

Macro Roundup Article

Headline: [The Global Constraints To Chinese Growth](#)

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Tweet: China accounts for 18% of global GDP, 13% of global consumption, and 32% of global investment. If China grows at 4-5% and maintains its current ratio of investment to consumption, its share of investment would rise to 37%.
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Summary: While China accounts for 18% of global GDP, it accounts for only 13% of global consumption and an astonishing 32% of global investment. Every dollar of investment in the global economy is balanced by \$3.2 dollars of consumption and by \$4.1 in the world excluding China. In China, however, it is offset by only \$1.3 of consumption. What is more, if China were to grow by 4-5 percent a year on average for the next decade, while maintaining its current reliance on investment to drive that growth, its share of global GDP would rise to 21% over the decade, but its share of global investment would rise much more — to 37% . Alternatively, if we assume that every dollar of investment globally should continue to be balanced by roughly \$3.2 dollars of consumption, the rest of the world would have to reduce the investment share of its own GDP by a full percentage point a year to accommodate China. Related: Can China Reduce Its Internal Balances Without Renewed External Imbalances? and Can China's Long-Term Growth Rate Exceed 2–3 Percent? and China's Auto Export Wave Echoes Japan's in the '70s

Primary Topic: China

Topics: China, Database, GDP, Growth, Op-Ed/Blog Post

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