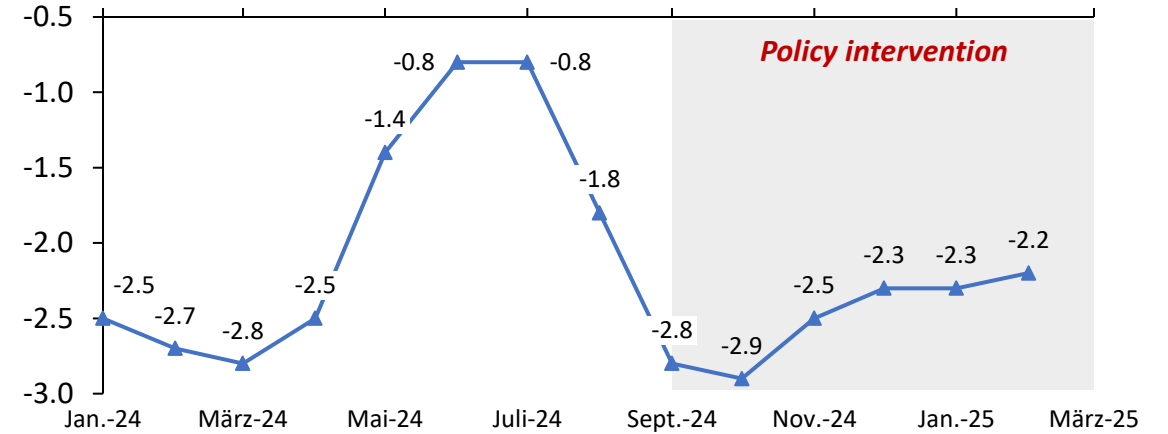
## Demand-side indicators

### Core Consumer Price Index (monthly YOY change in %)

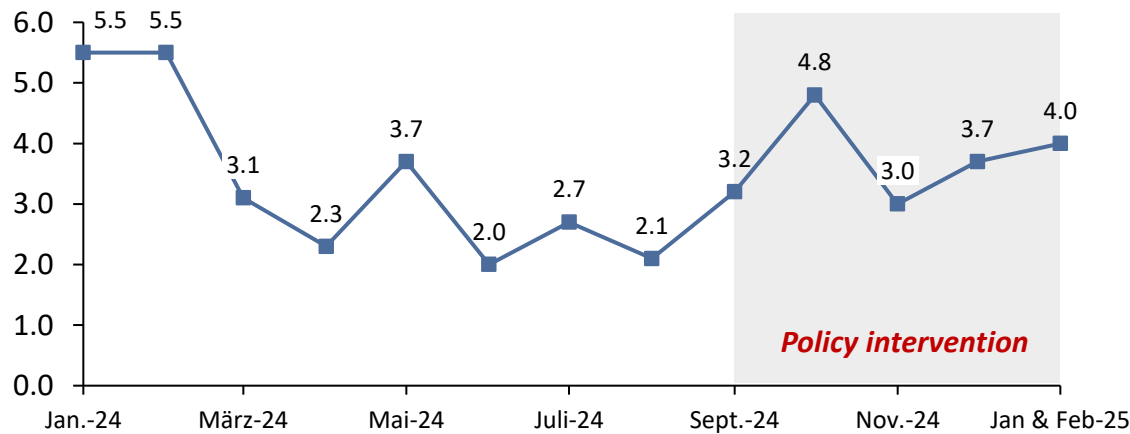


## Supply-side indicators

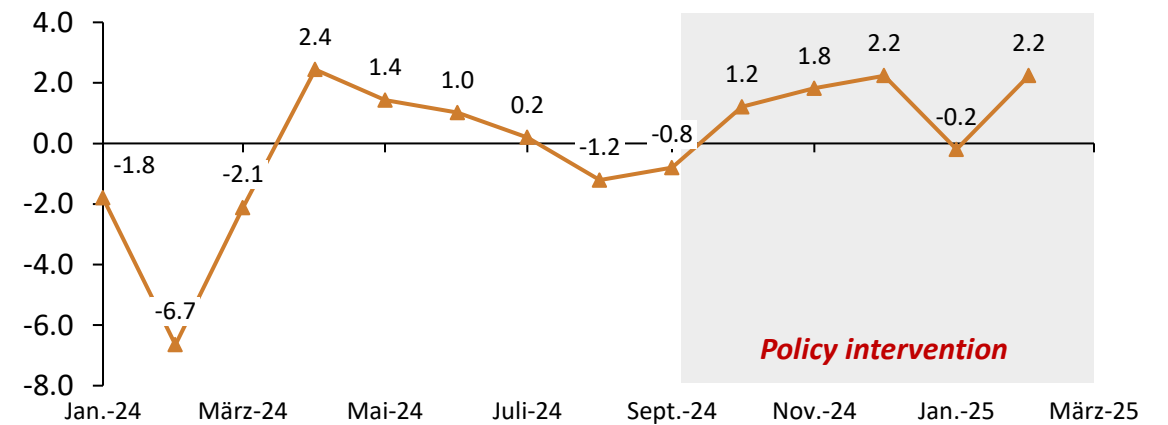
### Producer Price Index (monthly YOY change in %)



### Social Retail Sales (monthly YOY change in %)



### Manufacturing Purchasing Manager's Index (monthly YOY change in %)



\*Source: National Bureau of Statistics, CEIC Data

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**European business' strategic decision-making on China today**

*Further CMG resources and services*

# Challenges and approach for 3 archetypes of European business in China towards the “super gravitational field”

## Partially onshored / localized set-up

(SME / (very) small)

## Onshored / localized set-up

(SME / mid)

## Onshored / localized set-up

(MNC / large)

### Key challenges

- Competitive pressure / downstream diversification, dependence on foreign vs. local OEMs
- Evolving policies / regulation
- Margin pressure

- No non-sales strategic capabilities locally in China
- Complex distributor relationships

- Operating like a “Chinese company”

- Depth of local engagement in China (esp. innovation, SOE-government collaboration, 3<sup>rd</sup> country connectivity)

### State of China strategy- / decision-making

- Lack of relevant China intelligence
- No “China voice” towards HQ
- Paralysis in strategic decision-making for Chinese market

