



www.ctp.cn 原创作品未经授权不得使用

Tatheer Zahra Sherazi

28/11/2018

Made in China

- ▶ Made in China 2025 is a strategic plan to make China a leader in key global industries, including technology.
- ▶ According to this, how advanced technology like wireless sensors and robotics, when combined with the internet, can yield significant gains in productivity, efficiency, and precision.
- ▶ **Goals**
- ▶ The goal is to comprehensively upgrade Chinese industry making it more efficient and integrated so that it can occupy the highest parts of global production chains.
- ▶ The plan identifies the goal of raising domestic content of core components and materials to 40% by 2020 and 70% by 2025.

The Core

- ▶ The core of the plan focused on developed leading-edge advanced technologies through investment in R&D from state and industry sources, accumulation of intellectual property,
- ▶ setting of distinct technical standards,
- ▶ and leveraging access to the Chinese market in exchange for foreign technologies.
- ▶ aims to lift the country's industries

2025

Enhancing the manufacturing industry's innovation capability, advancing industrialisation and informatisation integration to a new level, and elevating China's position in the global industrial division of labour and value chain

2035

Reaching the medium level of the world's manufacturing powerhouses, raising innovation capability significantly, and enhancing overall competitiveness considerably

About 2049

Comprehensive strength to rank among the upper echelons of the world's manufacturing powerhouses, a leading technological and industrial system will be built

TARGETED KEY SECTORS



Automotive



Aviation



Agricultural
Machinery



Numerical control
tools and robotics



High-tech maritime
equipment



Railway
transportation
equipment



Energy-saving
vehicles



Medical
devices



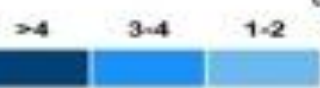
Information
technology



Power equipment

IoT ONE Index: Made In China 2025

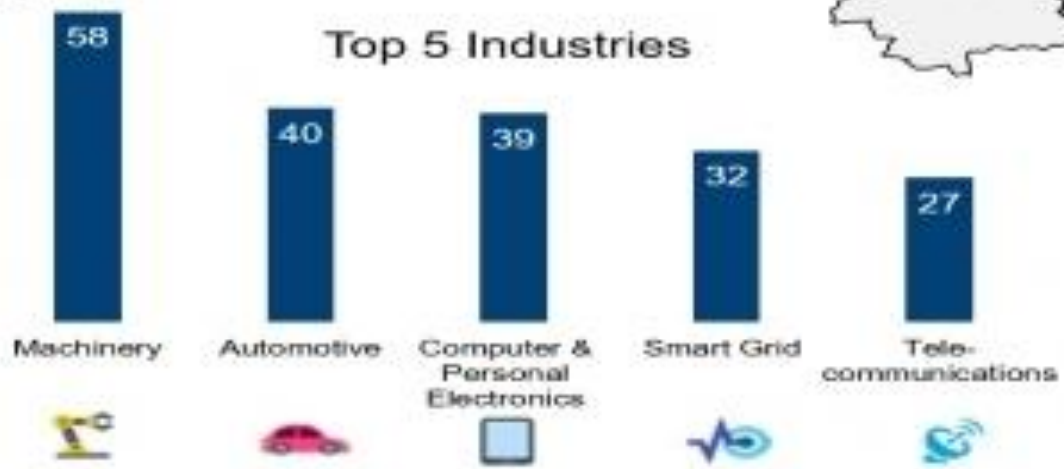
Distribution of >30 largest Chinese IIoT Vendors on IoT ONE



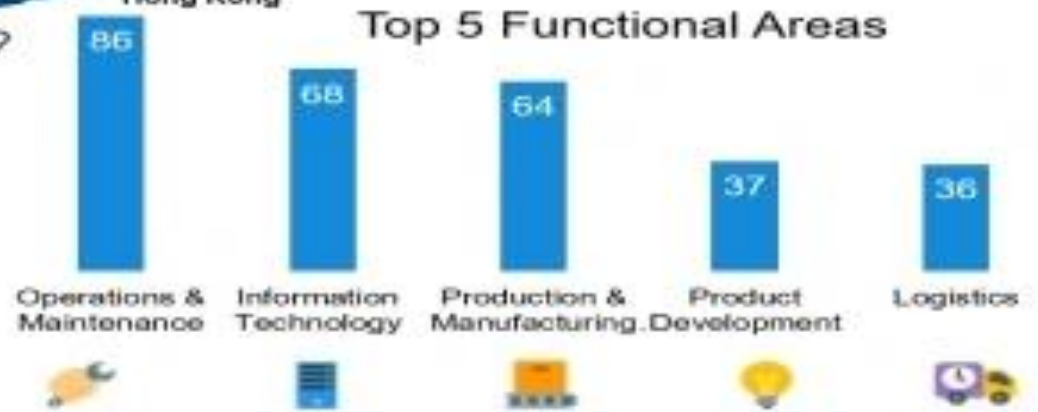
of Chinese companies with >\$100m in revenue on IoT ONE site

*Charts indicate the # of companies

Top 5 Industries



Top 5 Functional Areas



"Made in China 2025" is different in multiple respects:

- ▶ 1) It focuses on the entire manufacturing process and not just innovation;
- ▶ 2) It promotes the development of not only advanced industries, but traditional industries and modern services;
- ▶ 3) There is still a focus on state involvement, but market mechanisms are more prominent than in SEI. For example, instead of focusing on top-down, unique domestic technical standards, the attention is on self-declared standards and the international standards system;
- ▶ 4) There are clear and specific measures for innovation, quality, intelligent manufacturing, and green production, with benchmarks identified for 2013 and 2015 and goals set for 2020 and 2025.
- ▶ "Made in China 2025" is more consistent with how Germany and Japan approach their economies than the United States.



