

# China's Transition to a New Growth Model

## Research Workshop on China's Economy

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Federal Reserve Bank of Atlanta

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Nicholas R. Lardy  
Anthony M. Solomon Senior Fellow  
Peterson Institute for International Economics

# Growth in Property Investment, Feb 2005 – Mar 2016

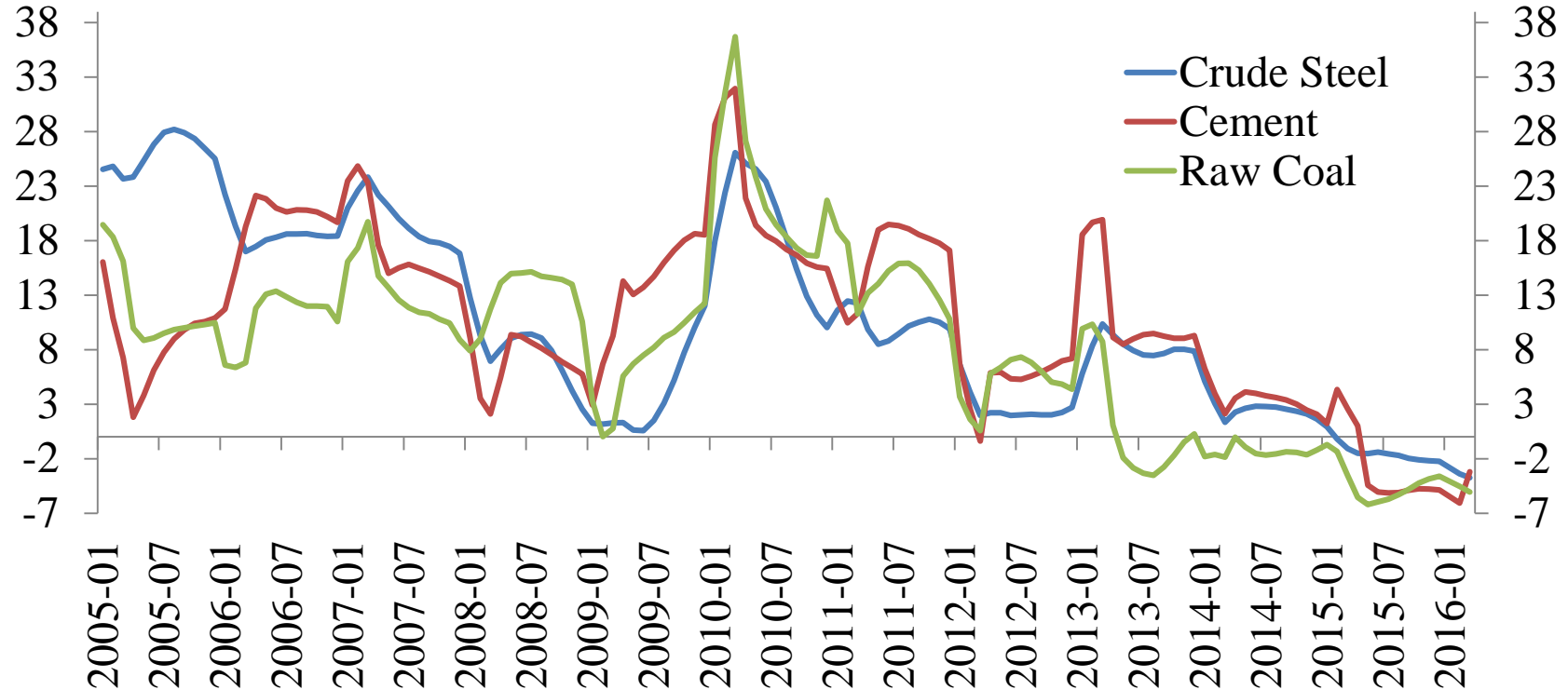
Percent (year-over-year)



