

# Globalisation, Growth, China

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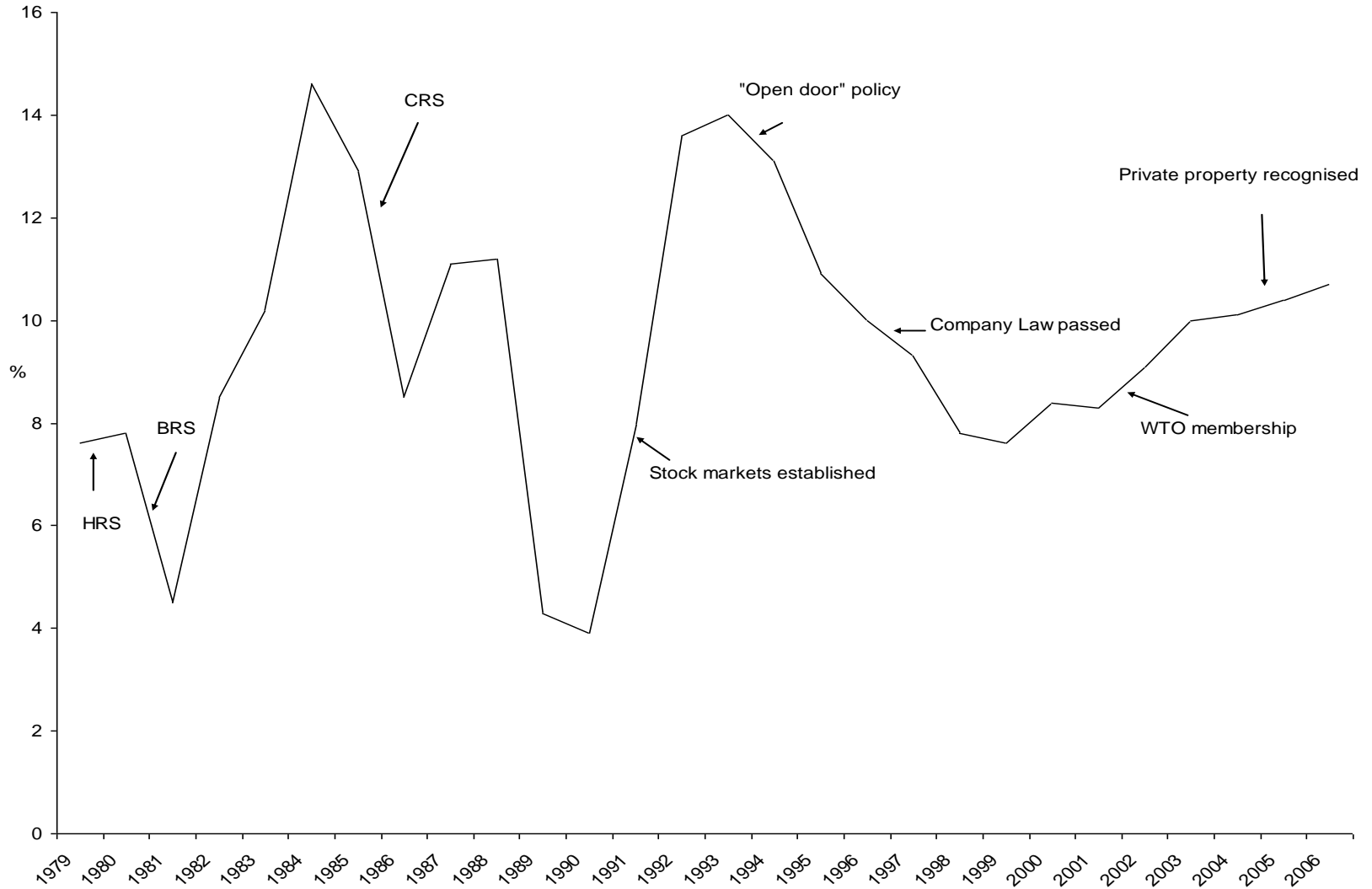
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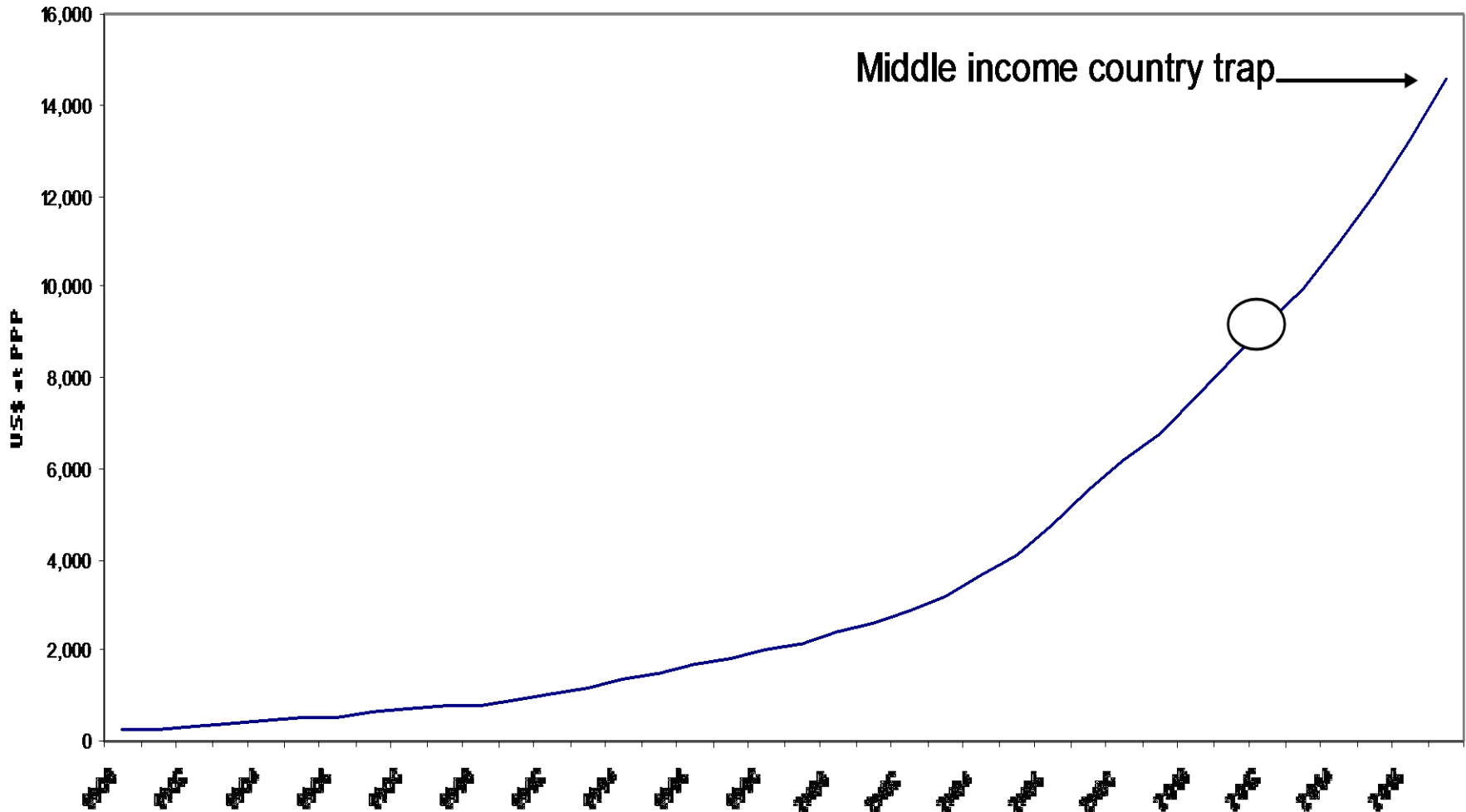
# Outline of presentation