- Misaligned views with HQ on effective mid-term strategy / vision for Chinese market

### High-level approach

- Clarify “reason to exist” in China
- Growth, margin and group value-added “triangle”
- Business strategy options:
  - 1) “premium”/innovation
  - 2) growth
  - 3) hibernation
  - 4) group value-added
  - 5) exit

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# 2025 webinar series: China's 15<sup>th</sup> FYP: building towards next milestone in 2035 under unabating geopolitical pressure



Confirmed

## Dealing with Trump 2.0 – is China making tactical or strategic adjustments in view of the 15th FYP?

**DA Wei**, Director of Center for International Security and Strategy (CISS) and Professor of International Relations, Tsinghua University

26 February 2025  
9-945am CET | 4-445pm CST



Currently inquiring / TBC

## China-EU relations – ingredient or impediment to aid China's development until 2030

**CAI Run**, Ambassador of PRC Delegation to the European Union (EU)

September 2025  
9-945am CEST | 3-345pm CST



Confirmed / exact date TBD

## Four years into 14th FYP – taking stock of its execution after the NPC 2025

**ZHU Guangyao**, former Vice-Minister of Finance and Counsellor of the State Council

April 2025  
9-945am CEST | 3-345pm CST



Confirmed / exact date TBD

## “Reality check” – interpreting the “15th FYP outline” as per the 20<sup>th</sup> CC 5th Plenum and anticipating shifts

