ECONOMY

Big cities in China set targets for GDP growth above 5%

Ambitions reflect Beijing's confidence in dealing with mounting domestic and global headwinds

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At least five of China's top urban economies have set their 2024 growth targets at above 5 per cent, even as questions persist over Beijing's ability to handle an ongoing property slump, mounting debt burden, declining population and external headwinds.

The moves indicate Beijing's ambition to accelerate economic growth this year – with a likely national target for 2024 remaining around 5 per cent – after the world's second-largest economy hit last year's goal, registering expansion of 5.2 per cent.

China has 25 cities, mainly scattered in coastal regions, with an annual economic size of over 1 trillion yuan (HK$1.11 trillion) – equivalent to the gross domestic product (GDP) of Slovakia – and they hold the hopes of Beijing to elevate the 126 trillion yuan economy to a higher level.

The eastern city of Ningbo, which has the world's busiest seaport, set an economic growth target of around 6 per cent for 2024 during the annual session of its people's congress.

Hefei, another city in the east, also set a growth target of around 6 per cent. It is aiming to establish itself as the country's answer to the so-called Motor City of Detroit in the United States as it is home to Volkswagen, Nio and BYD research centres.

Changzhou, a manufacturing powerhouse in Jiangsu province, set a target of above 6 per cent.

It is home to a subsidiary of Contemporary Amperex Technology, better known as CATL, which is the world's top battery maker.

Nanjing, capital of Jiangsu province, and Guangzhou fixed their targets at above 5 per cent.

China's official 2024 growth targets, including for GDP, deficit ratio, local bond quota and inflation, are expected to be released in Premier Li Qiang's government work report delivered to the National People's Congress in early March.

Amid mounting domestic and international headwinds, the central government has ordered economic powerhouses to shoulder a greater responsibility for driving up the economy.

"With a diminishing cyclical momentum and cautious sentiment, China's economy will grow at 4.5 per cent in 2024," said Gary Ng, a senior economist with Natixis Corporate and Investment Banking. "Any upsides towards 5 per cent will depend on how accommodative monetary and fiscal policy can be.

"Policies in 2024 will be cautiously expansionary as the government seems to be rather satisfied with the current growth rate."

However, the ASEAN+3 Macroeconomic Research Office yesterday made a "relatively optimistic forecast" of 5.3 per cent for China's GDP growth in 2024.

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"The real estate drag has diminished over time and we anticipate this year that the drag will be even smaller, even flat," the chief economist of the Singapore-based economic surveillance group, Hoe Ee Khor, told an online conference.

He added that infrastructure, manufacturing and tech investment could be the main driver for GDP growth this year.

However, should China suffer from weaker-than-expected growth, there could be a "big spillover" for Southeast Asia, Japan and South Korea, Khor warned.

Major investment banks, including Goldman Sachs, UBS, Citigroup, Morgan Stanley and JPMorgan, have estimated that China's economy will grow by between 4.2 and 4.9 per cent this year.

Additional reporting by Ralph Jennings

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