

China saw booming exports in 2024 as Trump tariffs loom

AFP- China's exports surged to a record high in 2024, providing a much-needed boost for the economy as the prospect of biting tariffs imposed by US president-elect Donald Trump looms.

Overseas shipments represented a rare bright spot for Beijing last year as sluggish domestic consumption and a prolonged crisis in the property sector dragged on growth.

But Trump, who imposed sweeping tariffs on China during his first term in office, has threatened even heftier levies when he returns to the White House next week.

Observers said that a recent surge in China's exports has likely been boosted by companies ramping up stockpiles ahead of Trump's second term amid fears of a painful trade war.

"In 2024, China's total exports exceeded 25 trillion yuan for the first time, reaching 25.45 trillion yuan (\$3.47 trillion), an increase of 7.1 percent year-on-year," Lu Daliang, spokesman for the General Administration of Customs, said at a news conference.

Total imports, meanwhile, rose 2.3 percent to 18.39 trillion yuan, Lu said.

Combined trade swelled five percent to reach a record 43.85 trillion yuan, said Wang Lingjun, vice minister of the customs administration.

"China's position as the world's largest goods trading nation has become even more secure," Wang added.

Official customs data showed Monday that exports in December jumped 10.7 percent year-on-year, comfortably outperforming a

forecast of 7.5 percent in a Bloomberg survey of economists.

“We expect shipments to remain strong in the coming months, as US importers continue to stockpile Chinese goods ahead of tariff hikes,” Zichun Huang, China economist at Capital Economics, wrote in a note.

“But exports are likely to weaken later this year as President Trump puts his tariff threats into action,” she added.

Imports last month grew one percent year-on-year, customs data showed, compared with a Bloomberg forecast of a one percent decline.

– ‘Resilient’ –

Exports have historically represented a key driver of activity for the world’s number two economy, which officials say is likely to have grown five percent last year.

During the most recent US presidential campaign, Trump threatened to slap a 60 percent tariff on all Chinese goods.

China’s exports “are likely to stay resilient in the near-term”, wrote Huang.

“But outbound shipments will weaken later this year if Trump follows through,” she wrote, adding that the new US tariffs “could reduce export volumes by about three percent and shave roughly 0.5 percent off China’s GDP.”

Since September, Beijing has announced some of its most aggressive policy measures in years as officials try to kickstart the economy, which has so far failed to achieve a full post-pandemic recovery.

The steps have included the cancellation of certain restrictions on homebuying, subsidies for the purchasing of household items and key interest rate cuts.

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"With the help of strong exports and macro policy easing, the economic momentum likely stabilised," wrote Zhiwei Zhang, chief economist at Pinpoint Asset Management, in a note Monday following the publication of the trade figures.

The government is due to release 2024 economic growth data later this week. President Xi Jinping has recently expressed confidence that the country achieved an official target of around five percent.

Many economists say more policy support targeted at incentivising domestic consumption is needed to restore China's economic health.

The country narrowly avoided a slip into deflation in December, official figures showed last week, suggesting that recent measures have not yet produced a robust rebound in domestic spending.

Low inflation may lead to an increase of real interest rates, said Yue Su, principal economist at the Economist Intelligence Unit.

"So monetary easing policy needs to be more proactive to really reduce the borrowing cost of enterprises, which is important for a broad recovery of the economy," she told AFP.

The International Monetary Fund has previously predicted China's economy would grow 4.8 percent in 2024 before slowing to 4.5 percent this year.

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