



OECD Economic Surveys CHINA

APRIL 2019



OECD Economic Surveys: China 2019

This document, as well as any data and any map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

Please cite this publication as:

OECD (2019), *OECD Economic Surveys: China 2019*, OECD Publishing, Paris.
https://doi.org/10.1787/eco_surveys-chn-2019-en

ISBN 978-92-64-31225-8 (print)
ISBN 978-92-64-31226-5 (pdf)

OECD Economic Surveys
ISSN 0376-6438 (print)
ISSN 1609-7513 (online)

OECD Economic Surveys: China
ISSN 2072-5035 (print)
ISSN 2072-5027 (online)

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Photo credits: Cover © www.shutterstock.com/pic.mhtml?id=51573532.

Corrigenda to OECD publications may be found on line at: www.oecd.org/about/publishing/corrigenda.htm.

© OECD 2019

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgement of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to rights@oecd.org. Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at info@copyright.com or the Centre français d'exploitation du droit de copie (CFC) at contact@cfcopies.com.

Table of contents

EXECUTIVE SUMMARY	9
Key Policy Insights.....	13
The economy remains strong, though with signs of growth slowdown	13
Towards stable and inclusive growth	42
References	76
Chapter 1. Realising regional potentials through better market integration.....	81
Phasing out local protectionism to create a single product market	82
Creating a single labour market for stronger growth and inclusiveness.....	91
Regional policies to help laggard regions catch up	100
References	123
Annex A. Gauging disparities across regions in multiple dimensions.....	126
Annex B. The three initiatives.....	132
Annex C. The four mega-regions.....	136

Tables

Table 1. Excess capacity is being phased out	18
Table 2. Measures of fiscal deficit	23
Table 3. Fiscal stimulus measures will increase in 2019	24
Table 4. Macroeconomic indicators and projections	25
Table 5. Past OECD recommendations on monetary and financial policies	35
Table 6. Estimated fiscal impact of selected recommended reforms.....	41
Table 7. Past OECD recommendations on fiscal reform	42
Table 8. Estimated impact of structural reforms on per capita GDP	52
Table 9. Past OECD recommendations to increase productivity	53
Table 10. Past OECD recommendations on inclusive growth.....	59
Table 11. Past OECD recommendations on greening growth	74
Table 1.1. Protectionist measures in procurement and transportation are rampant	89
Table 1.2. Within-province disparities are dominant in overall disparities at the county level.....	103
Table 1.3. Fiscal transfers reduce disparities in province-level revenues.....	104

Figures

Figure 1. China continues to converge to OECD, notwithstanding growth moderation	13
Figure 2. Growth is increasingly driven by consumption and services	15
Figure 3. Job vacancy rates are high in some inland cities	16
Figure 4. Stock prices have partially recovered.....	16

Figure 5. The slowdown in growth and investment has been geographically uneven.....	17
Figure 6. House prices are flattening in mega cities but still not affordable for average earners.....	19
Figure 7. Trade growth has stalled.....	20
Figure 8. The goods trade surplus is shrinking while the services trade deficit is growing	21
Figure 9. Producer price inflation is trending down and consumer price inflation remains stable.....	22
Figure 10. New enterprise and mortgage lending growth faded.....	28
Figure 11. The share of lending at and below the benchmark rate have fallen.....	29
Figure 12. Forex reserves are stable and the exchange rate appreciation faded in 2018	30
Figure 13. Corporate deleveraging continues amid shrinking shadow banking	32
Figure 14. Increasing household credit creates financial risks	34
Figure 15. Debt and urban construction bonds are high relative to output and revenues	37
Figure 16. Relief to LGIVs may derail debt from the sustainable path	38
Figure 17. The burden at the local level is high.....	40
Figure 18. The saving rate is still very high.....	43
Figure 19. Capital accumulation still drives growth.....	44
Figure 20. Catching up with the United States is rapid but the productivity gap is still large.....	45
Figure 21. In several manufacturing industries only a small share of patents are genuine inventions ..	46
Figure 22. SOEs spend more on R&D per patent but own fewer patents per researcher than private or foreign patenters	47
Figure 23. State ownership in some commercially oriented sectors is still high	48
Figure 24. Import tariffs are relatively high, but non-tariff measures are frequently used.....	50
Figure 25. The services value added share of exports is rising.....	51
Figure 26. Income inequality has declined but is still high	54
Figure 27. The tax and transfer system are not very effective	55
Figure 28. Few people pay income taxes and only a tiny fraction at the highest marginal rate	56
Figure 29. Those who pay income taxes pay at very low rates.....	57
Figure 30. Personal income taxes remain a tiny source of tax revenues in China	58
Figure 31. The richest people hold a high share of net personal wealth.....	58
Figure 32. Chinese ODI is expanding rapidly.....	61
Figure 33. Most Chinese ODI went into services	62
Figure 34. Manufacturing ODI is small, but is growing rapidly.....	63
Figure 35. More investment is done through M&A than greenfield.....	64
Figure 1.36. In many manufacturing industries, M&A and greenfield investment are equally important.....	65
Figure 37. China's digital economy is about double the size of India's, but smaller than in advanced economies	66
Figure 38. The ICT sector is not particularly large.....	67
Figure 39. The internet penetration rate is on par with other upper middle-income countries.....	68
Figure 40. Smart manufacturing is most widespread in coastal provinces	69
Figure 41. The sharing economy is expanding rapidly, in knowledge and skills sharing	70
Figure 42. Internet penetration is high in the East, but remains low in the Centre and the West	71
Figure 43. Environmental investment has stagnated	72
Figure 44. Ample room for improvement in greening growth.....	75
Figure 1.1. Local protectionism is mostly manifest in purchasing goods or services from specific providers, in particular in the construction industry	86
Figure 1.2. Wealthier provinces, the internet industry, recent years saw more cases and most were unsuccessful	88
Figure 1.3. Urbanisation is progressing but still low in some provinces	93
Figure 1.4. The growth rate of the migrant population is slowing.....	95
Figure 1.5. Migrants are young and have little formal education as of 2017	96

