



THE 'NEW CHINA'

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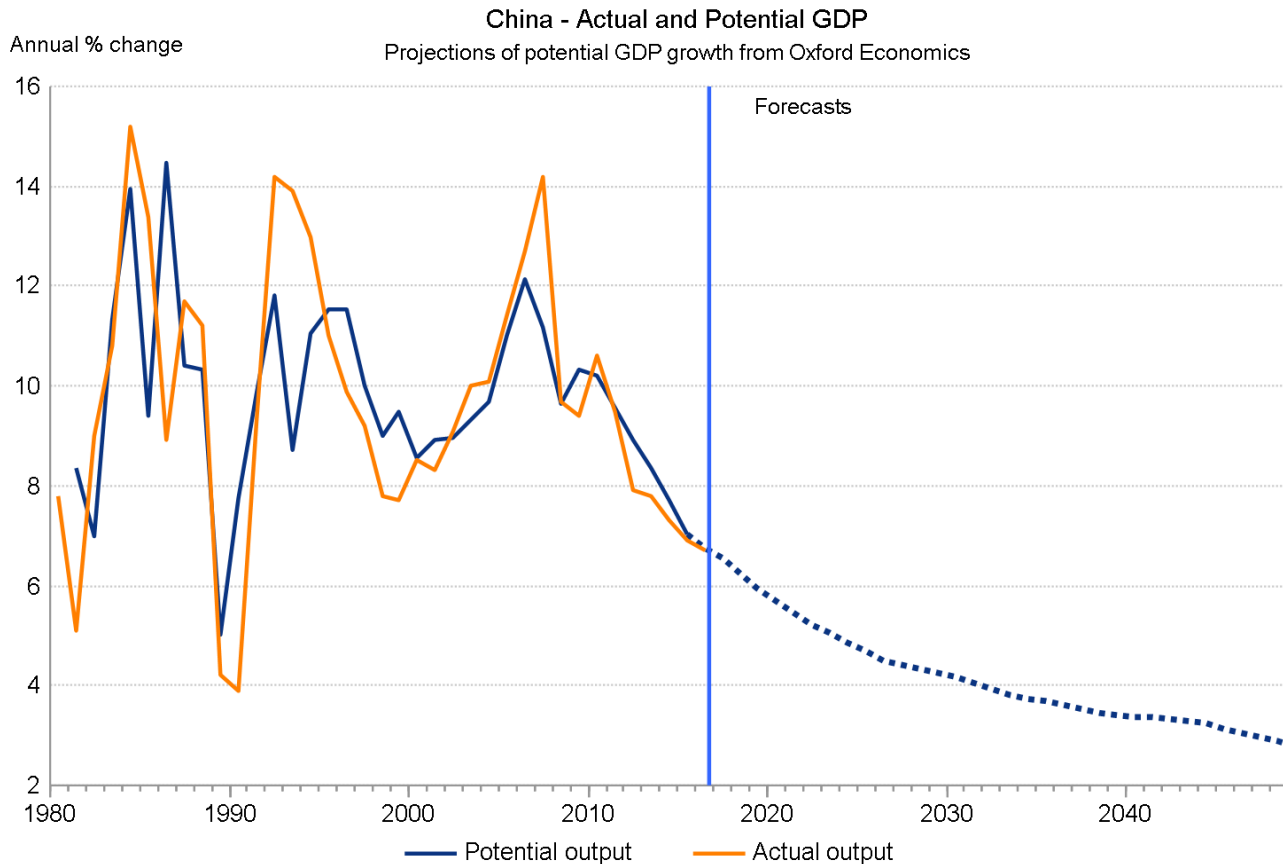
AREA	OLD CHINA	NEW CHINA	
Economic growth	Quantity	Quality	
Drivers of growth	Investment	Consumption	
	Heavy industry	Services	
Economic management	Demand side support for economy	Supply side reform of economy	
	Pollution a byproduct of growth	Environment to drive growth	
	Debt fueled investment growth	Innovation fueled productivity growth	
	Protect old industries	Move up value chain in old industries	
	Use debt to drive growth		Grow new industries
			Limit growth in leverage
		Change composition of debt	

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Reform measures announced since the Congress:

- open up the financial sector to greater foreign ownership
- tighten regulations on large policy banks
- measures to improve liquidity management at banks, and
- contain risks posed by the asset management industry.

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China's potential growth – its speed limit rate of growth – is expected to slow over time as the country's demographic profile turns less favourable and given that the pace at which its capital stock increases is expected to slow.

Source: QTC, Oxford Economics. This chart has been created in Thomson Reuters Datastream.

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