Trade Tariffs and Made in China 2025

How USTR views “MIC 2025”?

- ▶ “We must take strong defensive actions to protect America’s leadership in technology and innovation against the unprecedented threat posed by China’s theft of our intellectual property, the forced transfer of American technology, and its cyber attacks on our computer networks,” said Ambassador Robert Lighthizer.
- ▶ “China’s government is aggressively working to undermine America’s high-tech industries and our economic leadership through unfair trade practices and industrial policies like ‘Made in China 2025.’



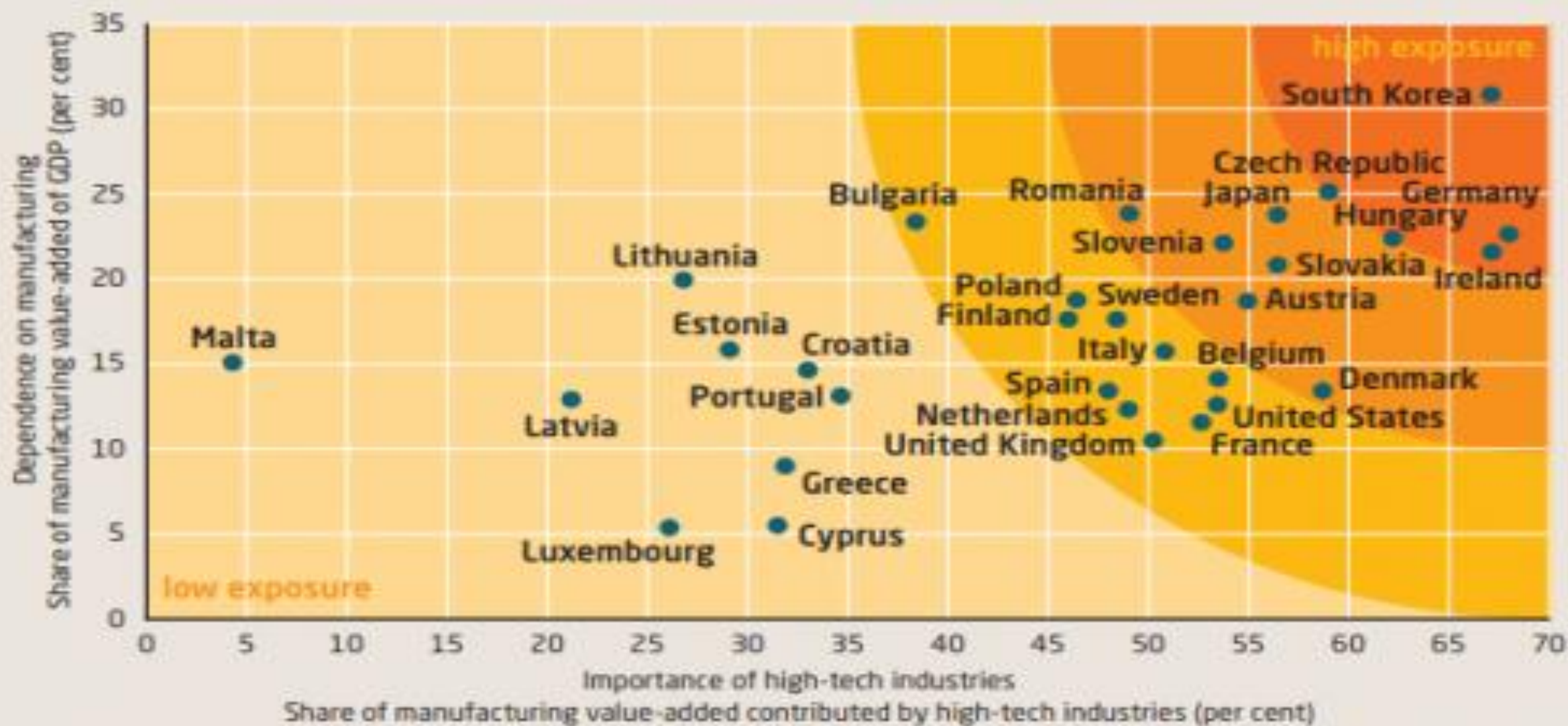
USTR Report

- ▶ United States Trade Representative (USTR) dropped the results of its Section 301 investigation into China's unfair trade practices.
- ▶ The nearly 200-page report presents a searing indictment of China's disregard for intellectual property, discrimination against foreign firms, and use of preferential industrial policies to unfairly bolster Chinese firms.
- ▶ Made in China 2025, originally approved by China's State Council in 2015, is mentioned or cited an astounding hundred and sixteen times.
- ▶ In contrast, China's Cyber security Law, which has caused a perennial headache for many U.S. multinationals, is only mentioned thirteen times
- ▶ In the saga of the U.S.-China economic rivalry, Made in China 2025 is shaping up to be the central villain, the real existential threat to U.S. technological leadership.

