EDWARD CONARD

TOP TEN The New York Times BESTSELLER

Macro Roundup Artcile

Headline: What Will It Take for China's GDP to Grow at 4–5 Percent Over the Next Decade?

Article Link: https://carnegieendowment.org/chinafinancialmarkets/91161

Author(s)	Michael Pettis
Publication	China Financial Markets
Publication Date	December 05, 2023

Tweet: Unless China rebalances towards domestic consumption, @michaelxpettis shows that 4 to 5% growth over the next decade would cause China's share of global investment and global manufacturing to rise by 5pp of global GDP to 37-38%.

Summary: While China accounts for 18% of global GDP and only 13% of global consumption, it currently accounts for an extraordinary 31% of global manufacturing. If China maintained annual GDP growth rates of 4–5% while also maintaining the role of manufacturing in its economy, its share of global GDP would rise by less than 3pp in a decade, to 21%, even as its share of global manufacturing would rise by more than 5pp, to 36%. What's more, if—as a result of the massive shift in investment from the property sector to the manufacturing sector—the GDP share of China's manufacturing sector rose above its current 28% to, say, 30%, China's share of global manufacturing would rise to 39%. To accommodate this and prevent a global overproduction crisis, the rest of the world would have to allow its manufacturing share of GDP to drop between 0.5 and 1.0pp. Related: The Global Constraints To Chinese Growth and EU To Launch Anti-Subsidy Probe into Chinese Electric Vehicles and Managing Economic and Financial Entanglements With China

Primary Topic: Growth

Topics: GDP, Growth, Savings Glut/Trade Deficit, Weekly

Permalink: https://www.edwardconard.com/macro-roundup/unless-china-rebalances-towards-domestic-consumption-michaelxpettis-shows-that-4-to-5-growth-over-the-next-decade-would-cause-chinas-share-of-global-investment-and-global-manufacturing-to-r?view=detail

Featured Image Link: https://www.edwardconard.com/wp-content/uploads/2023/12/China-GDP-Shares-Pettis.png