# The Persistent Growth of China

## Why in news?

In the post-pandemic era, China is positioning itself to cause an unprecedented change in industrialisation.

## How is the China's economy performing in the recent years?

- Despite the trade wars and the COVID-19 crisis, China outperformed in the economic growth.
- In 2020, when other economies were struggling to cope with the effects of the pandemic, China's manufacturing output was 3.854 trillion dollars.
- China's economy grew by 8.1% in 2021, aided by growth in industrial production.
- Industrial production rose by 4.3% in December 2021 compared to 2020.
- Fixed asset investment grew by 4.9% whereas investment in manufacturing grew by 13.5% in 2021.
- China's gross domestic product grew by 2.2% in 2020 from the previous year.

## What was the expected change in China's trade due to the pandemic?

> *China accounts for about 30% of global manufacturing. China was the world's biggest exporter in 2020-21, accounting for 13% of world exports and 18% of world market capitalisation.*

- **De-factorisation**- It was expected that the COVID-19, geopolitical tensions and high tariffs would move factories away from the world's factory (China).
- There was expectation that the 4 trillion dollar worth of manufacturing which is happening in China would get dispersed to new locations.
- While the rest of the world debated and waited for de-factorisation of China, the Chinese economy seems to have recovered from a short-lived pandemic because of the idea of 'dual circulation'.
- **Dual circulation**- There would be more reliance on 'internal circulation', which is the domestic cycle of production, distribution and consumption supported by innovation and upgrading in the economy.
- The 'external circulation' intended to speed up the process of surplus accumulation would lose its primacy over time.
- China continued its emphasis on industrialisation and cut its dependence on global trade and markets.

## How is China stimulating the growth of the economy?

- China is using its increasingly skilled labour force and strategic raw materials to enhance its already highly developed manufacturing capabilities.
- This is pushing industrialisation toward ‘advanced manufacturing’ and higher levels of automation thus transforming China’s factories for the fourth Industrial Revolution.
- It is boosted by adoption of artificial intelligence (AI) to reduce operational costs and enhance efficiency.
- Chinese manufacturing is moving towards sectors that are less exposed to lower cost competition.
- During the pandemic there has been a surge in the use of a combination of software, hardware and robotics.
- As an early mover, China is laying the groundwork for setting itself up to be a leader.
- It looks like the dividends are already evident in the GDP numbers.

*China has overtaken the U.S. in AI patent applications and in terms of the number of AI research publications and journal citations.*

**References**


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