

Chinese economy

World Bank lifts China growth forecast but calls for deeper reforms

Multilateral lender says greater detail of policies is needed to bolster household and business confidence



The World Bank warned that 'conventional stimulus measures will not be sufficient to reinvigorate growth' in the Chinese economy © Tingshu Wang/Reuters

Edward White in Shanghai 10 HOURS AGO

The World Bank has raised its near-term economic forecasts for China while repeating calls for President Xi Jinping to pursue deep reforms to address lagging confidence and structural problems in the world's second-biggest economy.

The multilateral lender said on Thursday that it had revised its forecast for [China's](#) GDP growth next year upwards by 0.4 percentage points to 4.5 per cent, reflecting a series of policy-easing measures announced by Beijing over the past three months as well as the strength of the country's exports.

The World Bank also raised its full-year forecast for this year by 0.1 percentage points to 4.9 per cent, just shy of Beijing's own growth target for 2024 of about 5 per cent. The economy recorded growth of 4.8 per cent in the first nine months of the year.

The lender also noted [recent pledges](#) by Xi's economic planners to improve support for social welfare and consumption, and also to implement fiscal and tax reforms. But it said greater detail was needed to bolster household and business confidence.

"Conventional stimulus measures will not be sufficient to reinvigorate growth," the World Bank said, reiterating its calls for deeper reforms across China's education, healthcare, social welfare protections, pensions and the *hukou* household

registration system.

China's economic growth has slowed this year under [weak domestic demand](#) and deep deflationary pressures, following a three-year slump in the property market that hammered household wealth.

Xi had pivoted the economic focus towards investment in high-tech manufacturing and industry, but there is rising concern that exports, which have helped to shore up growth, will [face a renewed threat of tariffs under Donald Trump](#), who will return as US president next month.

The World Bank also released a new analysis of economic mobility in China for 2010-21, which showed that more than half a billion people were potentially at risk of falling out of the middle class just a generation after rising out of poverty, according to its definitions.

The bank credited Beijing with the “dramatic success” of lifting 800mn people out of poverty in the past 40 years, and it noted that over the period the low-income share of the population fell sharply, from 62.3 per cent to 17 per cent.

But it also found that 38.2 per cent of China's 1.4bn people were in the “vulnerable middle class” — above its defined low-income line but not “free of the risk of falling below it”. The low-income level was defined as up to \$6.85 per day using 2017 purchasing power parity calculations.

“No other region of the world witnessed a faster increase in the share of the secure middle-class population than China,” the World Bank said. “Yet, a sizeable majority of the population is not yet economically secure.”

That vulnerable segment of the population was bigger than the 32.1 per cent considered “secure” in the middle class and the 17 per cent which remained low-income as of 2021, in the middle of the Covid pandemic.

Bert Hofman, a former Beijing-based country director for China at the World Bank, now at the National University of Singapore, wrote earlier this month that the Chinese economy's lacklustre post-Covid performance had exposed weaknesses built since the last substantial revamp of the fiscal system in 1994.

However, he noted some “hopeful signals” that reforms were in the pipeline, following policymakers' statements in the second half of 2024 that pointed to improving income distribution and social security.

“Fiscal reforms are now clearly tied to the Chinese Communist party’s core goal of ‘high-quality growth’, and the leadership recognises that reforms should result in a fiscal system that can deliver on efficiency, equity, and stability,” Hofman wrote in a 2025 forecast for Asia Society.

“A key question is whether the reforms will go far enough to turn fiscal policy into a powerful tool for resource allocation, economic stability, and income distribution.”

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