- China's growth drivers: past & future
- China's integral role in international trade/global supply chains
- Global impact from China's slowdown

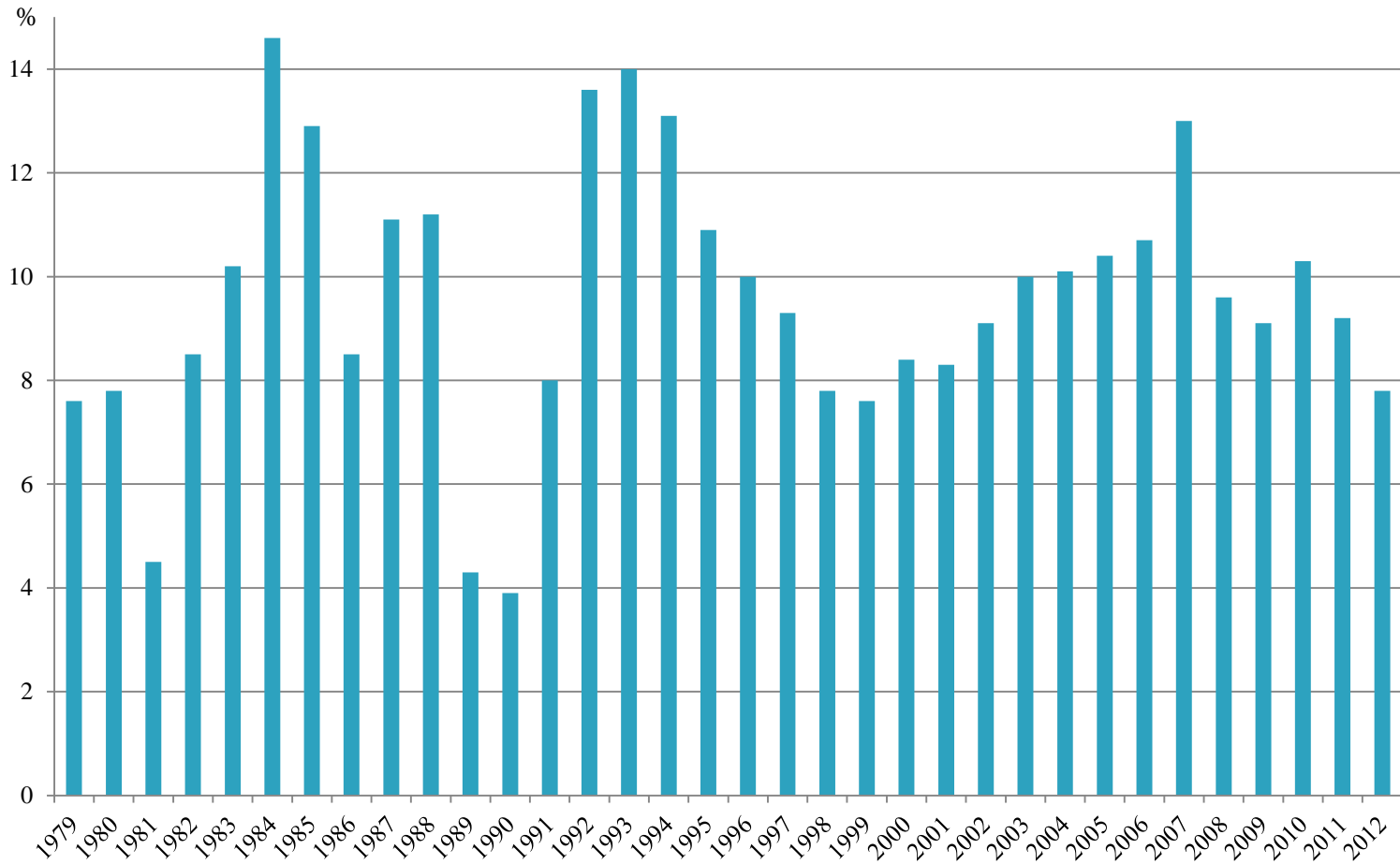
### Real Average GDP Growth and Institutional Reform



