

Rebalancing Growth in Asia<sup>\*</sup>

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## Abstract

While many Asian emerging markets now run current account surpluses, reducing Asia's overall excess savings is largely about modifying growth patterns and saving–investment balances in China. China accounts for about half of the total GDP in Asia ex-Japan but over two-thirds of the region's total savings and current account surplus. One feature shared by all Asian economies is the surge in corporate savings over the past decade. Household saving rates, by contrast, have increased in China and India but declined sharply in Korea. Contrary to the popular characterization of China as relying on export-led growth, GDP growth in China has been dominated by investment growth. A comparative analysis reveals that China's growth model has resulted in its having the lowest share of private consumption to GDP in the region and the lowest rate of employment growth relative to GDP growth.

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