Source: China National Bureau of Statistics

# Decline in Output of Industrial Products

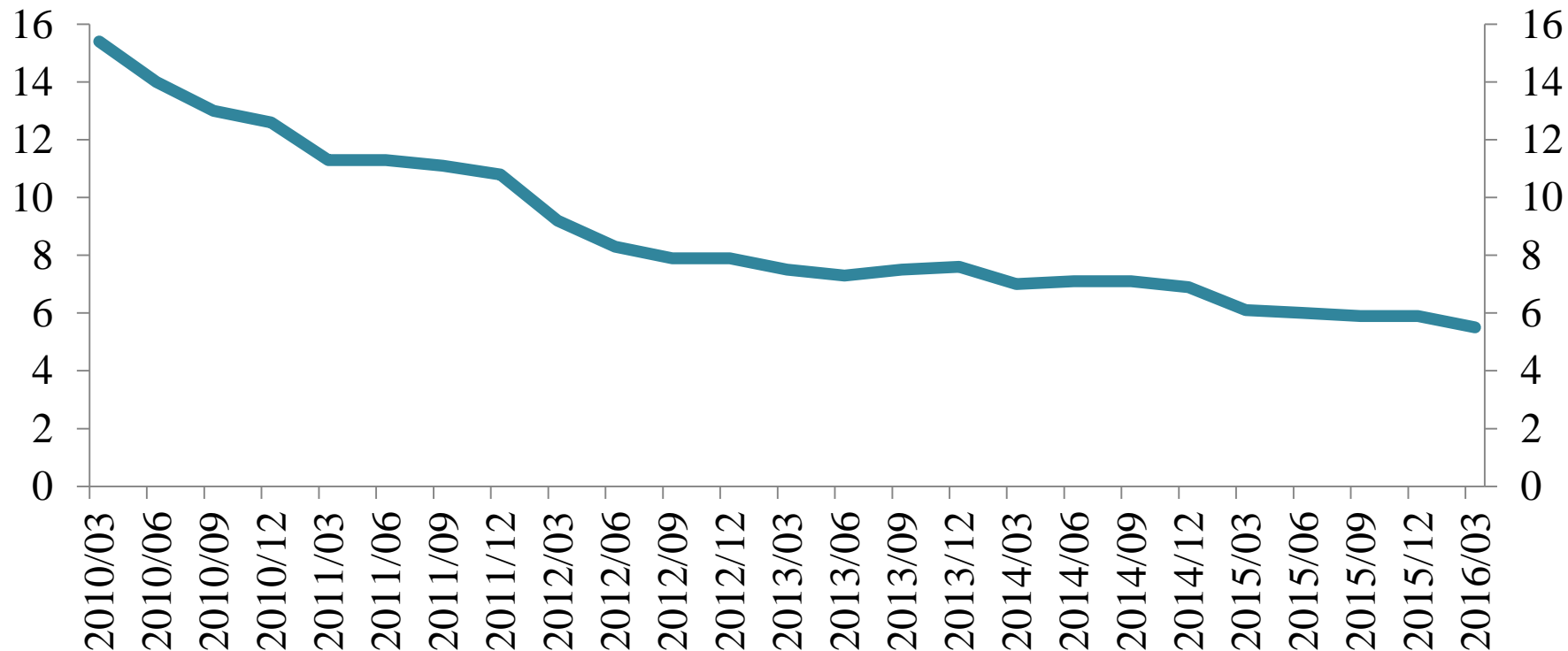
Percent (year-over-year)



Source: China National Bureau of Statistics, China Coal Transportation & Distribution