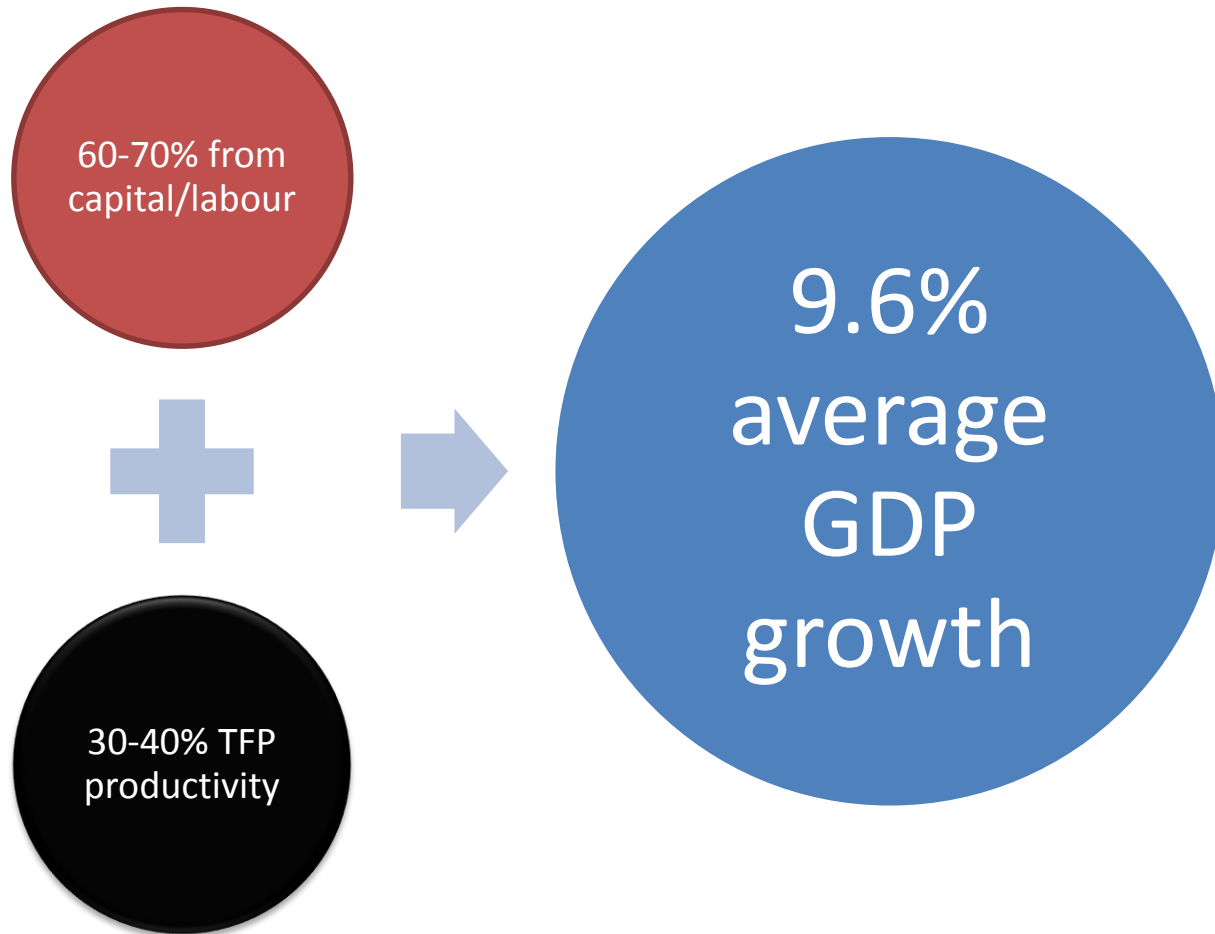
# Average income near “trap” level

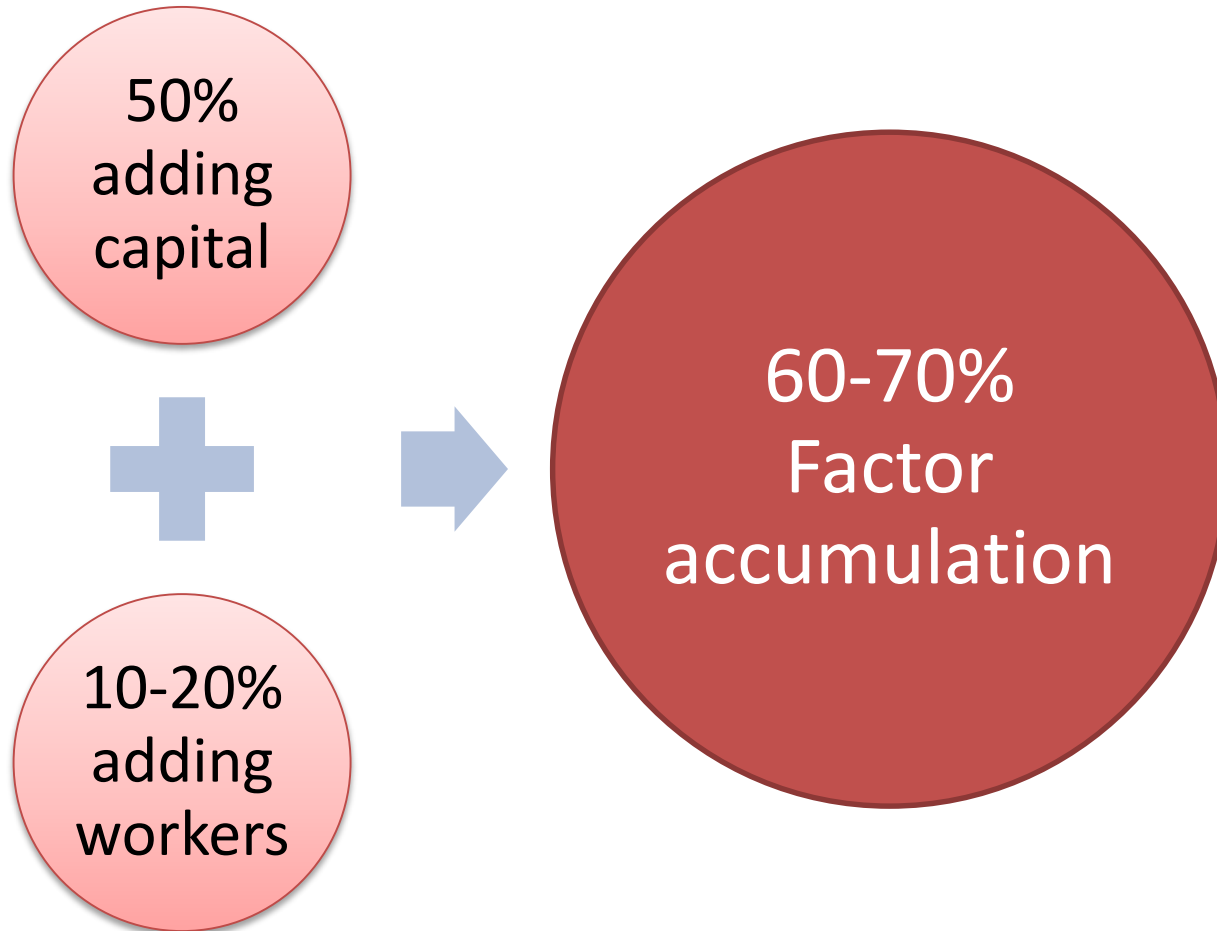


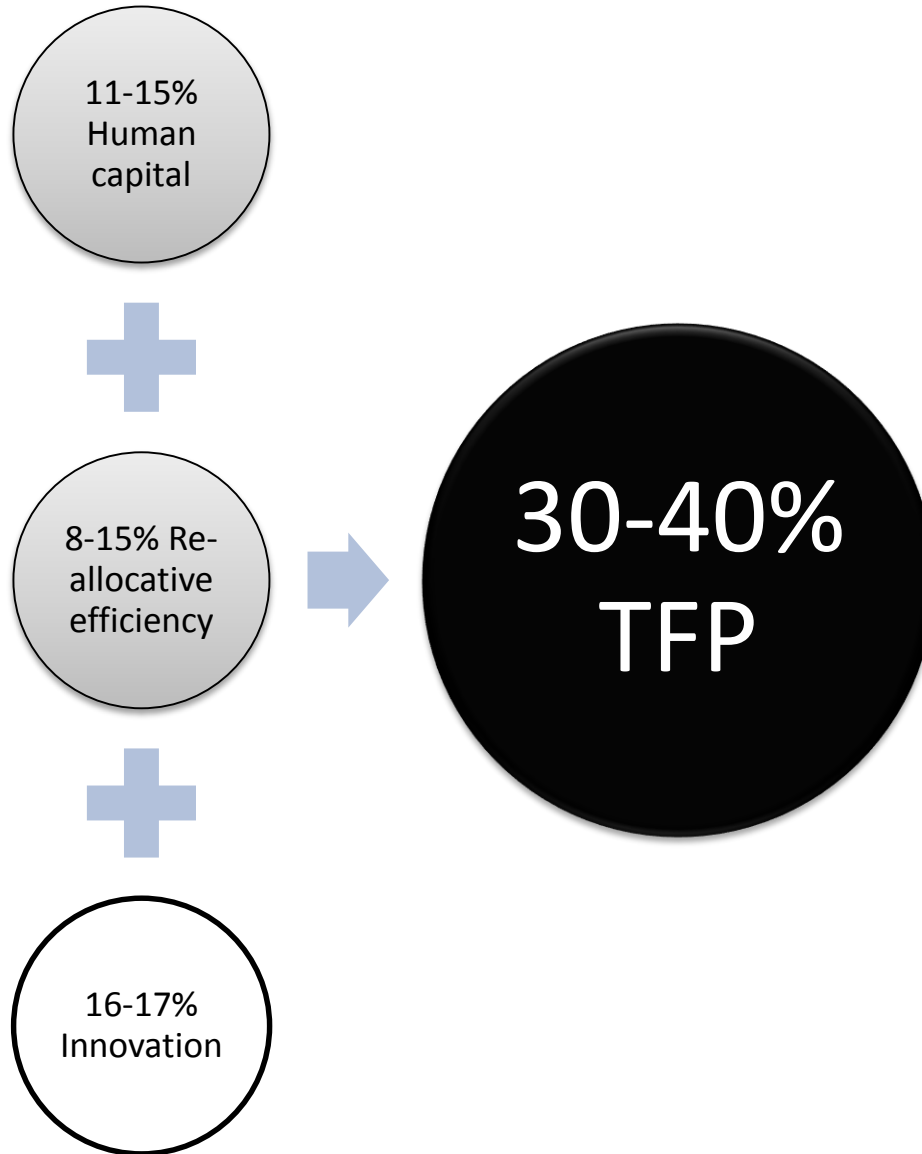
# China's impressive growth



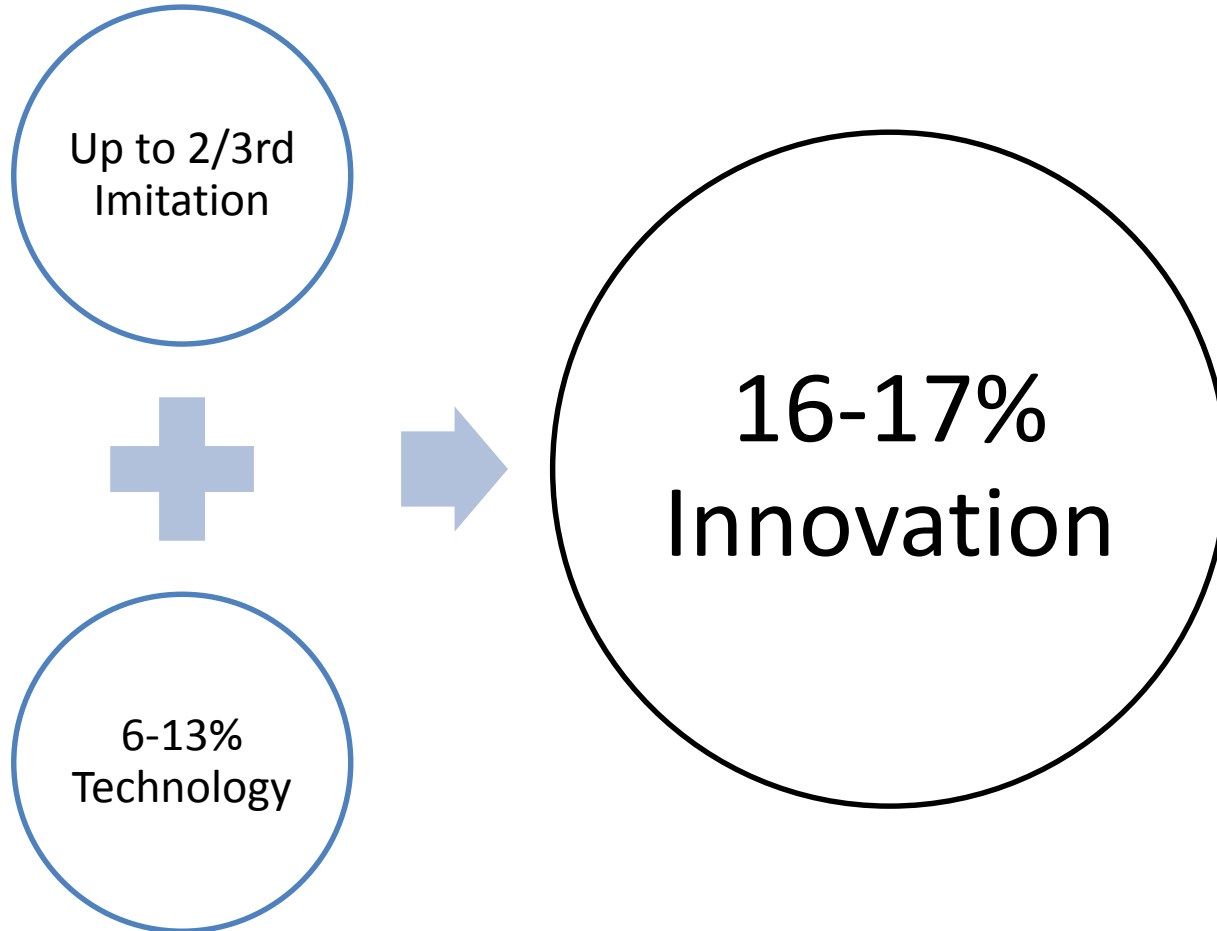
# Growth drivers











# Contributions to growth

→ Factor accumulation: 60-70%

