

How china's slowdown will affect the u.s. essay

[Business](#), [Company](#)



The article that will be reviewed in this essay is “ China: How its slowdown will affect the U. S.”. Pine talks about how the economic slowdown will impact the U. S. economy. He points out that in the second quarter of 2012, China registered a growth rate of only 7. 6%. This figure is a sharp decline from the usual 10% to 12% growth rate which China has experienced since 2008. Although the slowdown is not enough to bring the U. S. to recession, it will still have an effect in the U. S. economy, and for that matter, the global economy too . China is such a huge market for several countries across the globe so much so that any drastic changes in its economy will have a considerable impact in the world economies.

For the U. S., China’s economic slowdown would mean lower exports to China. China may not be the major consumer of U. S. goods but suffice it to say that U. S. exports to China have grown more than six-fold since 2000, yet shipments to China still only account for around seven percent of total U. S. exports. Several U. S. companies have established operations in China; thus, these companies have benefitted from the Chinese economy without the need to export. They will also experience lower sales within China which means lower profits, which will negatively affect the mother company’s profit performance. For the U. S. companies that are publicly listed, it may have a detrimental impact in the values of their stocks. It can be seen therefore that the economic slowdown of China is closely related to how the U. S. stock market will perform.

Another significant gain of the U. S economy as a result of the surge in the development of China is in the area of employment. An increase in the U. S. exports to China has resulted in a lowering of the unemployment rate of the

U. S. It has generated millions of jobs for the Americans. With this in mind, one can say that the probability of an increase in the unemployment rate in the U. S. is looming with the slowdown in the Chinese economy. As an example, Cummins, an American company which manufactures engines has already lowered its revenue forecast as a result of the cooling of the Chinese economy . Furthermore, it stated that it would have to remove 1, 000 to 1, 500 jobs by the end of the year.

China is a main driving force in the development of the global economy. According to Pine, China is “ the single biggest contributor to global growth in recent years” (par 3). This being the case, it is expected that major changes in the economy of China will impact the global economy. For countries which supply China with raw materials which are needed to fuel the Chinese exports, a slowdown in the economy of China will mean that less raw materials will be ordered from them. This development is therefore disadvantageous for the trading partners of China around the globe. These trading partners of China are most likely trading partners of the US such as South Korea and Brazil. The impact on the US is through the multiplier effect. With weakened economies in these countries, their capability to purchase US goods will go down.

In conclusion, one can say that an economic slowdown in the economy of China will definitely affect the U. S. economy. But in the long run, it is up to the U. S. government, economic policy makers and corporations to adapt measures which will lessen the impact of the slowdown. The challenge for the U. S. is to stimulate their domestic market to replace whatever benefit the Chinese economy brings to America.

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