Under Pressure: Industrialised countries will feel the heat of Made in China 2025



Vulnerability of select industrial countries to Made in China 2025



References

- ▶ <https://asia.nikkei.com/Economy/Trade-War/Five-things-to-know-about-Made-in-China-20252>
- ▶ <https://www.cfr.org/blog/why-does-everyone-hate-made-china-2025>
- ▶ <https://www.csis.org/analysis/made-china-2025>
- ▶ <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/january/ustr-releases-annual-reports-china>

US China Trade War Series 3

U.S. Trade Deficit With China

The U.S. trade deficit with China was **\$375 billion** in 2017.

Total U.S. imports from China: **\$506 billion**



Largest U.S. Imports



\$77 billion in computers



\$70 billion in cell phones



\$54 billion in apparel and footwear

Total U.S. exports to China: **\$130 billion**



Largest U.S. Exports



\$16 billion in commercial aircraft



\$12 billion in soybeans



\$10 billion in autos

Trump Policy of Foreign Trade

According to Trump “trade wars are good, and easy to win”

List 1 totaling \$34 billion worth of imports is composed of 818 tariff lines, and went into effect on 7/6/2018.



List 2 totaling \$16 billion worth of imports is composed of 284 proposed tariff lines identified by the interagency Section 301 Committee, August



List 3 includes a list of tariff lines of products from China with an annual trade value totaling approximately \$200 billion. (review process).

Tarrif Summary

- ▶ Total US tariffs applied exclusively to China: US\$250 billion
 - ▶ Total Chinese tariffs applied exclusively to US: US\$110 billion
-
- ▶ Note: most of the products on the list facing tariffs are from Made in China 2025 sectors, the official said

Response by Monterey Institutions

IMF

International Monetary Fund head Christine Lagarde has warned "nobody wins" in a trade war, saying it would harm global economic growth.

World bank

Kristalina Georgieva the chief executive of world bank said Trump should "assess the implications" before going ahead with a plan that has sparked fears of a trade war with China and Europe and spooked world markets

Deal vs Further Tariffs

- ▶ G20 Commerce Secretary Wilbur Ross said on Thursday that Trump and Xi at best would be able to come up with a “framework” deal at the Group of 20 summit in Buenos Aires on November 30-December 1
- ▶ The US is reportedly prepared to announce tariffs on all remaining Chinese products by early December if talks between Trump and Xi at the G20 in Argentina are not successful.
- ▶ Based off trade figures from 2017, that would mean new tariffs on about US\$257 worth of Chinese goods. If announced in early December, the tariffs would likely take effect in February 2019.

References

- ▶ <http://www.china-briefing.com/news/the-us-china-trade-war-a-timeline/>
- ▶ <https://www.scmp.com/comment/insight-opinion/article/2141569/us-china-trade-war-offers-beijing-historic-opportunity-forge>
- ▶ <https://asia.nikkei.com/Economy/Trade-War/Trade-war-will-hit-China-harder-than-US-IMF-says>
- ▶ <https://www.express.co.uk/finance/city/1025260/US-trade-war-China-Donald-Trump-tarrifs-World-Trade-Organisation-International-Monetary-Fu>

US China Trade War: Opportunities for Pakistan



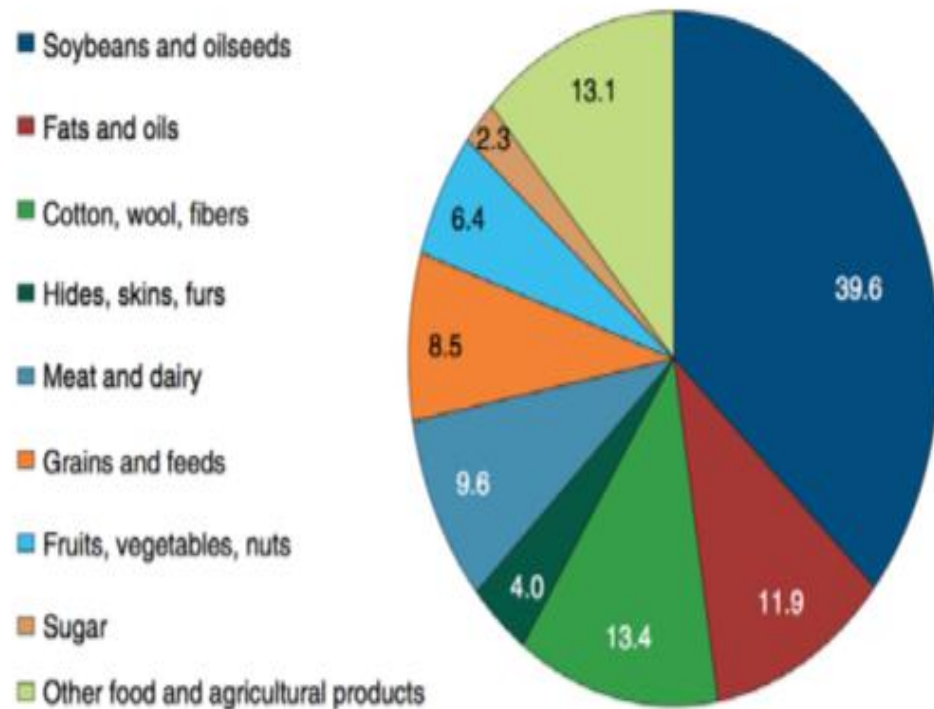
Key Agricultural Country

- ▶ Pakistan is among the top 10 producers of many crops such as
- ▶ rice
- ▶ citrus fruits
- ▶ wheat
- ▶ cotton
- ▶ sugarcane
- ▶ milk
- ▶ meat
- ▶ mangos
- ▶ chickpeas

