

Development prerogatives for South Asia's economic progress



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In 1960, China's GDP per capita was USD 89.52. Until about the mid-1990s, China was a low-income country, with a per capita income of USD 317 in 1990. Throughout these three decades, China's per capita income was not much different from the three major South Asian countries—Bangladesh, India and Pakistan. China's growth trajectory broke away from the rest since 1995. Its per capita income in 2020 was around USD 10,500, compared to that of Bangladesh (USD 1,968), India (USD 1,900) and Pakistan (USD 1,193).

During this period of rapid growth, China lifted millions of people out of poverty. In 1990, there were more than 750 million people—about two-thirds of the population—living below the international poverty line (USD 1.90 a day) in China. By 2012, that number had fallen to fewer than 90 million, and by 2016 it had fallen to 7.2 million people (0.5 percent of the population), suggesting that roughly 745 million fewer people were living in extreme poverty in China compared to 30 years ago.

China has formally overtaken Japan in 2010 as the world's second largest economy, accounting for about 25 percent of global GDP or output. In 2001, when China joined the World Trade Organization (WTO), it accounted for 4 percent of the world's exports, and by 2017, that had risen to 13 percent. China's foreign exchange reserves, the largest in the world, rose to USD 3.22 trillion in May 2021.

Having grown in such a staggering fashion, unprecedented in recent history of the world, China's economy is facing structural headwinds given adverse demographics, tepid productivity

growth, and the legacies of excessive borrowing and environmental pollution. These challenges require attention, with short-term macroeconomic policies and structural reforms aimed at reinvigorating the shift to more balanced high-quality growth.

The government recently highlighted



achieving common prosperity as a key economic objective, reinforcing signals of a possible shift in policy priorities towards tackling income inequality. The Chinese government has made innovation a top priority in its economic planning through a number of high-profile initiatives, such as "Made in China 2025," a plan announced in 2015 to upgrade and

modernise China's manufacturing in 10 key sectors in order to make China a major global player in these sectors.

Salient features of China's role

Since as early as 1950, China has been leveraging its strong history of domestic achievements in development to support other "developing" countries through

international cooperation efforts in total between 2013 and 2018 (approximately RMB 45 billion or USD 7.0 billion annually); however, this represents only a fraction of China's overall engagement in low- and middle-income countries and does not account for its significant non-financial contributions to development.

Despite its increasingly important role in financing global development, the Chinese government has made it clear that its development cooperation is categorically different than that of Organisation for Economic Co-operation and Development (OECD) donors. The government considers China to be "the largest developing country in the world" and, as such, views its development cooperation efforts as "a form of mutual assistance between developing countries". China considers its "South-South cooperation" to be "essentially different from North-South cooperation".

According to the 2021 White Paper, between 2013 and 2018 China allocated RMB 270.2 billion (USD 42 billion) to foreign assistance. The White Paper only provides an aggregate figure for these six years, but if divided equally, this amounts to an average of RMB 45.0 billion (USD 7.0 billion) annually. Just over half of these funds took the form of interest-free loans and grants, while 49 percent were concessional loans, meaning loans subsidised by the Chinese government with a preferential interest rate of 2-3 percent with 15-20 years maturity and a grace period of five years. Also, 4 percent of loans was interest-free loans, usually, with a 0 percent interest rate, 20 years maturity, and 10 years grace period. The other 47 percent of China's foreign assistance during this period was given as grants.

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▲ Bangladesh Prime Minister Sheikh Hasina with Chinese President Xi Jinping.

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its South-South cooperation and in the 70 years since, has grown into a preeminent provider of financing for global development. According to the Chinese government's 2021 White Paper, "China's International Development Cooperation in the New Era", China spent RMB 270.2 billion (USD 42.0 billion) on its



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নেস্লে বাংলাদেশ নিশ্চিত করে

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