

Why China's Colossal Property Crisis Hasn't Led to Economic Downfall: The Enduring Strength of China's Economy Amidst Mega Turmoil

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Abstract

The stability of China's property sector and its broader economic implications have been under intense scrutiny. This paper challenges the prevalent view of China's impending economic decline due to its property market challenges. By examining China's robust response to past economic downturns, the structural strength of its property and banking sectors, and the growing diversification of its economy, this study presents a counter-narrative. It argues that China's economy possesses inherent resilience, supported by comprehensive policy tools, regulatory frameworks, and significant investments in future-oriented sectors like technology and green energy. These factors, the paper contends, not only mitigate the immediate threats posed by the property sector's slowdown but also secure China's role as a critical engine of global growth. Through this analysis, the paper aims to provide a more nuanced understanding of China's economic trajectory and its implications for the global economy.

1. Introduction

Since summer 2021, when Evergrande, the second largest property developer in China by sales, started to hold payments due on its debt estimated in the hundreds of billions of dollars, many analysts and observers have speculated on the ramifications of the property crisis, drawing parallels with historical economic downturns and contemplating scenarios ranging from a hard landing for the Chinese economy to a more prolonged period of stagnation akin to Japan's "Lost Decade." With the fire that has since spread, notably to Evergrande's rival Country Garden, the property sector's woes have been likened to a ticking time bomb, with the potential to drag down the economy due to its accounting for up to 20%¹ contribution to GDP and its interconnectedness with various sectors, from construction to financial services. The dramatic slowdown in the property sector has fueled analysts' arguments that this signals the inevitable end of China's status as a global economic powerhouse.

The IMF² and the World Bank³ are among the institutions that have raised concerns about the potential for a Chinese economic downturn or a systemic banking crisis stemming from the ongoing property crisis. By pointing to historical instances where credit-driven property

¹ <https://www.imf.org/en/News/Articles/2024/02/02/cf-chinas-real-estate-sector-managing-the-medium-term-slowdown>

² <https://www.france24.com/en/live-news/20240202-china-economic-slowdown-to-persist-through-2028-imf>

³ <https://www.worldbank.org/en/news/press-release/2023/12/14/sustained-policy-support-and-deeper-structural-reforms-to-revive-china-s-growth-momentum-world-bank-report>

booms have led to significant banking crises, these institutions emphasize the serious challenges China's economy faces amidst the property crisis.

This paper presents a contrarian view to the widespread speculation of China's economic downfall. It explores the hypothesis that the property slump in China does not pose a significant threat to its economy or the collapse of its banking system, and that the economy will not face severe disruption as consequence. Additionally, it argues that China will remain a vital contributor to global growth despite the challenges in its property sector. This counter-perspective is grounded in three critical arguments. First, it underscores the country's demonstrated resilience in navigating through past economic crises, leveraging a comprehensive toolkit of policy measures, regulatory reforms, and strategic interventions to stabilize and stimulate growth. Secondly, the paper highlights the relatively strong foundations of China's property and banking sectors, which, despite current stresses, are reinforced by robust regulatory frameworks and substantial government backing. Finally, it points to the burgeoning diversification within China's economy, emphasizing the significant contributions to GDP from future-ready sectors such as technology, green energy, and services. These elements collectively form a compelling argument for China's sustained economic robustness and its important role in global growth dynamics.

2. The Property Crisis

China's economy has encountered formidable challenges stemming from persistent issues within the property sector, a pivotal component that has historically fueled rapid economic expansion. According to the IMF, this sector contributes a critical role in shaping China's economic landscape.

In the recent years, the property sector has significantly underperformed other sectors of the economy and has been a negative contributor to China's overall economic growth since 2022, driving a recent economic slowdown in the country.



Figure 1: Contribution of Property-related activities to GDP Growth (%)

Figure 1⁴ illustrates the negative contribution of the property sector to GDP growth, which has narrowed from about 4% in 2022 to less than 2% in 2023.

Home prices became significantly stretched relative to household incomes in the decade before the pandemic, due to consumers' preference to invest their considerable savings in property given the scarcity of attractive alternative savings options.

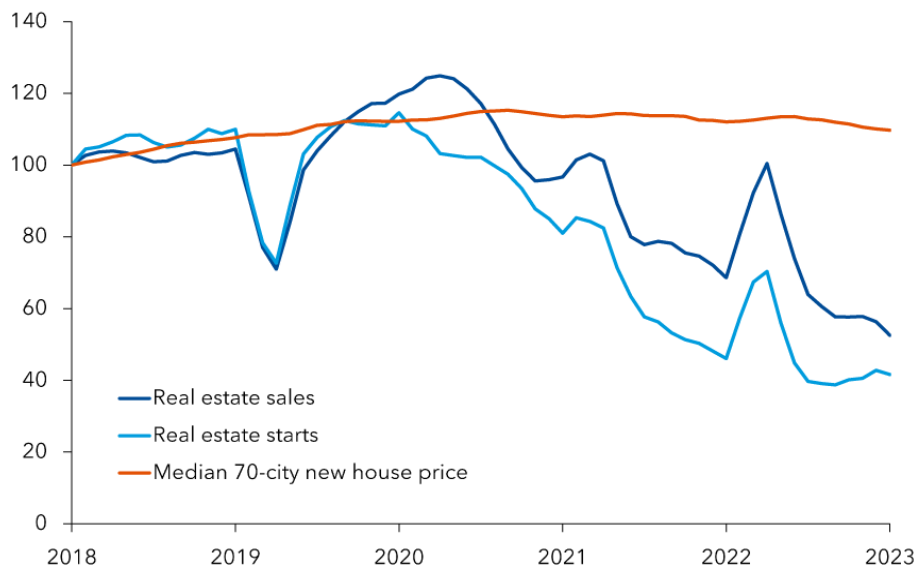


Figure 2: China Residential Estate Prices (index: December 2018=100)

