



China Institute

# China Institute Index 2011

Economic Power



Domestic Harmony



France-China Relations



Cultural Influence



高瞻遠矚



# China Institute Index

## 2010 Results

In the age of continuous, overabundant and omnipresent information, marked by the immediate accessibility of human knowledge, it is more challenging to gain a clear and synthetic view of today's complex issues than to document them.

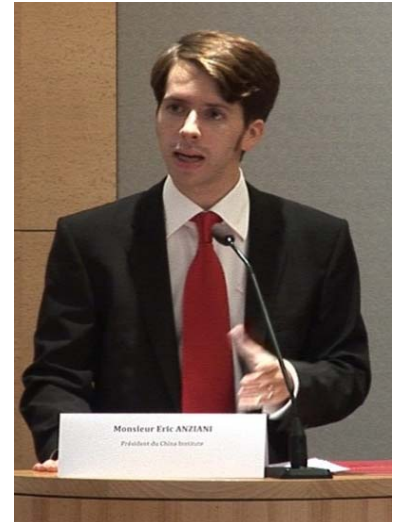
Acknowledging this evolution, the China Institute is innovating this year by publishing, for the first time, indices on China's economic power (I), international cultural influence (II), domestic harmony (III) and relations with France (IV). Conceived with pertinence and accessibility in mind, these four indicators will help decision-makers and citizens better comprehend one of the most important evolutions of our times: the re-emergence of China on the world stage.

Of course, no tool, however sophisticated it might be, can encompass the complexity and entirety of such a tremendous change; analysis — the China Institute's core strength — remains of inestimable value. Nevertheless, we think that these indicators offer a good compromise between depth and simplicity, which will progress towards the optimum over time.

With the hope that you will find the China Institute Indices useful and enlightening, it is with great pleasure that I invite you to discover them now.

**Éric Anziani**  
President of China Institute

A handwritten signature in black ink, appearing to read 'Eric Anziani'.



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## Methodology

In order to construct the four indices – Economic Power, Domestic Harmony, Cultural Influence, and France-China Relations, our analysts started by identifying the most important dimensions of each subject. These dimensions constitute sub-indices, whose value results from the weighted average of multiple economic, political and social quantitative measures. Each thematic index is then itself the result of the weighted average of its sub-indices, with a final value comprised between 0 and 10.

The underlying data can be divided into three main categories: data collected by our own analysts, data coming from institutions that are generally considered neutral, and, finally, data produced by entities that are deemed partial by one “side” or the other. Our sources thus include international organizations, Chinese and foreign governmental institutions and other public bodies, non-governmental organizations, as well as private entities.

*True to our principle of balance, we relied on “dispassionate” sources as much as possible, while endeavouring to even out the impact of oriented data. For the sake of transparency, the sources of each index are mentioned.*

Like any enterprise that aims at quantifying human behaviour, the construction of our indices lies somewhere between art and science, with nevertheless the guarantee of validity and relevance that comes with the expertise of the China Institute. Naturally, our indices will be subject to continual improvement throughout their lifetimes.

# Summary

## 1 Economic Power



Value by 10:

4,9

Trend:



- China continues her march towards the status of economic superpower;
- The three sub-indices – economic production, international presence and human and technological capital – have jointly contributed to the increase in the index;
- In particular, human and technological capital have increased sharply.

## 2 Domestic Harmony



Value by 10:

5,4

Trend:



- China remains a moderately stable country, despite a noticeable decrease in the Domestic Harmony Index since 2009;
- This decrease mainly results from a drop in economic prosperity;
- The improvements in development indicators are weakened by the rise in economic disparities.

## 3 France-China Relations



Value by 10:

5,9

Trend:



- The year 2010 showed a significant warming of Sino-French relations;
- The official visit of French president Nicolas Sarkozy to China in April and that of Chinese president HU Jintao to France in November were the high points in the relations between the two countries;
- On the economic side, although French exports to China rose spectacularly in 2010, the French trade deficit with China worsened further.

## 4 Cultural Influence



Value by 10:

6,3

Trend:



- 2010 was a very good year for China's cultural influence, as shown by the significant increase in the index over last year;
- Regarding the international attractiveness of her national heritage, China rose from fourth to third place worldwide among tourist destinations;
- Chinese cultural exports, particularly audiovisual exports, saw a significant increase.



# 1 Economic Power

## Value and trend 2010



- China continues her march towards the status of economic superpower, with a rise of 0.3 points in the Economic Power Index.
  - The three components have jointly contributed to the overall increase: economic production for 29.7%, international presence for 22.7% and human and technological capital for 47.6%.
  - In particular, human and technological capital has improved strongly: for instance, the number of Chinese-owned U.S. utility patents saw a 60% increase over 2009 on a per inhabitant basis.
- China is strengthening her importance in the global economy, with a share of 11.34% in global trade (ex intra-EU), compared to 10.39% in 2009.
  - On the production side, the country continues its catch-up of advanced economies, with an increase of 10% in its GDP per capita, which now amounts to USD 7,544 (PPP).

## Index composition

This index gauges the evolution of China towards the status of economic superpower. Power being relative by nature, the most critical Chinese economic characteristics are compared to either those of the current most advanced nations, or to those of the American “hyperpower” of the late 20th century. The higher the index, the more important the economic power of China. The analysts of the China Institute estimate that the country will have become a superpower when the index reaches 8.0.

