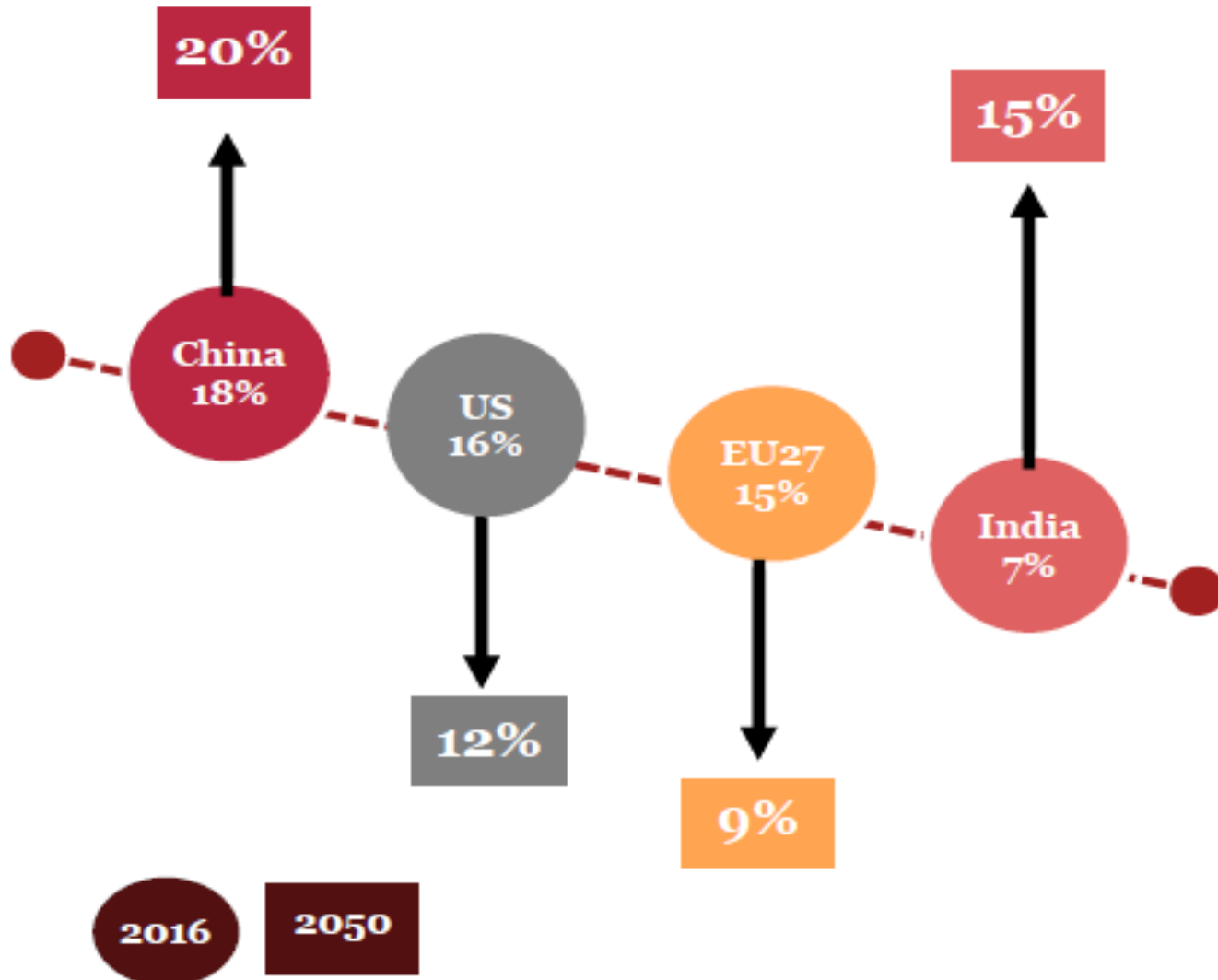


Ignazio Musu.

