CHINA’S ECONOMY AND BUSINESS ENVIRONMENT POST COVID-19

International Business Webinar Series Hosted by GSU-CIBER
Penelope Prime, Moderator & Panelist
May 26, 2020
The current macro economic & political environment presents challenges

- Both countries have dealt with, and now face even more serious, economic challenges
- Each blames the other
- Companies are caught in between
  - Some will diversify away from China to some extent
  - Some will stay the course
  - And some will enter the China market anew
- Political risk has grown, but the complementarities between the U.S. and China continue
From China’s perspective

China’s GDP Annual Growth Rate
2007 – 2019

Source: World Bank Development Indicators
China’s GDP Annual Growth Rate
2007 – 2019

Major challenges: 2008 financial crisis; trade war with the U.S.; and Covid-19

Source: World Bank Development Indicators
Chinese policymakers have worked hard to keep the “landing” soft and growth at least above 6%.
QUARTERLY GDP GROWTH SINCE 2012, 4TH QT

China’s growth record under President Xi’s watch

Source: China National Statistical Bureau
From the U.S.’s perspective

U.S. GDP Annual Growth, 2008-2019

https://fred.stlouisfed.org/graph/?g=eUmi#0
Major challenges: 2008 financial crisis; trade war with China; and Covid-19
China's Exports, 1979-2019, $US billion

China Data Institute, [https://chinadatacenter.net/](https://chinadatacenter.net/)
China's Exports, 1979-2019, $US billion

China Data Institute, https://chinadatacentre.net/
China's Exports, 1979-2019, $US billion

China Data Institute, https://chinadatacenternet/
China's Exports, 1979-2019, $US billion

China joins WTO

China Data Institute, [https://chinadatacentre.net/](https://chinadatacentre.net/)
The U.S. has also done well expanding exports.
U.S. Total Deficit compared with the U.S-China Trade Deficit, 1992-2019

Source: Based on U.S. Census Bureau Data
The U.S. has many concerns related to China

• Overall paradigm built since normalization of relations has been to work with China on common interests, and support the country’s development and modernization
  • This was seen as being in the interests of the U.S.

• But this is under-going major revaluation and concrete change
  • Affects businesses
  • But also government institutions, non-profits, researchers, students, tourists, families—basically everyone

• The U.S. presidential election will amplify the debate and exacerbate already strained relations
Resource links:

*China Currents*, a free, online journal with up-to-date analysis on a wide range of topics relating to contemporary greater China.  [https://www.chinacenter.net/china-currents/](https://www.chinacenter.net/china-currents/)

Rodium Group: data and research on bilateral FDI and Venture Capital in China and the U.S.  
[https://rhg.com/research-topic/china/](https://rhg.com/research-topic/china/)

Asia dialogue; articles about business and society in China and Asia  
[https://theasiadialogue.com/](https://theasiadialogue.com/)

Published by the China Program at The Carter Center: U.S.-China Perceptions Monitor:  
[https://uscnpm.org/](https://uscnpm.org/)
Startups and Venture Capital Investments in China

Qian (Cecilia) Gu
Institute of International Business, Georgia State University
VC Investment in China 2020 Q1

Source: CVSource Data, April 2020
VC Investment in China by Province 2020 Q1

Top List:
Beijing
Shanghai
Guangdong Province
(Shenzhen, Guangzhou)

Greatest Reduction:
Hubei
Hunan

Source: CVSource Data, April 2020
Trend of Investment in Online Education in China 2020 Q1

Source: CVSource Data, April 2020
HATCHING ABILITY

Chuangmengtiandi is the authorizer of Amazon's AWS joint incubator in China. Through AWS resources and its own strong professional background capabilities, it cooperates with Tencent Ecosystem, JD Finance, Ant Financial and other cooperative institutions to create a complete innovation and entrepreneurship in the domestic incubator Ecosystem.

