developing technology. It is instrumental in creating a safe, inclusive and open environment for enterprises by promoting innovative methods such as the ‘regulatory sandbox’. In addition, China and the UK should actively participate in construction of international financial technology governance in order to enhance cooperation in the field of financial technology supervision.

Explore New Cooperation Modes

The China-UK scientific and technological cooperation has continued steadily for many years. However, it is now facing severe external situations. Nevertheless, both China and the UK should adopt cooperative attitude and further collaborate on their advantages and needs in order to generate more cooperative achievements in the frontier fields of future industries.

Specifically, China-UK cooperation should focus on the future and explore new cooperation modes. Firstly, China and the UK should actively promote the integration of strategies on innovation-driven and industrial development, as well as maintain policy exchanges and dialogues. They should also jointly participate in the governance of global innovation and the formulation of rules and standards on global innovation. Secondly, China and the UK need to make good use of the existing platforms, enhancing the platforms’ capabilities of operation and resource integration and carry out industry-university-research cooperation in order to transform basic research to innovative achievements. Thirdly, China-UK technological cooperation in third-party markets can be further strengthened. On the one hand, the UK can utilize their financial and scientific research advantages as well as rich overseas investment experience to help China reduce the investment risks along the line area. On the other hand, China can leverage their advantages of technology application to better serve industrial and commercial development by transforming scientific and technological achievements.

Based in Shenzhen, Guangdong Province, China Development Institute (CDI) is a non-governmental and market-oriented think tank which was founded in 1989 on approval from the Chinese State Council. CDI was designated as one of the 25 China Top Think Tanks in 2015.

CDI develops solutions to public policy challenges through broad-scope and in-depth research to help advance China’s reform and opening-up. CDI is committed to providing proactive, innovative and practical research and consultation for China’s central and local governments and businesses at home and abroad. Its research and consultation is centered on macro strategy, regional economy, urbanization, industrial development, business strategy and decision-making.

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Pan-Beibu Gulf Think Tank Summit 2020

As COVID-19 injects uncertainty into the world economy, how can the Pan-Beibu Gulf countries advance regional industry chain and further promote economic cooperation under the Regional Comprehensive Economic Partnership (RCEP) framework, while accelerating economic recovery? The Pan-Beibu Gulf Think Tank Summit 2020 aims to provide insights of the RCEP agreement and deliver practical recommendations for business and public policy leaders.

On Oct 15, 2020, the Pan-Beibu Gulf Think Tank Summit, themed “Regional Connectivity for Shared Prosperity”, was held in Nanning, China, with international speakers attending via online conferencing system. Although global economy was impacted by the pandemic, panellists agreed that China-RCEP trade and economic cooperation uptrend is expected to continue with the integration and maximization of different modes of transportation, while boosting economic recovery and employment. Bilateral trade and investment activity will be further supported by the RCEP free trade agreement, while assuring a stable and safe local and regional supply chain. In addition, emerging industries like digital economy, maritime economy and big data could become the new drive for regional economic cooperation.

Since 2006, PBG Economic Cooperation Forum has been successfully held for 11 editions with the support of international think tanks and research institutes. Over the years, the forum has contributed significantly to China-ASEAN relation. As the parallel conclave of the PBG Economic Cooperation Forum, this year’s PBG Think Tank Summit provided a platform for sharing ideas and views among state leaders, senior government officials, business leaders and renowned scholars from China and the ASEAN countries in its 6th edition.

CDI Macro Outlook >

RCEP, the largest free-trade agreement deal in history

The ----National Committee of the Chinese People's Political Consultative Conference (CPPCC) convened the annual two sessions on May 21st. Although for the first time the government did not set a clear annual growth target, we expect the implicit growth target is 1.8% for now, given the projected deficit and inflation numbers.

