

Introductions:

Greetings! I'm Siena Huang and I'm thrilled to be your Head Chair for this year's Conference at Capistrano Valley High. I am a Junior at Capo, and this year is my second year in Model United Nations. I am captain of the school's Varsity Girls Tennis team, and I founded the Support Andes Children club, a project that donates dental products to villagers in the Andes mountains, Peru. Outside of school, I coach tennis to young children, and enjoy spending time in Barnes and Noble. Model United Nations has been one of the most rewarding experiences of my high school career, as the program has improved all aspects from my critical thinking to my voice projection. I encourage all of you to seek unfamiliar experiences within MUN, and to see the program as a chance to become more involved and informed in our modern world.

Hello Delegates! My name is Lekha Ananth and I am excited to be your co-chair! This is my second year in MUN and I have already learnt so much. My speaking skills have grown immensely and I have learnt how to clearly communicate my thoughts. Currently, I am a part of FRC Robotics Team 9271, Choir, Girl Scouts, CSF, Link Crew (a program that helps freshmen), and am working towards my brown belt in karate. I love hanging out with my friends, though I rarely get time with the amount of homework that teachers give. I look forward to seeing each of your unique ideas and opinions!

Background:

The People's Republic of China has experienced the slowest rate of growth of 3% in the previous year, unemployment amongst youth at as high as 21.3% in June, and falling prices in consumer products and housing. The Chinese currency has undergone deflation due to suppressed trade, a consequence of the nation's "Zero-Covid" policy. According to China's National Bureau of Statistics, the Consumer Price Index or CPI, has fallen 0.3% in July of 2022. The nation's price of pork declined on average 26%, and vegetable prices declined 1.5%. This has harmed local businesses and exacerbated anxiety and unemployment. The slowdown of China's economy forewarns a longer period of stagnation. Researchers from ING Group, a Dutch banking institution, state "Evidence of combined consumer and producer price deflation undoubtedly endorse the notion of a broad-based economic slowdown in China".

Since June of 2023, China has suspended publishing statistics on youth unemployment, provoking backlash on social media. Employers are hesitant to hire, while universities are pushing students to lie about employment status to preserve the school's reputation. According to *TIME*, researcher Shan Wei at the University of Singapore states "Over the long term, this situation could undoubtedly threaten the legitimacy of the Chinese government" says Shan, adding that the Chinese Communist Party, which is keenly aware of the potential fallout, is 'now focusing on both intensifying social control and improving youth employment'" (1).

China's real estate market has especially experienced a downturn. China's Evergrande Group, a real estate developer, has approached negative net worth in recent years due to falling property prices. Market giants such as Evergrande have faced tremendous losses on unfinished

property, and private developers have debt that total to approximately \$390 billion. For decades, the booming population of China has created a necessity for more urban projects. However, the population isn't increasing the way it was. Province and local governments have relied heavily on the real estate market, but currently, there are more sellers than buyers, causing real estate giants to falter.

Foreign investment fell more than 80% in the second quarter of 2022, crippling both imports and exports. Chinese households are spending much less, due to mass anxiety. This drop in consumer spending may devastate foreign companies that operate in China such as American technology firms and European luxury goods producers, according to *The New York Times*. This weakening of the Chinese economy will lessen demand for oil, minerals, and other industrial material in the international market. The United States, importing more from China than any other nation, also exports billions of dollars worth of crops and technology. According to *The Wilson Center*, China is a top trading partner to more than 120 other nations, including Russia, Ukraine, Taiwan, and Vietnam.

Possible Solutions:

The economic downturn of The People's Republic of China is structural, meaning the factors that drove economic growth in the past aren't compatible with the present situation. Therefore, there is no quick solution to the crisis. A step in the right direction would be to subsidize sectors of China's private industries other than real estate. Real estate was up to 25% of China's GDP, and with the real estate and construction market declining after the pandemic, the entire economy experienced a downturn. Subsidizing China's small businesses and dynamic sectors such as internet technology and education services will slowly stimulate consumer confidence, improving demand.

Another possibility would be for the Chinese government to give entrepreneurs more freedom by considering fundamental reforms. Since Xi Jinping took power in 2012, the state regained control over private companies. Under the law, all organizations are to cooperate with national intelligence, giving western nations an excuse to exclude Chinese technology companies from markets. Allowing more freedom for private companies will not only stimulate demand, but will improve the relations of Chinese entrepreneurs with foreign businesses.

The People's Republic of China has overcome economic difficulty in the past, but has shown a tendency to reject resolutions that are against self-interest. President Xi Jinping has highlighted the need to reduce reliance on the west. Therefore, keep in mind that optimal resolutions contain significant upsides for the Chinese government, such as improvement on sectors where China feels it lags behind, and would invite foreign expertise.

Questions to Consider:

These questions are NOT MANDATORY to answer, however they may aid delegates as they prepare for the conference.

1. What relations exist between China and your country?

2. What are some ways that your country can help China's economy?
3. How has China's recession affected your country?
4. In what ways can your country collaborate with other nations on this issue?

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