



Bulletin

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- 01 | Editorial, **Bohuslava Šenkýřová**
- 03 | Economic Recovery after Covid-19 Epidemic
– Comparison of Major Economies, **Jiang Hui**
- 06 | The role of BRICS countries today and in the future,
Miroslav Halouzka
- 10 | Confucianism as a basis for success in international business,
Miroslav Pavlák

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Editorial

Bohuslava Šenkýřová



Dear readers,
This autumn issue
of our bulletin
comes on the oc-
casion of the 5th
anniversary of the
Confucius Institute

at the University of Finance and Ad-
ministration (VŠFS).

It should be noted that the Institute
has been very active over the past five
years. Several hundred students have

now taken Chinese courses, while the
Confucius Institute Bulletin, which
has been published since 2019, has
produced more than three dozen ar-
ticles and analyses on China's econo-
mic development and Czech-Chinese
relations, in three languages – Czech,
English, and Chinese.

The University of Finance and Ad-
ministration is a proud partner of the
Confucius Institute in Prague and
intends to continue with and further
develop this partnership, as well as
its collaboration with Chinese uni-
versities.

This autumn's issue of the Bulletin
features an article by Jiang Hui, the
Chinese Director of the Confucius
Institute in Prague, which explores
how China and other economies have
recovered from the COVID-19 crisis.
The author compares the evolution of
GDP expressed in dollars and exami-
nes which countries have gotten back
to pre-COVID levels faster and which
are lagging behind. The paper also
examines how the COVID epidemic
has affected the relative economic
positions of countries as regards
their share of global gross domes-





tic product. In his article, Miroslav Halouzka of VŠFS discusses the recent summit of the BRICS group of countries in Johannesburg, South Africa. The acronym BRICS refers to the grouping of Brazil, Russia, India, China, and South Africa. These are large, growing economies whose GDP per capita is still far short of that of the US or the European Union, but which have ever greater ambitions to say their piece in global economic affairs. The author discusses the motives of its members, plans to expand BRICS to include other countries, and the gradual establishment of the Chinese yuan as a third currency for international trade. Miroslav Pavlák from the De-

partment of Economics and Management of VŠFS discusses the importance of perceptions of different cultures in international business. The author highlights the importance of Confucian traditions for success in international business negotiations across cultures. I am delighted with the success of the Confucius Institute in Prague. A great deal of credit and thanks go to our partner university, China Jiliang University in Hangzhou. Our university has also regained its breath after the difficult periods associated with COVID-19 and the war in Ukraine. This academic year, more than 2,700 students from numerous countries throughout the world are studying here in our ba-

chelor's, master's, and doctoral degree programs in Czech and English. The number of new enrollments has increased by almost 10% compared to the previous year, and the number of students in continuing education courses is also increasing. I am therefore optimistic about the future. I wish our readers an interesting read and the Confucius Institute at VŠFS all the best for its fifth birthday, and calmer times for the next five years!

Bohuslava Šenkýřová is the rector of the University of Finance and Administration and chair of the administrative board Confucius Institute at the University of Finance and Administration.

Economic Recovery after Covid-19 Epidemic – Comparison of Major Economies

Jiang Hui



With the end of global Covid-19 epidemic, global manufacturing sector, tourism sector, transportation sector, and catering sector have gradually recovered and achieved steady growth. The economy recovery varied in different countries due to different industry chain, resource endowment, macroeconomic policies, trade and investment scale. This paper extracts GDP data of major economies from 2019 to 2022, and compares the economic recovery speed and differences of these countries. GDP is an abbreviation of Gross Domestic Product. It refers to the total amount of production activities (final products and services) in a country or region within a certain period of time, and is one of the most important methods for measuring economy scale and development level.

Global GDP recovery and growth

The global GDP in 2019 was 87.65 trillion USD. Because of the global COVID-19 epidemic in 2020, global GDP fell to 85.44 trillion USD. After suffering a serious negative impact of the epidemic, the global economy recovered and grew in 2021. The global GDP increased from 97.06



trillion USD in 2021 to 101.56 trillion USD in 2022. It was found that the continuous cycle of the COVID-19 epidemic negative impacts on global economy is about one year. The global economy volume of 2021 surpassed the level before the epidemic, and gradually recovered.