**BAI Chong-En**, Dean of School of Economics and Management, Tsinghua University

November 2025  
9-945am CET | 4-445pm CST



Confirmed / exact date TBD

## The long view – 10-year outlook imagining China in 2035 as the next key modernization milestone

**YU Yongding**, Academician of Chinese Academy of Social Sciences (CASS) and Member of Advisory Committees of NDRC and MFA

June 2025  
9-945am CEST | 3-345pm CST



Confirmed / exact date TBD

## Transitioning to the 15th FYP – zooming-in on Shenzhen as local government case-study

**ZHANG Lin**, Director of Science, Technology and Innovation Commission of Shenzhen Municipality

December 2025  
9-945am CET | 4-445pm CST



Anchor partner



Host



CET: Central European Time | CST: China Standard Time

# Key publication series: CMG Primers

Understanding the “**Taiwan issue**” – context, influencing factors and outlook



Chinese government remodeled at the **Two Sessions 2023** – policy, people and structure



Understanding supply chain distortions of **critical minerals** powering the green energy transition



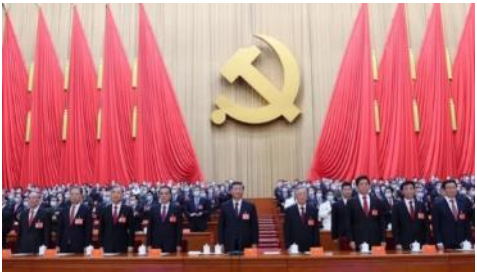
Xi's third ‘**Third Plenum**’ pivots to implementation, doubling down on China’s industrial ambition



**Caixin Summit 2024** - CMG's analytical digest: slide deck and read-out webinar recording



Understanding process and key outcomes of China’s **20<sup>th</sup> Party Congress**



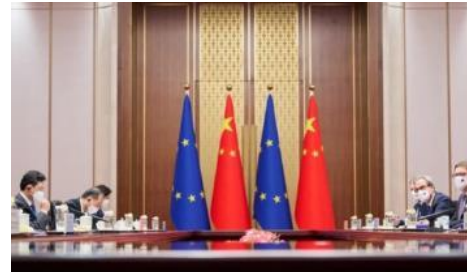
Understanding process and influencing factors of **Taiwan's 2024 presidential election**



**Two Sessions 2024** – Strengthening proactive and better coordinated economic policy



**EU-China relations** – from economic integration to EU’s strategic autonomy and ‘de-risking’



**Understanding China’s economy into 2025** – evolved development strategy, reform priorities and short-term macroeconomic management



2025 ECCS – scheduled for 9-12 November 2025, in Shenzhen



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Brochure

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9-12 November 2025

# 2025 Europe-China Conference Shenzhen (ECCS)

China's evolving policy and business context for European strategic decision-making ahead of the 15th FYP (2026-2030)