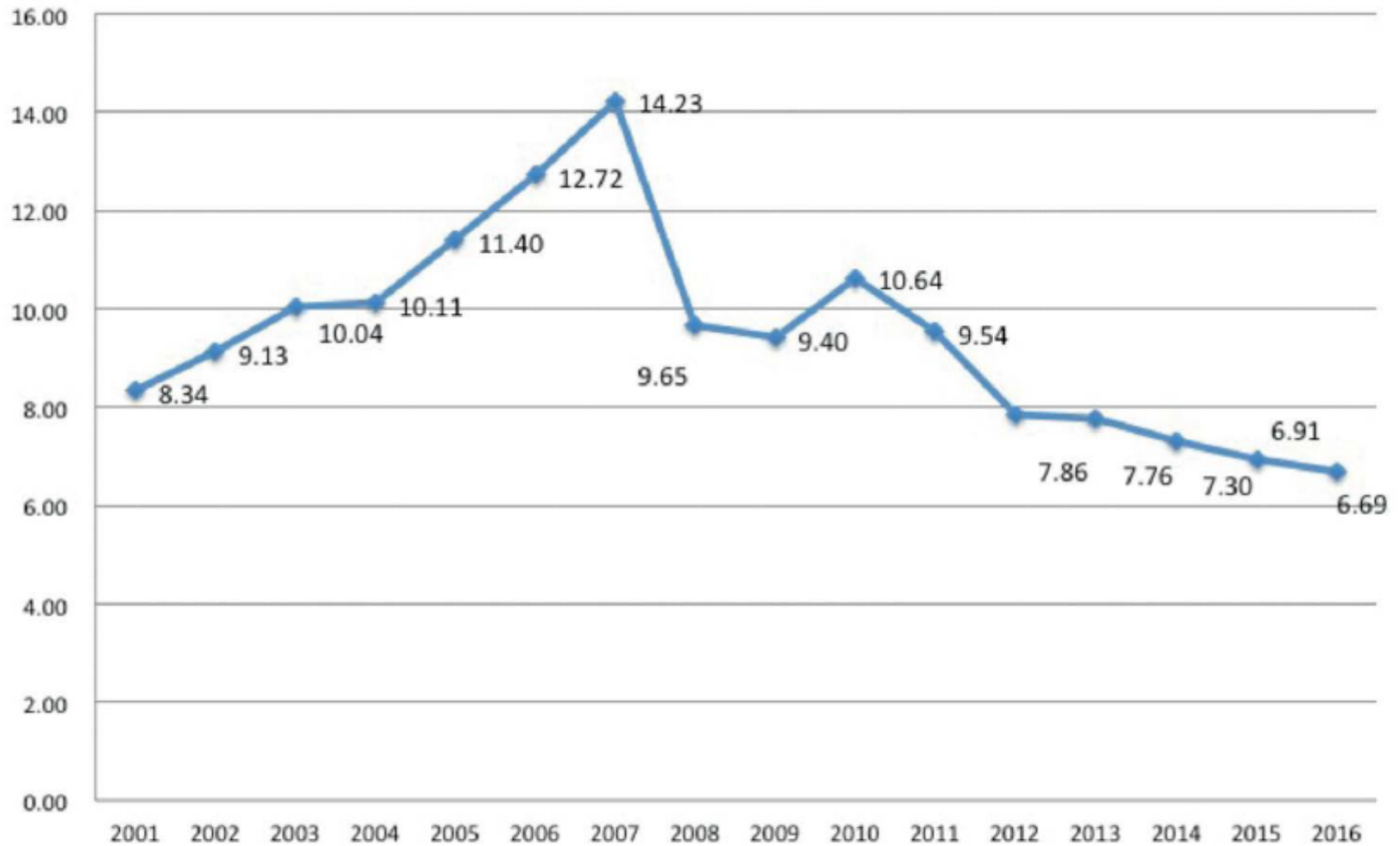
Ca' Foscari University of Venice

The China's challenge

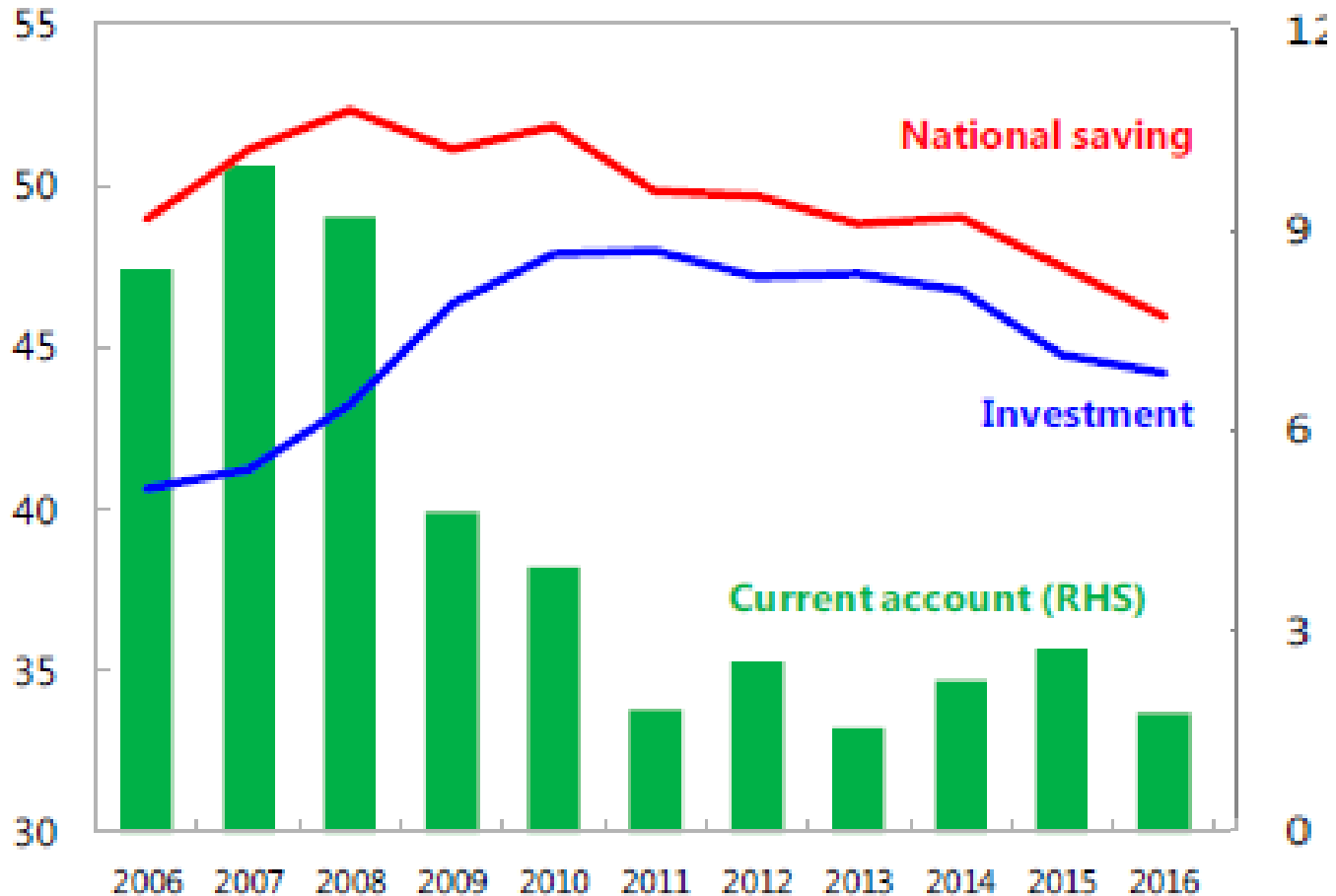
Share of world GDP (PPP) for some countries 2016-2050 (IMF; PwC)



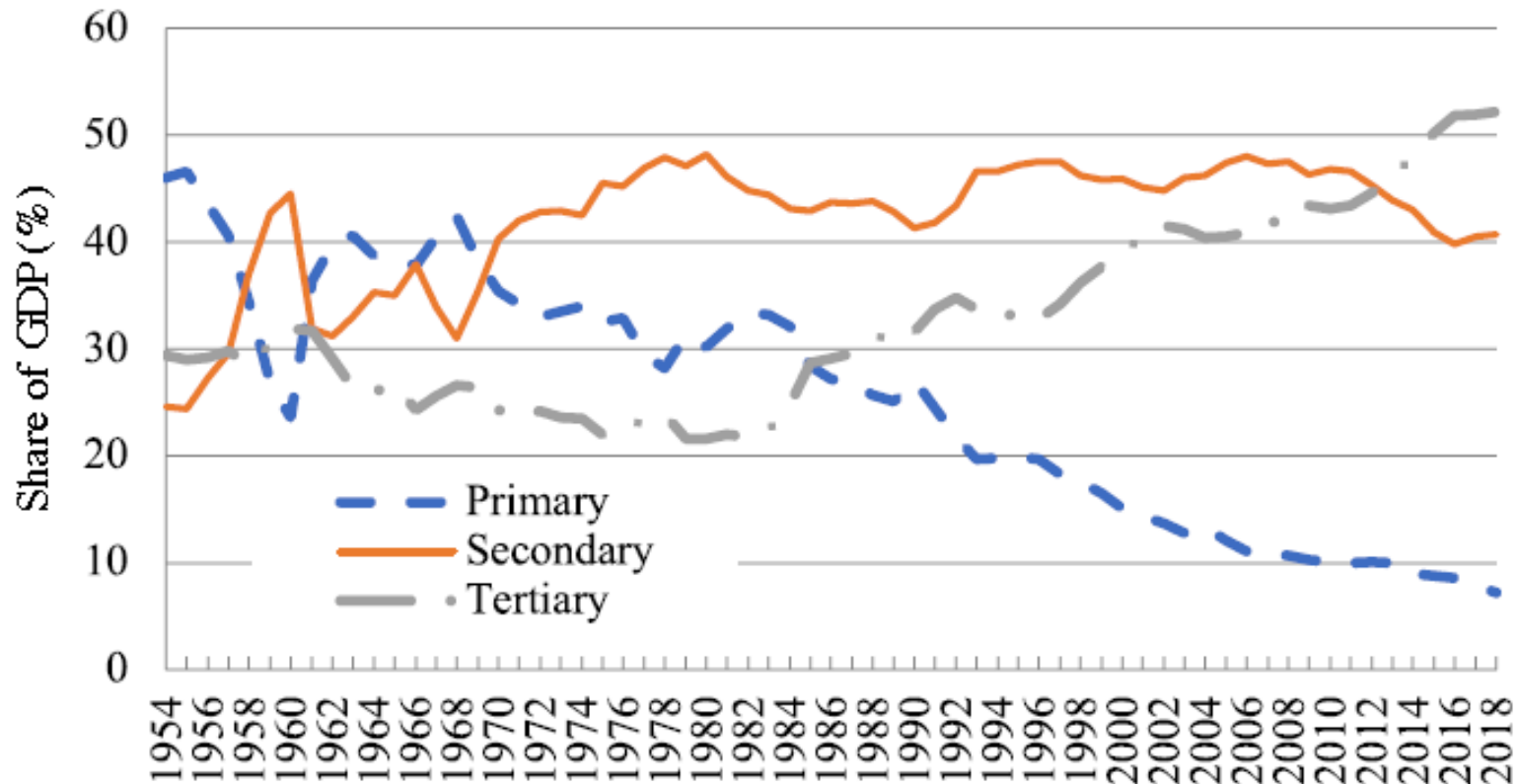
China's GDP rate of growth 2001- 2016 at 2010 constant prices (World Bank 2018).