China's GDP continues to grow

From the perspective of economy volume, the China's GDP in 2019 was 14.34 trillion USD. Affected by the epidemic, China's GDP of 2020 only increased slightly, reached to 14.86 trillion USD, then increased from 17.74 trillion USD in 2021 to 18.32 trillion USD in 2022 respectively. During the COVID-19 epidemic, China's economy did not suffer negative growth.

From the perspective of economy growth rate, the annual growth rate of China's GDP from 2019 to 2022 was 5.95%, 2.24%, 8.11% and 3% respectively. The significant impact of the COVID-19 epidemic on economic growth occurred in 2021, the economy grew slowly, but it still maintained positive growth.

US GDP recovery and growth

From the perspective of economy volume, the US GDP in 2019 was 21.37 trillion USD. Suffering from the impact of the epidemic, US GDP fell slightly to 20.89 trillion USD in 2020. The US economy recovered rapidly from 2021. The US GDP reached 23 trillion USD, and continued to increase to 25.04 trillion USD in 2022.

From the perspective of economy share, US GDP accounted for 24.38%, 24.45%, 23.69%, and 24.65% in the world economy from 2019 to 2022 respectively. During the epidemic spread and after the end of the epidemic, the share of US

economy in global economy has increased slightly. It is found that the epidemic only had a little impact on US economy growth.

EU GDP recovery and growth

The most serious impact of epidemic

on EU economy occurred in 2020, and the EU GDP decreased from 15.69 trillion USD in 2019 to 15.37 trillion USD in 2020. Like other major economies such as the United States, EU economy has recovered in 2021 (Table 1).

Tab. 1 EU economy scale and proportion

Year	2019	2020	2021	2022
GDP value (Trillion USD)	15,69	15,37	17,19	16,64
Share of EU GDP in Global GDP (%)	17,89	18,04	17,74	16,55

Data source: <https://www.kylc.com/stats>

In 2021, the average annual real GDP growth rate of EU member states was 5.7%, the member countries with the highest economic recovery are Ireland, Iceland, Malta and Croatia, their annual GDP growth rate were more than 6% (Table 2). Estonia was the only country having negative economic growth in EU.

Tab. 2 EU member states with rapid economy growth

Countries	Ireland	Greece	Croatia	Malta	Bulgaria	Spain	Italy	Hungary	Poland
Reálny růst HDP (%) v roce 2021	15,1	8,4	13,1	12,3	7,6	5,5	7,0	7,2	6,9
Reálny růst HDP (%) v roce 2022	9,4	5,9	6,2	6,9	3,4	5,5	3,7	4,6	5,1

Data source: <https://ec.europa.eu/eurostat/databrowser/view/TEC00115/default/table?lang=en>

Czech GDP recovery and growth

In 2019, the Czech GDP was 252.55 billion US dollars, accounted for 0.288% of global GDP. Due to the impact of the epidemic, the Czech GDP decreased to 245.98 billion USD in 2020. The Czech economy recovered and GDP increased to 281.78 billion USD in 2021. In 2022, the Czech GDP continued to increase to 295.62 billion USD, and accounted for 0.291% in global GDP. The Czech economic share in the world economy was only slightly improved.

The impact of the epidemic on the major economies

This paper selects 17 countries with GDP of more than \$ trillion as research samples from the International Monetary Fund database, takes the data of 2019 as base sample which is not affected by epidemic, then compares the annual GDP growth rates of above selected countries in 2020. It is found that the countries being most suffering from the epidemic are Brazil, Mexico, and Russia, the GDP of above countries decreased

by 22.67%, 14.12%, and 12.46% respectively. The GDP of the United States, Japan and South Korea have only declined slightly. China's GDP and Iran's GDP increased by 3.64% and 49.07% respectively in 2020.

