



Source : OCDE, *Economic Surveys : China, Overview*, mars 2015

Figure 1: Real GDP and Investment Growth Rate in China (%)

### Analysis of the graph

This graph illustrates the slowdown, probably lasting, in the growth of the Chinese economy, after the period of exceptional expansion that China experienced during the 2000s. Since the end of the 2000s, the increase in GDP and Chinese investment tends to weaken, dropping below the 10% mark. This slowdown in Chinese activity is not only cyclical, it also has structural causes. China is in fact in a phase of transition towards a new growth regime, moving from an extroverted growth model, in which it played the role of "the world's factory", to a growth model more refocused on demand, domestic, consumer goods and services. This change is the result of the rising standard of living of the Chinese, the deterioration in the price competitiveness of manufactured products made in China following the rise in the cost of labor, and changes in the structure of Chinese foreign trade (growth of ordinary trade and decline in assembly or processing trade).

### Questioning the graph

Should we believe China announcement ? This question has become recurrent since China's economic engine is running at full speed with steady double-digit growth rates that have propelled it to the top of the rankings of world economies.

Economists, businesses and investors around the world are increasingly convinced that the situation is in fact worse off than the stable official figures suggest. To achieve their ends, analysts and researchers accessed a whole range of alternative data - from energy consumption to photos taken from space - to gain a more precise picture of the situation.

Their conclusion is clear: the Chinese economy is not broken, but it is almost certain that it is weaker than announced. Some economists who dissected China's GDP figures estimate its growth could be up to 3 percentage points lower, based on their analysis of corporate profits, tax revenues, rail freight and other measures of activity that are difficult for the government to manipulate.

**References :**

Graph taken from chapter 1 of the Benchmarks "The World Economy 2016" (CEPII, La Découverte, 2015).