

## Macro Roundup Article

**Headline:** [China's Imaginary Trade Data](#)

**Article Link:** <https://www.cfr.org/blog/chinas-imaginary-trade-data>

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**Summary:** This is what the IMF reports: "When a Chinese contractor sells produced goods to the nonresident enterprise that outsourced the production, exports of goods are recorded in BOP even if the goods remain in China. If the nonresident enterprise subsequently sells the goods in China, imports of goods are recorded in BOP. Given that the Chinese contractors' ex-factory price for the nonresident enterprise is normally lower than the nonresident enterprises' wholesale price for Chinese distributors, these transactions result in a deficit in the goods trade balance in BOP." All this "fake" trade deficit does is reduce China's reported current account surplus—as the goods surplus in the balance of payments is now about \$300B (over 1.5 percentage points of China's GDP) smaller than what it should be in the balance of payments data. I personally now estimate the current account surplus to be close to \$700B even after the drop tied [to] the resumption of tourism in 2023.

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**Primary Topic:** Savings Glut/Trade Deficit

**Topics:** China, Database, GDP, Op-Ed/Blog Post, Savings Glut/Trade Deficit, Trade (not deficits), Weekly

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