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Global economic rebalancing - China records first current account deficit in 20 years

China records first current account deficit in 20 years, ending the tradition of accumulating big trade surpluses as a top exporter for a period during which it amassed the world's largest foreign exchange reserves of over USD 3.2 trillion.

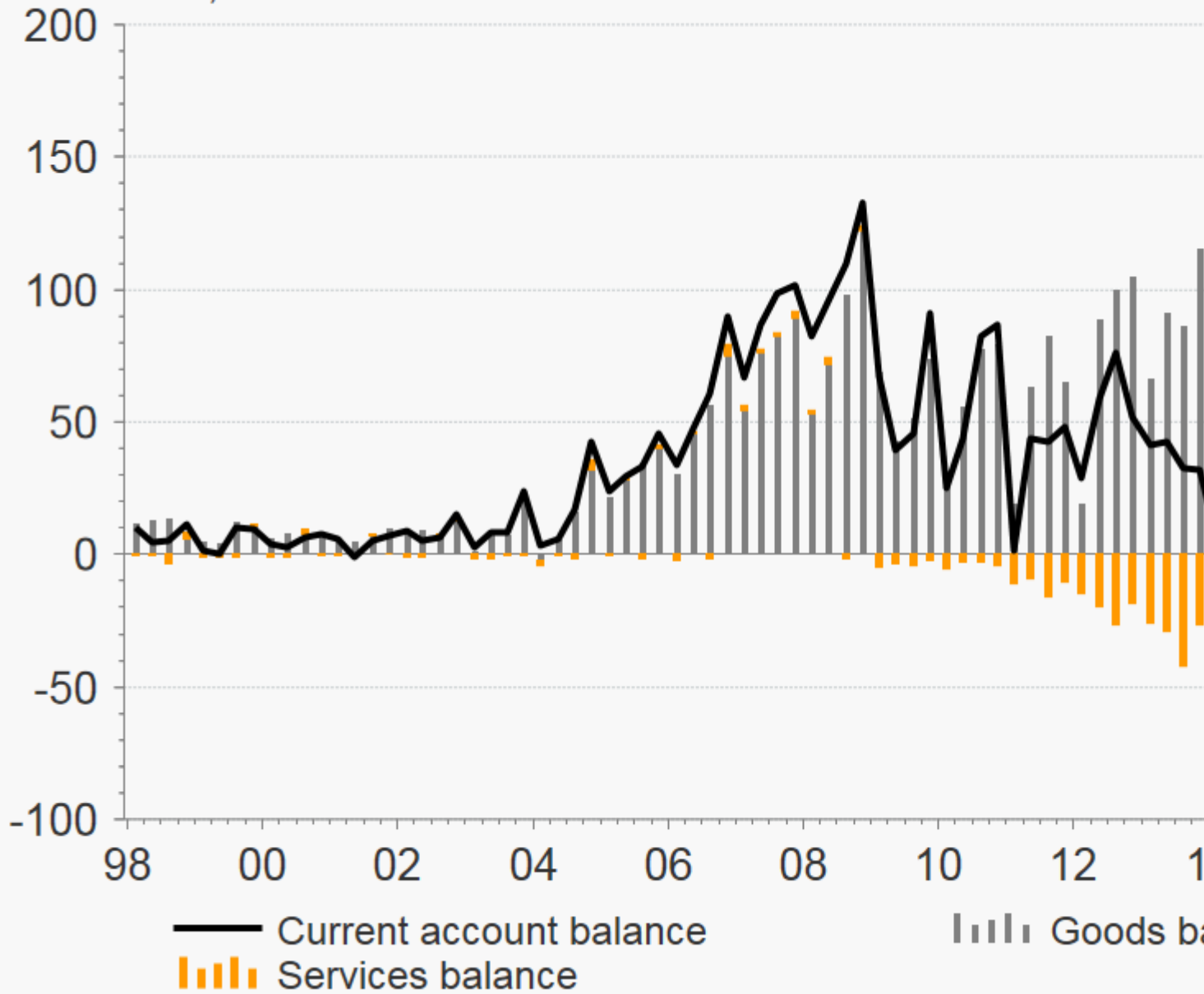
China's overall trade and current account surpluses have fallen as a percentage of its GDP since 2007 (declining from 9.9 per cent of GDP in 2007 to 1.3 per cent in 2017) as China has been moving towards a shift away from its reliance on exports for growth towards domestic consumption..

This loss of trade surpluses by China has been capitalized by other countries in the region.

While some tried to play it down saying that the red figure in the current account was a result of "seasonal factors", this signals a fundamental shift in China's international payment position, which in turn is a result of global economic rebalance in the last decade.

China current account balance

USD, billions



Fuente: Thomson Reuters Datastream Thomson Reuters Data

Regards