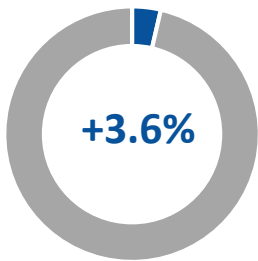


## China: Decelerated Power Growth

China has continuously recorded power gains over the entire period from 2005 to 2017, but the Power Shift Rate (PSR) has slowly been declining since 2013. From 2015 to 2017, China's Power Score has risen from 12.3 to 12.75, an increase of 0.45 percentage points, which means that its power growth has decelerated compared to the PSR of 0.95 in the period of 2013/15. This development reveals that China's catching-up to the United States has slowed down since 2013, although it continues to progress. Turning to the percentage changes in power from 2015 to 2017, China's progress of +3.6 percent remains far behind India's power plus of +10.8 percent. Still, China's absolute growth among all categories (CC) is as big as 5.21 percentage points, making it the 6<sup>th</sup> biggest absolute winner in the recent period.

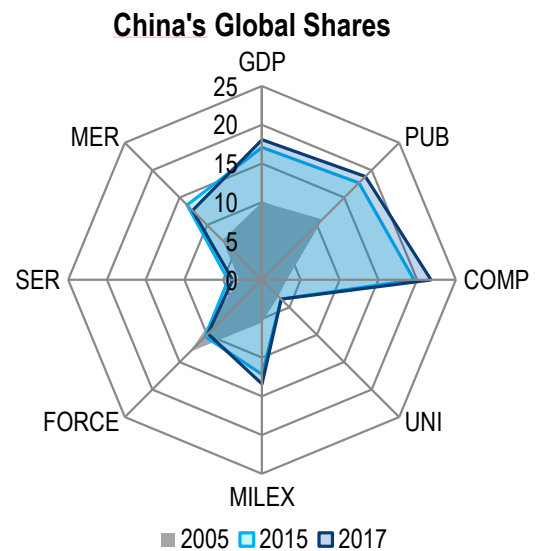
### Power Shift 2015-2017



China has occupied second place in the BPSM G20 power ranking since 2005. Although the United States' power share has declined by -0.48 from 2015 to 2017, Washington is still in lead with nearly six Power Score points ahead. Compared to 2015, the poles United States and China continue to dominate the ranking

on a similar scale, although the distance between the two has further narrowed. Taking a closer look at the development within the power categories, China presents no change in the category of top universities, staying at seven, while it managed to increase the number of Chinese companies among the Global 500 from 98 to 109. Nonetheless, the United States still lists 23 more top companies. However, in terms of scientific publications, China managed to surpass the USA as the world's leading publisher in 2016. Since 2015, it raised its output by more than 12 percent, publishing 456,960 scientific articles in 2017 – to compare, the US published 423,529 articles in that year.

Since 2015, China has slightly decreased its merchandise (-0.45 percent) and, even more so, its service export numbers (-5.03 percent), which results in a decrease of its global shares in those categories as well. Nevertheless, Beijing still comes in first in merchandise and fifth in service exports, both absolutely and relatively. The Chinese GDP (PPP) has grown further, with an increase in global shares of 0.99 percent, thus reaching its high at 18.08 percent of the global GDP in 2017. China also increased its military expenditure by 11.22 percent in absolute figures and occupies the second place after the USA with 13.4 percent of the G20



states' expenses. With a further shrinking of its armed forces by -5.21 percent to a total personnel number of close to 2.7 million, China continues its modernization course in the military sector. The mantra of quality over quantity has already been observed in the last BPSM episode, leading to the consequence that China lost its leading position in the armed forces category in 2016 and now comes in second behind India.

As a result, China now ranks first among the G20 in three categories: GDP, merchandise exports and scientific publications. Despite its slowed down power growth, China has still been the biggest winner of relative power (PSR) between 2015 and 2017. Due to its decelerated growth, the BPSM power forecast projects a later date of power parity between the USA and China. In the 2018 BPSM forecast, the medium estimator expected China and the USA to present the same power level during 2021. Due to the new dynamics, this date has been postponed to mid-2023. In some economic domains, China has already replaced the United States as world leader which signifies an extraordinary increase in hard, soft and structural power. Nevertheless, China still has to manage a multitude of internal and external challenges that endanger the sustainability of its rise, as well as reaching the next level of development, whose impact on China's future power and its BPSM position still needs to be seen.

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