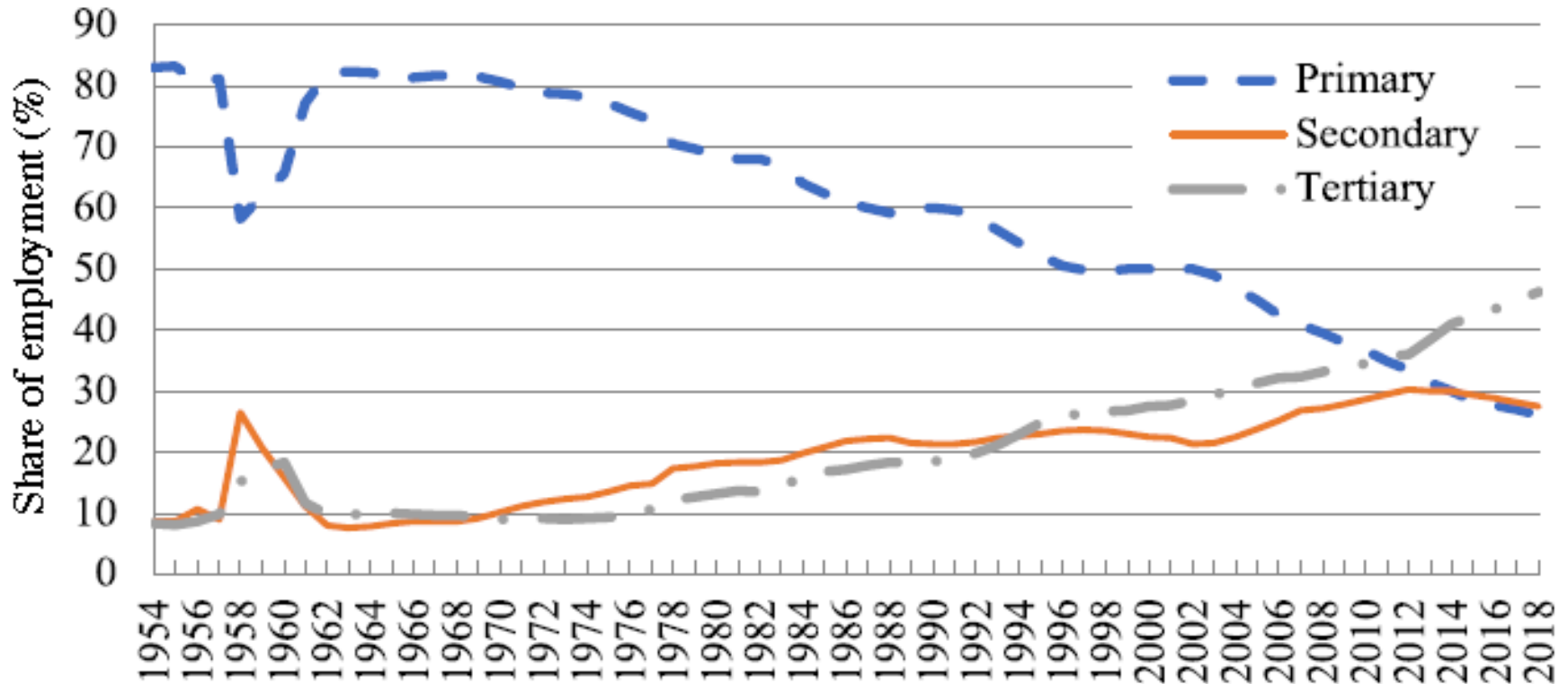
Investments, savings and current account in China as percentages of GDP (IMF, 2017)



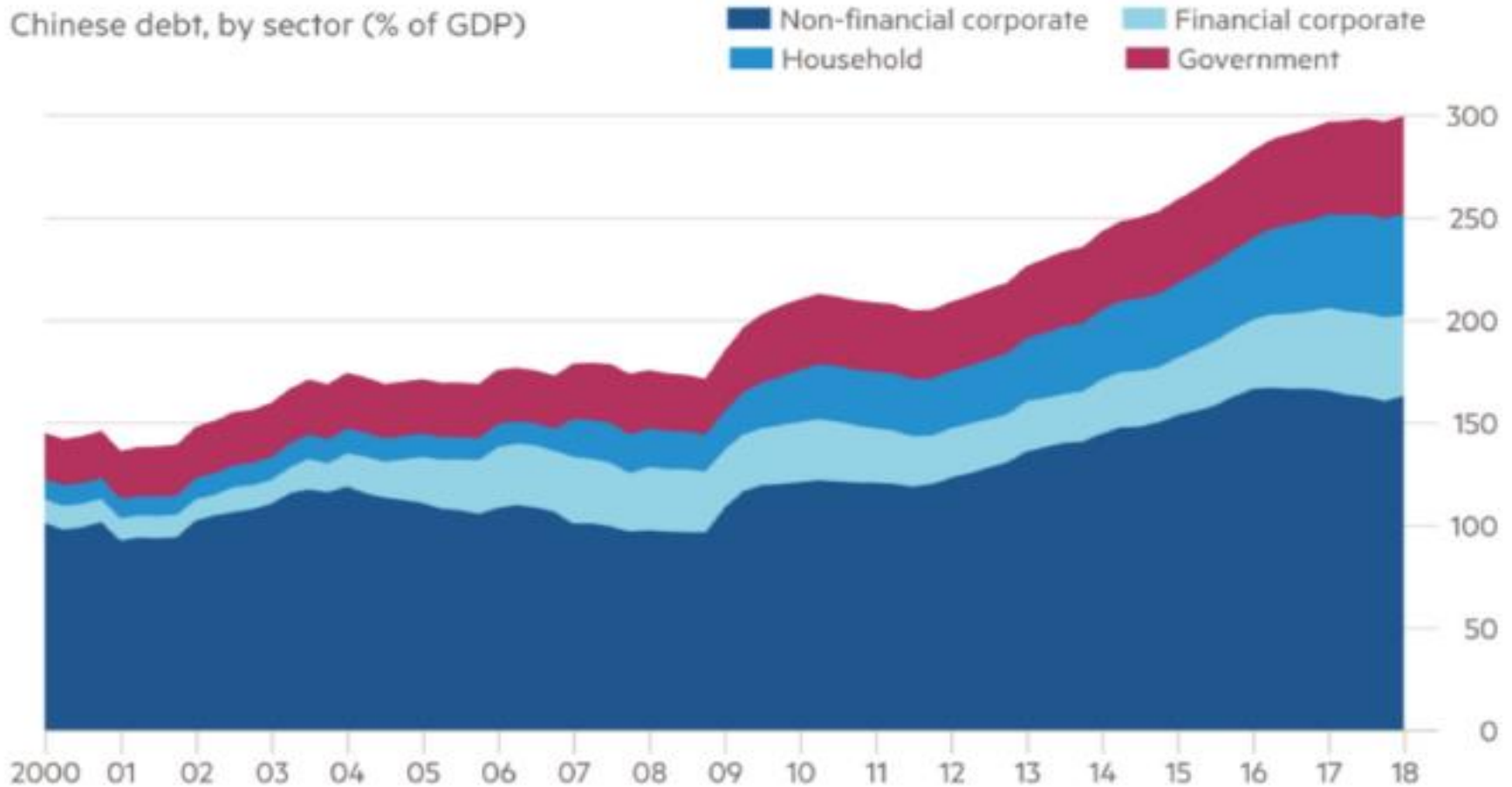
Sectoral shares of value added, 1954-2018 (National Bureau of Statistics of China)



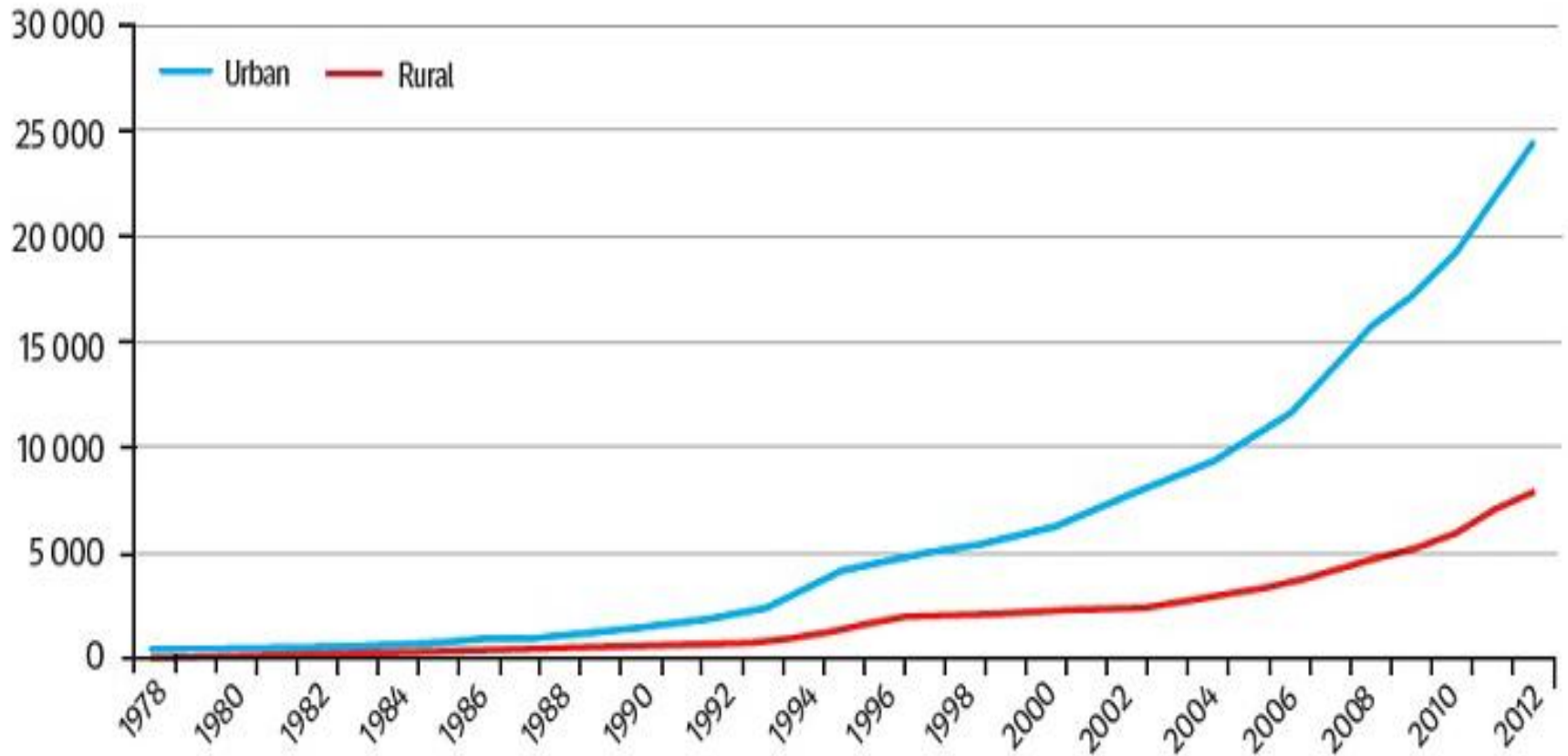
Sectoral shares of employment, 1954-2018 (National Bureau of Statistics of China)



