

## Macro Roundup Article

**Headline:** [Setser On Sources Of Chinese Demand](#)

**Article Link:** [https://twitter.com/Brad\\_Setser/status/1762353585927467260](https://twitter.com/Brad_Setser/status/1762353585927467260)

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**Tweet:** Given the scale of Chinese supply, "It is fundamentally impossible for China to construct a block centered around the developing world that replaces the US/EU...as India is not prepared to run bigger deficits with China." @Brad\_Setser

**Summary:** It is fundamentally impossible for China to construct a block centered around the developing world that replaces the US/EU. There is an obvious problem, namely the size of China's surplus. [Aside from US/EU] the big deficits are in India and Turkey. That is a real problem for a Sinocentric block that aims to replace the US and Europe as a source of end demand. India is absolutely not prepared to run bigger deficits with China and Turkey really needs to bring its deficit down. India, remember, didn't join China's trade deal (unlike say Japan) and is exceptionally worried that Chinese exports are undermining its own manufacturing sector. Turkey competes with China in the EU market and isn't gonna give up the EU for China. The bigger point of course is that the world cannot really decouple so long as there are enormous surpluses and deficits across different parts of the global economy (and different political blocks).

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

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

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