The Economic Power Index covers three dimensions: economic production (1), international presence (2), and human and technological capital (3). The sub-index of economic production assesses the total production output, per capita and in absolute terms, and the relative size of the Chinese economy. The sub-index of international presence measures the importance and the competitiveness of China in international trade and investments. Finally, the last sub-index quantifies China’s technological advance and capacity for innovation, as well as the level of education of her population.

The underlying data comes from the World Bank, the OECD, the WTO, the IMF, the United Nations Conference on Trade and Development (UNCTAD) and the U.S. Patent Office.

## 2 Domestic Harmony

### Value and trend 2010



Value by 10

5,4

Trend



Valeur en 2009: 5,6

- China remains a moderately stable country, despite a noticeable decrease in the Domestic Harmony Index since 2009.
- This decrease mainly results from a palpable drop in economic prosperity, mainly due to the return of inflation at a level of 4.5%.
- The improvements in development indicators (HDI of 0.682 in 2010 vs. 0.674 in 2009) are weakened by the rise in economic disparities.

- There were no noticeable changes in favor of individual liberties or political rights.
- Social capital still suffers from a high level of perceived corruption.

### Index composition

The Domestic Harmony Index measures the stability of China, where society faces tremendous changes stemming from economic development: inequality, ethnic and social tensions, political aspirations, erosion of social capital... The higher the index, the more stable the country.

This index is made of four components: fair development (1), rights and liberties (2), prosperity (3) and social capital (4). The first sub-index measures the development of China through various aspects (life expectancy, wealth, education...) while taking economic disparities into account. The sub-index of rights and liberties quantifies the state of political rights and civil liberties. Prosperity assesses the economic and social opportunities and security of Chinese citizens, on which depends the legitimacy of the country's leadership. Finally, social capital evaluates the confidence of the citizenry in their institutions and their economic and social interlocutors.

The underlying data comes from the United Nations Development Program (UNDP), the World Bank, the IMF, Transparency International and the China Institute.

### 3 France-China Relations

#### Value and trend 2010



- After a year 2009 dedicated to the “renormalization” of Sino-French relations, 2010 shows a significant warming.
- The official visit of French president Nicolas Sarkozy to China in April and that of Chinese president HU Jintao to France in November were the high points in the relations between the two countries.
- On the economic side, although French exports to China rose spectacularly in 2010 (+39.4%), the French trade deficit with China worsened further (EUR 24.4bn

in 2010 vs. EUR 22bn in 2009) and is now France’s biggest bilateral deficit.

- Cultural relations have continued to intensify: in 2010, France welcomed more Chinese than Japanese tourists.

#### Index composition

The index measures the intensity, the quality and the evolution of the economic, political and cultural relations between France and China. The higher the index, the warmer and the more intense the relations between the two countries.

The French-China Relations Index is composed of three sub-indices, which respectively assess commercial ties (1), cultural exchanges (2), and political and diplomatic cooperation (3). The first sub-index measures the importance of trade and investments, as well as the state of the balance of trade, the second the importance and evolution of tourism and academic exchanges, the third the quality and quantity of bilateral and multilateral meetings, as well as the degree of agreement on top international issues.

The underlying data comes from the U.N., the French and Chinese Ministries of Foreign Affairs, the French customs, France’s National Statistics Bureau (INSEE), France and China’s Tourism Administrations, the World Tourism Organization (UNWTO), and the China Institute.



## 4 Cultural Influence

### Value and trend 2010



Value by 10

6,3

Trend



Valeur en 2009 : 5,0

- 2010 was a very good year for China's cultural influence, as shown by the significant increase in the index over last year.
  - Regarding the international attractiveness of her national heritage, China rose from fourth to third place worldwide among tourist destinations, with 55.66 million arrivals in 2010.
  - Chinese cultural exports saw a significant increase: audiovisual exports, for instance, brought in close to USD 6.8bn.
- Above all, 2010 was the year of the Shanghai International Exposition and, to a lesser extent, that of the supremacy of Chinese athletes in the Asian Games of Guangzhou.
  - China must pursue its catch-up of the United States in terms of cultural exports, foreign students, and successes in important international sporting, cultural, and artistic competitions.

### Index composition

The Cultural Influence Index measures the influence of China's ancient and contemporary culture, whether for the elite or the masses. As a decisive component of soft power, culture is a vector of influence that China puts at the service of its development strategy, as shown by the recent development and formalization of a true policy of public diplomacy, inspired by the American model. The greater the index, the greater the international influence of Chinese culture.

The index is made of three components: attractiveness of China's heritage (1), cultural exports (2), and vectors of influence (3). The first sub-index measures China's success in the tourism industry and the aura of her heritage. The second evaluates the level and competitiveness of the country's cultural exports, notably vis-à-vis the American offer. Finally, the last component quantifies the participation and performance of the Middle Kingdom in the great international cultural and sporting events, as well as the attraction for foreign students.

The underlying data comes from the UNESCO, the World Tourism Organization, the General Administration of Press and Publication of the Chinese Ministry of Culture, the Motion Picture Association of America (MPAA), the U.S. State Department, the International Institute of Education and the China Institute.



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