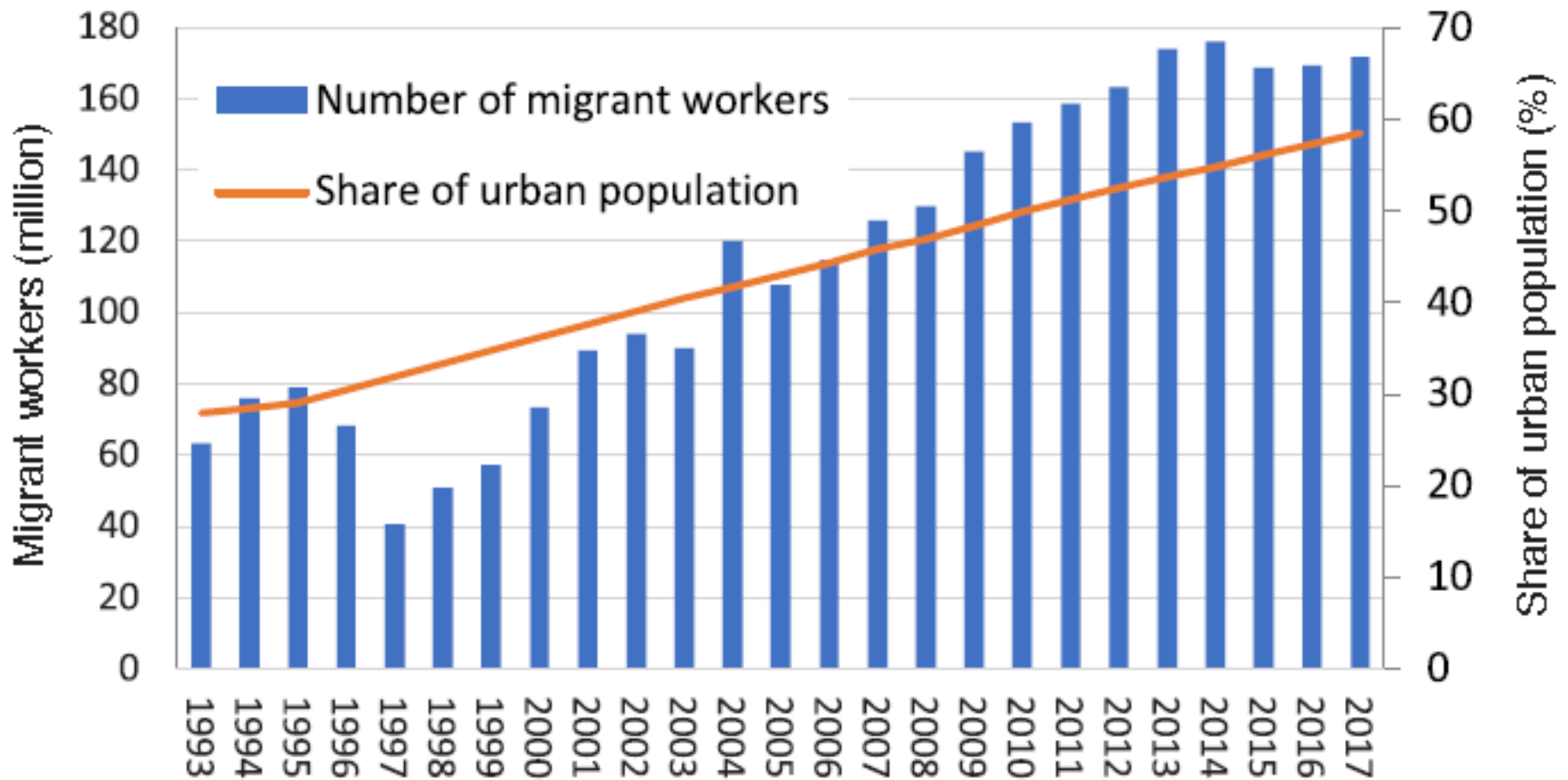
The Chinese debt (M.Wolf, Economist, 2018).



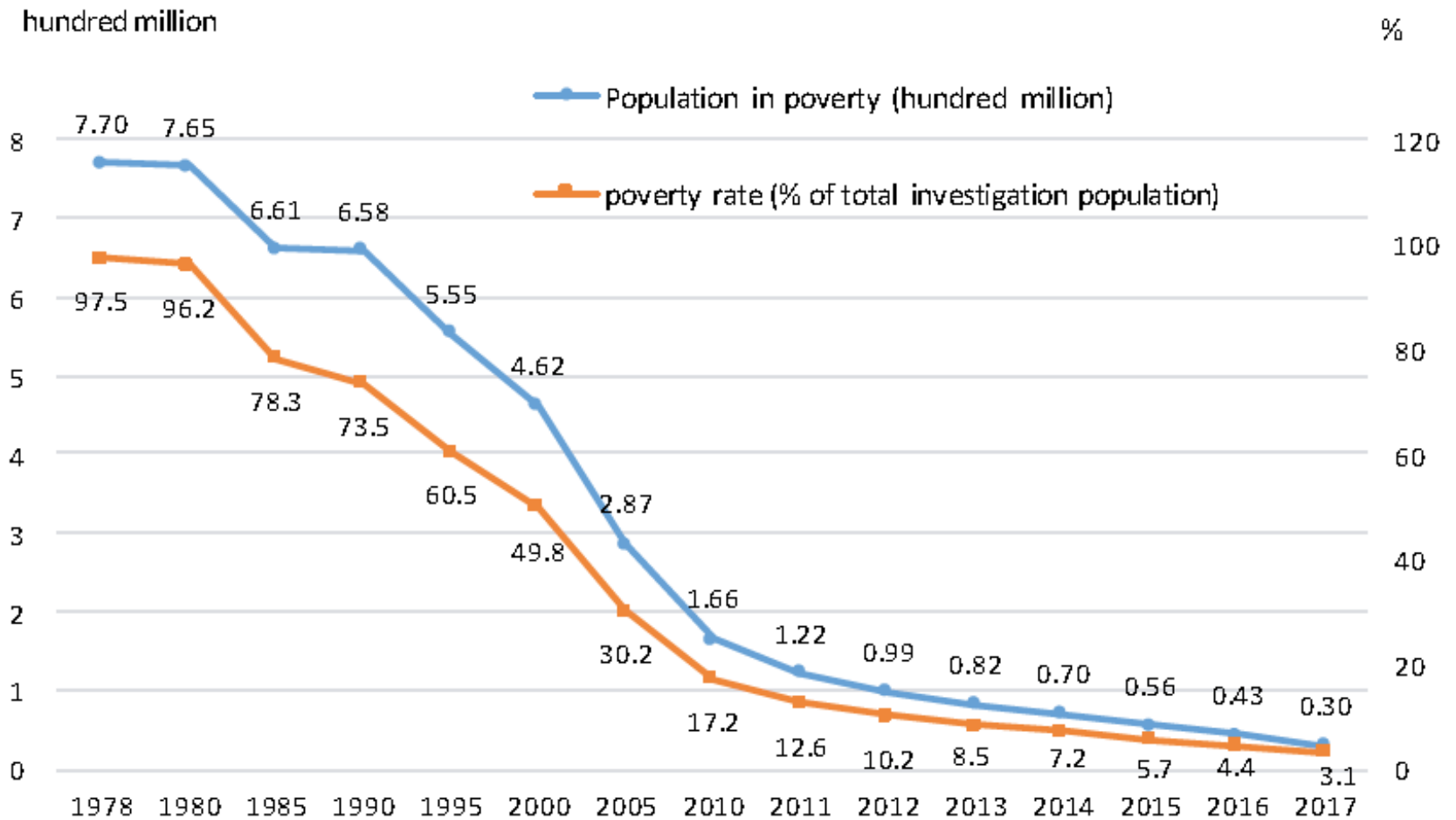
Urban and rural per capita income in China 1978-2012 (OCSE, 2017)