GDP recovery Comparison of major economies

In order to study the economic recovery speed of major economies, this paper takes GDP data of 2019 as reference, and extracts the 2022 GDP data sample to mea-

sure the economy growth rate of major economies relative to the economy growth before epidemic. If the GDP recover and overpass the level before epidemic, that means the country overcome the adverse impact of epidemic and

obtain rapid economic recovery. It is found that Japanese economy continued recession after the epidemic. Japan's GDP in 2022 decreased by 16.01% compared with the GDP of 2019. Italy and Spain almost recovered to the level

before the epidemic. France and Brazil only recovered slowly after epidemic. The countries having the fastest economic recovery after the epidemic includes Iran, Russia, China, Canada, Australia, India, the United States, etc. (Table 3).

Tab.3 Countries with outstanding economic recovery

Year	United States	China	India	Canada	Russia	Iran	Australia
Nárůst HDP (%)	17,14	27,76	22,50	26,31	25,79	202,94	24,38

Data source: <https://www.imf.org>

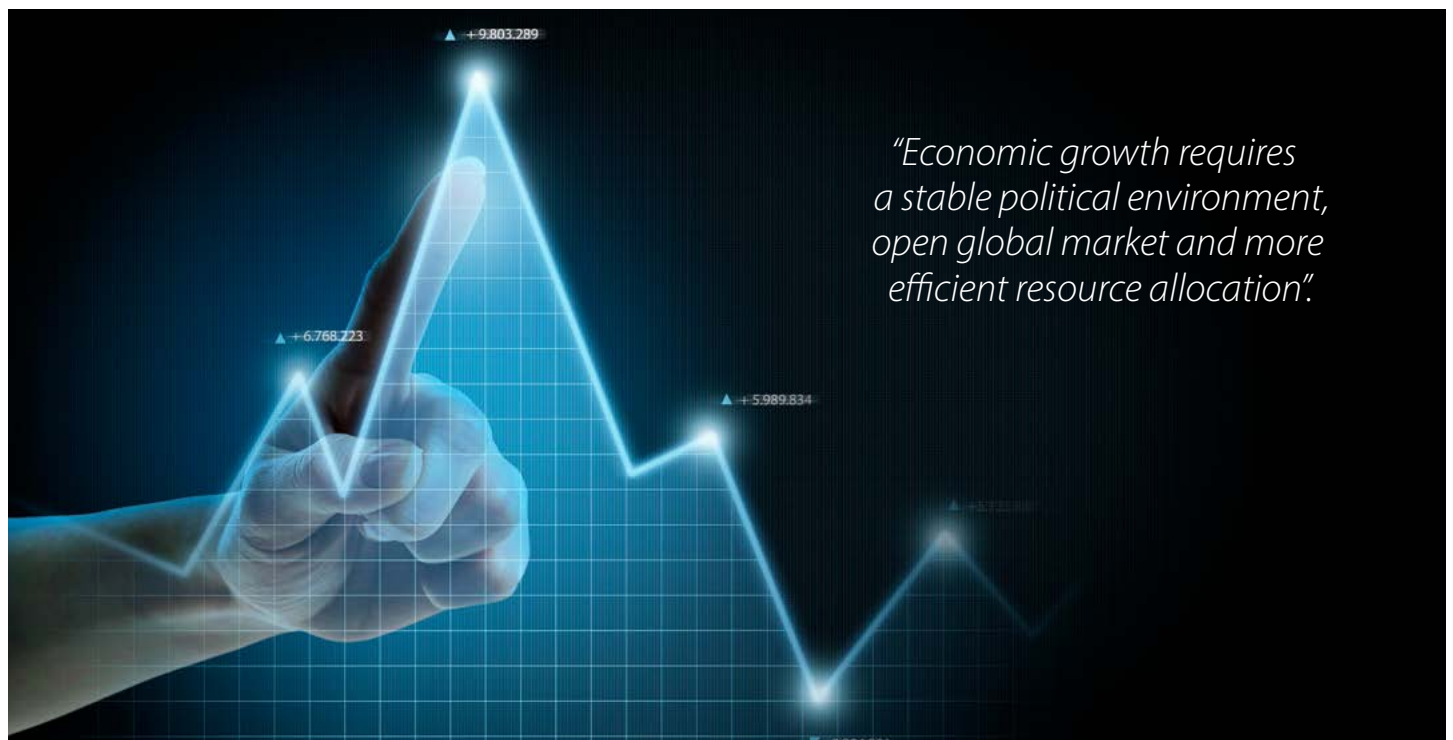
Note: the number in chart is a percentage change of GDP in 2022 to GDP in 2019 in terms of US dollars in current prices