Figure 2⁵ illustrates the dramatic slowing down of property activity, as evidenced by the decrease in real estate sales. However, home prices have fallen only modestly, indicating potential unresolved pressures.

The overheated property market in China prompted developers to accumulate substantial debt to construct apartments in anticipation of robust demand. This excessive building spree resulted in an oversupply, leaving one-fifth of homes vacant across the country. Government interventions, including the implementation of debt ratios for developers in 2020, initially aimed to temper the market enthusiasm but ultimately exacerbated the crisis in 2021, notably evidenced by the debt woes of Evergrande, a major property player.

Since the start of 2020, over 60 Chinese property issuers, collectively holding more than \$140 billion in outstanding dollar bonds⁶, have defaulted. While developers are restructuring their debt, the limited remaining liquidity poses a significant risk of further defaults.

⁴ Financial Times, 2023, <https://www.ft.com/>

⁵ Haver Analytics, CEIC Data Co. Ltd, and IMF staff calculations, 2024

⁶ Bloomberg, Barclays Research, Dec 2023

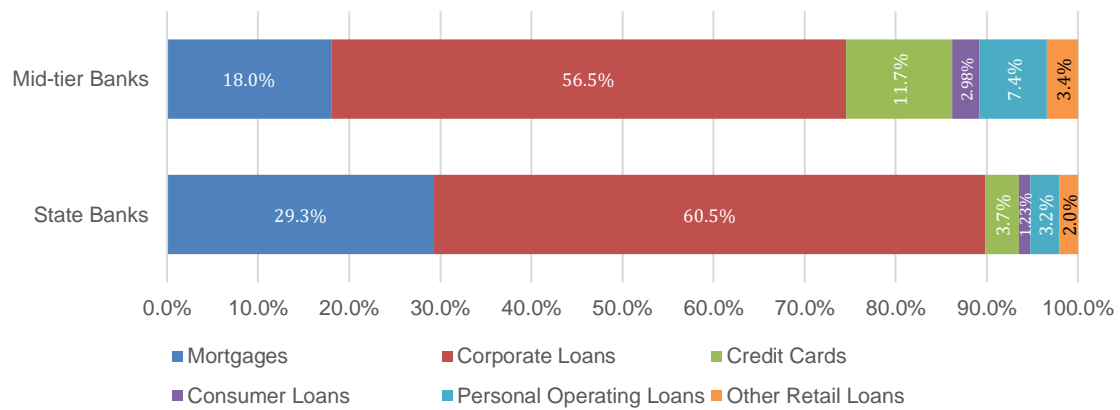


Figure 3: Loan Composition for Fitch-rated Banks, 2022⁷

Despite the government’s attempts to contain the crisis, historical patterns including the demise of the once venerated American bank which triggered the 2008 Financial Crisis, indicate that credit-driven property booms often culminate in major banking crises, heightening concerns over financial stability. With property developers burdened by substantial debt and increasing defaults, alongside looming risks in the banking sector, Chinese authorities are confronted with the complex task of managing economic stability while addressing systemic vulnerabilities within the property market.

3. The Resilience and Capacity of China’s Economy in Facing Turmoil

The Chinese government's track record reveals a dual advantage in its approach to economic management: a wealth of experience garnered from navigating periods of turbulence, coupled with a robust arsenal prepared for addressing potential future economic downturns. This combination underscores not just a historical adeptness at steering through crises but also a proactive stance towards economic resilience.

3.1. Economic Resilience and Crisis Management in China

Over the past three decades, China has demonstrated remarkable economic resilience, consistently achieving high growth rates despite various global challenges. This period has highlighted the nation's ability to stabilize and navigate through economic turbulence effectively. Key moments such as the Global Financial Crisis (2008-2009), the 2015 Stock Market Turbulence, and the COVID-19 Pandemic (2020-2023) tested China's economic management strategies. During these times, China implemented a series of policy measures and regulatory reforms aimed at mitigating the adverse effects of these crises on its economic landscape. Remarkably, throughout these challenging periods, China did not experience any negative GDP growth, showcasing its capacity to maintain economic stability.

