



Institute of Chinese Studies

# WEDNESDAY SEMINAR

*China's Industrial Policy:  
Analysing Words Versus  
Deeds*

## EXECUTIVE SUMMARY

Speaker:  
**Alicia García-Herrero**

24 July 2024

## EXECUTIVE SUMMARY

**Speaker: Dr. Alicia García-Herrero**, Senior Fellow, Bruegel, Brussels; Chief Economist, Asia Pacific, Natixis, Hong Kong; Independent Board Member, AGEAS Insurance Group, Brussels; Non-Resident Senior Fellow, East Asia Institute, National University of Singapore; and, Adjunct Professor, Hong Kong University of Science and Technology.

**Chair: Mr. Santosh Pai**, Partner, Dentons Link Legal; and Treasurer and Honorary Fellow, Institute of Chinese Studies, New Delhi.

**Date:** 24 July 2024.

**Venue:** Zoom Webinar

- The seminar critically examined China’s industrial policy, specifically exploring the alignment — or lack thereof — between the government’s stated objectives and their implementation on the ground. Dr. Alicia García-Herrero’s presentation offered insights from both macroeconomic and comparative perspectives. The Chair, Mr. Santosh Pai, opened the seminar by challenging common narratives about China’s high policy-execution capacity and by pointing to the need for a nuanced understanding of central-local coordination.
- Dr. García-Herrero organised her analysis across four themes: policy relevance, implementation, success, and lessons for the world. She contended that while China’s industrial policy appears robust, its practical outcomes often fall short of official rhetoric.
- She highlighted that while private enterprises benefit from programmes like “Made in China 2025” and “10,000 Little Giants”, these firms often fail to generate revenues in areas for which they receive state funding. This discrepancy marks a misalignment between policy declarations and economic performance.
- The speaker critiqued the distribution of subsidies, often awarded to inefficient “zombie firms”, and argued that government-guided funds and equity investments serve as more accurate indicators of industrial intent.

- Although China shows strength in industrial metrics like patents and robotics, Dr. García-Herrero emphasised that innovation has not translated into productivity, thereby questioning the long-term efficacy of the current model.
- In his concluding remarks, Mr. Pai reflected on China's policy adaptability and asking whether industrial policy frameworks are intentionally designed for later modification. He also brought up the need to examine how such policies have evolved post-"Made in China 2025,"amid the heightened US-China competition.

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