Chinese Imports and trade partners

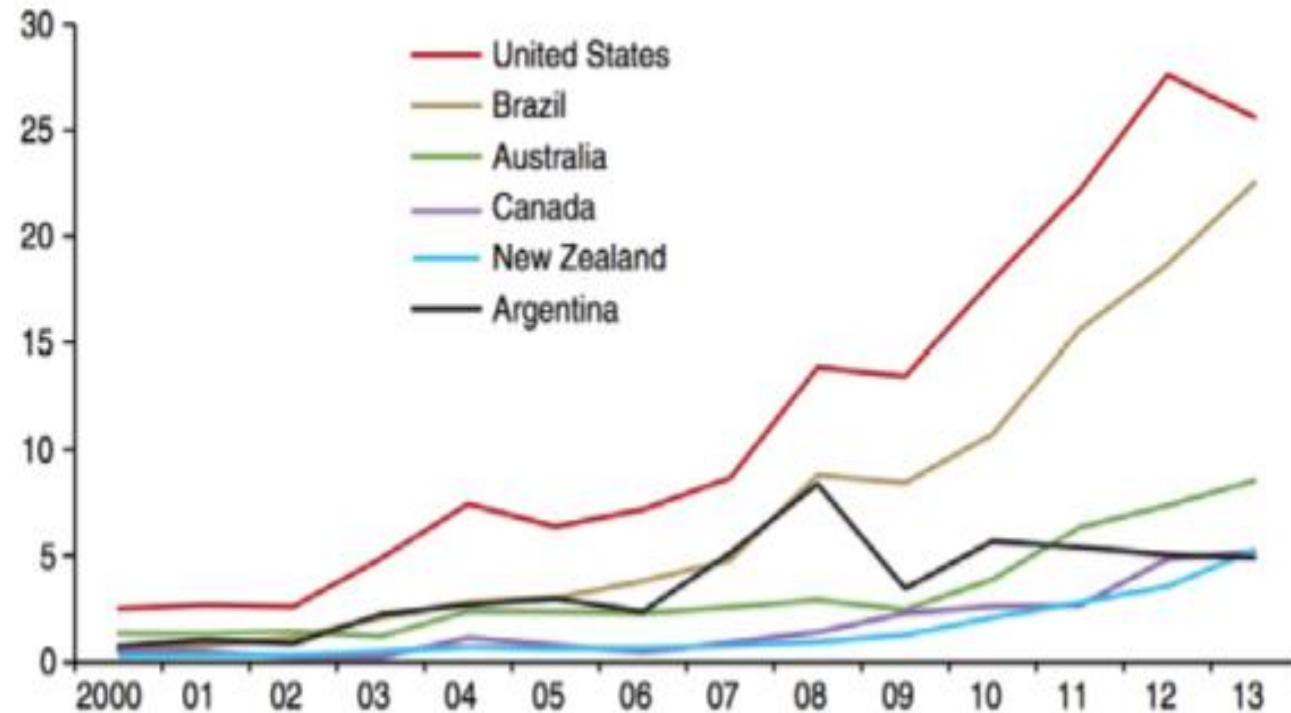
China's imports of food and agricultural products

Annual average 2012-13 (billion dollars)



China agricultural imports, by supplying country, 2000-13

Billion dollars



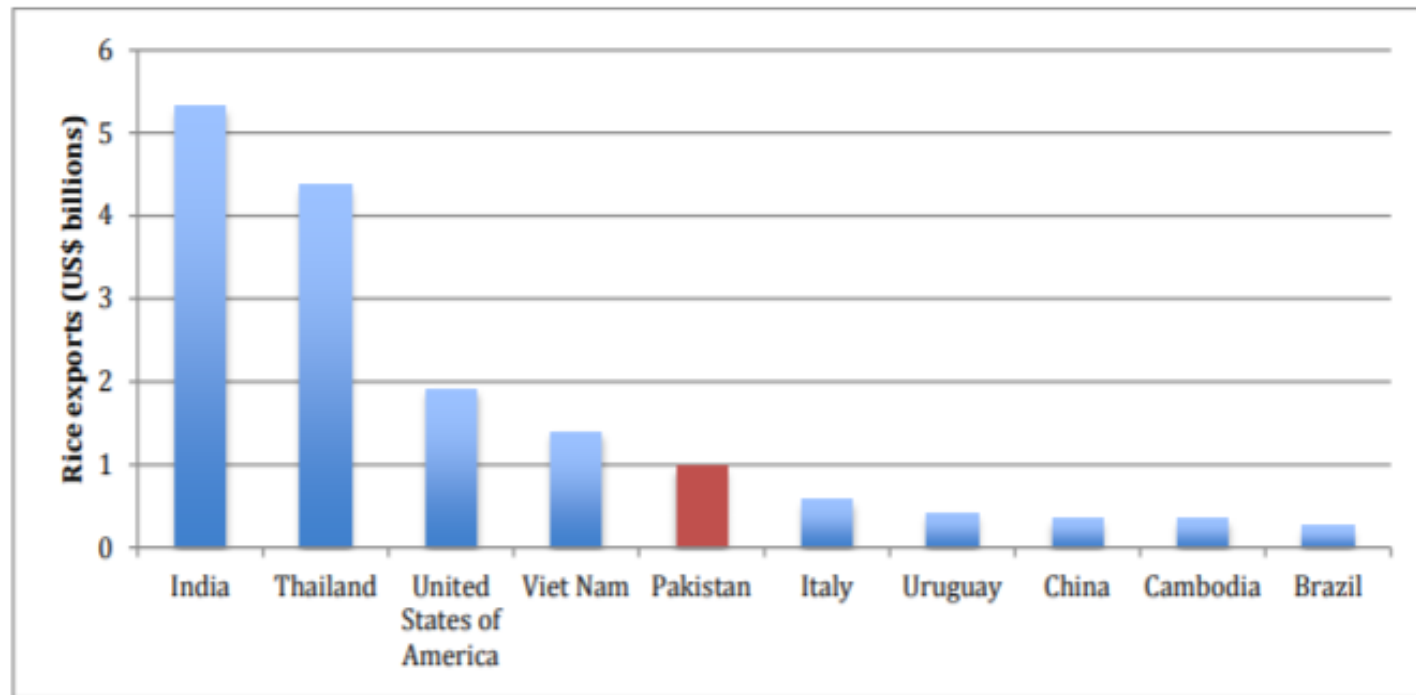
Source: China's Growing Demand for Agricultural Imports by Gale, F.; Hansen, J.; Jewison, M; 2015; United States Department of Agriculture

