

China set to overtake US as biggest economy

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By Kevin Hamlin , Bloomberg

China is poised to overtake the US as the world's biggest economy, while India has vaulted into third place, ahead of Japan, using calculations that take exchange rates into account.

China's economy was 87 percent of the size of that of the US in 2011, assessed according to so-called purchasing power parity, the International Comparison Program said in a statement in Washington yesterday. The program, which involves organisations including the World Bank and United Nations, had put the figure at 43 percent in 2005.

Changes in methodology contributed to the speed of China's rise and India jumping to third-biggest in 2011 from 10th in 2005. Purchasing power parity seeks to compare how far money goes in each country. Using market rates, US gross domestic product was \$16.2 trillion (RM52.9 trillion) in 2012, compared with China's \$8.2 trillion (RM26.7 trillion).

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