- Capital accumulation: 50%
- Labour accumulation: 10-20%

→ Total Factor Productivity (TFP): 30-40%

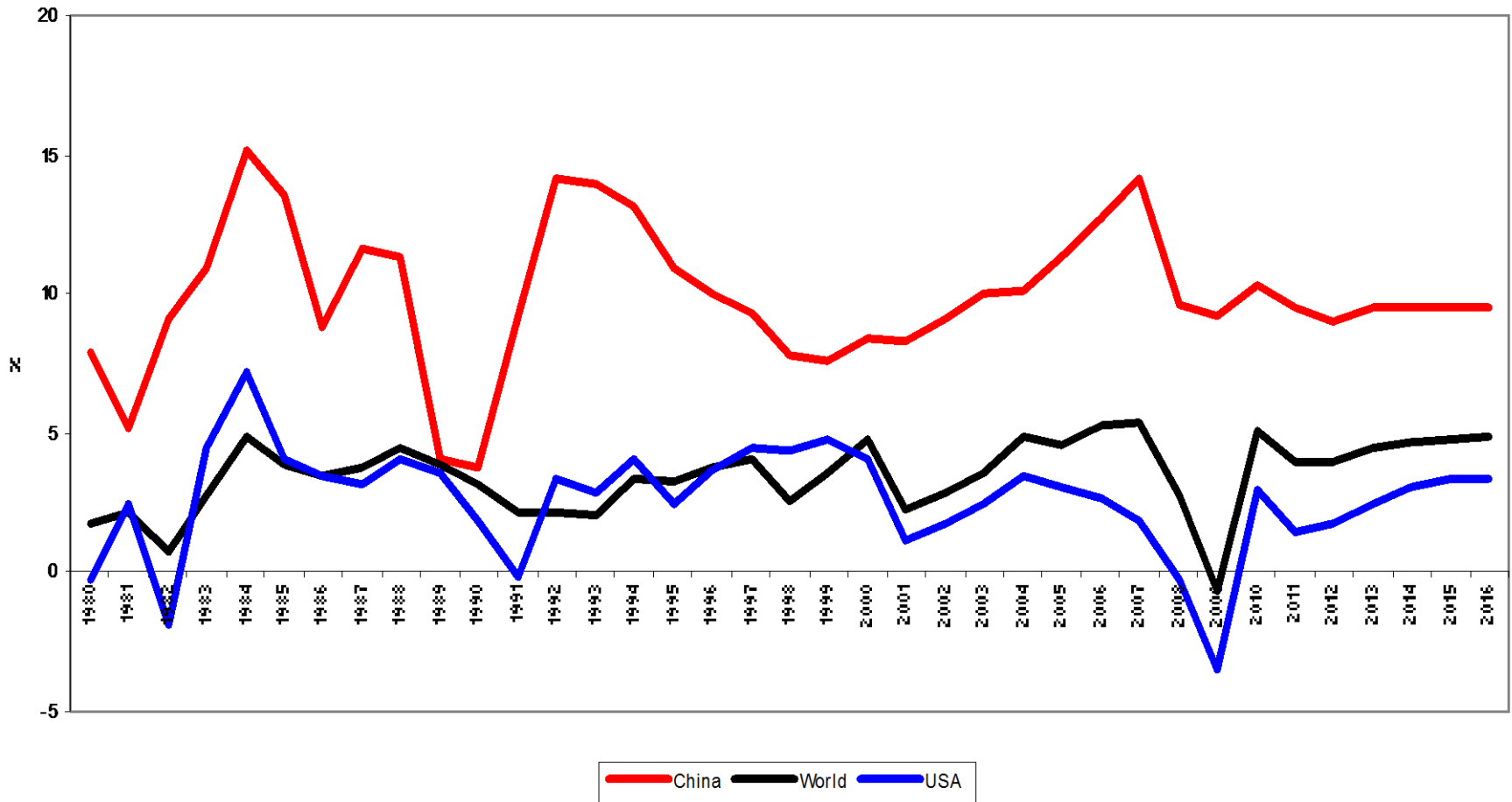
- Human capital: 11-15%
- Factor re-allocation: 8-15%
- Innovation: 16-17% minus “imitation” = 6-13%

# Re-balancing challenges

- (1) Increase reliance on own market, less on exports
