Fiscal and financial reforms in China reduce both public and private savings and help rebalance demand toward consumption and away from investment. Structural reforms are undertaken in Brazil, the euro area, India, Japan, South Africa, and the UK that raise productivity and labor supply and stimulate investment.

At the global level, these reforms have little impact on growth as above-baseline growth in advanced economies and Latin America in the near term is roughly offset by lower growth in emerging Asia, primarily China. In the medium term, a return to baseline growth in China and emerging Asia is offset by below-baseline growth in the US and Japan. Although the impacts on global growth of these policy measures are negligible over the WEO horizon, they notably reduce external imbalances and set the stage for strong balanced growth in the long term.