

The Chinese Economy after COVID-19:  
More **Self-sufficient** or More **Dependent**?

-- An update on the **Double Circulation Strategy**

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## The **Dual** Circulation

Legalized by the National People's Congress in March 2021

Highlighted in the 14th Five-year Plan of Socioeconomic Development for 2021–2025

### Consistency

- A domestic economic circuit: the **Internal Circulation**
- An international economic circuit: the **External Circulation**
  
- **The Main Driver:** reliance on **domestic demand** / cut its dependence on overseas markets and technology
- **Supporting Role:** exports, international investment, and interactions in the international economic circuit



## Prioritizing **Internal Circulation** over **External Circulation**

### Internally

- Attain higher levels of self-sufficiency in key areas by enhancing innovation
- diversify supply chains and funneling investment into specific sectors
- Diversify the source of local government revenue

### Externally

- Position China as a global manufacturing powerhouse in high value-added products
- Strengthen the Status of RMB as an international currency
- Popularize Chinese Standards in construction, telecommunication and etc.
- **Belt & Road Initiative** that embraces a wide range of infrastructure and development projects in sectors such as energy, transport, digital technology, and urban development, the geography of which covers vast expanses from East Asia to Europe



# The **Internal Circulation**

## Issues

### Population

- The accelerated aging tendency
- The low birth rate

### Employment

- The domestic unemployment rate is sky-rocketing
- The new generation's **lying flat** mindset

### Sectors

- Collapse of the real estate property market
- Over-capacity in the EV industry



# The **External Circulation**

## Issues

- **The deepening SINO-US confrontation**
- **Regional Security Issues**
- **Internationally recognized Chinese brands?**
- **Internationally recognized Chinese standards?**
- **BRI: complaints about an unjustified increase in debt to China**  
**predominant use of Chinese labor at construction sites.**

## Opportunities

- **Trade integration within BRICs**
- **Trading Activities with Russia**





## **Hong Kong's Role in the Dual Circulation Strategy**

- **The Super-Connector between Mainland China and the World**
- **The Imposition of National Security Law in 2020**
- **The 2021 Hong Kong electoral changes:** initiated by the National People's Congress on 11 March 2021 to **amend electoral rules** and improve the electoral system for Chief Executive and the Legislative Council, in order to ensure a system in which only **patriots** govern Hong Kong