Figure 1.6. Admission rates in kindergartens and schools is still low for migrants' children	98
Figure 1.7. The migrant work force is ageing.....	99
Figure 1.8. Government support doesn't prevent growing pension deficits.....	100
Figure 1.9. The West and the Centre are catching up, but not much the Northeast.....	101
Figure 1.10. Equalisation transfers and agriculture-related subsidies are the most important transfer items.....	104
Figure 1.11. The gap between own revenues and spending is the greatest at the lowest levels	105
Figure 1.12. Counties rely on transfers for a large part of their spending	106
Figure 1.13. Counties rely on VAT and non-tax revenues and are in charge of education and other crucial public services.....	107
Figure 1.14. Disparities in per capita spending are even greater than in revenues	108
Figure 1.15. In several Western provinces, spending disparities are high across counties.....	109
Figure 1.16. Urban-rural disparities are declining, but are still significant	116
Figure 1.17. Agriculture productivity is low and its gap with other sectors is growing.....	117
Figure 1.18. Provinces with big primary sectors tend to be less wealthy	118
Figure 1.19. Infrastructure in villages lags well behind cities	119
Figure 1.20. Rural medical staff is in shortage	120
Figure A.1.21. Disparities in per capita incomes across China's provinces are large	127
Figure A.1.22. Old-age dependency varies greatly across provinces	128
Figure A.1.23. Population density varies widely across provinces.....	130
Figure A.1.24. The drivers of growth vary widely across provinces.....	131
Figure B.1.25. The three strategies cover a diverse set of regions.....	133
Figure B.1.26. Jingjinji is a diverse region	135
Figure C.1.27. The East is bigger, wealthier and more open than the other regions	137

Boxes

Box 1. Fiscal measures and definitions.....	23
Box 2. Recent stimulus measures	24
Box 3. Escalating trade frictions.....	26
Box 4. Key vulnerabilities	27
Box 5. What is the countercyclical factor?	30
Box 6. Individual debt defaulters and the social credit system.....	35
Box 7. Assessing debt sustainability.....	38
Box 8. Quantifying the fiscal impact of selected revenue and spending reforms	41
Box 9. Quantifying selected structural reforms	52
Box 10. The geographical and sectoral dimension of M&As and greenfield investments.....	65
Box 1.1. Administrative monopolies	83
Box 1.2. The DRC-World Bank questionnaire-based research on local protectionism.....	84
Box 1.3. Migrants' characteristics	96
Box 1.4. Institutional arrangements for fiscal governance	102
Box 1.5. China's Belt and Road Initiative	111
Box 1.6. Myriads of special zones with privileges	114

This Survey was prepared by Margit Molnar under the supervision of Patrick Lenain. The Survey benefitted from contributions by Ting Yan, Yusha Li, Yiyi Shi, Assaf Geva, Zhihao Chen and Ran Xu. Hyunjeong Hwang provided the statistical assistance and Stephanie Henry provided editorial support.

The Survey was discussed at a meeting of the Economic and Development Review Committee on 14 January 2019, with participation of representatives of the Chinese government led by the State Information Centre. The cut-off date for data and information used in the Survey is 15 March 2019. The previous Survey of China was issued in March 2017.

The Survey is published on the responsibility of the Secretary General of the OECD.

Information on other Surveys and how they are prepared is available at www.oecd.org/surveys

Follow OECD Publications on:



http://twitter.com/OECD_Pubs



<http://www.facebook.com/OECDPublications>



<http://www.linkedin.com/groups/OECD-Publications-4645871>



<http://www.youtube.com/oecdlibrary>




<http://www.oecd.org/oecddirect/>

This book has...