- Cohesion of high-level entrepreneurial team
  The higher levels of objects incubated by the AWS incubation system are mainly the returnees of famous schools, re-entry executives of top 500

- High-tech engine builds core competitiveness
  Technological innovation is essential for big data cloud computing, and advocates for "cross-border e-commerce" and "Belt and Road". So

- Investment and financing platform
  In addition to the "AWS Joint Incubator", the AWS incubation system is also synchronously named "Jingdong Financial Incubation Space".
产品类别

- Operating Systems
- Security
- Networking
- Storage
- Data Analytics
- DevOps
- Machine Learning

View all categories

Source: https://awsmarketplace.amazonaws.cn/
Digital Landscape in China

Government Guided Fund in China

Source: CVSource Data
Culture and Pandemic Impact on Intercultural Dynamics

Leigh Anne Liu
Fulbright-Hanken Distinguished Chair in Business & Economics 2020-2021
Professor of International Business
laliu@gsu.edu
Cultural Impact on Crisis Behavior

- Tight vs. Loose Cultural Norms (Michele Gelfand)

<table>
<thead>
<tr>
<th>Country</th>
<th>Tightness</th>
<th>Cases</th>
<th>Casualty</th>
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</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>10.4</td>
<td>29,364</td>
<td>22 (0.1%)</td>
</tr>
<tr>
<td>Japan</td>
<td>8.6</td>
<td>16,433</td>
<td>784 (4.8%)</td>
</tr>
<tr>
<td>China</td>
<td>7.9</td>
<td>82,966</td>
<td>4634 (5.6%)</td>
</tr>
<tr>
<td>Germany</td>
<td>7.5</td>
<td>178,428</td>
<td>8272 (4.6%)</td>
</tr>
<tr>
<td>U.S.</td>
<td>5.1</td>
<td>1,588,363</td>
<td>94780 (6%)</td>
</tr>
<tr>
<td>Brazil</td>
<td>3.5</td>
<td>275,382</td>
<td>18130 (6.6%)</td>
</tr>
</tbody>
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https://coronavirus.jhu.edu/map.html 05/20/20

- Intercultural rhetoric analysis on conflict escalation
- Resilience, Responsible, and Humanistic Leadership
Pandemic Impact: A Case Study

Canada-China Panda Acquisition
Negotiations & Aftermath

- Formal negotiation started 2010, parties include Toronto Zoo, Calgary Zoo, the Chinese-Canadian community leaders, the Chinese Association of Zoological Gardens, Chongqing Municipality
- Indirectly involved: environmental groups, animal rights activists, trade specialists, political lobbyists (coalitions, corporate sponsors, PetroChina, FedEx, Home Depot)
- During state visit in May 2012 in Chongqing, Canadian Prime Minister announced 10-year agreement and collaboration on panda research
- Er Shun and Da Mao arrived in Toronto in 2013 then moved to Calgary in 2018
- Cancelled and delayed flights disrupted the bamboo supply (force majeure)
- Returning to China almost four years earlier → HUGE loss for all parties

(A giant panda eats 40kg (88lbs) fresh bamboos per day, 99% of diet, all imported)

(Weiss, 2013 + various news sources)
Parochialism is a Cognitive Barrier for Firm Globalization & Intercultural Collaboration

(Feng, Liu, & Jiang, 2019)
Suggestions

- **Use professionalism and empathy to build intercultural trust**
  
  CN: affective trust → emotional deception → Need Professionalism
  
  US: cognitive trust → informational deception → Need Compassion

  *(Zhang, Liu, & Liu, 2015)*

- Global virtual teams with intentional exchanges

- **Bridge the exacerbated value divide with commonality and global coalitions**

  *Mark Zuckerberg* “*Just to be blunt about it, I think there is a model coming out of countries like China that tend to have very different values than Western countries...*” *(May 18, 2020, The Verge).*

  Global Compact (UN) for sustainability
  
  General Data Protection Regulation (EU) for privacy
Creative Products of Intercultural Synergy & Engagement

Leigh Anne Liu
References

- News from Reuters, WSJ, NYT, Washington Poste, etc.