The key factors affecting economic growth include consumption, investment, government expenditure and international revenue and expenditure. Increasing consumption and investment is conducive to economy recovery and growth. Government expenditures such as national infrastructure construction and public services can effectively stimulate eco-

nomy growth. The expansion of export scale can increase employment, tax and foreign exchange reserves, which is conducive to economy development. Economy recovery is the result of the common role of multiple policies and many factors. Global economic recovery and growth require a more stable political environment, more open global market,

deeper division of labour, and more efficient resource allocation.

JIANG Hui is Professor/PH.D at the College of Economics and Management, China Jiliang University and Chinese Director, the Confucius Institute at University of Finance and Administration in Prague.





The role of BRICS countries today and in the future

Miroslav Halouzka



The BRICS group of countries represents a unique phenomenon in international trade and the world economy. In 2010, four countries, Brazil,

Russia, India, and China, decided to create a partnership with enormous hidden potential. A year later, they were joined by South Africa. The group represents almost 40% of the world's population and is comparable to the G7 in terms of economic size.

The BRICS' share of international trade is about 31% – which is com-

"The BRICS group aims to reach a share of 50% in international trade by 2030."

parable to the G7. The group aims to reach a share of 50% by 2030.

The BRICS grouping has also become attractive to other countries. More than 12 countries have expressed interest in joining. These include Turkey, Egypt, Argentina, and the United Arab Emirates.

The BRICS group has a powerful ambition to strengthen international trade and investment within the grouping. The BRICS countries have recognized the importance of creating a new world economic order and



bringing global organizations such as the WTO under the umbrella of the UN. Organizations such as the World Bank and the International Monetary Fund have lost credibility in the eyes of the BRICS, who believe that these organizations work more in favour of US interests and do not support the real needs of developing countries.

It should be stressed here that all BRICS countries are still classified as "developing countries" by international economic institutions.

This classification is mainly based on two categories – economic criteria (particularly GDP) and criteria such as freedom, life expectancy, literacy, etc., which are summarized in the "Human Development Index".

The second largest economy in the world is China, which is being pressured, particularly by the United States, to be categorized as a developed country. However, China argues

that its GDP is still only one-fifth of the US GDP per capita and that the goal of any change in classification would solely be to deprive China of its "preferential treatment" status in the WTO.

China is undoubtedly the leading

"The World Bank and the International Monetary Fund have lost credibility in the eyes of the BRICS."

BRICS economy and is also a member of all the economic cooperation organizations in the Pacific region. If we examine the "North" and "South" Pacific, we can observe the growing role of China in foreign trade and investment in that region. China plays an important role in these organizations and is gaining increasing confidence. We can observe an increase in China's activities in the ASEAN



grouping, particularly with regard to cooperation with Malaysia. Nor is it possible to overlook China's role in the newest Pacific organization, the Regional Comprehensive Economic Partnership (RCEP). In 2022, this organization achieved mutual trade volumes of USD 1.88 trillion, 7.5% more than in 2021.

When we discuss the BRICS countries, we must emphasize the growth of mutual trade between the BRICS countries. Trade is expanding particularly between Brazil and China and between China and Russia. Trade with India is also growing. One important aspect of this cooperation is the use of Chinese currency (RMB) in large commercial transactions between China and Brazil.

China plays a dominant role in the BRICS, but the Chinese economy

also has its weaknesses. When we compare certain economic indicators between China and Japan, we see that China has reserves in terms of GDP per capita, which in China is about USD 22,000, whereas in Japan

*"The call for an end to the
hegemony of the US dollar
is getting louder."*

it is USD 49,000. By comparison, GDP in the US last year was around USD 60,000. On the other hand, public debt in China is about 18.7% of GDP, whereas in Japan it was about 244% last year.