- (2) Raise consumption, reduce inefficient savings
- (3) Grow private sector, reduce distortions from state-owned sector
- (4) Increase innovation, as imitation limits reached
- (5) Continued opening, include firms “going global”

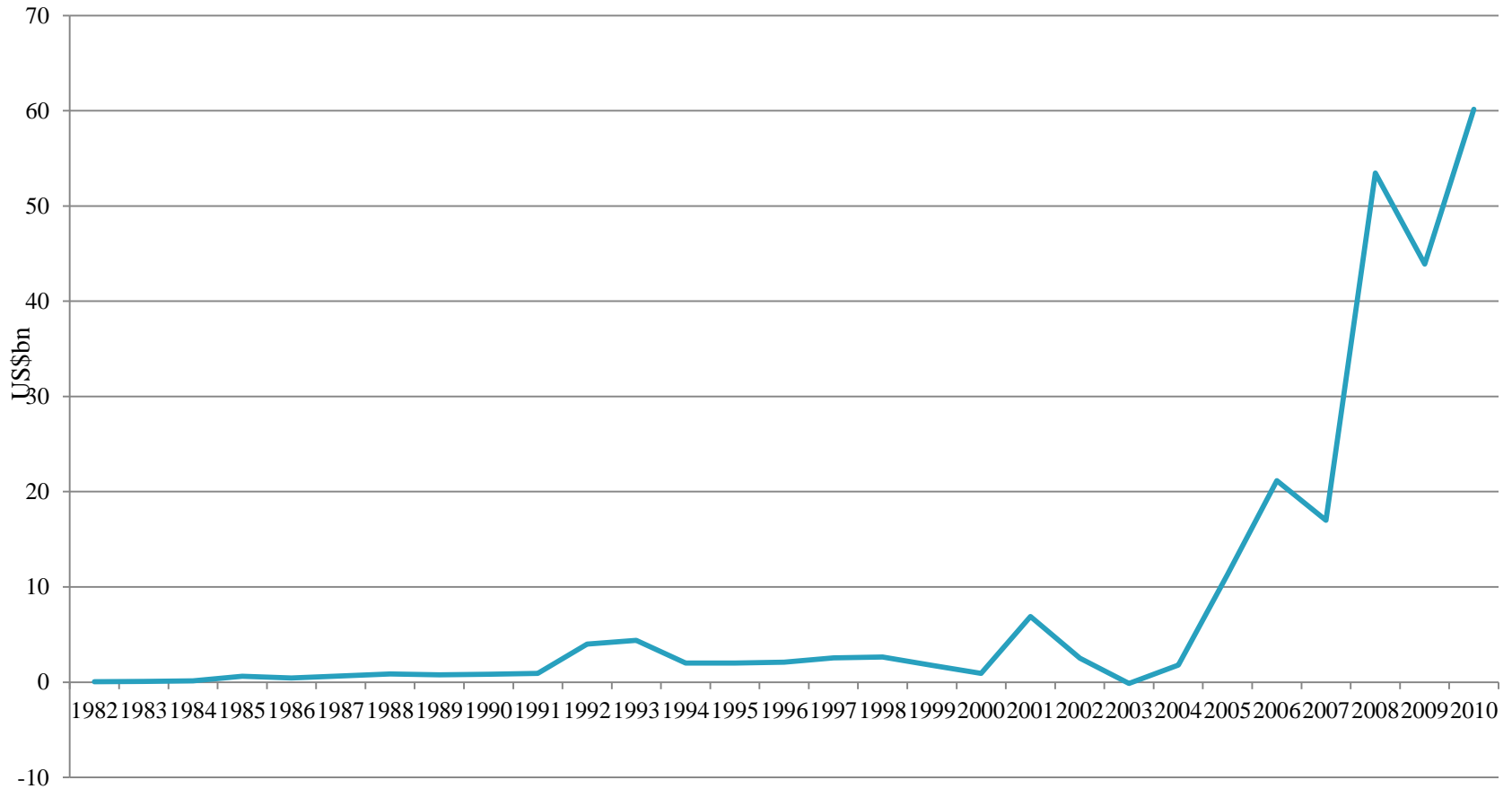
# China's role in international trade & global impact