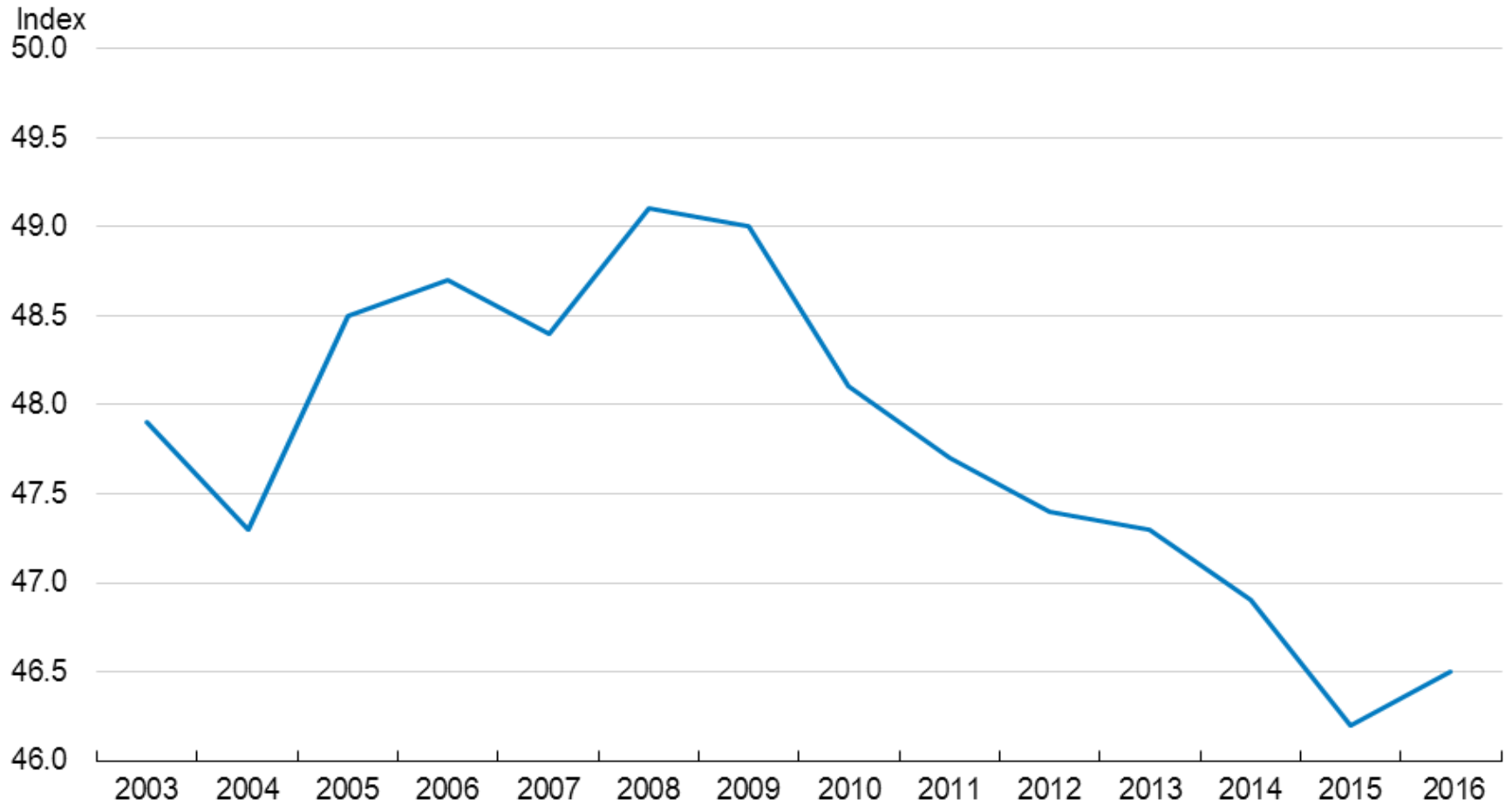
Migrant workers as a share of the urban population 1993-2017 (Ministry of Labor and Social Security of China)



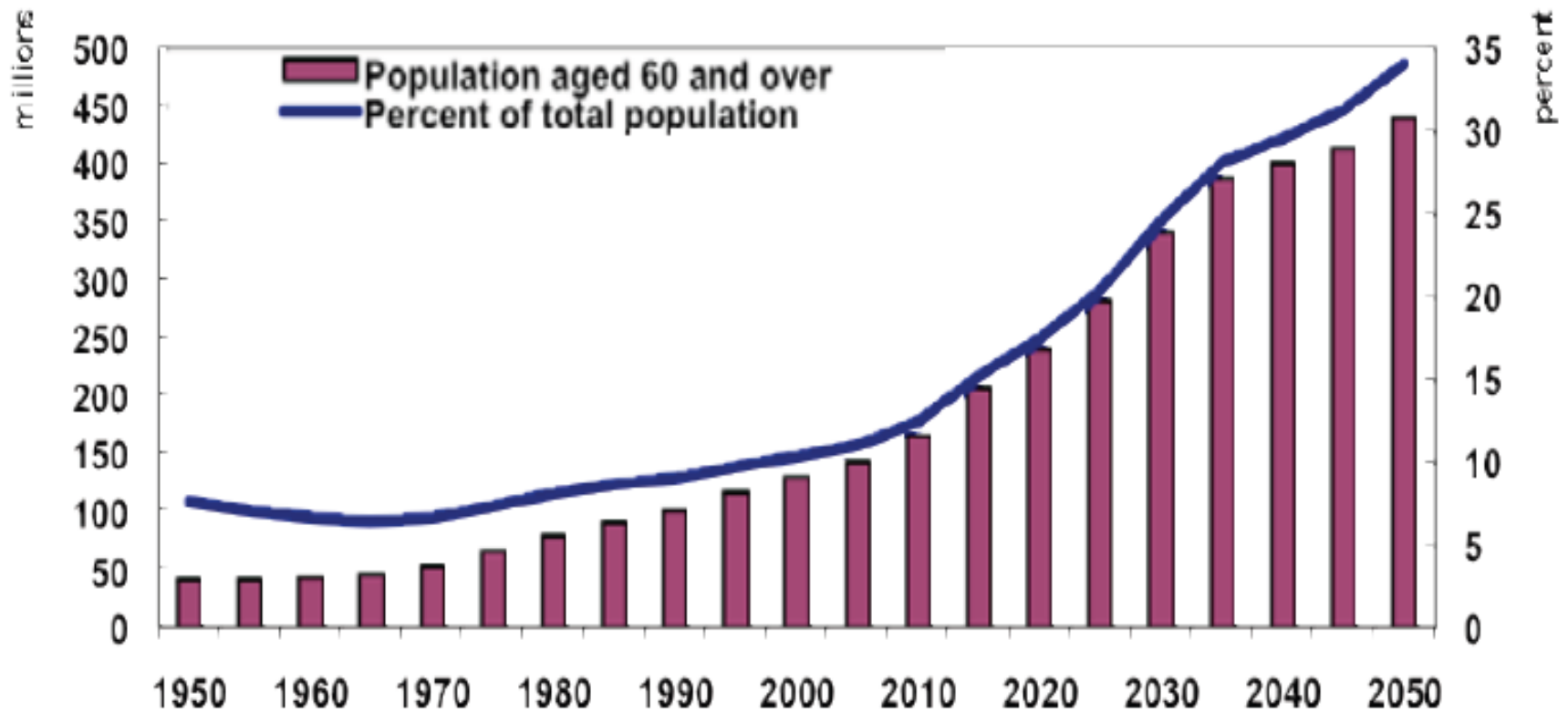
China's poverty 1978-2017 (Australian National University, 2018)