Source: USDA, Economic Research Service analysis of China's customs statistics reported by the Global Trade Atlas (2014).

Rice and Trade partners of Pakistan

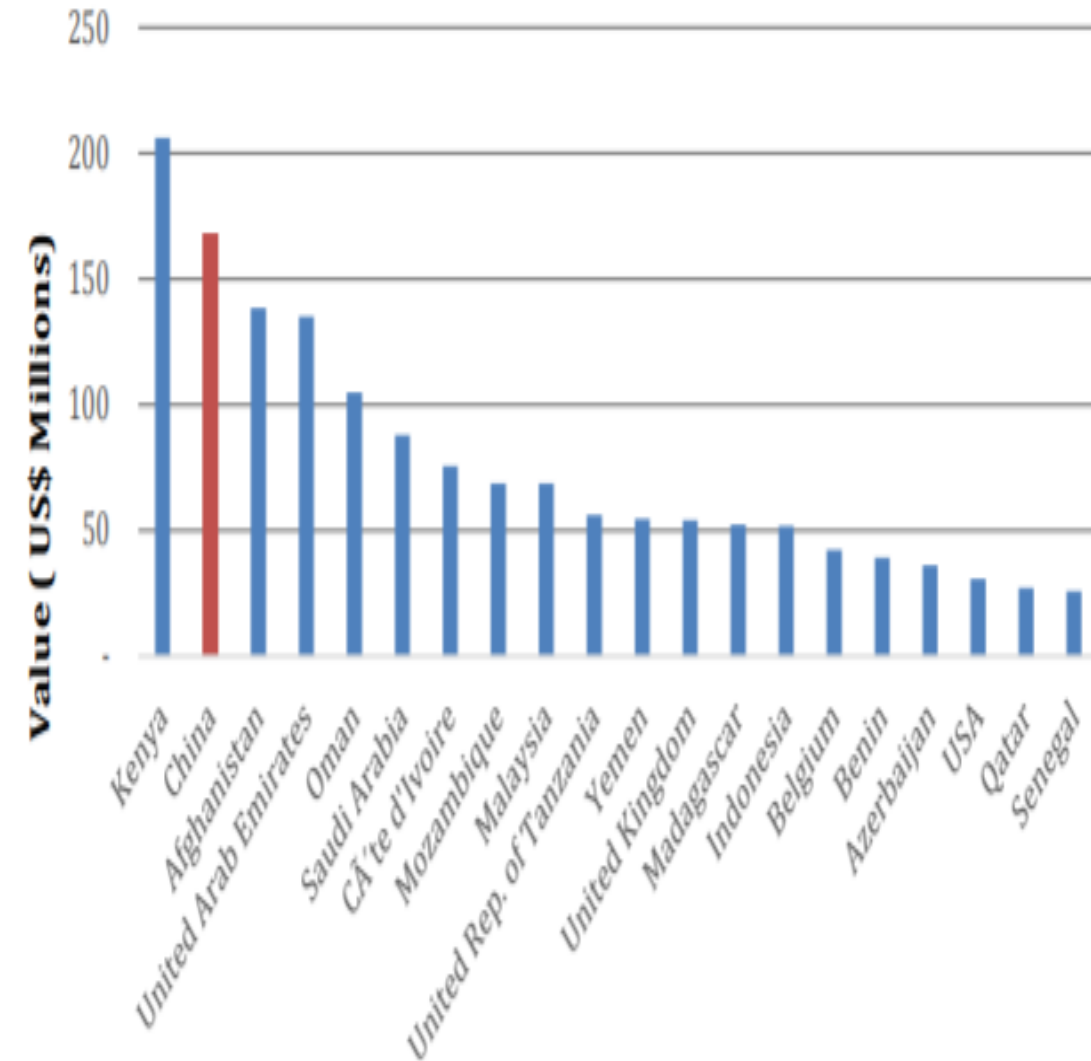
Pakistan's rice exports represented 5.3% of global rice exports in 2016, placing Pakistan in the top five exporters of rice in the world.