Reservation

# Reference: 2023 “Re-Engaging with China – Business Opportunities and Challenges” program

**22<sup>nd</sup> October / «Day 1»**  
Sunday

## 1) Shenzhen sightseeing

**GAO Yan 高岩**  
(Ass. Professor of Architecture,  
University of Hong Kong)



## 2) Welcome addresses

**Toni Schönenberger**, stars  
**Klaus Zenkel**, EUCCC  
**Markus Herrmann**, CMG

**Zhang Lin 张林**, Director Shenzhen  
S&T Innovation Committee



## 3) China's demographic challenges

**PENG Wensheng 彭文生**  
(Chief Economist, CICC)



## 4) Opening keynote speech

**XIAO Geng 肖耿**  
(Founding Director of Tsinghua  
Brookings program)



## 5) Post-Covid - Reconnecting with world?

**Philippe Praz**  
(Swiss Consul General in Guangzhou)



**Jan Rudolph**  
(German Consul General in  
Guangzhou)



**23<sup>rd</sup> October / «Day 2»**  
Monday

## 6) Economy – Recovery or Recession?

**WANG Dan 王丹**  
(Chief Economist, Hang Seng Bank)



**WANG Yong 王勇**  
(Ass. Prof. of Economy, PKU)



## 7) Venture capital / Shenzhen's ecosystem

**Chen Mo 陈默**  
(Director, Dept of Funds and PM,  
Shenzhen Angel FOF)



## 8) Engineering meets Entrepreneurship

**LIU Hongjie 刘洪杰**  
(Founder Reexen, AI processors and chips)



**Kathy GONG 龚晓思**  
(Co-founder Stealth Startup and WafaGames)



**ZHU Hong 朱虹**  
(Co-founder of Enabot)



## 9) Site visits I & II

Tencent

Tencent 腾讯

Ping'an

中国平安  
PING AN  
专业·价值

## 10) Evening address

**Ivan Gonzalez**  
(Swiss Re CEO Reinsurance China  
and China Country President)



**24<sup>th</sup> October / «Day 3»**  
Tuesday

## 11) Daring to win – BASF's Mega-Investm.

**Jörg Wuttke**  
(ex President EUCCC, BASF China  
Rep)



## 12) Being strategic in China

**Matilda Ho**  
(Serial Entrepreneur and Investor)



## 13) Foreign business sentiment

**Francine Hadjisotiriou-Tersiguel**  
(GM - South China at EUCCC)



**Jayne Plunkett**  
(Group Chief Risk Officer at AIA)



**Joe ZHENG**  
(Head External Alliance, China  
Innovation Center at Roche)



