

China's growth engine declines

Business



Following the global downturn that has seen China's growth engine decline for the last five years, there is dire need for the China to decouple.

This is the only strategy that will the second largest world economy from falling further into the oblivion bearing in mind the nation still relies on the international market for its products, both developing and developed countries alike, in the wake of reduced growth in its exports, diminishing growth in its expansive real estate industry, shrinking labor force, and the increasingly weakening of the country's property market. In the new approach of decoupling, China will have to put a lot of emphasis on shifting its focus from the shrinking international markets that it heavily relies on for its economic growth and expansion to broadening its capacity to increase domestic spending. In this way, the country will concentrate on creating products that meets the needs of its citizens. This will adequately the counter the problems posed by a significant drop in Chinese export sales from 22% in first quarter of 2008 to a meager 7% in 2011. This implies that China cannot rely on the faltering global economy to spur the growth of its gross domestic product.

Decoupling will also help China recover from inflation and deep levels of bad debts that arose from the 2009 stimulus lending; embark on fully on the construction of low cost housing to revamp the operations of its real estate sector; reinstate its shrinking labor force; and strengthen its property market in general. Most notably, decoupling will enable the local governments to repay bank loans they used for infrastructure development and in turn increase the lending capacities of banks- necessary for an economic growth of China. In turn decouple will cushion China against the economic downturn.

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