StatLinks 

A service that delivers Excel® files from the printed

Look for the StatLinks  at the bottom of the tables or graphs in this book. To download the matching Excel® spreadsheet, just type the link into your Internet browser, starting with the <http://dx.doi.org> prefix, or click on the link from the e-book edition.

BASIC STATISTICS OF CHINA, 2017

(Numbers in parentheses refer to the OECD)

LAND AND PEOPLE				
Population (millions, 2018)	1 422.1	(1291.8)	Population density per km ²	148.0 (37.2)
Under 15 (% , 2018)	18.3	(17.8)	Life expectancy (years, 2016)	76.0 (80.7)
Over 65 (% , 2018)	10.8	(17.3)	Men	71.0 (77.9)
Latest 5-year average growth (% , 2018)	0.5	(0.5)	Women	77.5 (83.2)
Urbanisation rate	58.5	(77.8)	Agricultural land (% of total, 2015 for OECD)	56.2 (34.5)
ECONOMY				
GDP, current prices (market exchange rate, trillion USD)	12.2	(56.8)	Value added shares (%)	
GDP, current prices (trillion CNY)	82.7	(384.0)	Primary	7.9 (2.5)
Latest 5-year average real GDP growth (%)	8.5	(2.1)	Industry	40.5 (26.9)
GDP per capita, (thousand USD PPP)	16.8	(42.5)	Services	51.6 (70.6)
GENERAL GOVERNMENT				
Expenditure (% of GDP)	37.1	(40.7)	Net lending (% of GDP)	-3.1 (-2.2)
Revenue (% of GDP)	34.2	(38.8)		
EXTERNAL ACCOUNTS				
Exchange rate (RMB per USD)	6.76		Main exports (% of total merchandise exports)	
PPP exchange rate (USA = 1)	3.55		Electrical, electronic equipment	26.42
In per cent of GDP			Nuclear reactors, boilers, machinery, etc	16.9
Exports of goods and services (2018 for China)	19.5	(27.9)	Furniture, lighting, signs, prefabricated buildings	3.93
Imports of goods and services (2018 for China)	18.7	(27.5)	Main imports (% of total merchandise imports)	
Current account balance	1.3	(0.4)	Electrical, electronic equipment	24.83
Net international transfers	-0.1	(-0.6)	Mineral fuels, oils, distillation products, etc	13.5
Balance of income	-0.3	(0.5)	Nuclear reactors, boilers, machinery, etc	8.85
LABOUR MARKET, SKILLS AND INNOVATION				
Employment rate (total population, %)	56.1	(67.7)	Unemployment rate (urban) (%)	4.0 (5.8)
Participation rate (total population, %)	58.4	(72.0)	Tertiary educational attainment 25-64 year-olds (% , 2010)	10.0 (35.0)
Gross domestic expenditure on R&D (% of GDP, 2016)	2.1	(2.3)		
ENVIRONMENT				
Total primary energy supply per capita (toe, 2016)	2.1	(4.1)	Freshwater use (m ³ per capita 2014)	443.3 (827.7)
Renewables (% of TPES, 2016)	9.0	(9.9)	Agriculture (% of total use, year 2012 for China)	64.4 (43.9)
Fine particulate matter concentration (PM2.5, µg/m ³ , 2016)	56.3	(14.3)	Households (% of total use, year 2012 for China)	13.3 (15.1)
CO2 emissions per capita (metric tons, 2015)	7.6	(9.7)	Industry (% of total use, year 2012 for China)	22.3 (41.1)
SOCIETY				
Income inequality (Gini coefficient, 2015 for OECD)	0.470	(0.394)	Education outcomes (PISA score in B-S-J-G, 2015)	
Poverty headcount ratio at \$3.2 a day (2011 PPP) (% of population, 2015)	7.0	n.a.	Reading	494 (493)
Share of women in parliament (% , 2016)	24.2	(28.7)	Mathematics	531 (490)
Net official development assistance (% of GNI, 2016)	-0.01	(0.39)	Science	518 (493)

Note: B-S-J-G refers to the four areas covered by the latest PISA survey: Beijing, Shanghai, Jiangsu and Guangdong. The ratio of exports and imports to GDP is the ratio of aggregate exports and imports of OECD countries to aggregate OECD GDP. Other ratios are simple averages of OECD countries.

Source: Calculations based on data extracted from the databases of the following organisations: National Bureau of Statistics, OECD, International Energy Agency, World Bank and International Monetary Fund.



From:
OECD Economic Surveys: China 2019

Access the complete publication at:
https://doi.org/10.1787/eco_surveys-chn-2019-en

Please cite this chapter as:

OECD (2019), "Basic statistics of China, 2017: (Numbers in parentheses refer to the OECD)", in *OECD Economic Surveys: China 2019*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/48c759e7-en>

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.