## 14) Site visit III

Shenzhen Stock Exchange

## 15) Journalists@dinner

**FANG Kecheng**  
(Assistant Professor of Journalism and  
Communication, CUHK)



**ZHENG Wei**  
(Senior Correspondent, SCMP)



**25<sup>th</sup> October / «Day 4»**  
Wednesday

## 16) BRI After 10 Years

**Zhang Jianyu 张建宇**  
(Executive Director, BRI Green  
Development Institute, Beijing)



## 17) China's foreign policy

**HAO Yufan 郝雨凡**  
(Professor, Chinese University of  
Hong Kong, Shenzhen)



## 18) Navigating a more multipolar world

**HAO Yufan 郝雨凡**



**Harley Seyedin**  
(President AmCham South China)



**Marjut Hannonen**  
(Head of Trade Section of the EU  
Delegation to the PRC)



## 19) A conversation with Dr. Uli Sigg

**Uli Sigg**  
(Art Collector, Former Swiss  
Ambassador to China)



## 20) M+ alumni event

Visit of M+ museum in  
Hong Kong



# WEF Horizon Scan: Corporate strategy-making in China, six building blocks

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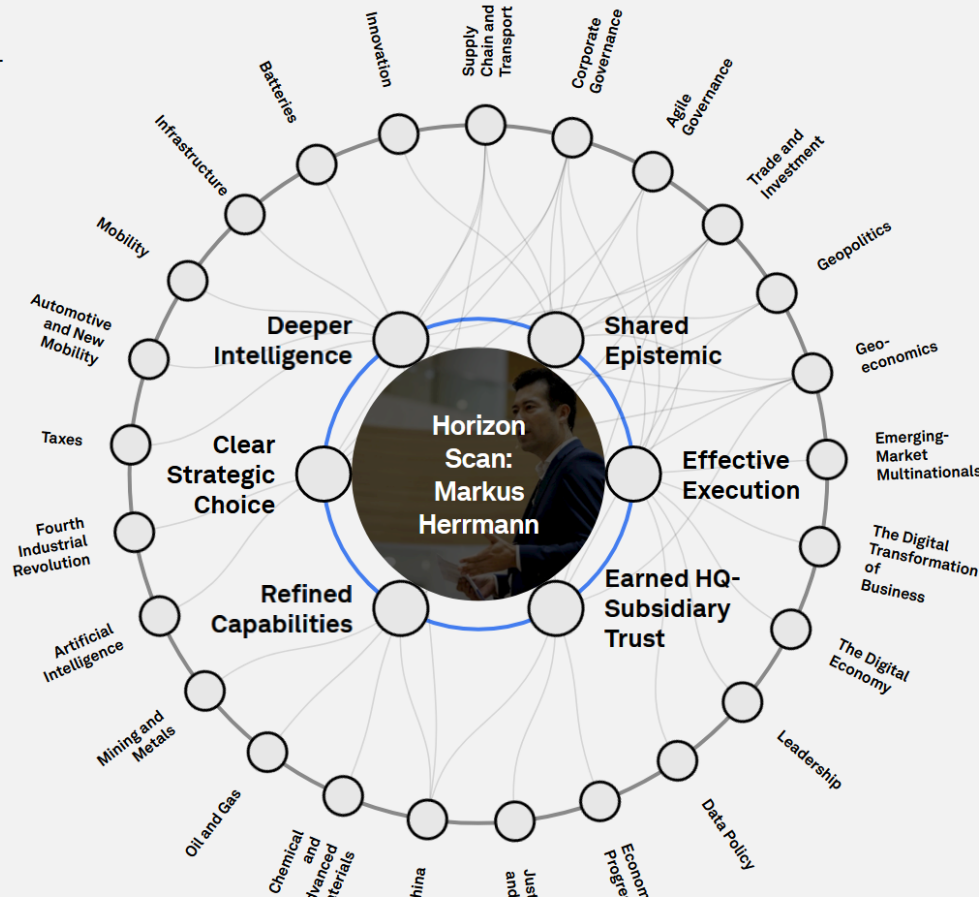
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## Horizon Scan: Markus Herrmann

Foreign businesses should be able to approach corporate strategy-making in the rapidly evolving, competitive Chinese market by factoring in domestic policy, geo-economic forces, and geopolitics. Some tried-and-tested strategies have emerged. They

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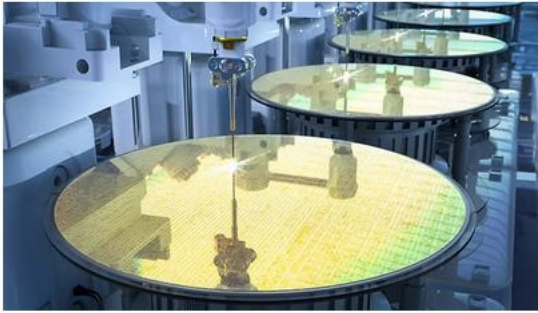


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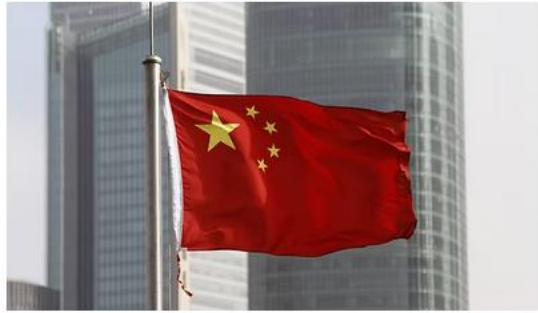
# CMG services: overview of four key service types, corresponding credentials available upon request

## Our Services →



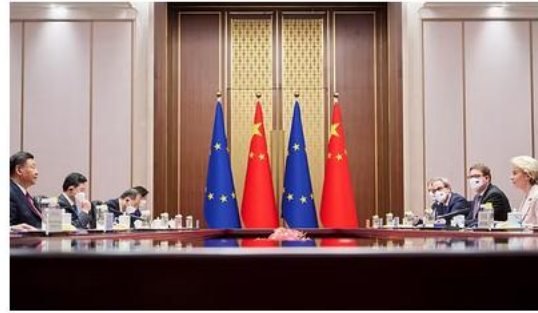
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### Monitoring

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### Curation

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*Co-Founder and Managing Director*

[mherrmann@chinamacro.ch](mailto:mherrmann@chinamacro.ch)

China Macro Group (CMG)