

Natsinee Chanoksarun ,6204640202

## China's dual circulation

Due to covid-19 pandemic, all of the countries had suffered badly especially in China where the virus spreaded from. However, China turned out to be one of the rapidly recovered countries. Throwing back to May, Chinese President Xi Jin ping came up with the idea of how to boost the economy by mainly relying on internal circulation, which is the domestic cycle of production, distribution and consumption or known as dual circulation strategy, a strategy which take center stage in China's 14th five-year plan. Apart from boosting the economy, China chose this strategy as the U.S contemplates decoupling and seems bent on crippling China's economic and technology development in which the US have banned the popular chinese apps Wechat and Tiktok in US. So this strategy is a pragmatic response to those problems and aiming to cut its dependence on overseas markets and technology in its long term development to strengthen its domestic economy.

Since not much details have been updated on the strategy, some believed that China is using this strategy to focus on domestic demand and it will maintain economic exchanges with other countries and improve its economy in general. On the other hand, others say that the new strategy will slow down Beijing's economic reforms because it will reduce economic interactions with the rest of the world and instead move toward self-sufficiency.

To start with, consumption plays a big role in this strategy which should be up to 55% of the GDP so China try to boosts household income in order to make people feel relaxed on spending their money by turning migrant workers and rural inhabitants into urbanites who are likely to earn and consume more. China also find way to attract as much foreigners to their country in which they might need to improve its domestic supply-side structural such as land, capital, technology and along with other resources to make sure its economy run efficiently. China also considered improving the domestic innovation on technology on developing 5G in order to attract more attention in the long term.

Today, most chinese enterprises are struggling to adjust to fast-changing domestic and international market conditions. So dual circulation will ensure that the country is more independent domestically and also all of the stakeholders know what to expect. However, China didn't only focus on the domestic but also its look toward the external trade as well. External exchanges will be expanded and deepened in ways that complement the domestic economy. As we know that this strategy help China becoming self-dependence even if there is any trade barrier or protectionism. If there is, China could still rely in its own domestic strengths from a large consumers base.

To conclude, under the 'dual circulation' strategy, China's goal is to boost tech innovation and push Chinese firms up to the global value chain, update domestic firms, boost household incomes to stimulate domestic demand. Meanwhile, China is still open for trade externally and attract foreign investment in high-end manufacturing to strengthen its supply chain.

## References

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