

Senior economist: Chinese economy expected to maintain stable, fast growth

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BEIJING, July 27 (Xinhua) -- The Chinese economy was likely to maintain stable and fast growth this year, despite being beset with problems and uncertainties, as fundamentals of the economy remained unchanged, Yao Jingyuan, National Bureau of Statistics chief economist, said on Sunday.

He made the remark at a forum held here on energy conservation and emissions reduction and corporate social responsibilities. The forum was jointly sponsored by the international cooperation center of the National Development and Reform Commission and China Association of Resources Comprehensive Utilization.

According to Yao, the fundamental forces shoring up the Chinese economy -- industrialization, urbanization, market-oriented drive and internationalization -- had undergone no big changes and would continue to function as major drivers of the economy.

Yao said China was at in the middle stages of industrialization and there was still a long way to go before the nation entered the post-industrialization era. In quite a long period of time ahead, industrialization would continue to be a major driving force for the Chinese economy, he added.

He used the automotive sector as an example.

In 1992 China produced 1 million motor vehicles. The annual auto output doubled and reached 7.27 million units in 2006 and 8.8million the following year. The production was expected to top 10 million units this year.

Over the past 30 years, China's urban population expanded from 170 million to 570 million. But the urbanization ratio, measured by the number of urbanites against total population in a city, stood at 44 percent at present, still far behind the 70 percent to90 percent of developed nations.

The multitudes of migrants coming to cities would create a huge demand for housing and consumption goods, such as home electrical appliances, so urbanization would continue to drive the national economy forward, Yao said.

He believed the most outstanding challenges China faced were an unbalanced economic structure and big inflationary pressure.

He noted the Chinese economy now relied heavily on investment, exports and manufacturing, with agriculture remaining weak and the service sector, which could provide a large amount of jobs, claiming a small share.

Last year, the service sector accounted for only 40.1 percent of the country's gross domestic product (GDP), much lower than the world average of 70 percent and even lower than the developing nations' 51 percent average.

As for the inflationary pressure, Yao said he was confident about the price movements in China in the second half. The government had put macro economic control, particularly inflation curbs, at the top of its development agenda, and was making numerous measures, including agriculture boosting policies, Yao added.

Source: Xinhua