Figure 9 Top ten rice exporting countries in 2016



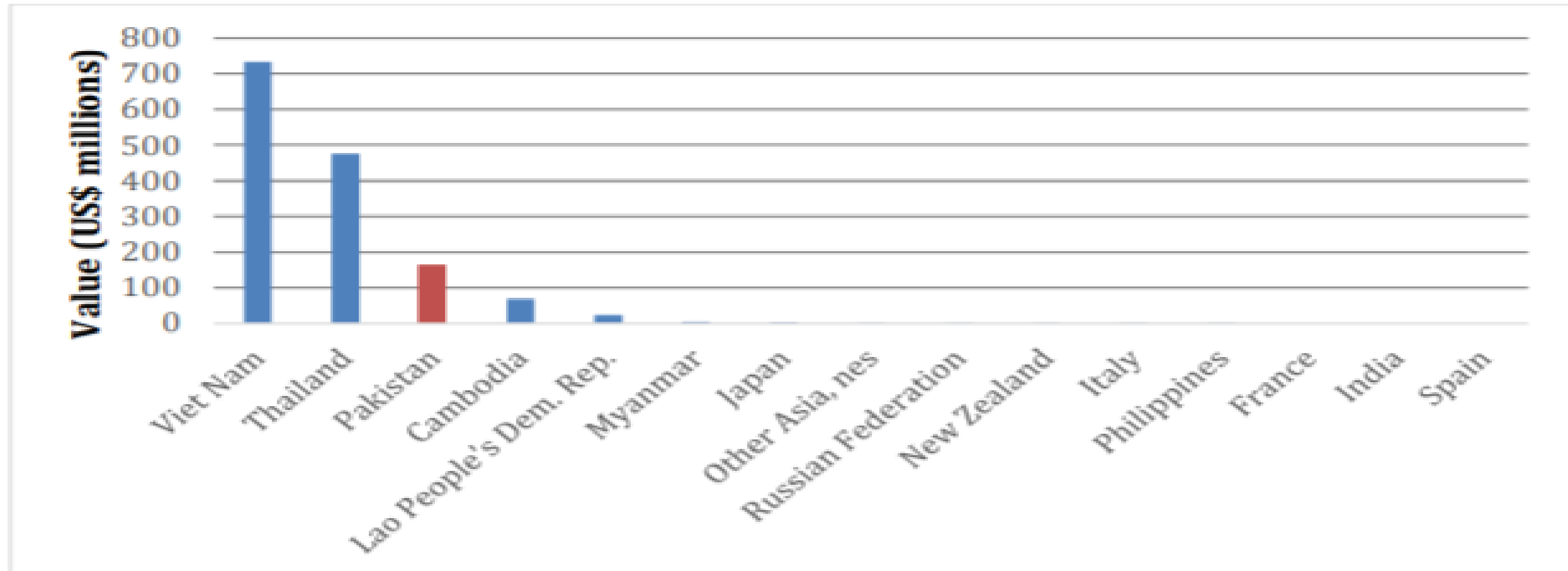
Source: ITC Trade maps

Pakistan's rice exports to the world have shown an increasing trend over the years. From 2003, the exports have increased from \$626 million to \$1.9 billion in