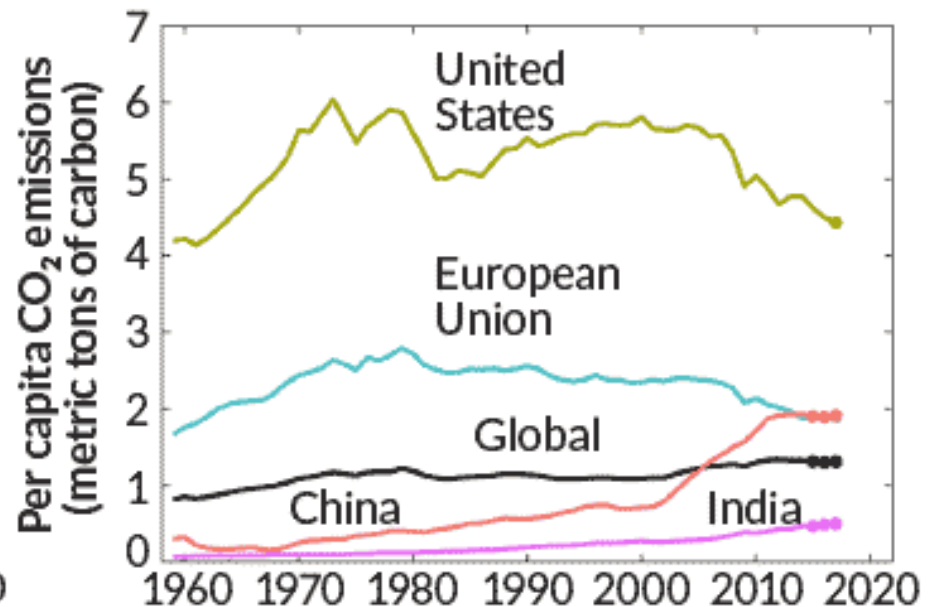
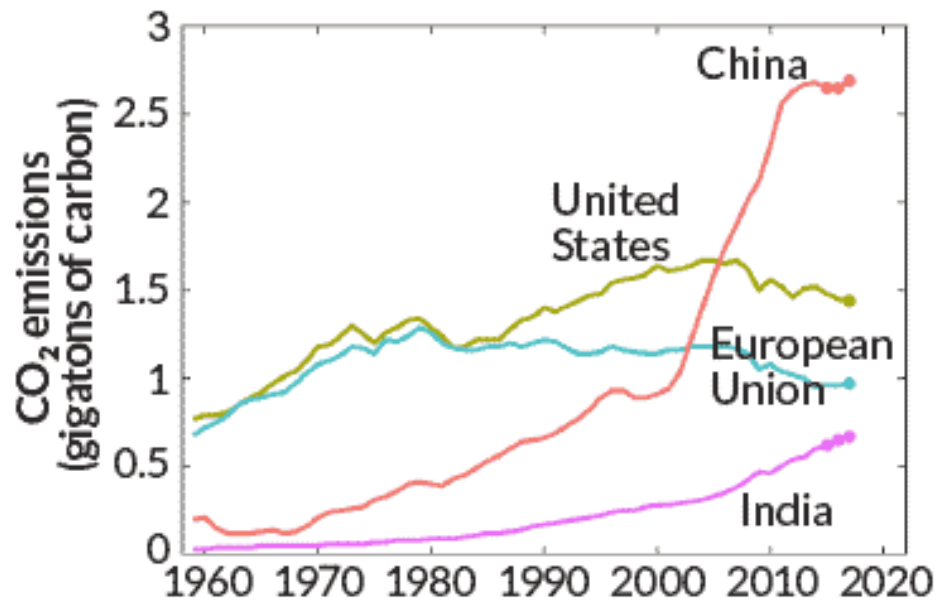
Evolution of inequality in China (Gini coefficient, OECD, 2017)



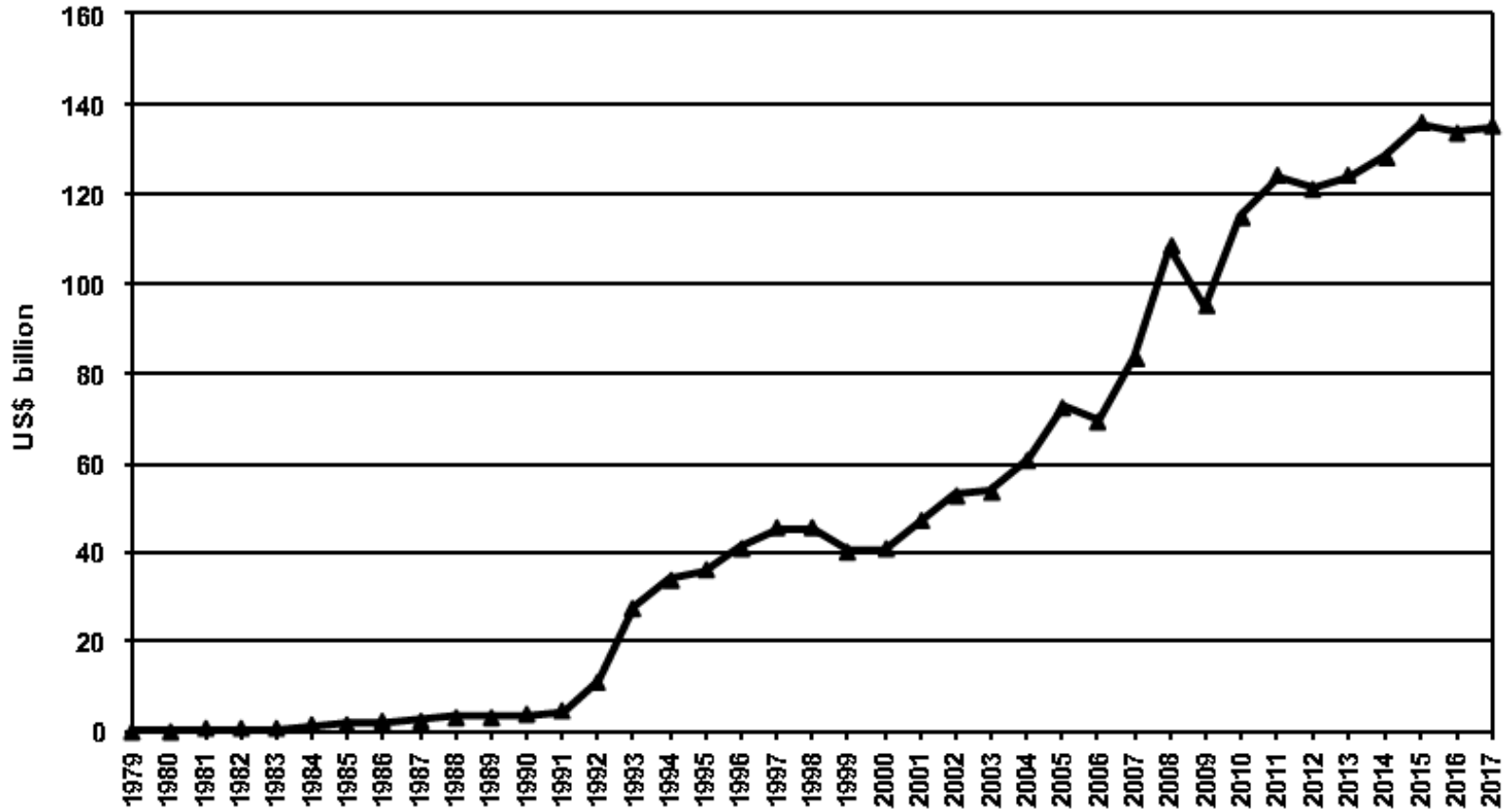
Ageing of Population in China (World Bank, 2012)



