Central bank head touts 7-8% growth at G20

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Economic growth of between 7 and 8 percent is suitable for China and would also support the growth and sustainability of the global economy, China's central bank governor said at a G20 meeting in Sydney over the weekend.

China economic slowdown last year was partly due to rising costs as a result of increased emphasis on combating pollution as well as the negative impact of short-term economic restructuring and reforms, Zhou Xiaochuan, governor of the People's Bank of China, said at the two-day G20 meeting of finance ministers and central bank governors. All these efforts would support growth in the long run, Zhou said.

China will continue to push forward structural reforms and create home-grown drivers of economic growth, Zhou said, noting GDP growth of between 7 and 8 percent suits both China and the world economy.

Zhou did not give a specific forecast for 2014 GDP growth.

"There are some concerns that China's economy may further decline in 2014, but such pessimism is not necessary," Xu Hongcai, head of the Department of Information under the China Center for International Economic Exchanges, a Beijing think tank, told the Global Times Sunday.

Consumption will improve in 2014, Xu said, as the negative impact of anti-corruption campaigns and a crackdown on misuse of public funds levels off, allowing high-end merchants and restaurants to adjust toward better serving the common people.

Exports will also be better than last year as the economies of the US and Europe are improving, Xu said.

China's economy grew 7.7 percent in 2013, the same as 2012 and down from the last decade's average growth rate.

The government is due to announce its 2014 growth target at the annual sessions of the nation's legislative and consultative bodies in March.

"The government is likely to keep the growth target at about 7.5 percent this year but the actual growth is expected to remain between 7.5 and 8 percent," Tang Jianwei, a senior macroeconomic analyst at Bank of Communications in Shanghai, told the Global Times Sunday.

The three pillars of supporting economic growth ¬ consumption, investment and foreign trade - will improve in 2014 and the current low inflation rate will slightly pressure the economy, Xu said.

Speaking about the impact of a slowdown in China's manufacturing on the global economy at the same meeting, Lou Jiwei, China's finance minister, said that manufacturing accounted for nearly 60 percent of China's GDP in the past, an unsustainable situation that created problems including pollution and overcapacity.

The portion of the manufacturing sector in GDP growth will continue to drop in the future as China strives to develop its service sector, Lou said.

Lou also told the Xinhua News Agency in Sydney on Sunday that the US withdrawal from its super-loose monetary policy is good for China as it shows the US economy is improving.

China will remain unaffected by the short-term liquidity problems created by the US exit, he believed.