



China Institute

China Institute Index 2012

Economic Power



Domestic Harmony



France-China Relations



Cultural Influence



高瞻遠矚



In the age of continuous, overabundant and omnipresent information, characterized by the immediate accessibility of 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 publishes, for the second year, indices on China's economic power (I), 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, 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 the 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.

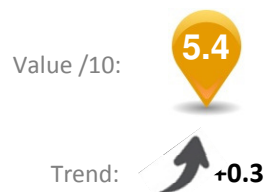
The underlying data can be divided into three main categories: data collected by our own researchers, data coming from institutions that are generally considered neutral, and, finally, data produced by entities that are deemed partial by one “side” or the other. Our sources thus include international 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.

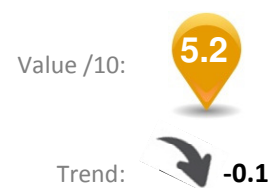
Overview

1 Economic Power



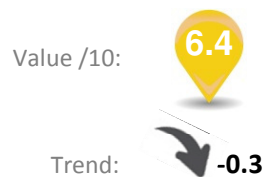
- China continued its march towards the status of economic superpower;
- The three sub-indices – economic production, international presence and human and technological capital – jointly contributed to the increase in the index;
- In particular, the human and technological capital sub-index increased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

2 Domestic Harmony



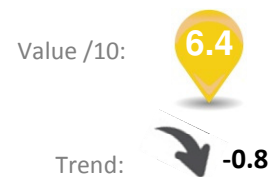
- China remains a moderately stable country;
- The slight decrease in the index since 2010 mainly resulted from the slowdown in economic growth;
- Development indicators continued to improve despite socio-economic inequalities.

3 France-China Relations



- France-China relations kept much of the positive momentum gained in 2010;
- The visit of President Sarkozy to China in August and that of President Hu to France in November for the G20 were the highlights of the year;
- However, disagreements over the situation in Syria and China's veto of a France-backed resolution clouded the bilateral relationship.

4 Cultural Influence



- 2011 benefited from the success of the 2010 Shanghai World Expo;
- China confirmed its position as a leading international sports event host;
- China ranked 3rd among international tourist destination for two years in a row;
- However, 2011 was a very disappointing year for Chinese film exports, which continued to lag far behind those of the United States.

1 Economic Power

Value and trend 2011



- China continued its steady march towards the status of economic superpower, with a rise of 0.3 points in the Economic Power Index;
- The three components jointly contributed to the overall increase: economic production for 39%, international presence for 13% and human and technological capital for 48%;
- In particular, human and technological capital improved significantly: the number of Chinese-owned U.S. utility patents saw a 19.5% increase over 2010;
- China gained more importance in the global economy, with a share in world trade (ex intra-EU) of 11.57%, compared to 11.34% in 2010;
- The country continued its catch-up of advanced economies, with an increase of 11% in its GDP per capita, which now amounts to USD 8,387 (Current USD, 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 1990s. The higher the index, the greater the economic power of China. Our analysts estimate that the country will have become a superpower when a score of 8.0 is reached.

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 its 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 2011



- China remains a moderately stable country, despite a very slight decrease in the Domestic Harmony Index;
- This decrease mainly resulted from a drop in economic growth from 10.45% in 2010 to 9.24% in 2011;
- Inflation reached highs, with a year average of 5.4% well above the government's target of 4%;
- China continued to develop at a steady pace but inequalities remain a concern: the inequality-adjusted HDI rose from 0.511 in 2010 to 0.534 in 2011;
- 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

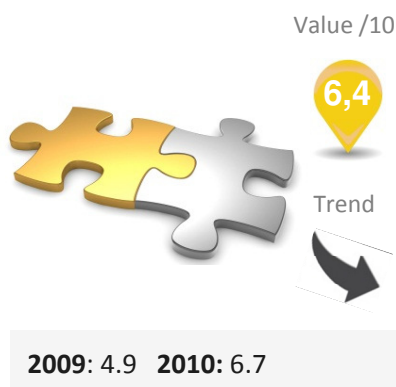
The Domestic Harmony Index measures the stability of China, whose society faces the tremendous challenges that stem from economic development: inequality, ethnic and social tensions, political aspirations, erosion of social capital... The higher the index, the more stable the country.

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 and civil freedom. Prosperity assesses the economic and social opportunities and security of Chinese citizens, on which the legitimacy of the country's leadership depends to a large extent. Finally, social capital evaluates the confidence of the citizenry in their economic and social interlocutors and the institutions.

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 2011



- France-China relations kept much of the positive momentum gained in 2010, when the two countries exchanged state visits following the “renormalization” of their relations in 2009;
- The visit of President Sarkozy to China in August and that of President Hu to France in November to attend the G20 summit were the highlights of 2011;
- On the economic side, although the bilateral trade deficit with China (EUR -28.6bn) was France’s biggest in absolute terms for the second year in a row, the exports to imports ratio improved slightly ;
- 1.1 million Chinese tourists visited France in 2011, a 24% increase over 2010;
- However, the situation in Syria, and the vetoing by China of a France-back UN resolution in October, clouded the Sino-French relationship.

Index composition

This France-China Relations index measures the intensity, the quality, and the evolution of the economic, political and cultural relationship 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), the Direction générale de la compétitivité, de l’industrie et des services (DGIS), France and China’s Tourism Administrations, the World Tourism Organization (UNWTO), and the China Institute.

4 Cultural Influence

Value and trend 2011



Value /10

6,4

Trend



2009: 6.4 2010: 7.2

- After a fantastic year in 2010, with the Shanghai World Expo, China confirmed its position as a premier international event host in 2011, with notably the Shanghai World Aquatics Championships and the Shenzhen Summer World University Games;
- China ranked third worldwide among tourist destinations for the second year in a row, with 57.6 million arrivals;
- The number of foreign students enrolled in China rose 10% from 265 000 in 2010 to 292,600 in 2011. In the US, the number rose 5% from 691,000 to 723,000;
- However, Chinese film exports fell 43% in 2011, from USD 567 million in 2010 to USD 326 million, while the United States exported around USD 14 billion. Cultural exports stand out as one of the weak spots of China's soft power.

Index composition

The Cultural Influence Index measures the impact of China's ancient and contemporary culture on both the elite and the wider population. 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: heritage and tourism (1), cultural exchanges (2), and international publicity (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 and the international attractiveness of its higher education system, notably vis-à-vis the American competitor. Finally, the last component quantifies the involvement and performance of the Middle Kingdom and its citizens in the great international cultural and sporting events.

The underlying data comes from the UNESCO, the World Tourism Organization, the State Administration of Radio, Film and Television (SARFT), the Motion Picture Association of America (MPAA), the U.S. State Department, the International Institute of Education and the China Institute.



contact@china-institute.org

<http://www.china-institute.org>