# China rising



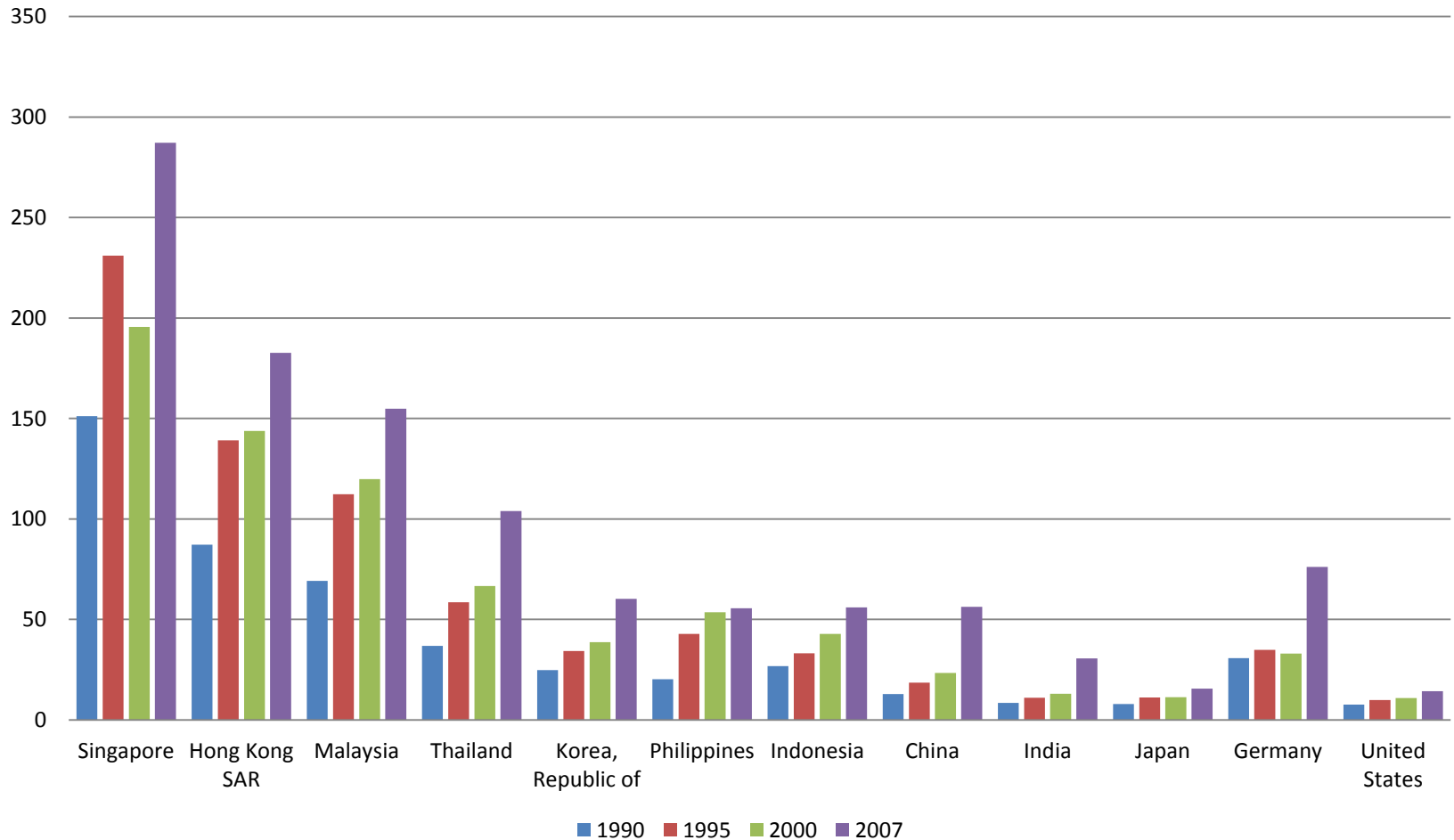
Source: IMF

# China “going global”

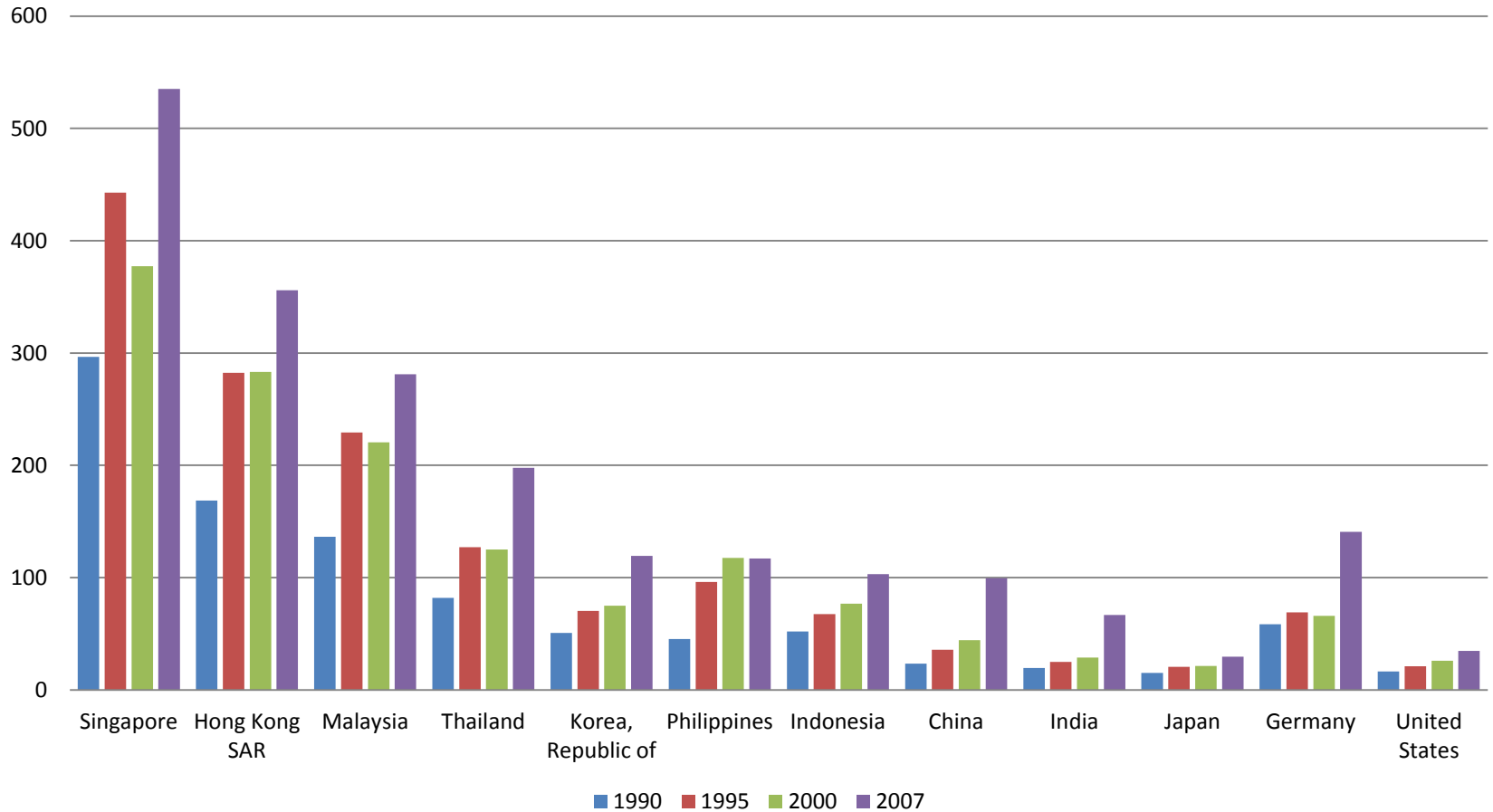


Source: IMF.