⁷ <https://www.fitchratings.com/research/structured-finance/mortgage-prepayments-could-pressure-chinese-banks-profitability-rmbs-16-02-2023> (February, 2023)

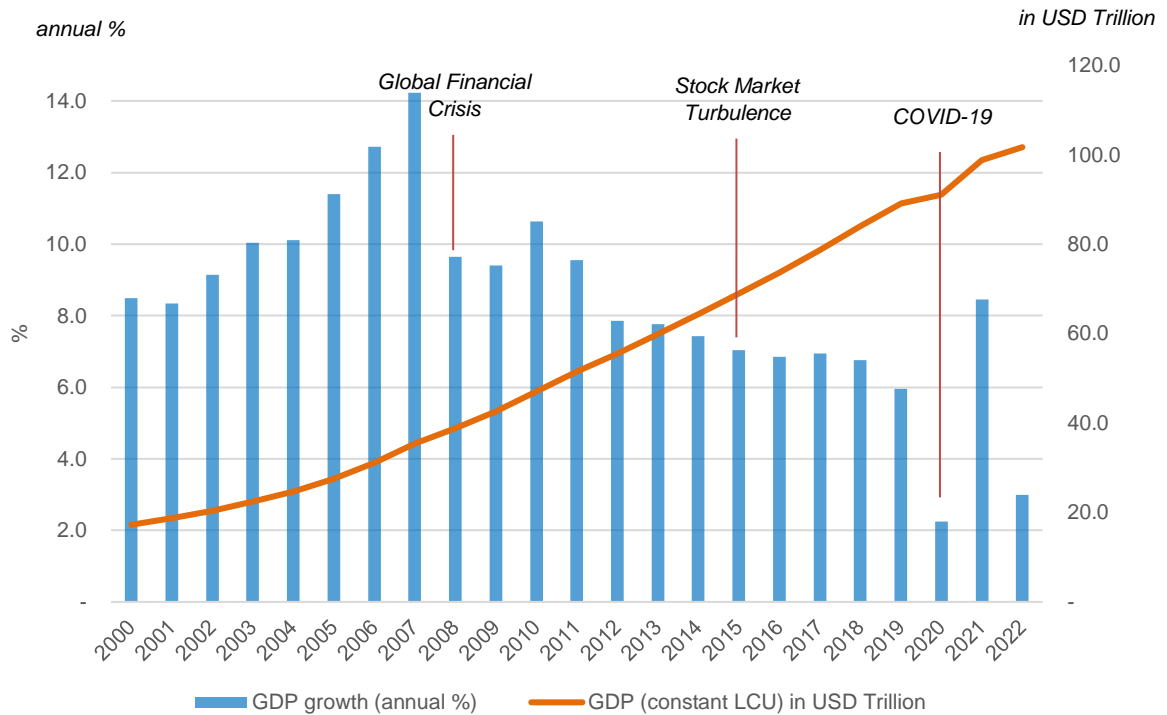


Figure 4: China's GDP, GDP Growth and Economic Turmoil since 2000

As illustrated in Figure 4⁸, China's adept handling of significant economic crises underscores its strategic approach to economic management. The country's success in navigating these crises without succumbing to recessionary pressures is particularly notable. During the Global Financial Crisis and subsequent economic disturbances, China's government utilized a mix of fiscal stimulus, monetary easing, and infrastructural investments to bolster the economy. Similarly, during the COVID-19 pandemic, rapid and effective containment measures combined with economic support initiatives helped sustain growth. This proactive and robust economic policy framework has not only enabled China to steer clear of negative growth but has also reinforced its role as a stabilizing force in the global economy.

Box 1: China's Strategic Economic Interventions Across Crises

China's economic history is marked by its strategic responses to various crises, utilizing a mix of policy adjustments, financial tools, and regulatory reforms to maintain stability and stimulate growth.

Asian Financial Crisis (1997-1998).

China upheld a stable Yuan to avoid exacerbating the crisis, complemented by pivotal banking reforms that included establishing asset management companies and recapitalizing major banks to fortify the financial system.

Global Financial Crisis (2008-2009).

China rolled out a substantial 4 trillion Yuan stimulus package targeting infrastructure, social welfare, and industry support, alongside monetary easing measures by the PBOC to spur lending and investment.

⁸ World Bank national accounts data and OECD National Accounts data files, <https://data.worldbank.org/>

Stock Market Turbulence (2015).

The government intervened with measures like suspending IPOs, buying stocks through state funds, and enhancing regulatory oversight to stabilize the market and curb speculative trading.

COVID-19 Pandemic Response (2020-2023).

In response to the pandemic, China implemented targeted monetary and fiscal policies, boosted healthcare investment, and focused on sustainable economic stimuli through technological and green innovations.

Through these examples, it's evident that the Chinese government has been adept to employ a comprehensive strategy in crisis management, utilizing fiscal and monetary policy tools, structural reforms, and direct interventions in markets and industries. This approach has allowed China to navigate past crises effectively, although each response also brings its challenges and lessons for future policy development.

3.2. China's Ample Policy Room for Economic Interventions

Despite being battered by recent turmoil, China still possesses a vast 'policy space' that serves as a strategic advantage, enabling dynamic economic management with a comprehensive array of policy tools. This capability enables the Chinese government to adeptly navigate through various economic challenges, ensuring stability and fostering growth. The capacity to implement a broad spectrum of monetary, fiscal, and regulatory measures demonstrates its readiness to adapt and respond to both domestic and global economic shifts.

