



## RESEARCH IN PROGRESS

### Growth in China and the impact on Australia

**Description:** Growth in China and its Regions and the impact on Australia and Regional Australia (2010 – ongoing)

CSU internal Funding. Prof John Hicks, Dr P. K. Basu and Dr Richard B. Sappey (all ILWS)

#### Objectives

Australia as a whole, and many regions of Australia, are experiencing an economic boom because of growth in China. This project has undertaken a number of studies of direct relevance to regional Australia and its continuing prosperity.

#### Methodology

We have examined a number of aspects relating to the proposed China-Australia Free Trade Agreement and the potential for Australia and its regions to continue to benefit from economic growth in China through to 2050.

#### Key Findings

Our major finding is that the ageing of the Chinese population will not bring about any serious reduction in their output growth because of the growth in labour productivity due to enhanced education. Further, we have examined the growth of China's regions and found that East China has developed much more quickly than West China. In the West, development is at the stage that the East had reached about a decade ago. This is good for Australia because as the growth in demand for natural resources in the East begins to decline, it will be made up for by the expansion in demand for natural resources in the West. Overall, the continued growth of China is going to open up many opportunities for Australians to contribute to the development of the Chinese service industry as well.

#### Outputs

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This research has resulted in a conference presentation, journal article and two book chapters. They are:

Hicks, John; Basu, P K; and Sappey, Richard (2010) 'Ageing, Labour Force Participation and Education: Comparing the Implications for Economic Growth in China and India', *Economic Papers*, 29(3), pp. 333-341.

Hicks, John; Basu, P K; and Sappey, Richard (2010) 'Regional diversity in growth performance: The Case of China and the implications for Australia', 22nd Annual Conference of the Association for Chinese Economic Studies Australia, Graduate School of Management, La Trobe University, 15-17 July. The paper has been accepted for publication in the refereed conference proceedings.

Basu, P K; Hicks, John and Sappey, Richard (2009) 'Socio-cultural challenges to Economic Growth in China – Looking Ahead', in Basu, Parikshit and Yapa Bandara (eds) *WTO Accession and Socio-economic Development in China*, Chandos Publishing: Oxford, pp.165-183.

Basu, P K; Hicks, John and Sappey, Richard (2009) 'Services in China: Prospects for Growth and implications for Australia' in Basu, Parikshit and Yapa Bandara (eds) *WTO Accession and Socio-economic Development in China*, Chandos Publishing: Oxford, pp. 79-95.

#### Outcomes

The research is contributing to the literature that indicates that China's growth will be on-going and that Australians should increasingly be positioning themselves to take advantage of this. This applies to all sectors of Australian industry, not just raw materials. In addition, our political and diplomatic relations with China should be focused on the fact that the relationship is long term and of mutual benefit to both countries.

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