

Development of Industry

Since the reform and opening of China in the 1980s, China has implemented a demand-led model of industry development. Light industry has advanced greatly, with an average annual growth rate of 17% and the end of the 1990s seeing explosive growth. In 2011, total output from China's light industry reached 124.12 billion RMB, a 131 fold growth on China's light industry's output value at the beginning of the reforms and opening.

Along with China's incessant urbanisation, light industry will continue to develop. However, along with a constant rise in the cost of raw goods, the gradual disappearance of China's population dividend, worsening conditions for import and export and an increase in the competitiveness of countries around the periphery of China, China's light industry will head for decline. At this point in time, the growth rate of light industry will be zero or the industry may even see negative growth.

Trajectory 1:

In this scenario, China's light industry continues to follow current patterns of growth and the turning point for growth emerges in accordance with the standard life cycle for light industry development.

Currently, the annual growth rate of China's light industry is over 10%. By 2015 this will decline to 2/3 of current growth rates, then by 2020 there will be further decline to 1/2 of current growth rates and finally in 2025 growth will reach 1/3 of current growth rates. In 2030, along with China entering a mature phase of industrial development, the increase in living standards in China will reach a fixed point, and there will be changes to trade structure. After 2030, growth will drop to 1/6 of current levels, from 2030-2040 there will be no changes and after this it will decline.

Trajectory 2:

In this scenario, China is focussed on saving energy, reducing emissions, safeguarding resources and

increasing competitiveness. China's industrial structure undergoes appropriate revisions. Light industry becomes a declining industry, growth rapidly declines and the turning point for light industry's development is brought forward by government regulations.

The growth rate of light industry dramatically declines, and in 2015, growth has already fallen to 1/2 of current levels. By 2020 growth has dropped to 1/3 of current levels, and by 2025 growth has dropped to 1/4 of current levels. Around 2030, there will be zero growth. After 2040, light industry starts to go into decline.

Trajectory 3:

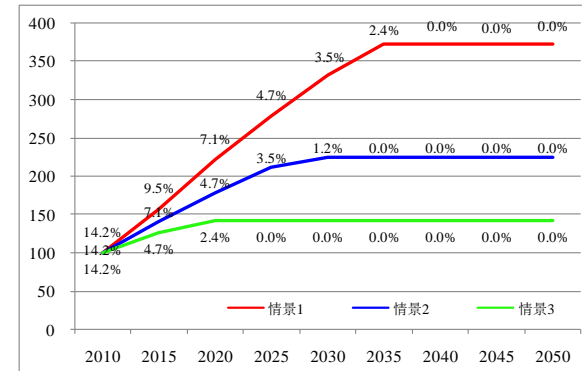
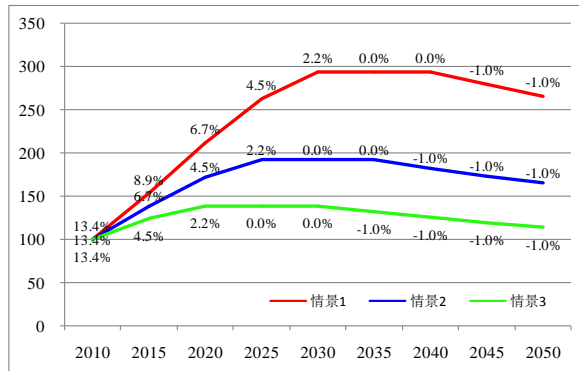
In this scenario, policies aiming to adjust China's industrial structure are fully in place and the transformation is successful. Light industry output value as a proportion of GDP begins to decline and growth rates begin to slow. The light industry growth turning point emerges as projected in Trajectory 2, but even earlier. The period of time spanning China's 12th 5 year plan becomes a phase of industry structure adjustment, and is also the crucial phase of the transformation of China's

economic development. Light industry's growth rate rapidly declines until it is 1/3 of today's, and by 2020 China's light industry growth rate is 1/6

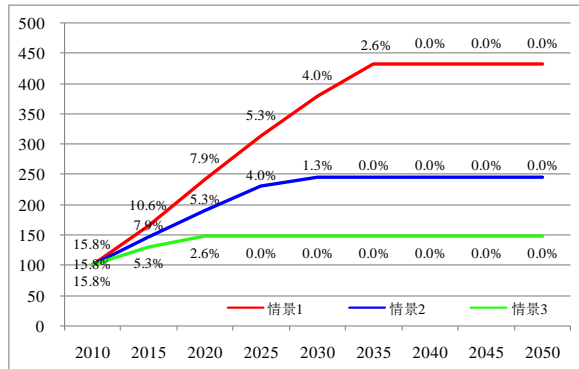
of today's. From 2020-2025, the gross output of light industry in China does not change, but after this light industry begins to shrink. Government

regulations cause China's light industry to prematurely reach zero growth.

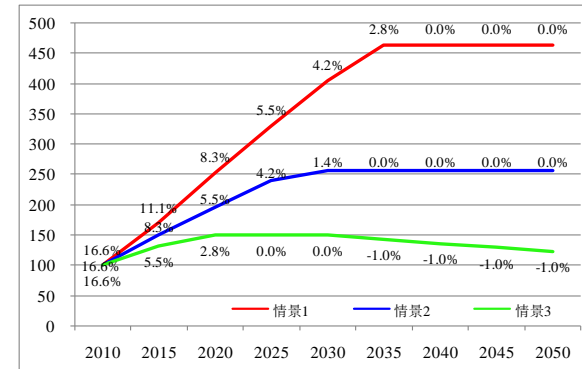
Light industry's growth (where 2010 = 100) 2010年 = 100



The textile industry's added-value



The food industry's added-value



The paper manufacturing industry's added-value

The plastic and rubber industry's added-value

