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Industrial Economic Situation Analysis Team,
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Preface

In the first half of the year 2016, the general characteristic of Chinese industrial economics was “stabilization with a tendency of slowing down and a limited recovery.” The industrial structure continued to show the high-grade trend. The central region was the pacesetter, and the northeast region’s industrial economic growth was feeble with the differentiation development inside. There was a sign of narrowing the gap of industrial growth rates among Beijing, Tianjin, and Hebei. The decreasing amplitudes of industrial export and industrial products’ ex-factory price continued to narrow. The industrial enterprises’ profits bounced back, and the inventory pressure was eased, but the tasks of overcapacity reduction still have a long way to go. Chinese industrial economic growth rate has been slowing down since 2010, and the first half of the year 2016 continued this trend. According to the results of model prediction, we predict that in the December 2016, the Industrial value-added growth rate above a designated scale would fall to 5.7%, and in June 2017, there is a high probability that the Industrial value-added growth rate above a designated scale would drop to 5.0%. In this condition, more efforts are needed in macroeconomic regulation to balance the steady growth and structural adjustment. On the one hand, it is necessary to pay careful attention to promoting supply-side structural reforms and the institutional mechanisms by which market should play a decisive role in the allocation of resources as proposed at the Third Plenary Session of the 18th Central Committee of the Communist Party of China, and get rid of institutional barriers to lay a solid foundation for the healthy development of the industrial economics. On the other hand, it is also necessary to maintain a steady economic growth, deepen the concept of “range control”, and take effective measures in advance to deal with risks and challenges, but at the same time what calls for special attention is that drastic fluctuations of macroeconomic policies should be avoided so as to maintain the relative stability and continuity of macroeconomic policies.

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