The resilience demonstrated by China's economy, and the strategic leverage inherent in its policy capacity, are underscored, among others, by the following key indicators:

1. Low inflation rate

Consumer price inflation in China averaged at 2.0% in the ten years to 2022⁹. The sustained low inflation rates in China afford the government latitude to utilize monetary policy instruments such as quantitative easing, which can stimulate economic activity without precipitating undue inflationary pressures, thereby fostering an environment conducive to sustainable economic growth.

2. Stabil lending rates

Over the past five years, China has maintained a comparatively low and consistent lending rate of 3.450% per annum¹⁰. This stability in lending rates benefits the economy by creating a predictable financial environment, encouraging long-term investments and facilitating steady growth in consumer spending. Moreover, such consistency underscores the strength and adequacy of China's monetary policy space, allowing for calibrated adjustments as needed without destabilizing existing credit structures or economic expectations. It signifies a monetary policy that can support economic stability and growth, while retaining the flexibility to respond to financial challenges.

⁹ <https://www.statista.com/statistics/270338/inflation-rate-in-china/>

¹⁰ <https://www.ceicdata.com/en/indicator/china/bank-lending-rate>

3. Bank's Cash Requirement Ratio (CRR) remains large

Despite recent cuts, China's bank capital requirement ratio (CRR) remains high at 7.0% in early 2024, much higher than other industrialized economies such as the US at 0.0%, Germany at 1.0%, France at 1.0%, and Japan at 0.8%¹¹. This high CRR indicates a conservative monetary policy stance, providing a substantial buffer for financial stability and a strategic advantage in its monetary policy space, allowing for flexibility in addressing economic shifts without compromising bank lending capabilities.

4. Low Central Government Debt to GDP ratio

Central government debt is relatively low at less than 23% of the GDP as compared to Japan's 214% and the US' 110%¹². Thus it has ample space to issue a significant amount of central government debt to stimulate the economy through investments in areas that will reduce precautionary savings motives, increase urbanization, and ensure long-term sustained economic growth.

5. Increasing global trade value despite trade war

Despite trade tensions with the United States, in 2023 China exported goods worth approximately 3.38 trillion U.S. dollars, its second highest tally ever and positioned as number one exporter in the world. Additionally, China recorded a merchandise trade surplus of about 823.2 billion U.S. dollars, also near its historic peak¹³. The substantial trade surplus enhances China's ability to manage economic challenges and assert its interests in global trade negotiations, bolstering its economic stability and strategic autonomy in international affairs.

6. Strong and potentially increasing domestic demand

In 2024, domestic consumption in China is anticipated to contribute 73.7% to economic growth, highlighting significant potential for further increases through various mechanisms. New consumption patterns, such as urban travel and recreation, alongside a growing preference for domestically produced goods ("Made in China"), are expected to drive this increase. Additionally, continued urbanization offers substantial opportunities to boost productivity and incomes; with only 66.2% of the population residing in urban areas—lower than the approximately 80% average in developed countries—there is room to grow. The integration of 170 million migrant rural workers and their families into urban centers, providing them with full residency rights and access to public services, could increase their consumption levels by 30% in real terms. Moreover, improvements in the job market, fueled by a recovering economy and supportive employment policies, are likely to enhance disposable incomes further, thereby boosting consumption. With a vast market of over 1.4 billion people and evolving consumer preferences, China's potential for domestic consumption expansion remains immense.¹⁴

The expectation in China to contain the property crisis leans towards continued, albeit moderate, policy adjustments, with a substantial stimulus in 2024 seen as unlikely. The economy's current hurdles don't detract from the solid fundamentals or the enduring positive

¹¹ <https://www.ceicdata.com/en/indicator/china/reserve-requirement-ratio>

¹² https://www.imf.org/external/datamapper/CG_DEBT_GDP@GDD/SWE, (2022 figures)

¹³ <https://tradingeconomics.com/china/balance-of-trade>

¹⁴ https://english.www.gov.cn/news/202404/20/content_WS66232d5ac6d0868f4e8e642d.html

outlook of China's economic progress. There's no pressing need for China to resort to drastic measures like significant monetary expansion, deepening deficits, or overwhelming stimulus efforts.

4. The Structural Endurance of China's Banking System Amidst the Property Slump

In accordance with Weijian Shan¹⁵, an economist, the slump in property sector would not lead to a financial crisis due to several reasons:

1. Low Loan-to-Value Ratio

In China's major cities, the financial landscape tells a tale of prudence and stability, where the average loan-to-value (LTV) ratio of mortgages stands at a reassuring 40%. This low LTV ratio indicates that homeowners typically have substantial equity in their properties, reducing the risk of negative equity if property values were to decline. For banks, it means lower risk of loan defaults since the value of the collateral (the property) significantly exceeds the loan amount. Assuming that banks' recovery from defaulted mortgages is only limited to the foreclosure value, it would require a dramatic 40% decline in home prices for system wide CET1 ratio to fall below 7.5%¹⁶, which is the BIS regulatory minimum. This conservative lending practice suggests financial stability in the housing sector.

