

## Macro Roundup Article

**Headline:** [China's Excess Savings Are A Danger](#)

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**Tweet:** According to IMF data China generated 28% of global savings in 2023 just under the 33% share the US and EU generated. @Brad\_Setser notes these savings are driving a trade surplus of 4% of GDP, a post-crisis high.

**Summary:** A current account surplus of 4% of GDP does not look large by China's past standards. But, since 2007, when China's current account surplus peaked at 10% of GDP, its share of the world economy (at market prices, which is what matters here) has jumped from 6 to 17%. So, from the point of view of the rest of the world, a Chinese surplus of 4% of GDP is far bigger than one of 10% in 2007. Who is going to run the offsetting deficits? If China wants the mercantilist solution to excess savings it will have to fund smaller emerging and developing countries. It can pretend these are loans. But much of the money will be grants, after the fact. If it ends up funding renewable energy there, that could be good for the world. But, from China's perspective, it would be a costly gift.

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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)

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