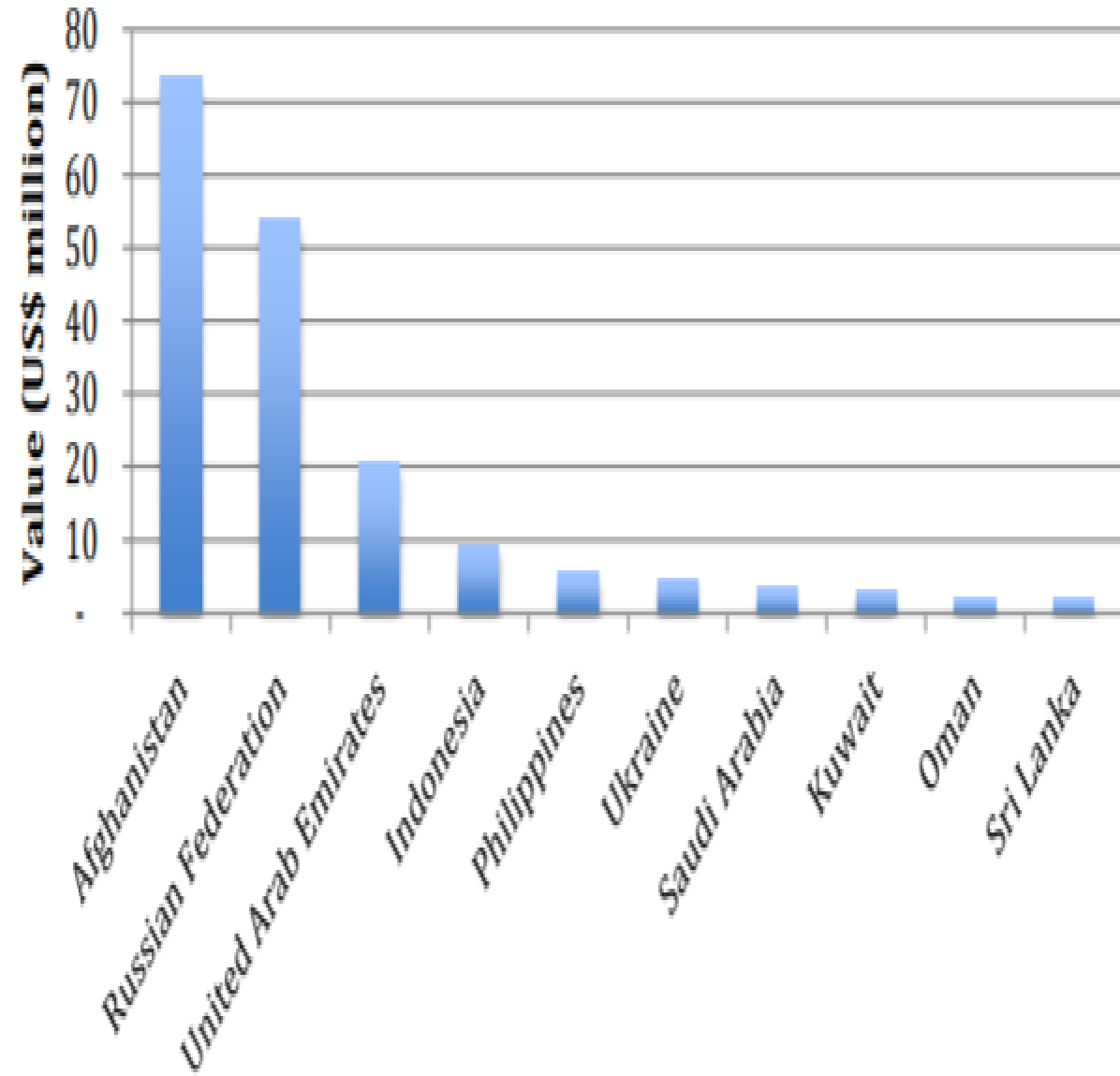
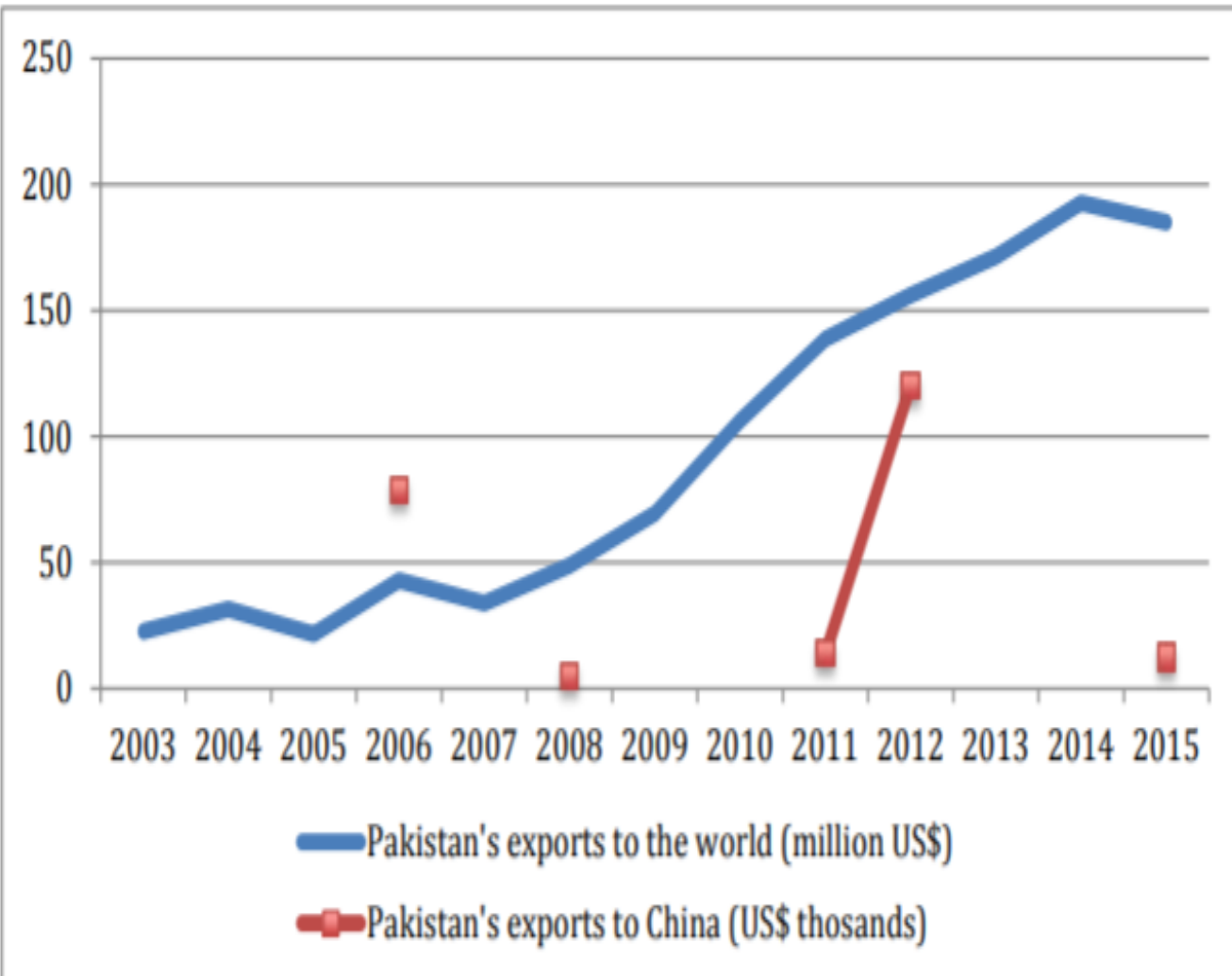
China's import Partners

