

## Macro Roundup Article

**Headline:** [Assessing China's Efforts to Increase Self-Reliance](#)

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Publication	Federal Reserve Board
Publication Date	February 07, 2024

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**Summary:** In a November 2018 speech to workers at a state-owned enterprise, President Xi Jinping mentioned that current events were forcing China to "travel the road of self-reliance." Over the past 5 years, import growth has been notably weaker than export growth. To investigate this trend further, we use a 5-years rolling-window to compute the correlation between GDP, imports, and exports growth. The correlation between GDP growth and import growth has been systematically lower than the correlation with export growth for about a decade now. The reduced synchronization between GDP and imports could be an early sign of increasing self-reliance at work. While decreasing its reliance on imports, China has simultaneously scaled up exports in sectors like automobiles, and exports have become more closely linked to the overall GDP growth. In a sense, China is decreasing its reliance on imported inputs, but continues to maintain its reliance on foreign demand. All told, a delinking of global production processes and consumption from China is not in sight. Related: Can China Reduce Its Internal Balances Without Renewed External Imbalances? and Pettis On China's Export Strategy and EU to Press China On Industrial Overcapacity at Beijing Summit

**Primary Topic:** China

**Topics:** Academic paper, China, GDP, Growth, Trade (not deficits), Weekly

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