

TRADE

# Slowdown in China export growth, but imports accelerate

**Orange Wang**

orange.wang@scmp.com

China's export growth slowed but remained robust in November, while surging coal and energy purchases fuelled surprisingly stronger imports amid tight domestic power supplies and the expiring interim trade deal with the United States.

Exports grew by 22 per cent from a year earlier, down from the 27.1 per cent rise in October, but beating expectations.

November's exports grew by 8.4 per cent from the previous month, reversing a 1.8 per cent decline in October.

Imports rose by 31.7 per cent from a year earlier, to US\$253.81 billion, up from the 20.6 per cent growth in October and significantly beating expectations for growth of 21.5 per cent.

"Exports and imports beat expectations thanks to stronger demand and easing semiconductor shortages. In the near-term, the emergence of the Omicron variant is likely to support demand for China's exports," said Julian Evans-Pritchard, senior China economist at Capital Economics.

"But its impact further ahead is still uncertain. Meanwhile, we doubt the latest uptick in imports is the start of a sustained rebound given that property construction looks set to weaken further."

Beijing warned last month that the country still faced many hidden trade problems, suggesting it had no reason to be "blindly optimistic".

"It is common for [exporters] not to take orders and they are seeing profits rise less," vice-minister of commerce Ren Hongbin said at the end of November.

The increase in imports was driven by a 200.3 per cent year-on-year rise in coal and lignite imports, with the value soaring by

769.9 per cent to US\$5.87 billion last month.

Beijing stepped up purchases to feed its power system to meet demand for the winter heating season with domestic coal supplies falling short due to rocketing prices and nationwide electricity rationing which constrained growth in the last quarter.

The Politburo, the top decision-making body, on Monday made the securing of coal, electricity, oil and gas during the winter an economic priority.

But surging commodity prices were seen as a reason behind the faster than expected import growth. The value of crude oil imports rose by 80.1 per cent from a year ago to US\$24.66 billion in November, although in volume terms it was down by 7.9 per cent to 41.79 million tonnes.

4.9%

Growth in China's economy in the third quarter compared with a year earlier, down from 7.9 per cent growth in the second quarter

The value of integrated circuit imports rose by 25.3 per cent to US\$41.56 billion in November.

"The increase was particularly pronounced for inbound shipments of coal and industrial metals. But there was also a rebound in semiconductors imports, which points to easing supply shortages," Evans-Pritchard said.

Overall, China's total trade surplus stood at US\$71.72 billion in November. The economy grew by 4.9 per cent in the third quarter compared with a year earlier, down from the 7.9 per cent growth seen in the second quarter.