January trade jumps as West recovers

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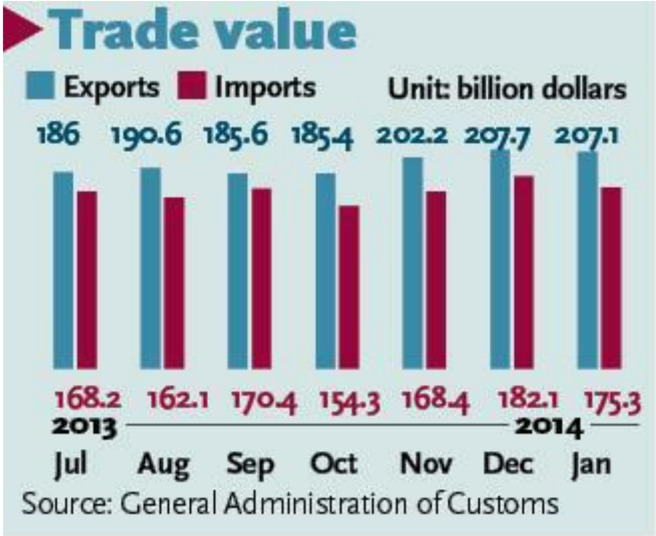

Graphic: GT

China reported strong growth in its January trade data Wednesday, which economists said is a result of the economic recovery in developed nations and a rise in capital inflow.

China's January exports increased by 10.6 percent from the same period last year to $207.1 billion, while imports climbed 10 percent from a year earlier to $175.3 billion, according to a statement from the General Administration of Customs (GAC) on Wednesday morning.

The country's trade surplus expanded by 14 percent year-on-year to reach $31.9 billion, GAC said.

The strong gain in exports far exceeded the forecasted 2 percent growth of a Reuters survey, and a 0.1 percent increase in a Wall Street Journal poll of economists, MarketWatch reported Wednesday.

China's December exports only grew by 4.3 percent from the same period in 2012, and its imports rose by 8.3 percent.

Jin Baisong, a research fellow at the Chinese Academy of International Trade and Economic Cooperation, told the Global Times on Wednesday that China's exports increased significantly because the economies of developed countries recovered well in the fourth quarter of 2013.

As for the increase in imports, Jin said, Chinese companies were very cautious in 2013 and cleared their inventory at year-end. "They just started buying more last month and that boosted January imports," he said.

China's trade volume with Europe increased by 14.6 percent to 341.2 billion yuan ($56.4 billion) in January, and its trade with the US grew by 8.8 percent to 299.2 billion yuan.

Dai Shugeng, an international finance professor at Xiamen University, told the Global Times that China's exports also shot up because the country has successfully diversified the buyers of its products.

"China used to focus too much on Europe and the US, and now it is exploring the emerging markets in Africa, Southeast Asia and Latin America," he said.

According to GAC, China's January exports to the Philippines achieved the largest year-on-year growth among all countries at 35 percent, which was followed by New Zealand with a gain of 29.1 percent and Brazil with an increase of 28.3 percent.

The data, however, sparked doubts among some economists.

"We find this strong level of export growth puzzling," Zhang Zhiwei, the chief China economist at Nomura, said in an e-mailed release.

Zhang cited new export order indexes from HSBC and official PMIs, which have been on a downtrend for the past two months, as the reason for his doubt.

"It is unclear to what extent the strong export data reflects true strength in the economy," Zhang said. "At this stage, we believe capital inflows may have contributed at least partly to January's strong export growth numbers."

Zhuo Hao, China economist at Australia and New Zealand Banking Group, was cited by MarketWatch as saying that "there were still many speculative trade activities disguised as exports, even though the government has taken measures" to curtail the practice.

China's stock market showed little immediate reaction to the uplifting data. The Shanghai Composite Index rose a slight 0.3 percent to 2,109.96 when trading ended Wednesday, and the Shenzhen Stock Exchange Component Index grew by 0.82 percent to close at 7,902.08.

Xu Hongcai, head of the Department of Information under the China Center for International Economic Exchanges, told the Global Times that China's trade performance will be stronger this year.

"The trade volumes will go through ups and downs due to the unstable international financial market, but volumes will likely increase by 8 to 8.2 percent in 2014," he said.