The BRICS countries are realizing that their position and influence in the world economy should be greater

and should better reflect their economic strength. One of the hot topics is the idea of another world currency. The call for an end to the hegemony of the US dollar is getting louder, especially among developing countries.

This call is coming not only from the BRICS countries, but also from Pacific organizations such as ASEAN, APEC, and RCEP, and from other Asian regions as well. China's currency, the RMB, has a chance at becoming the third currency for international trade after the dollar and the euro.

Is this project realistic? Technical difficulties aside, its success will depend on two countries in particular. The first country that has an influence in the international oil trade is Saudi Arabia (OPEC), which is



still not a member of BRICS and has an unshakable agreement with the United States to use the dollar in oil trading. The other country is India. Saudi Arabia has nonetheless declared its willingness to trade in other currencies. It is easy to imagine the importance of oil trading for all international trade and the world economy.

India is a question mark. On the one hand, India lacks basic infrastructure; on the other, it has a large supply of young labour. Nevertheless, it has exhibited clear economic development over the last 10 years. In terms of population growth, India ranks first in the BRICS. Compared to China, the share of young people in the population is apparent. On the other hand, there is a problem of high unemployment, among young people in particular, and at the same

time there is a shortage of educated labour. India is aware of these realities, which is why we may notice its hesitation to join other international groupings. A typical example is the RCEP, where India has observer status only, despite having been

*"India is apprehensive
about an increase
in imports from China".*

a founding member. And it remains a question as to whether India will be passive in the BRICS in the future. It can be observed that India is apprehensive about an increase in imports from China that could adversely affect India's balance of trade and balance of payments. Bilateral cooperation between India and China is likely to be a long-term and

uncertain path despite the positive development of mutual economic cooperation between these countries thus far.

An intensifying of economic cooperation among the BRICS countries could help remove years of lingering reticence in relations between India and China. But this caution could persist and create obstacles to the BRICS' growing position in the global economy. Of course, India also needs to develop international economic cooperation and the Pacific region, where China has a leading role, could provide the Indian economy with a significant impulse for growth.

Overall, BRICS is strengthening its position in the world economy. With 4.3 billion people, its total market capacity accounts for forty percent of the population of the entire planet.



Despite the fact that BRICS is still not an integration organization (more of a free trade zone), it has founded its own development bank called the New Development Bank (NDB). The main priority of this institution is to finance projects in developing countries, which means a departure from the mainstream of Western investments made today through the World Bank.

The main event for the BRICS is clearly their summit, which was held in Johannesburg, South Africa, from 22 to 24 August 2023.

What does this BRICS summit hold for the future? Many countries have expressed their interest in changing the world economic order. These countries perceive the current world order to be unfair and this includes the roles of the main global economic institutions: the UN, the International Monetary Fund, the World Bank, and also the WTO. The “Global South” is not happy with how investment is directed from the above institutions and the deterioration of the position of the Global South in the world economy.

The BRICS countries insist on the reform of the UN and other world economic organizations. These reforms should express multilateralism in the world economy. There are two continents that strongly support the BRICS efforts: One is Africa and the other is the Arabian subcontinent. Nor can we forget the interests of South America.

The Johannesburg Summit highlighted specific steps taken immediately. A new approach to cooperation with African states was demonstrated with

an eye toward improving the economic situation in the region. Also important were the establishment of the Chinese currency, the RMB, as a global trading currency, which will thus compete directly with the dollar. The yuan could be an attractive option for many countries as a currency for international payments. A number of African countries may be inclined to use the RMB instead of the dollar. The BRICS countries have come under the impression that their economic importance is comparable to that of the G7 and that they outperform the G7 in many aspects.

The most important part of the summit was the invitation for membership from South African President Cyril Ramaphosa to Argentina, which is particularly anticipating deeper cooperation with China, Saudi Arabia, Iran, the United Arab Emirates, Egypt, and Ethiopia. This

will be the first wave of expansion. Many other countries that play a significant role in the world economy have expressed interest in joining BRICS.

