

Macro Roundup Article

Headline: [What Will It Take for China's GDP to Grow at 4–5 Percent Over the Next Decade?](#)

Article Link: <https://carnegieendowment.org/chinafinancialmarkets/91161>

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Tweet: Unless China rebalances towards domestic consumption, @michaelxpettis shows that 4 to 5% growth over the next decade would cause China's share of global investment and global manufacturing to rise by 5pp of global GDP to 37-38%.

Summary: While China accounts for 18% of global GDP and only 13% of global consumption, it currently accounts for an extraordinary 31% of global manufacturing. If China maintained annual GDP growth rates of 4–5% while also maintaining the role of manufacturing in its economy, its share of global GDP would rise by less than 3pp in a decade, to 21%, even as its share of global manufacturing would rise by more than 5pp, to 36%. What's more, if—as a result of the massive shift in investment from the property sector to the manufacturing sector—the GDP share of China's manufacturing sector rose above its current 28% to, say, 30%, China's share of global manufacturing would rise to 39%. To accommodate this and prevent a global overproduction crisis, the rest of the world would have to allow its manufacturing share of GDP to drop between 0.5 and 1.0pp.

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Primary Topic: Growth

Topics: GDP, Growth, Savings Glut/Trade Deficit, Weekly

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