April FDI inflows increase after slide

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Foreign direct investment (FDI) inflows into China rose 3.4 percent year-on-year in April to $8.7 billion, reversing the previous month's slide, data from the **Ministry of Commerce** (MOFCOM) showed Friday.

Excluding capital flows into banking, securities and insurance sectors, the country attracted $40.3 billion in FDI in the first four months of 2014, up 5 percent year-on-year, Shen Danyang, a spokesperson for the ministry, told a press conference in Beijing. The FDI in March slumped 1.47 percent from a year earlier.

The rebounded FDI growth reading in April underlines overseas investors' confidence in China's economy, Xu Hongcai, director of the Department of Information under the China Center for International Economic Exchanges, a government think tank, told the Global Times.

Xu predicted that the GDP in the second quarter would hit 7.5 percent, a slight rise from the first quarter's 7.4 percent.

Chen Dongqi, vice dean of the Academy of Macroeconomic Research, **National Development and Reform Commission**, said during a press briefing in Beijing on Friday that the economy growth in the second quarter will still face downward pressure, but this year's 7.5 percent growth target set by Premier **Li Keqiang** can basically be reached.

Xu, however, noted that GDP could hit 7.6 percent this year, partly driven by the exports recovery and stable growth in FDI.

Although China saw a drop year-on-year both in exports and imports in the first four months, both Shen and Xu still showed their confidence in foreign trade of the whole year, citing domestic policy stimulus and the economic restoration in the US and EU.

The MOFCOM is brewing detailed measures to boost trade, mainly focusing on six aspects including the expansion of export credit insurance and the support for small and medium trade enterprises, according to Shen.

The State Council also has announced plans of mini stimulus in April such as speeding up the railway construction and allowing more small and micro companies to pay halved corporate income tax to fine-tune investment and domestic consumption.

The mini stimulus is suitable for China's current development and can give room for economic restructuring, said Chen. He added that the government encourages the development of innovative enterprises from sectors like services and high-end manufacturing.

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