RCEP, the largest free-trade agreement deal in history

In October, industrial output rose 6.9% y/y, the same rate as in September, and the highest rate this year, up 2.2 pps from October 2019. The national service production index has been rising since the economic opening in February, and achieved positive growth in May. It rose 7.4% y/y in October, up 2 pps from September, and up 0.8 pps from October 2019. Investment rose 1.8% y/y in October, up 1 pps from September.

Retail sales of social consumption goods recovered further, and were up 4.3% y/y, and up 3.4 pps from Q3. Their real growth was 4.6% y/y, up 5 pps from Q3. Even the pandemic's hardest-hit restaurant income has avoided a fall, and was up 0.8% y/y.

Price rises tempered amid monetary expansion. In October, CPI growth fell to only 0.5% y/y, mostly pulled down by significant meat price drops. After adjusting for seasonal factors, CPI fell -0.4% m/m. We expect CPI growth to turn from positive to negative next month, and that this will be a trend for the near future. The ex-factory price index of industrial goods fell -2.1% y/y. PPI fell -2.4% y/y. M1 rose 9.1% y/y, up 1 pps from September, and up 5.8 pps from last October, reaching its highest growth rate since February 2018.

In October, exports rose 7.6% y/y, and imports rose 0.9% y/y. Both of their seasonal adjusted growth rates show upward trends. We expect the appreciation of RMB and economic recovery to bring higher import growth.

On November 15th, 2020, 15 countries — members of the Association of Southeast Asian Nations (ASEAN), and Australia, China, Japan, South Korea and New Zealand signed the Regional Comprehensive Economic Partnership (RCEP), arguably the largest free trade agreement in history. This is the first time China has signed up to a regional multilateral trade pact. This is an example of China's commitment to the greater openness repeatedly advocated by President Xi Jinping. While the trade deal certainly will boost these countries' economies in the short term, in the long term it is "a victory of multilateralism and free trade," as Prime Minister Keqiang Li put it, in contrast to U.S. President Donald Trump's trade policy.

Technology cooperation between China and UK Webinar

As two major economies in Asia and Europe, the cooperation between China and the UK in the field of scientific and technological innovation has maintained stable development. On October 21st, the China Development Institute and the Z/Yen jointly held a webinar. Think tank experts, government and business representatives from China and the UK have discussed strengthening exchanges and cooperation in economic, technological and other fields between the two countries in the current complex and volatile international situation.

Cooperation and Exchanges

China and the UK have more than 40 years of history of cooperation in the field of scientific and technological innovation, involving manufacturing engineering, artificial intelligence, biomedicine and new energy. Since the two countries began scientific and technological cooperation, many more Chinese research institutions and enterprises have established cooperative relationships with British universities. In the current environment, Chinese and British governments need to continue working on building communication channels between enterprises and research institutions of both sides, in order to reduce the barriers of international exchanges. Moreover, the industry associations of the two countries should make better use of the 'bridge' role to promote the exchange of talents and the cooperation between enterprises, assist the collaboration on innovative projects, and maintain the normal two-way communication between the two countries.

Complementary Advantages

Presently, China is accelerating their innovation-driven development and improving the independent innovation capabilities of science and technology, engineering and other industries. In addition, China has a considerable market size, massive data advantages, a complete industrial system and diversified consumer demands. Meanwhile, the UK has established world-leading research and innovation capabilities and is actively working on the 'Global Britain' strategy. Hence, the two countries can complement each other with their advantages and promote mutual development through innovative cooperation. Importantly, the cooperation should not be focused solely on scientific research, but also along the entire innovation value chain (i.e. from basic research, applied research, research and development to industrialization).

Innovation and Risk Management

During the COVID-19 pandemic, the application of innovative technologies played a positive role in alleviating the pressure on small and medium-sized enterprises and their capital turnover, promoting the resumption of work and production. However, emerging technologies also engender risks and changes. Thus, the two governments should follow up on innovation needs in a timely manner and proactively provide corresponding management and services. Furthermore, the regulatory approach needs to be constantly improved and innovated to adapt to the rapidly