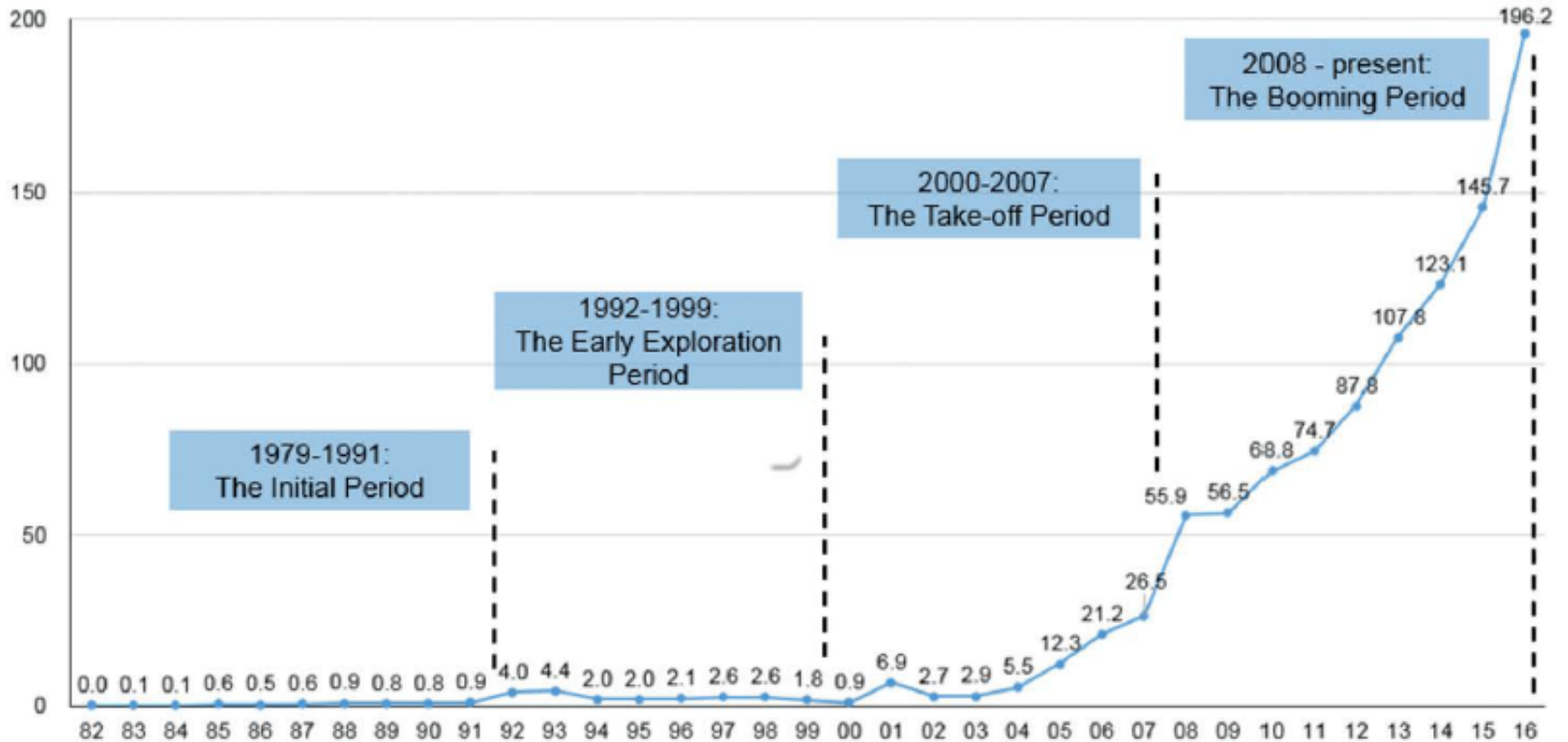
Total and per capita CO₂ emissions in some countries (Science News, 2018)



FDI inflows into China, 1979-2017 (current US\$) (UNCTAD)



Development stages of China's outward investments (\$ billion) (UNCTAD, NDRC, 2017)



Belt and Road (B&R) Initiative.



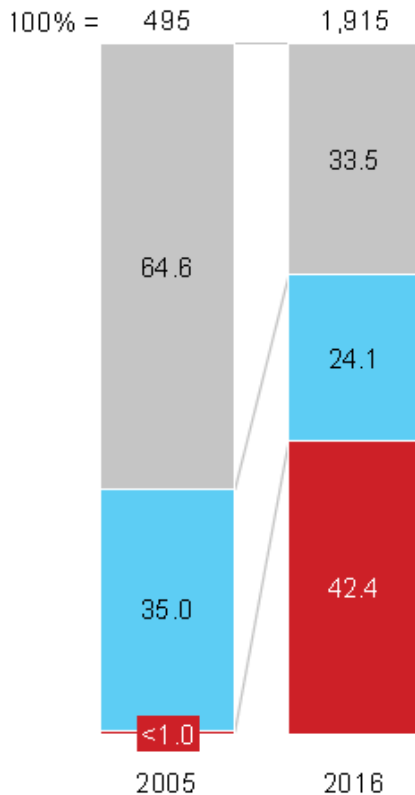
Behind the success of the Chinese economy.

- In Western countries the prevailing idea is that the Chinese success is mainly due to strong government support and tolerance, if not encouragement, of widespread copying of foreign technologies.
- This vision ignores pride of Chinese entrepreneurs wanting to participate in definite overcoming of the dependence on the West.
- Ability of Chinese entrepreneurs “copying” Western technologies of exploiting the specificity of the Chinese market, eventually winning the race with their Western competitors.

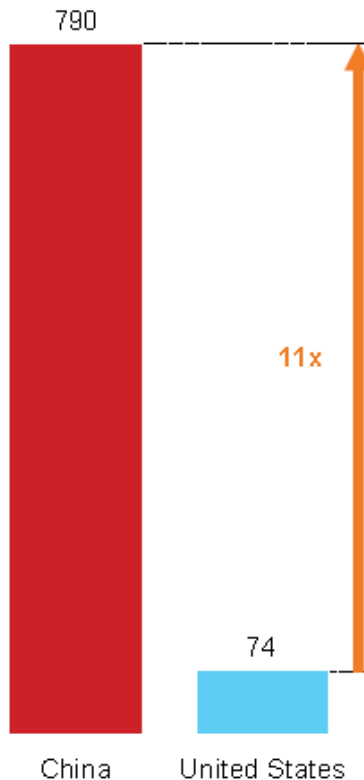
Growth of digital economy in China and the rest of the world (McKinsey, 2017)

■ China
 ■ United States
 ■ Rest of the world

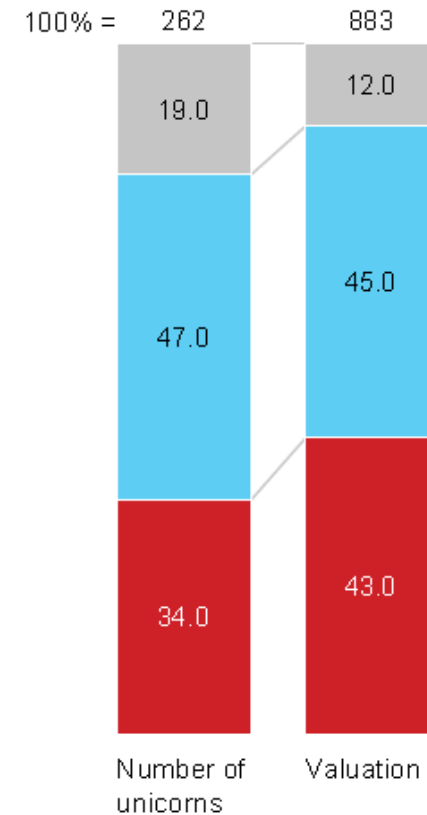
Retail e-commerce transaction value
%, \$ billion



