

## Macro Roundup Article

**Headline:** [China's Real Economic Crisis](#)

**Article Link:** <https://www.foreignaffairs.com/china/chinas-real-economic-crisis>

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**Tweet:** Zongyuan Zoe Liu argues “Simply put, in many crucial economic sectors, China is producing far more output than it, or foreign markets, can sustainably absorb.” Chinese factories can now produce 2X as many solar panels as the world can put to use.

**Summary:** In prioritizing industrial output, China's economic planners assume that Chinese producers will always be able to offload excess supply in the global market and reap cash from foreign sales. In practice, however, they have created vast overinvestment in production across sectors in which the domestic market is already saturated and foreign governments are wary of Chinese supply chain dominance. In the early years of the twenty-first century, it was Chinese steel, with the country's surplus capacity eventually exceeding the entire steel output of Germany, Japan, and the United States combined. More recently, China has ended up with similar excesses in coal, aluminum, glass, cement, robotic equipment, electric-vehicle batteries, and other materials.

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**Primary Topic:** Op-Ed/Blog Post

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