

**CHINA.ACTION.MONEY.**

**2024:**

**CHINA, THE WORLD'S  
NUMBER ONE ECONOMY**



**PACIFIC TYCOON**

## 2024: China, the world's number one economy

China has benefitted from consistently strong growth, resulting in its economy becoming the second largest in the world – behind only the US – and a vital driver of global prosperity. Over the next ten years, a rapid economic re-balancing towards consumption and high technology will propel China to become the largest economy in the world – meaning 2024 will be the year of the Dragon Economy.

### The Growth of China

Over the last two decades, the Chinese economy has regularly displayed strong levels of economic growth, outstripping the expansion experienced around the rest of the world. In 1980, the Chinese economy was worth \$303.4 billion. By 2013, it had increased to **\$9,181 billion** – an almost thirtyfold increase in size in only 33 years. Throughout this period, China has completed the extraordinary feat of always maintaining economic growth. In the same period, the US economy has declined in size on five occasions.

This outstanding economic performance has seen China rise to the position of the second largest economy in the world and steadily close the gap with the USA. The financial crisis which began in 2008 saw much of the West, including North America and Europe, suffer from **decline and stagnation**. The US economy shrunk in both 2008 and 2009 which has been followed by a number of years in which growth has stagnated - not rising above 3%. In comparison, China's economy has continued to perform strongly, with the annual increases in GDP remaining above 7.7%.

The disparity between the growth rates of China and the rest of the developed world has allowed China to solidify its position as the second largest economy whilst also narrowing the gap with the USA.

### 2014-2024: The Decade of Expansion

The next ten years will see the Chinese economy re-structure and partly diversify away from manufacturing. With the growth of GDP per capita in China strongly correlated with the size of the overall economy, Chinese consumers are rapidly benefitting from an increase in wealth. These rising incomes will be a key driver of China's next 'decade of expansion'. Consumer spending is expected to rise by 7.7% per annum over the next ten years, becoming a key engine of global demand and world growth. By 2023,

spending by Chinese consumers is predicted to reach \$10.51 trillion compared to \$3.45 trillion in 2013. This additional \$7 trillion will be vital for China's ascent to the position of the largest economy in the world.

A second but equally important driver of growth in China will be its greater commitment to science, technology and innovation. This will help the Dragon Economy to produce goods with significantly higher added value. According to a report in the **Foreign Policy magazine**, China is rapidly catching up with the USA as an R&D and innovation centre. This is highlighted by the fact that in the nine years between 2003 and 2012, China's share of the world's high-technology manufacturing increased from 8% to 24%.

The combination of greater consumer spending and significantly more advanced production will drive China's economy to the top of the summit. By 2024, it has been forecast that China's GDP will be worth \$28.25 trillion compared to **\$27.31 trillion** for the US economy. China's share of world GDP is expected to rise from around 12% in 2013 to an incredible 20% by 2025.

### 2024 and beyond

By 2024, China's economy will surpass that of the USA and the rate of growth will continue to outstrip all other major developed economies. By 2030, the Chinese economy will be worth **\$44.23 trillion** compared to \$35.10 trillion for the USA. Beyond 2030, GDP per capita in China will be comparable to the current US levels as the phenomenon of income convergence narrows the gap between individual incomes in these two economic powers.

### Conclusion

Since the 1980s, a consistently strong performance has facilitated China's transformation into a key global economic power. Favourable government policy, investment across key industries and an unprecedented manufacturing base have combined to allow China to progress at an extraordinary pace.

Over the next ten years, increased consumer purchasing power, R&D and the production of high tech goods will help launch China into the position of the world's largest economy. The phenomenal strength of the economy – the growth of which shows no signs of abating – will drive prosperity and wealth for all those who participate in this unrivalled economic force.

Pacific Tycoon's head office is based in Hong Kong, at the heart of the booming East Asian economy. Benefiting from our proximity to the industrial and business-led projects transforming China, we endeavour to monitor and understand each one closely. For further details on the trillion dollar projects shown on this map, visit our website: [www.pacifictycoon.com](http://www.pacifictycoon.com)



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