

The Transformation of China's Economic Growth Model and Its Challenges

Hsieh, Nien-Yi | Analyst, The First Research Division, CIER

China is currently at a critical stage in transitioning from old to new growth drivers. This transformation aims to shift from an extensive development model driven by capital input to an innovation-driven economy that meets the requirements for "high-quality development." Unlike before, the proportion of new versus old industries in the economy is relatively unbalanced, and the growth rate of new economic sectors has not yet fully offset the slowdown in traditional industries. Therefore, the latest "Report on the Work of the Government 2024" emphasizes the need for progress while maintaining stability, with stability achieved through progress.

Focusing on high-quality economic development and the intensifying competition between the U.S. and China, Xi Jinping has introduced the concept of "new quality productive forces." This concept primarily stems from advancements in production technology and enhancements in resource allocation efficiency. Within the framework of "new quality productive forces," China is dedicated to advancing five key areas: technological innovation, industrial upgrading, green development, institutional innovation, and talent cultivation. These initiatives aim to transition from conventional productivity to new quality productive forces, addressing the dual challenges of international competition and economic structural adjustment.

In terms of industrial layout, China will focus on developing advanced manufacturing and technological innovation sectors. These new economic industries are not only driving forces for sustained high-quality economic development but also crucial engines for future economic growth. At the same time, the Chinese government encourages and supports the development of emerging industries such as smart connected electric vehicles, hydrogen energy, and new materials. Through policy guidance and market mechanisms, it aims to prevent overcapacity and redundant construction.

Notably, China has neither ignored nor abandoned traditional industries.

The "Report on the Work of the Government 2024" defines the overall development of traditional industries as "industrial upgrading and optimization," and continues to promote their "high-end, intelligent, and green transformation." This means that any innovative technology used to transform traditional industries—such as digital transformation and green development—can be seen as concrete practices of "new quality productive forces."

However, promoting "new quality productive forces" faces many challenges. Technological breakthroughs, market applications, and the international environment all pose significant tests to the development of China's new economy. Additionally, with changes in domestic and international policies and economic conditions, China must address social issues such as unemployment and income inequality to maintain social stability.

Since "new quality productive forces" focuses on the long-term momentum of high-quality development, its implementation is not a quick process. Nevertheless, from the perspectives of industrial development and the international environment, China is committed to advancing an industry development strategy based on "new quality productive forces," with an emphasis on independent innovation and high-quality development. Although achieving the goal of overall economic upgrading is challenging, some Chinese enterprises may successfully increase productivity through this strategy, becoming leaders in both domestic and international markets and playing a significant role in the global economic landscape. In summary, China is undergoing a profound transformation from quantitative expansion to qualitative improvement, with opportunities and challenges interwoven.

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