2. Personal Liability for Mortgages

Unlike in the United States, where homeowners may face limited personal liabilities for their mortgages, Chinese homeowners, such as those in Hong Kong, Australia, and other jurisdictions, are exposed to unlimited personal liabilities¹⁷. This crucial difference significantly reduces the likelihood of mass defaults among Chinese homeowners thus preventing Chinese banking system from being overly exposed to the situation experienced by banks in the United States during the housing bubble burst.

3. Prepaid Mortgages and Savings

The banking system in China has been inundated with an influx of cash from prepaid mortgages and above-normal savings. Since 2022, prepaid mortgages have accounted for a substantial 12% of all mortgages in the banking system. Furthermore, household savings have surged well beyond their typical levels, skyrocketing by an astounding RMB18 trillion (USD2.5 trillion) in 2022 alone, with an additional RMB12 trillion (USD1.6 trillion) amassed in just the first half of this year.

4. Secured Developer Loans

China's residual loans to property developers account for a mere fraction, less than 6% as illustrated in Figure 5¹⁸, of the loan book within the banking system. Moreover, it's crucial to note that all of these loans are securely backed by collaterals, ensuring added protection for lenders. This signals a limited direct exposure to the property sector's

¹⁵ Will China Continue to Grow?, Weijian Shan, Nov 2023

¹⁶ https://www.dbs.com.sg/treasures/aics/templatedata/article/generic/data/en/GR/072022/220722_insights_credit_abridged.xml

¹⁷ <https://www.imf.org/-/media/Files/Publications/WP/2019/wp19258-print-pdf.ashx>

¹⁸ <https://www.statista.com>

volatility, indicating financial stability and risk diversification within the banks. This low exposure is positive, as it points to a broader economic resilience, ensuring the banking sector's capacity to support economic growth despite property sector challenges. It also reflects effective regulatory oversight, although the wider economic linkages of the property sector mean that its impact extends beyond direct bank lending, necessitating

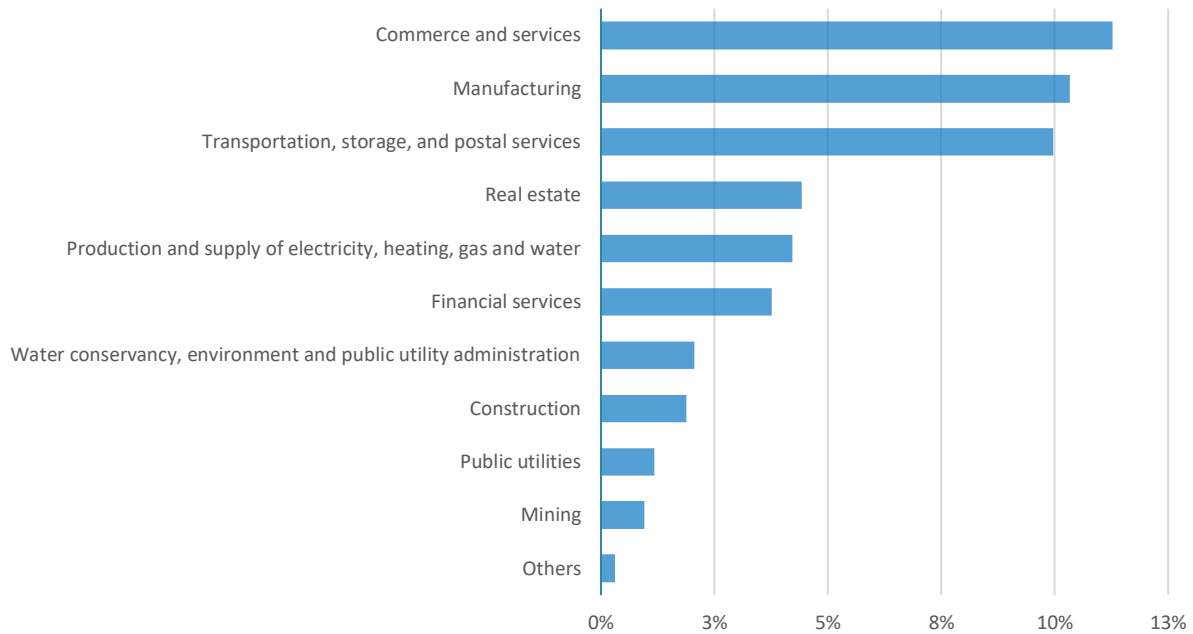


Figure 5: Corporate Loans based on Industry from Bank of China, 2022

ongoing vigilance to manage broader economic implications.

