

CHINA FACES CHALLENGES IN COMING YEARS

JOHANNESBURG, GAUTENG, SOUTH AFRICA, May 25, 2023

/EINPresswire.com/ -- The spectacular growth of the Chinese Economy was one of the most incredible stories of the 21st century. With massive upheavals in technology and rumours of a demographic crisis affecting economic and military supremacy, we ask Fred Razak, Chief Trading Strategist at [CMTrading](#), whether the glory days are finally over for China.

The basics

"I don't think the glory days are over in the immediate future, but there is definitely an impact coming in a world that is shifting into automated assembly. Apple, for example, took some of their iPhone production from China to the United States. The move has had a significant impact on China's economy, as the country has been a major hub for electronics assembly and production for many years. This is a major move, affecting all those who are into [stock trading](#), and it came about because assembly is now pretty much automated," says Razak who can be followed on Twitter here. "The more we move into automated assembly for everything, we will see much less activity in China. Certain assemblies, such as clothing, can't be entirely automated as yet, so at least for now, there will be a market in China; it just won't be as large."



Fred Razak, Chief Trading Strategist CMTrading



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"What is a major crisis in China is the depopulation. "Depopulation is obviously not an immediate threat to China, but in the next 50 years, they will start feeling it because this is an exponential decline. Most of the Asian block is facing a crisis when it comes to depopulation because a country's biggest asset are its people. If you have a country that's shrinking in population, that's a dangerous trajectory," he says.

"There is a third, much more subtle threat to China, and this is how China conducts business internally," says Razak. "The way they have put away certain billionaires and mistreated them, detaining them, people like Jack Ma. This does not allow for laissez-faire or create an environment prone to expansion."

"China's political model is not based on laissez-faire. It's not designed around expanding the market; it's designed around controlling the market, even contracting it. Their financial system is, therefore, extremely inflexible and doesn't allow them to develop the kind of growth you might see in the United States," he says.

"Bringing down a country doesn't take just one aspect. There are many aspects to a decline, its culture, population, and financial power. We are seeing this in the United States right now; you don't destroy a powerful nation by dropping a nuke; you destroy it by undermining it from within," he says. "Many countries are struggling to keep their identity because so many factors are happening internally that are shifting the markets – on many levels."

A failing China leads to a booming Africa

"I think out of anyone, the biggest impact from a struggling China would be seen in Africa. Africa would definitely benefit from a struggling China," predicts Razak. "If Africa can get its act together and produce what China can produce, alongside its expected population growth, the landscape will be a lot different 50 years from now."

What will China do to turn it around?

"We can't predict what China will do, or even could do, to turn around these threats. There are some social norms in the world right now that are unprecedented in the history of mankind that makes it harder for them to turn it around," says Razak. "For example, if you look at the history of population growth, it's either stayed stable or it's grown. But recently, things have shifted; we have westernised ourselves the world over and have seen cultural norms come in that are changing population growth models all over the world – things like delayed marriages and people actively having no children."

"We remember when China introduced the one-child law to limit their population growth. What do you do when the situation is reversed? How do you encourage people to get married and have kids when the population has been taught not to value that?" says Razak.

"Ultimately, these are long-term threats. We won't see an immediate change in China year-to-

year, but when you string those years together, we will notice a difference ten years from now," says Razak. "Unless we see some dramatic new plan, like teaming up with Russia, they will be subject to these ongoing trends."

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