Figure 14 China's import partners for rice in 2015

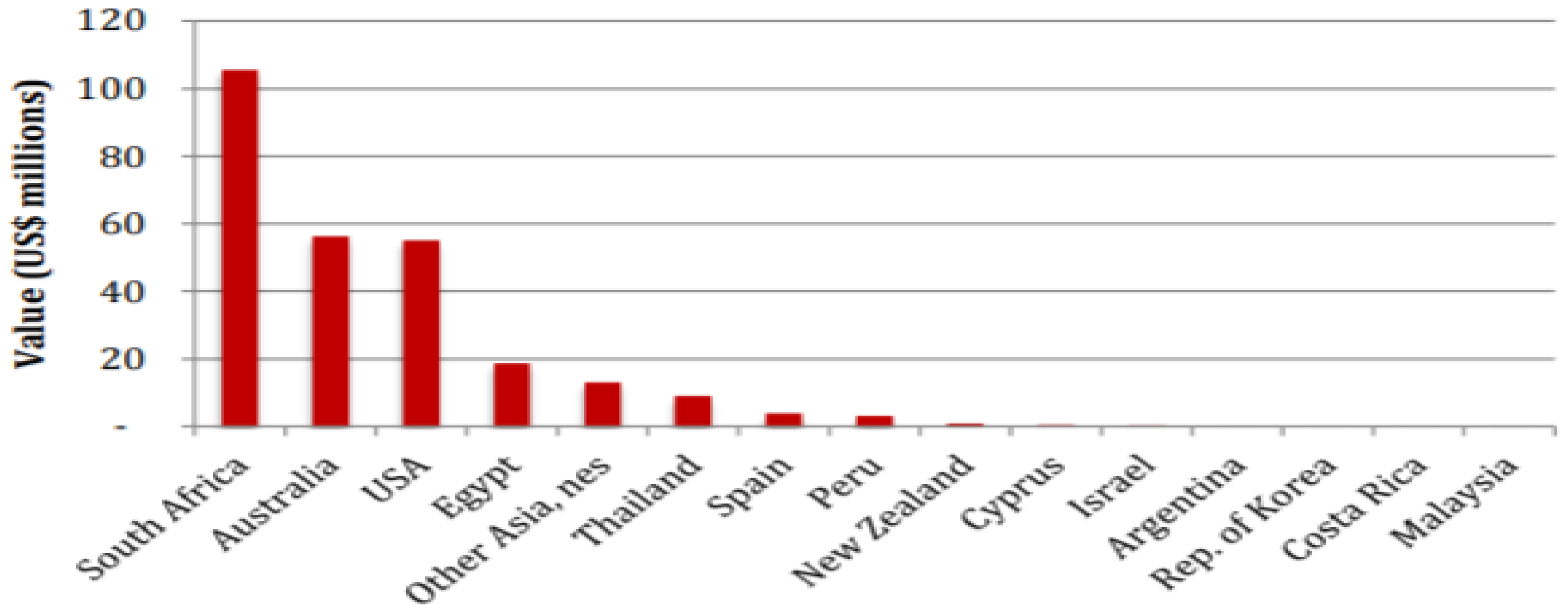


Pakistan's Citrus export and trade partners

Figure 17 Pakistan's citrus exports, 2003-2015



China Citrus Partner



Wheat Experiment in Pakistan

- ▶ According to the scientific research department with CNSGC Hybrid Wheat Seed (Beijing) Co. and China's Sinochem Group Co.
- ▶ 150 professionals and technical staff are working in Pakistan to solve project-related problems
- ▶ they have traveled nearly 10,000 kilometers
- ▶ Visited 20 cities
- ▶ The tests on the hybrid varieties were implemented in 230 sites
- ▶ yields from hybrid wheat varieties rose as much as 50.1 percent from 2017 to 2018
- ▶ nearly 50 percent of the available farmland in Pakistan is used for wheat crops
- ▶ Uzbekistan and Bangladesh

Future Paradigms

- ▶ China will invest \$200 million in Pakistan's seafood, steel and agriculture sector to boost bilateral business
- ▶ Chinese companies may give buy-back guarantees to farmers for the purchase of grains and food aimed at protecting them from losses.
- ▶ Pakistan's agriculture sector employs 45% of the manpower, contributes about 24% to gross domestic product, provides livelihood for 64% of the country's rural population and contributes 20% to total exports
- ▶ Chinese investment would be allowed in joint ventures but they may not be allowed to buy land

Focus of Pak-China agricultural cooperation

- ▶ Pak-China agricultural cooperation had to focus on
 1. the vertical increase in productivity of existing crops
 2. transfer of knowledge and technologies
 3. seed and plant protection as well as disease control

Few of Companies

- ▶ Chinas' Sinochem Group Co
- ▶ the agriculture business unit at Sinochem
- ▶ National Seed Group Co,
- ▶ CNSGC Hybrid Wheat Seed (Beijing) Co
- ▶ The Xinjiang Agriculture University and the University of Agriculture Faisalabad are enjoying excellent cooperation

References

- ▶ Consortium for Development Policy Research (CDPR) January 2018
- ▶ <https://www.theigc.org/wp-content/uploads/2018/01/CDPR-2018-final-report.pdf>
- ▶ <https://tribune.com.pk/story/1826543/2-pakistan-china-may-sign-deal-investment-agriculture/>