5. Strong Capital Adequacy

Chinese banking system has been able to strengthen its capital adequacy ratio overtime such that it is now capitalized at 15.1% as illustrated in Figure 6 , significantly higher than the Basel III requirement at 10.5%. This substantial capital cushion underscores the

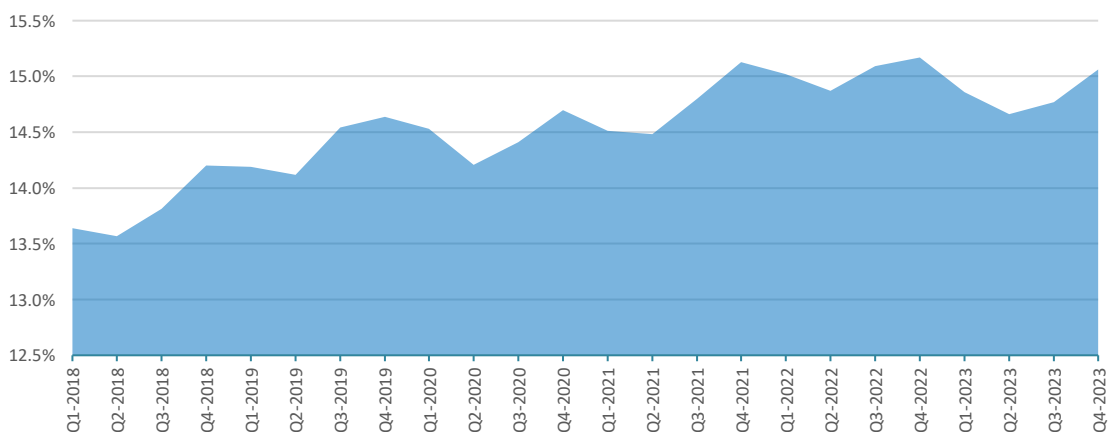


Figure 6: China's Capital Adequacy Ratio

financial strength and resilience of Chinese banks, providing a solid foundation to withstand various economic stresses and potential shocks.

6. Non-Performing Loan Management

Chinese banks maintain a relatively low average non-performing loan (NPL) ratio of about 1.7% as illustrated in Figure 7¹⁹ - much lower than its peers in BRICS. While NPLs have seen an uptick in recent years, banks swiftly address this issue by either selling or writing off these loans. This is primarily because China's regulatory requirement mandates setting aside reserves to cover NPLs at a rate of more than 100%, surpassing standards seen in other countries. As a result, Chinese banks find it impractical to retain NPLs on their books for an extended period – leading to Chinese Bank's low exposures to bad debts.

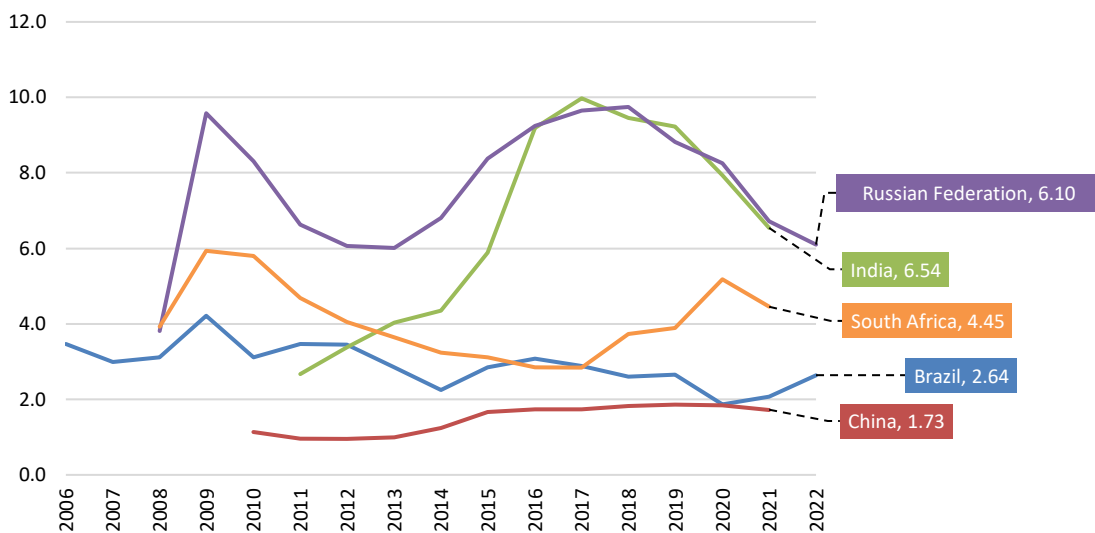


Figure 7: Bank Non-Performing Loans to Total Gross Loans (%)

Overall, these factors strongly indicate that despite challenges in the property sector, the Chinese banking system is firmly positioned to weather the ongoing shock. Consequently, the property slump, even with the current magnitude, is not anticipated to culminate in a banking crisis.

5. The Next Engines of Growth Post Property Sector Collapse

At its height, it was estimated that China's residential property sector accounted for roughly 25% to 30% of the nation's GDP. The current difficulties within this sector pose a significant question to China's economic expansion, with potential repercussions extending globally. This is particularly impactful given China's role as the single largest driver of global economic growth over the past few decades.

¹⁹ International Monetary Fund and Financial Soundness Indicators, <https://data.worldbank.org/>

While the property sector in China is projected to experience a slowdown, China's role as a global growth contributor remains intact for several compelling reasons. Notably, while properties may no longer be the primary driver of economic growth, other sectors are poised to assume this role. This diversification of economic drivers underscores China's resilience and capacity to sustain its global growth trajectory despite challenges in the housing market.

