China’s leaders vie for slowing economic growth

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China will experience unprecedented international influence in 2013. It is the world’s second-largest economy and its fastest grower, and controls the planet’s single largest stockpile of foreign reserves. The country has grown at 8.245 percent per year on average since 1970. The US, Europe and Japan have poured trillions of dollars into their economies, yet will be lucky to achieve one percent growth.

The rest of the world has reacted to China’s growth with fear. Yet what they should be doing is betting on its success. Without China’s growth, the west’s mercantilist policies don’t work.

Here are five reasons China why will lead the way in 2013:

Strong leadership: China’s leaders view slowing economic growth as a signal to take action. In contrast to Europe and the US, Chinese growth has not been hijacked by handouts. Concerns of a fractured leadership is overblown, as evident by Bo Xilai’s inglorious removal earlier this year, which suggests they are more determined than ever to remain in power.

A huge e-commerce potential: There are now more than 513 million internet users in China, up 2,180 percent from 2000. Chinese users spend nearly 50 percent of their free time on the net. In contrast, UK users spend only about 22 percent of their total media time on the internet.

by rioters show that many rioters originated from areas linked to poverty and deprivation, and that the distribution of police was inefficient. “On the first night, there were 3,900 officers (deployed),” says Wilson, “whereas our model indicates that 7,000–8,000 police early on could have affected the rioters in control. These results will definitely help law enforcement agencies make decisions in the future.” By next year, this model will be able to predict the larger impact of security situations in the UK.

In 2013, Wilson believes, we will have a rudimentary global intelligence system that can produce visualisations, maps and reports predicting localized changes in trade patterns, distribution of aid to the developing world and resilience of economies to shocks like natural disasters or terrorism. “We are building the new tools to explain this new, interconnected world,” he says. Madhurima Venkataratnam is woman’s assistant editor.

Global recovery led by China

Asia’s economic powerhouse is still on the rise – it’s time the West stopped seeing China as a threat.

Massive growth: However accurate the official figures are, Chinese growth still tops the world and remains three to five times as fast as “developed” nations. Strong monetary policy and continued investment have led to significantly higher trade balances, activity and fiscal linkage with global partners.

Chinese money heading outside China: There are now 29 Chinese companies in the FT 500 list of large, global firms. In Europe, Chinese entrepreneurs are on the hunt for opportunities in technology, energy, manufacturing and, lately, vineyards.

The internationalised yuan: China plans to roll out a cross-border transaction system in 2014 that will allow countries to settle payments in yuan. Yuan-based trade settlement already exceeds two trillion yuan (220bn), and foreign direct investment settled through China’s existing cross-border system has exceeded 1380bn yuan, according to China’s central bank. The system will run unencumbered by the west’s debt and complicated fiscal overhang, further strengthening demand for yuan.

In 2013 China will contribute to the world’s recovery, leading the way in new directions that the west doesn’t yet recognise or easily understand.

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