One very interesting aspect is the membership of Saudi Arabia and Iran, two rivals in the Middle East region. In any case, both countries are important players in the world oil trade and play a significant role in OPEC.

The BRICS summit has undoubtedly kick-started a new economic effort by the “Global South” to improve its economic situation and influence in the world economy. Time will tell if the BRICS project will achieve its goals.

Ing. Miroslav Halouzka, C.Sc. teaches international business relations at the University of Finance and Administration.



Confucianism as a basis for success in international business

Miroslav Pavlák



In the current era of globalization and interconnection of national economies, there is a growing need for intercultural management. China is one of

the world's largest investors and Chinese foreign direct investment is becoming increasingly important. One of the important prerequisites for creating successful strategic partnerships is undoubtedly knowledge of intercultural management and a willingness to understand the specific features of national cultures. In today's global business envi-

*"Today it is essential
that business managers
understand the importance
of intercultural management."*

ronment, it is therefore important not to underestimate a capacity for intercultural communication. It is recommended to remain adaptable, to strive to build mutual business relationships based on trust, to have mutual respect, and to be tolerant. These just happen to be characteristics that originate from the essence of Confucianism, as verified by thousands of years of Chinese tradition. Experience has shown us that businesses are particularly keen to ex-



pand into territories distinguished by similarities in terms of lifestyles, hierarchization of society, understandings of masculinity and femininity, etc.

Dutch Professor Hofstede set out criteria by which he divided the world into areas with similar characteristics. However, as the process of globalization accelerates and expands, firms cannot concentrate only on territories with similar features; it is essential that business managers understand the importance of intercultural management.

China and other countries in the Far East can be cited as examples of economies successfully expanding regardless of differing political systems (e.g. China and Japan or Vietnam and South Korea), due in part to their fealty (or gradual return) to their Confucian traditions.

I have travelled these countries on my own (not with a travel agency or a guide) and can confirm that perso-

nal characteristics such as patience, a desire for long-term cooperation, respect, and tolerance are inherent in Far Eastern society and deeply rooted in its psyche.

Western culture oriented towards a quick profit, based on the perception of time as a commodity (time is money), exaggerated tactlessness in

*"If we want to be successful, i.e.
not lose customers, we have
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expression and non-verbal communication, all this stigmatizes Western society and creates the impression of a kind of decadent Barbaricum on the "European peninsula" of the great Eurasia.

While globalization as a term has more of a political air to it, the word glocalization is associated with business. So, what is glocalization? This word is made up of the words



Bulletin

Confucius Institute and VSFS Research Centre
for Development of Czech-China Relations

“global” and “local”: in other words, corporate values, marketing, customer communication, etc. all of which are nowadays not only global but also localized to certain territories. And if we want to be successful, i.e. not lose customers, we have to be trustworthy in their eyes. If we want to expand to the Far East, we should make an effort to:

Multiculturalism in international business does not represent a threat to

1. be patient and build a relationship on trust
2. negotiate striving for win-win, not win-lose
3. respect the formal rules of social behaviour (ethics and etiquette)
4. respect the principles of business conduct
5. be capable of controlling emotions



national culture, but rather a strengthening of it. Consider the history of our Central European culture: it, too, has been enriched by foreign cultural influences. After all, the Romanesque style, the Gothic style, the Renaissance style, the Baroque style, the Rococo style, the Classical style – these styles are not products of the Central European region, but were imported to us; thanks to our ability to absorb these cultural influences, the Czech Republic has become one of the jewels of European culture. The Czech Republic is a popular

tourist destination for visitors from the Far East. And just as our culture has become a magnet for Far Eastern tourists, the Czech economy could also become a magnet for Far Eastern investors. Its advantageous strategic location in the middle of Europe, its dense communications network, and its highly skilled workforce all create the conditions for Far Eastern foreign direct investment.

Ing. Miroslav Pavlák, Ph.D. lectures on international business and management at the University of Finance and Administration.

Previous issues of the bulletin in the Czech, Chinese and English versions can be found at <http://www.konfucius-vsfs.cz/ekonomicky-think-tank/>