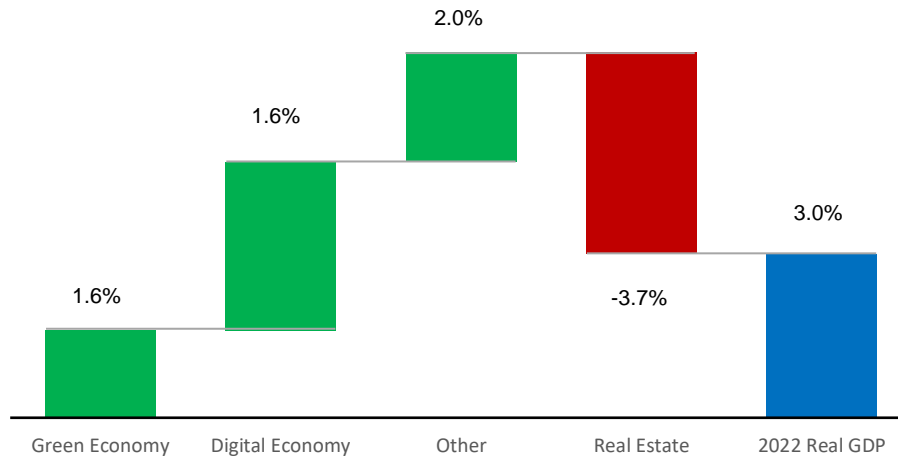


Figure 8: Breakdown of China GDP Growth, 2022

As illustrated in Figure 8²⁰, the decline in the real estate sector is juxtaposed against the growth trajectories of other sectors, particularly the green economy and the digital economy. Despite the challenges faced by the real estate sector, these burgeoning sectors continue to contribute positively to China's GDP growth. Their sustained expansion serves as a counterbalance to the slowdown in real estate, further emphasizing China's economic resilience and capacity for diversified growth. This multifaceted growth dynamic underscores the complexity of China's economic landscape and highlights the importance of monitoring and understanding the interplay between various sectors in shaping the nation's economic trajectory.

5.1 Green Economy

Renewable Energy Leadership

China is the world's largest producer and consumer of renewable energy. It leads in the installation of solar photovoltaics (PV) and wind power, driven by government policies that favor renewable over fossil fuels. In 2022, China installed roughly as much solar photovoltaic capacity as the rest of the world combined, then went on in 2023 to double new solar installations, increase new wind capacity by 66 percent, and almost quadruple additions of energy storage²¹. In manufacturing side, China dominates the global solar energy market as it produces over 80% of the world's solar panels²². Similarly, in wind

²⁰ China National Bureau of Statistics, BNEF, CAICT, KKR Global Macro & Asset Allocation Analysis, <https://www.kkr.com/>

²¹ <https://e360.yale.edu/features/china-renewable-energy>

²² <https://www.iea.org/reports/solar-pv-global-supply-chains/executive-summary>

energy, China has the largest installed capacity globally, with ambitious plans to continue expanding its offshore and onshore wind farms.²³

Electric Vehicles and Battery Technology

In the electric vehicle (EV) market, China is both the largest manufacturer and market²⁴. Government incentives, substantial investments in charging infrastructure, and policies favoring EV adoption have propelled China to the forefront of the EV revolution. Chinese companies like BYD and CATL are key players in EV production and battery technology, respectively, influencing global markets and supply chains.

Green Finance and Investments

China is also pioneering in green finance, introducing policies and financial instruments to fund environmentally sustainable projects. It is one of the largest markets for "green bonds," which are used to finance projects that have positive environmental benefits, such as renewable energy, pollution prevention, and conservation projects.

5.2 Digital Economy

Digital Economy and E-commerce

China's digital economy is another significant growth driver, with the country being home to some of the world's largest and most innovative internet companies, such as Alibaba, Tencent, and ByteDance. China's e-commerce market is the largest globally, generating almost 50 percent of the world's transactions²⁵, facilitated by a robust digital payment ecosystem and widespread internet penetration. This digital boom has extended to various sectors, including online retail, fintech, and cloud computing, contributing significantly to GDP growth and technological innovation.

Artificial Intelligence (AI) and 5G Technology

China's has been ranked second in the world in terms of scale of computing power in 2023. With the number of domestic artificial intelligence (AI) enterprises surpassed 4,400, China has set ambitious goals to become the world leader in AI by 2030²⁶. With substantial government funding and strategic planning, Chinese companies and research institutions are making significant advances in AI research and application, including facial recognition, autonomous vehicles, and smart cities technologies. Similarly, in 5G technology, China is a global leader, with Chinese companies like Huawei and ZTE at the forefront of 5G equipment manufacturing and network rollout. The rapid deployment of 5G networks in China serves as a foundation for the next generation of digital services and industrial applications, from smart factories to telemedicine.

²³ <https://about.bnef.com/blog/chinas-goldwind-retains-turbine-supplier-lead-as-global-wind-additions-hit-new-high-according-to-bloombergnef>, March 27, 2024

²⁴ <https://hbr.org/2024/01/3-drivers-of-chinas-booming-electric-vehicle-market>

²⁵ <https://www.trade.gov/country-commercial-guides/china-ecommerce>

²⁶ <https://www.globaltimes.cn/page/202401/1305732.shtml>

5.3 Other

Infrastructure Development

China's approach to infrastructure development, both domestically and internationally, through initiatives like the Belt and Road Initiative (BRI), is reshaping global trade and economic relationships. The BRI aims to enhance global trade and stimulate economic growth across Asia and beyond by building massive infrastructure projects, including roads, bridges, and railways²⁷. This initiative not only exports China's construction standards and technologies but also opens up new markets for Chinese goods and increases China's influence in global economic affairs.