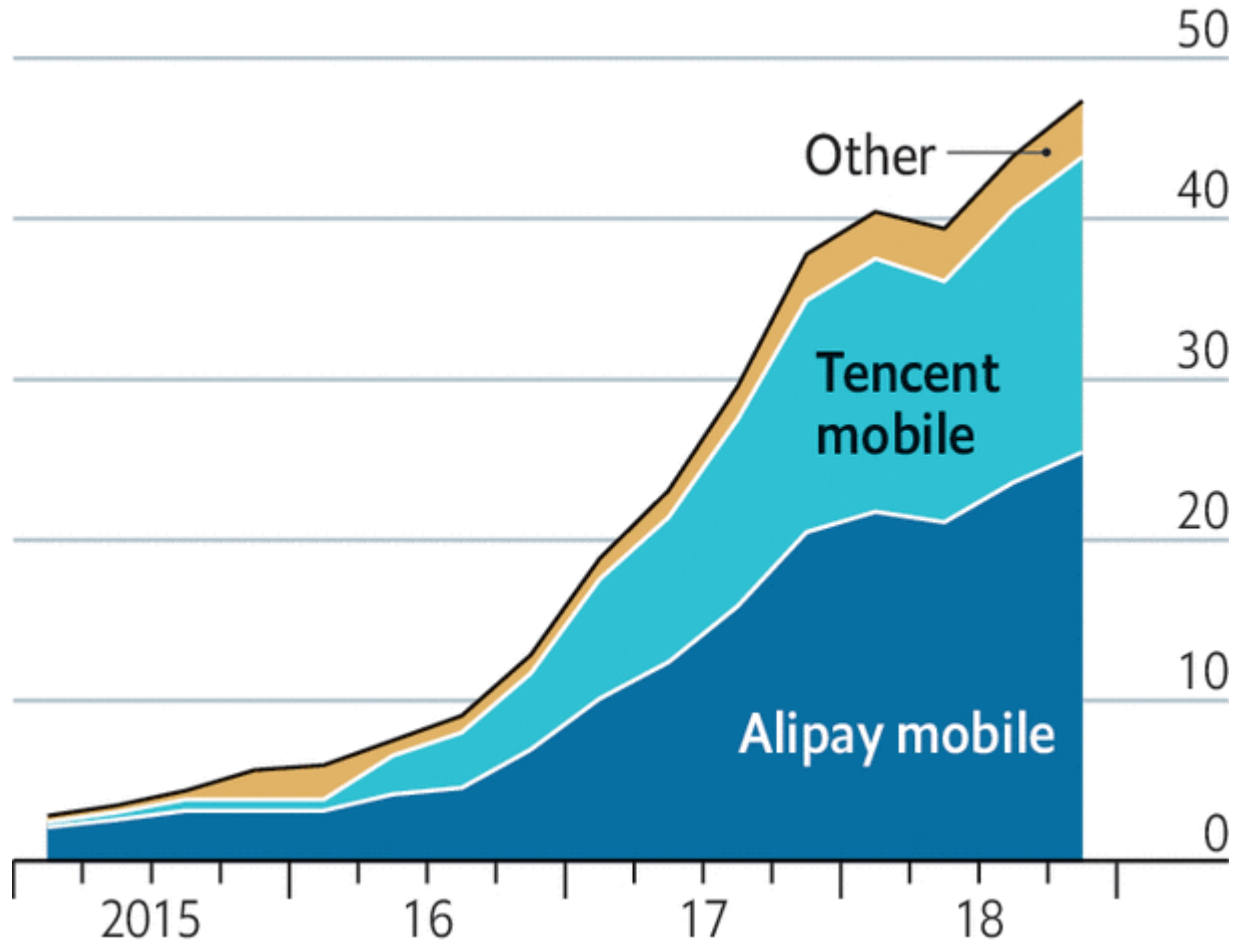
Mobile payments, 2016¹
\$ billion



Global unicorns, June 2016²
%; number; \$ billion



Value of mobile payments (trn RMB, Economist, 2019)



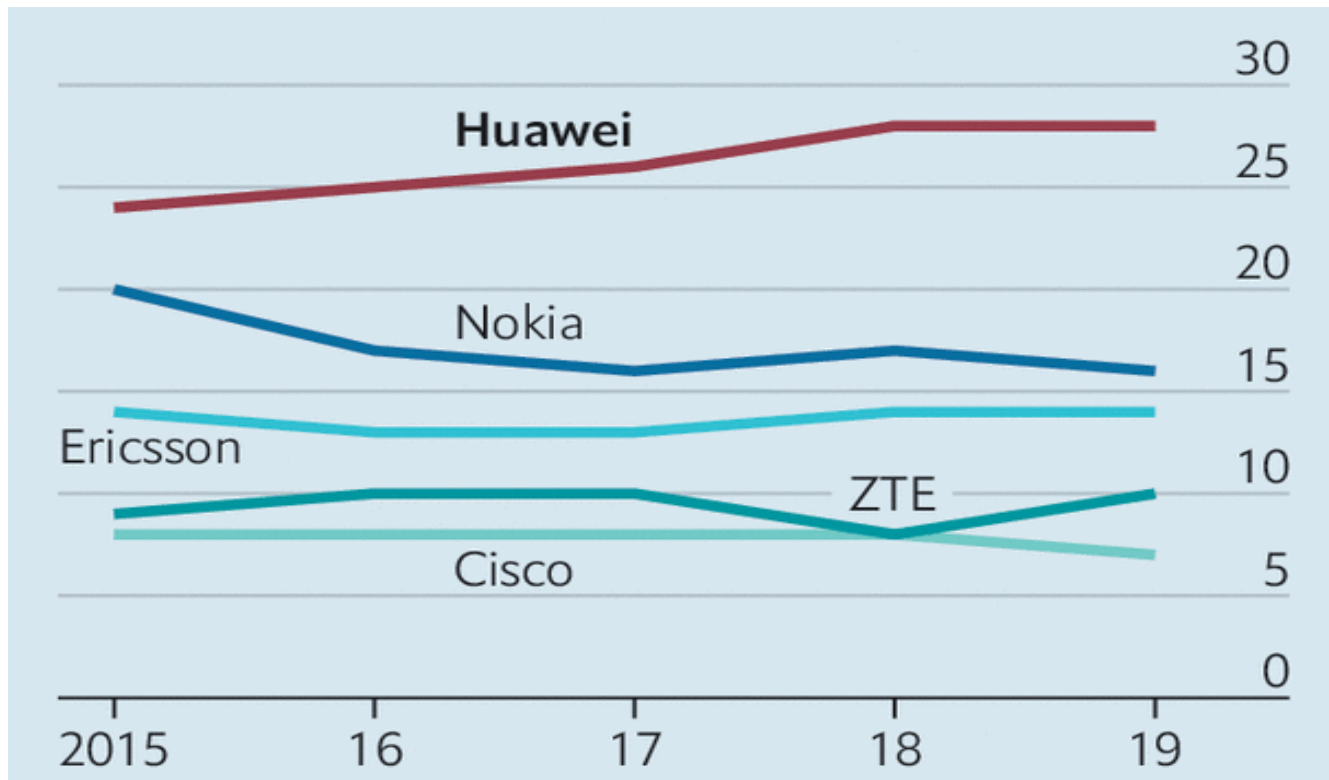
- A.I: current shift from the period of discovery (US, Canada, UK in 1980s and 1900s) to the implementation phase.
- A.I. implementation requires: abundant data, a hypercompetitive business landscape and a government that actively adapts public infrastructure to A.I.
- China excels in these strengths; abstract scientific breakthrough turned into thousands of commercially viable products.

China, US and Europe.

- In many sectors linked to implementation of digital technologies and A.I. (mobile payments, e-commerce, facial recognition, electric vehicles, livestreaming) China is now far ahead of the United States.
- But in other crucial sectors of the digital technology frontier, such as semiconductors that power electronics and smartphones, America is much far ahead than China.
- US want to continue their prevalence in this area: this is why tech war is increasingly becoming more relevant than trade war.

- Initiatives taken under the Presidency of Donald Trump basically supported by all political forces and public opinion.

Market shares of global telecom equipment sales (The economist, 2020)



- China AI's development is ranked among the great ambitions of the government .
- Competition is promoted between big Chinese “tech Titans”, but within a reference framework base of the pride of being part of the “rejuvenation project”.
- China also pushes for an increased role at the international level in the sector:
 - the Digital Silk Road;
 - increased presence in the international agencies building the standards for the sector.

- Europeans may feel uncomfortable siding with America, as it realizes that Ericsson and Nokia, although benefitting from countries turning away from Huawei, are still much far behind in meeting the needs of a Huawei-free Europe.
- The difficulty is increased by Europe's failure to create a single digital market.
- In a framework of competition between national operators, companies in many individual European countries that are now heavily reliant on Huawei may find too costly any switch out.

- Splintering will eventually damage every country in the world as it would go against one of the positive aspects of globalization: exchange of immaterial goods and knowledge that are even more important than goods' trade to promote worldwide economic growth.
- Something totally different from the splintering promoted by tech wars should be developed: an opportunity to learn across cultures and collectively advance the global project of building a technological systems that improves human lives.
- The need of international cooperation between China, US and EU is increasingly evident after the Covid-19 pandemic.