# Industrial Growth, 1Q 2010 – 1Q 2016

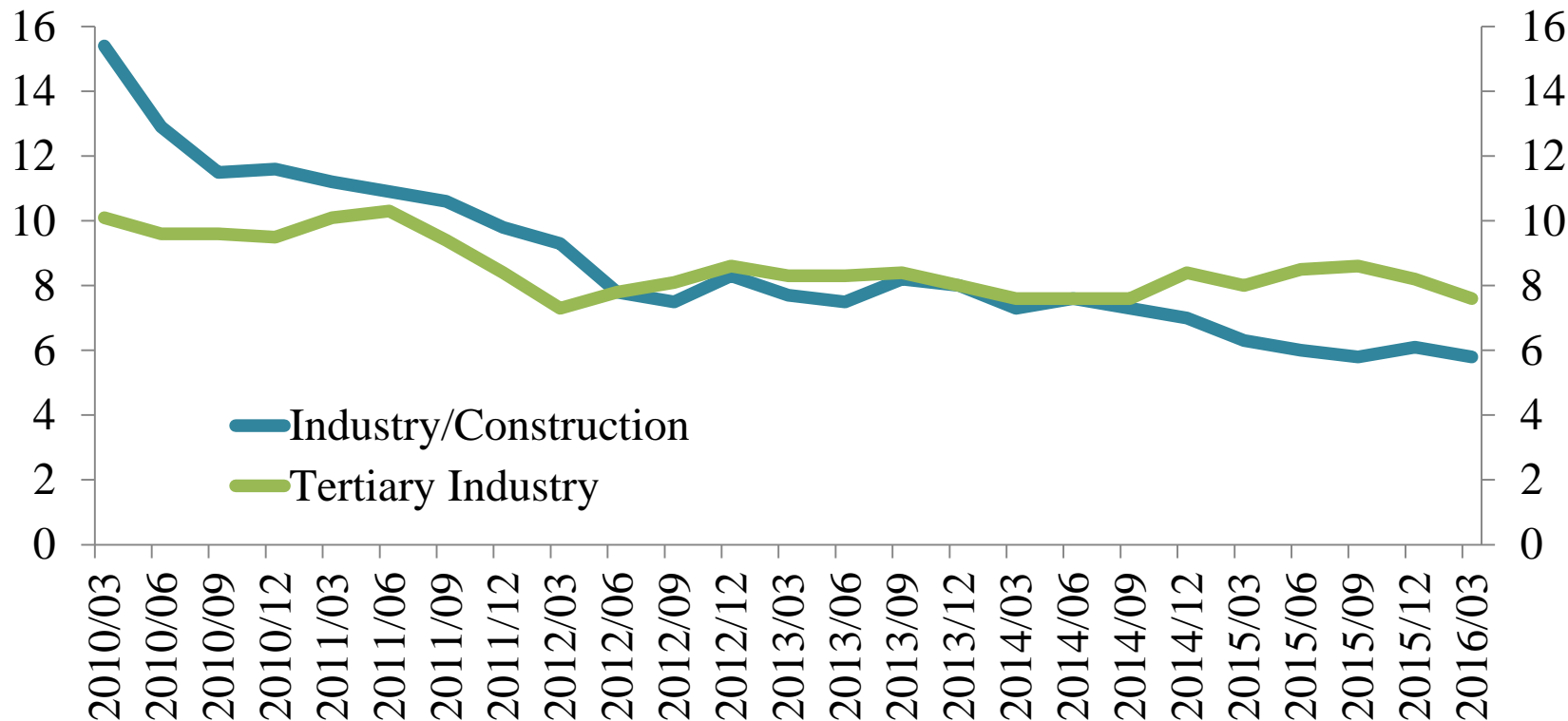
Percent (year-over-year)



Source: China National Bureau of Statistics

# Growth of Industry/Construction and Tertiary Industry, 1Q 2010 – 1Q 2016

Percent (year-over-year)



# Drivers of the Transition

## -- Demand Side

1. Demographics
2. Engel Curve --- upper middle income status
3. Build out of social safety net
4. Relative labor intensity of services

## -- Supply Side

1. No more undervaluation of the currency
2. Tax reform reducing long-standing discriminatory treatment of tertiary sector
3. Opening up to private sectors

# Private-controlled Investment in Fixed Assets, 2004 – 2014

Share (Percent)