Manufacturing and Supply Chains

China, continues leading global manufacturing sector for 14 straight years, remains the world's manufacturing powerhouse²⁸. Often referred to as the "world's factory" China is accounting for approximately 30% of global manufacturing output. China's ability to produce goods across different sectors—from consumer electronics to machinery and textiles—and its integration into global supply chains are crucial for many countries' economies. The recent push towards upgrading its manufacturing capabilities through "Made in China 2025"²⁹ aims to move Chinese manufacturing up the value chain, focusing on high-tech and precision goods such as robotics, aerospace, and integrated circuits.

Biotechnology and Pharmaceuticals

Finally, China's biotechnology and pharmaceutical sectors are emerging as significant growth areas, with the country making considerable investments in research and development. China is rapidly advancing in biomedicine, genomics, and pharmaceuticals, aiming to reduce its dependency on foreign technology and become a leader in healthcare innovation.

These sectors illustrate China's multifaceted role as a global growth engine. Through a combination of strategic government policy, robust industrial activity, and heavy investment in technology and infrastructure, China seems to be not only ensuring its economic future but also significantly influencing global economic trends and opportunities.

The depth and breadth of China's integration into the global economy make it a pivotal player in shaping the international economic landscape of the 21st century. As the largest trading partner for over 140 countries while at the same time dominating economic sectors of the next mega trends, China remains a key player in the global economy and will arguably continue to make significant contributions to global economic growth in foreseeable future.

²⁷ <https://eng.yidaiyilu.gov.cn/>

²⁸ <https://news.cgtn.com/news/2024-01-19/Official-China-leads-global-manufacturing-for-14-straight-years-1quoYwDtzos/p.html>

²⁹ <https://merics.org/sites/default/files/2020-04/Made%20in%20China%202025.pdf>

Box 2: China will remain the largest growth engine for the world in spite of its slowdown.

China's economy expanded 5.2% in 2023, matching the official target of around 5%. For 2024 figure, Asian Development Bank (ADB)³⁰ forecasts China to post annual GDP growth of 4.8%. Even with slower growth, ADB data estimated China will account for 46% of growth in developing Asia in 2024-2025. China currently accounts for 18% and 48% of global and Asian GDP, respectively, based on purchasing power parities exchange rates. China's GDP surpasses the combined economies of Japan, Germany, the United Kingdom, and India. Within China, Guangdong alone boasts a nominal GDP that exceeds that of Canada. Furthermore, the Yangtze River Delta, with Shanghai at its core, generates a GDP comparable to that of Germany³¹.

The ADB report believes China is poised to maintain a significant role in the global economy for the foreseeable future, accounting for nearly half of the GDP within the Asia Pacific region. Additionally, it is anticipated to be the foremost contributor to worldwide economic growth, surpassing all other national economies in its impact. This economic influence underscores China's critical position in both regional and global markets.

Economy	2023 (%)	2024 (% , projected)
China	5.2	4.8
US	2.5 ³²	2.4 ³³
Japan	1.9 ³⁴	0.8 ³⁵
Germany ³⁶	-0.3	0.3

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6. Conclusion

In conclusion, this paper challenges the prevailing narrative of China's imminent economic decline in the face of its colossal property crisis. By highlighting China's historical resilience in navigating economic turbulence, the structural strength of its property and banking sectors, and the ongoing diversification of its economy into innovative sectors like technology and green energy, the study presents a nuanced perspective on China's economic trajectory. Through a combination of robust policy measures, regulatory frameworks, and investments in future-oriented industries, China is poised to overcome the immediate challenges posed by the property sector slowdown and maintain its role as a vital contributor to global economic growth. This analysis underscores the enduring strength of China's economy amidst mega turmoil and emphasizes its potential to emerge stronger from the current crisis, solidifying its position as a key player in the global economic landscape.

³⁰ Asian Development Bank Outlook, April 2024, <https://www.adb.org>

³¹ <https://www.trade.gov/knowledge-product/exporting-china-market-overview>

³² <https://www.oecd.org/>

³³ <https://www2.deloitte.com/xen/en/insights/economy/us-economic-forecast/united-states-outlook-analysis.html>

³⁴ <https://www.oecd.org/>

³⁵ Japan's Economy Monthly Outlook, Daiwa Institute of Research, Feb 2024,

https://www.google.com/url?sa=t&source=web&rct=j&opi=89978449&url=https://www.dir.co.jp/english/research/report/jmonthly/2024_0308_024290.pdf&ved=2ahUKewiry7icINOFaxX_8zgGHTeaDhkQFnoECBAQAw&usg=AOvVaw2R6zeatCJpnoZYvkvfq2pB

³⁶ https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/germany/economic-forecast-germany_en