The Changing Chinese Economy and its Implications for The Region

For much of the last thirty years, globalization—defined as large and sustained increases in the cross-border flow of goods, services, money and people—was the most important driver of global growth. As emerging countries (most notably, China) plugged into global supply chains, and opened their doors to foreign investments, they were able to close the gap with developed ones.

In recent years, however, the pace of global economic integration has slowed on many measures. Trade has fallen from 61% of world GDP in 2008 to 58% now. Foreign direct investment (FDI) has tumbled from 3.5% of world GDP in 2007 to 1.3% in 2018. Cross-border bank loans have collapsed from 60% of GDP in 2006 to about 36%. While globalization has not gone into reverse, it is clearly slowing.

The reasons behind this trend of slowing globalization are complex. One of them is economics. The cost of moving goods has stopped falling. Technology advances, especially in automation and robotics, have made it possible for multinationals to re-shore some of their manufacturing operations. This has contributed to “premature deindustrialization” in many middle-income emerging economies, not least those in Southeast Asia. These economies are now shifting towards services, which are harder to sell across borders. And Chinese manufacturing has become more self-reliant, so needs to import fewer parts.

The second set of reasons has to do with the fact that domestic politics and popular sentiment—especially in, but not limited to, the rich world—are, today, far less conducive for liberal internationalism. From Trump’s election victory, to Brexit, to Frances’s gilets jaunes, and to the rise of right-wing nationalist parties and politicians, the signs point to a resurgence of nationalism and identity politics around the world, and a rejection of globalism.

Nowhere is the reaction against globalization and liberal internationalism more evident than in the world of technology. Geopolitical rivalry and fears and suspicions of industrial espionage are at the heart of the US-China competition in technology. China’s industrial policies give its firms a significant advantage; it has little intention of giving foreign firms a level playing field.
Partly as a result of slowing globalization, large emerging economies such as China are looking to domestic sources of growth and technology development. It is also investing in the infrastructure of the region (Southeast Asia, South Asia and Central Asia) to create new markets and connect to new customers.

Perhaps the best example of China’s efforts to boost domestic demand is the Greater Bay Area (GBA), the Chinese government’s plan to link the cities of Hong Kong, Macau, Guangzhou, Shenzhen, Zhuhai, Foshan, Zhongshan, Dongguan, Huizhou, Jiangmen and Zhaoqing into an integrated economic and business hub. China’s Pearl River Delta is already one of the world’s most successful emerging economies. Its GDP, at more than USD 1.2 trillion, has been growing at 12% for the past decade. The region generates more than a tenth of mainland China’s GDP and a quarter of its exports. It attracts up to a fifth of the mainland’s foreign direct investment; it has already brought in over a trillion dollars-worth of FDI since 1980.

Meanwhile, Hong Kong has always played a key role in the region’s economic transformation in the last forty years. Hong Kong’s success, based on open markets and private enterprise, provided the inspiration for the region’s economic liberalisation and its transformation into China’s leading manufacturing and export hub. As the delta’s main source of capital and provider of services, Hong Kong was also responsible for much of the region’s division of labour and globalisation. But as cities in region, such as Shenzhen, reinvent themselves as world-class centres of innovation in areas such as advanced manufacturing, robotics and genomics, Hong Kong will have to adapt and upgrade its links. To stay relevant and competitive, Hong Kong will have to evolve with the region’s more complex and diversified economic structure, the automation of many existing activities, and its growing innovation and technology capabilities.

Who Should Attend

The program is designed for senior executives and professionals in the government, non-profit and private sectors, whether working at national or international levels. The program is well suited for senior civil servants across government agencies, as well as consultants and staff of international development agencies. Leaders from non-governmental organizations, think tanks, and corporations who are concerned with innovation and technology policy will also benefit from the program. Training in information technology, information management, or data science is not a requirement. Program participants hail from a broad variety of backgrounds, and have experience working in fields including finance, economic planning, infrastructure development, industry, trade, science and technology, information and communications, education, health, environment, and regional development.
Objectives

This 5-day program in Hong Kong and Shenzhen would achieve the following objectives:

• Expose senior public officials (at the national and subnational levels) and business leaders to developments in the Greater Bay Area, especially how it is becoming a megacity for technology and innovation;

• Analyse the policy dilemmas and challenges facing Hong Kong in the context of rapid growth and technology development in the Pearl River Delta (especially Shenzhen);

• Gain an appreciation of China’s Belt and Road Initiative (BRI), its growth model, its science and technology policy, and its environmental governance;

• Appreciate how Shenzhen is becoming China’s technologically most advanced, most dynamic and forward-looking city.

Curriculum

• Housing & Transport Policy Dilemmas in Hong Kong

• Smart Mobility and Transport Options in Hong Kong

• Learning Journey to the Hong Kong Science & Innovation Park

• Connectivity in the Greater Bay Area

• China’s Belt and Road Initiative and Implications for Southeast Asia

• Governance Challenges for the Belt and Road Initiative

• China’s Growth Model and Lessons for Emerging Asia

• Environmental Governance in China

• China’s Science & Technology Policy

• Visit to leading technology companies in Shenzhen (e.g. DJI, Huawei, Tencent)

• Consolidation of learning and program wrap-up

*Curriculum and program faculty are subject to changes.*
FEATURED PROGRAM FACULTY

The program features world-class faculty from HKUST as well as leading international experts from among the most reputable overseas universities. Their expertise covers a wide range of topics in policies and practices in promoting sustainable development across different countries.

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About Leadership and Public Policy Executive Education

The Hong Kong University of Science and Technology (HKUST) Leadership and Public Policy (LAPP) Program is designed for senior executives and those who aspire to become the next generation of leaders to better serve society. Our executive education programs consist of thematic series of small seminars to enable deep and candid discussions in an intimate setting, and are based on the combined strengths of HKUST and expertise in the region and around the world. We emphasize critical thinking, analytical frameworks, comparative and international perspectives, and evidence-based approaches to policy issues. Areas we cover range from local and global economies to social development, governance, science and technology, and leadership. We also host open forums that encourage members of the public to join in the debate.

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