# Exports as share of GDP

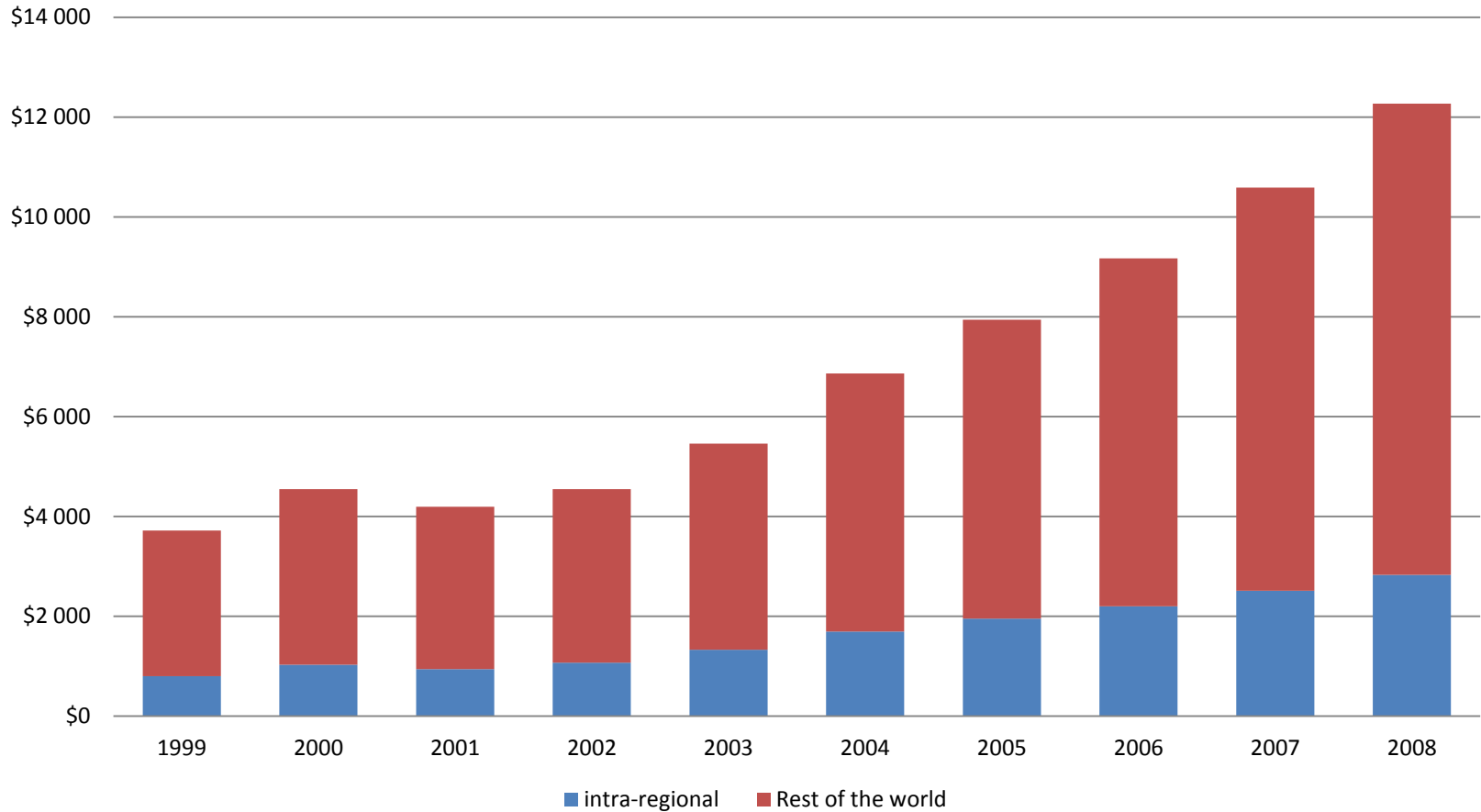


# Trade as share of GDP

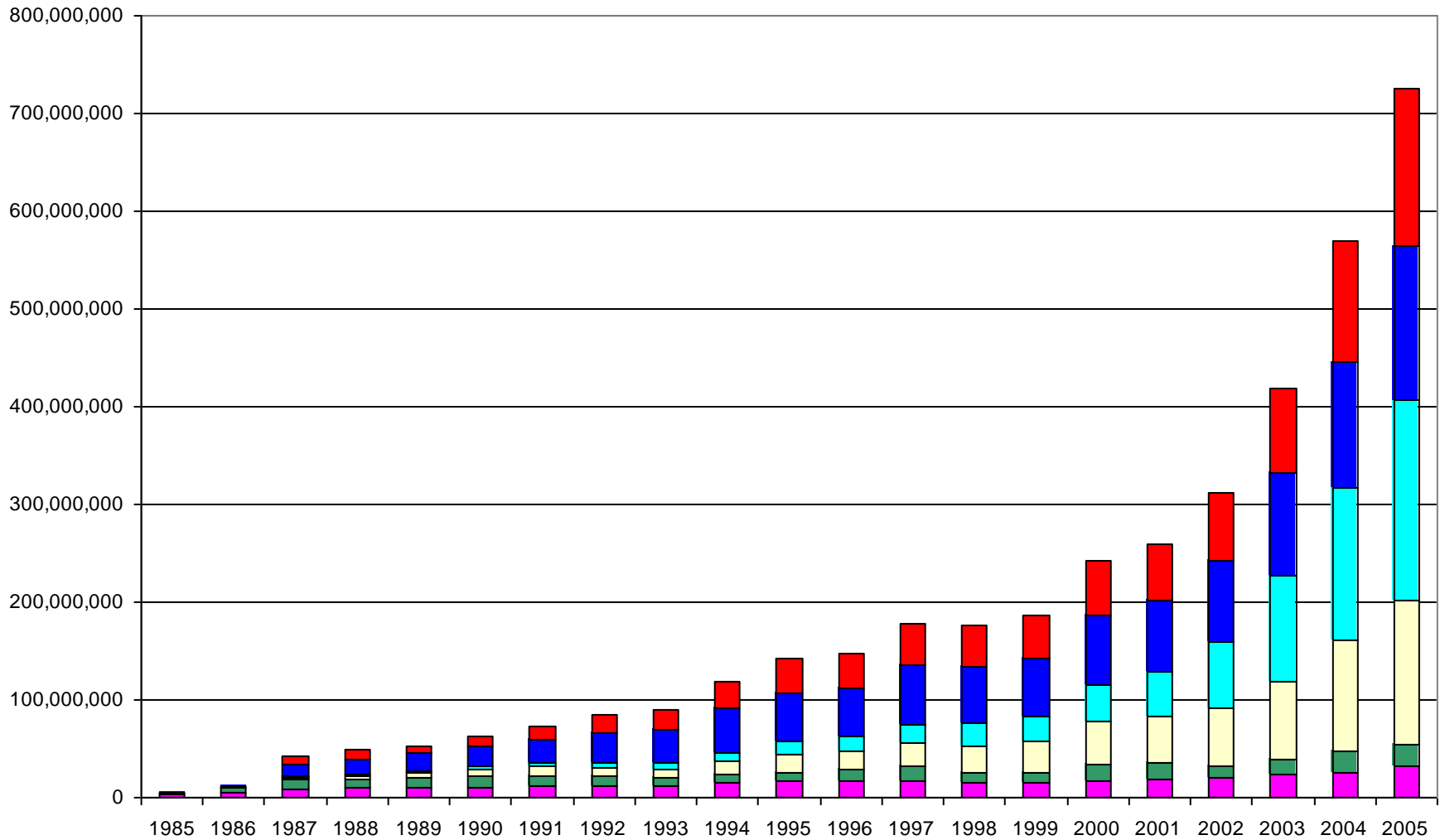




# Intra-regional/global supply chains



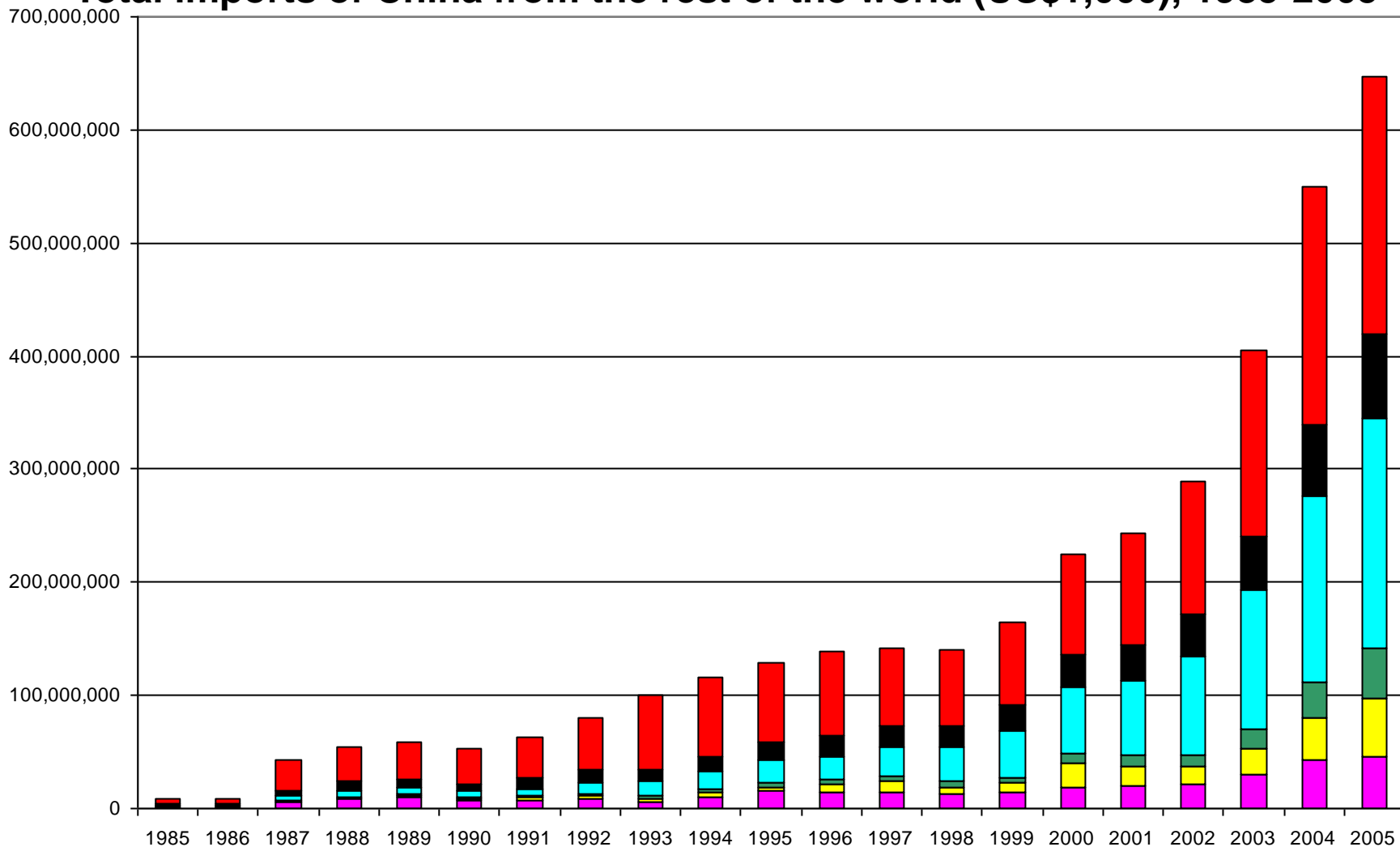
# Total exports of China to the rest of the world (US\$1,000), 1980-2005



Source: UN.



# Total imports of China from the rest of the world (US\$1,000), 1985-2005



■ Agricultural raw materials  
■ Metals and other minerals  
■ Chemicals & related products

■ Petroleum & gas  
■ Office machines, telecomm. equipment & electrical machinery  
■ Other manufactures

# China consumes (% of world's)

- 54% of aluminium, 50% of nickel, 48% of copper, 45% of steel
- 30% of rice
- 23% of gold
- 17% of wheat
- 12% of oil
- 6% of natural gas

Source: WEF.

# China's global impact

- End of commodity super-cycle
- Slowdown & economic restructuring will affect exporters, including capital goods
- Slower income growth will also have impact on multinational companies from the West