

CHINESE CHECK

China's famed model of growth is under pressure due to fall in exports and investment

The Chinese economy is seeing the first signs of trouble after long years of sustained growth that rode on cheap labour and high volumes of exports. Data released by the National Bureau of Statistics on Monday revealed that the economy grew by 6.2% in the second quarter, its slowest pace in 27 years. This is in contrast to the growth rates of 6.4% and 6.6% reported for the first quarter and the full year of 2018, respectively. The faltering growth rate was due to a slump in exports in June amidst China's ongoing trade war with the United States and the downturn witnessed by sectors such as housing construction, where investor sentiments play a major role. Many economists believe that the worst may not yet be over for China and that economic growth could further worsen in the coming quarters. But just as growth seems to be faltering, the latest growth figures also showed that the retail sales and industrial output components of the growth numbers witnessed steady growth, suggesting that domestic demand may be compensating for the dropping appetite for Chinese exports weighed down by high tariffs. But with China still heavily reliant on exports and its trade war with the U.S. showing no signs of coming to an end, the pressure on growth is likely to remain for some more time. So the Chinese government, which has tried to boost the economy through measures such as tax cuts, increased public spending and a relaxation in bank reserve requirements to encourage banks to increase lending, will hope that domestic demand for its goods will hold up the economy.

China's quarterly GDP numbers, while useful in many ways, don't reveal very much about the underlying challenges facing the country. One is the need to improve the credibility of data released by the Chinese government. An even larger challenge is the urgent need to restructure the Chinese economy from one that is driven heavily by state-led investment and exports to one that is driven primarily by market forces. The high-growth years of the Chinese economy were made possible by the huge amount of liquidity provided by the Chinese state and the large and affordable workforce that helped build China into an export powerhouse. But now, with China's tried and tested growth model facing the threat of getting derailed as the export and investment boom comes to an end, the Chinese will have to build a more sustainable model, or forfeit hopes of double-digit economic growth in the future. As of now, there are no signs to suggest that the Chinese authorities are looking

at implementing deep-seated structural reforms reminiscent of its early decades of liberalisation that can help fundamentally restructure the economy. There might not be a need for radical macroeconomic changes, but China's economic troubles will not go away unless the government boosts domestic consumption and reduces the reliance on exports.

| <u>Words</u> | <u>Kind</u> | <u>Meaning</u> |
|--------------|-------------|---|
| Sustained | | Continuous, ongoing, prolonged |
| Reveal | | Disclose, evince, betray, divulge, give only |
| Contrast | | Difference, dissimilarity, distinction, divergence |
| Falter | | Hesitate, delay, vacillate, be indecisive |
| Downturn | | Part, element, constituent, ingredient |
| Witness | | Testament, see, observe, watch, view. |
| Steady | | Stable, firm, fixed, secure |
| Compensate | | Make amends, make reparation, atone, expiate |
| Apetite | | Hunger, ravenousness, hungriness, craving, longing, yearning, hankering, enthusiasm, keenness |
| Reliance | | Dependence, trust, confidence, conviction |
| Boost | | Enhance, surge, |
| Underlying | | Fundamental, basic, elementary, intrinsic |
| Challenges | | gauntlets, dare, provocation, test trial |
| Credibility | | Plausibility, believability, tenability |
| Affordable | | Payable, able to pay |
| Threat | | Menace, warning, ultimatum |
| Forfeit | | Loss, be deprived of, surrender, relinquish |
| Reminiscent | | Similar to, evocative of, akin to, analogous to |
| Consumption | | Use, using up, expending, depletion |

ONE FOR THE AGES

Alongside Federer and Nadal, Djokovic is ensuring tennis is at its competitive best

No player in the last decade has so thrillingly disrupted the Roger Federer-Rafael Nadal binary quite like World No.1 Novak Djokovic. Back in 2008, when Federer and Nadal

met at Wimbledon in that iconic final, the contest had a definitive feel to it — to crown that era's best. The two met again this year, eleven summers since, just to earn the right to challenge Djokovic. Such has been the Serb's excellence that in the time between the two Federer-Nadal meetings, he increased his Grand Slam count from one to 15. Sunday's pulsating five-set victory over Federer brought him his fifth Wimbledon to put him just two shy of Nadal (18) and four behind Federer (20) in the all-time list. At times, his on-court demeanour and his grinding style of tennis have detracted from the perception of his success. To not celebrate his greatness, however, would be a severe disservice. Nadal and Federer are still ranked two and three in the world and are playing at near-peak levels. But even at their best, Djokovic has left them short of breath. In fact, starting from the 2011 Australian Open — his second Major — Djokovic has triumphed at nearly every second slam he has entered (15 of 34). Federer in the same period has accumulated four and Nadal nine, of which seven have come at the French Open. Remarkably, Djokovic has vanquished either Federer or Nadal in 12 of the 16 slams he has won. Eight of those victories have come in finals.

That Federer, just three weeks shy of turning 38, came within one stroke of upstaging Djokovic is credit to the Swiss's genius. Even in a career as storied as his, it would have been more than just a normal data point if he had clinched his ninth Wimbledon by beating Nadal and Djokovic — two of his greatest rivals — back-to-back. It is a testament to Djokovic's supreme mental strength that he did not flinch, even under extreme pressure, and despite not being the better player on the day. When he started out, Djokovic was among the most emotionally fragile. Questions abounded as recently as last July when he slipped outside the top-20. But by securing four of the past five Majors, he has truly rediscovered the mind of a champion. Among women, it was the turn of Simona Halep to display similar powers, by adding Wimbledon to her 2018 French Open win. There was a feeling that following her breakthrough in Paris she had suffered a meltdown, as she had not progressed beyond the quarter-finals at any Major since then. However, the way she mowed down one formidable opponent after another at SW19, including the legendary Serena Williams in the final for the loss of just four games, was enough proof of her strong mental make-up.

| <u>Words</u> | <u>Kind</u> | <u>Meaning</u> |
|--------------|-------------|--|
| Thrill | | Excitement, stimulation, pleasure, tingle |
| Disrupt | | Throw into confusion, disarray, disorder |
| Pusate | | Palpitate, rise and fall, beat |
| Demeanour | | Manner, attitude, appearance, carriage, |
| conduct | | |
| Grind | | Crush, pound, pulverize, granulate, write off |
| Detract | | Belittle, diminish, lessen, play down, |
| trivialize | | |
| Perception | | Recognition, awareness, consciousness, appreciation |
| Disservice | | Unkindness, disfavour, injury, bad. Ill tarn |
| Peak | | Summit, top, crest, pinnacle, apex |
| Accumulate | | Gather, collect, amass, stockpile, store |
| Vanquish | | Conquer, defeat, beat, trounce, triumph, over |
| Shy (v) | | Throw, lob, toss, flying, hurl |
| Clinch | | Secure, settle, conclude, wind up, finalize |
| Testament | | Testimony, witness, evidence, proof |
| Flinch | | Shrink from, avoid, evade, shy away from |
| Fragile | | Breakable, easily, broken, delicate, dainty |
| Abound | | Be plentiful, be abundant, numerous, |
| proliferate | | |
| Slip | | Slick, slither, glide, fall |
| Mow down | | Kill, gun down, shoot down, cut down, wipe pit |
| Make up (n) | | Character, nature |