Survey: Chinese Manufacturing Slowed In June

The Associated Press

BEIJING (AP) — China's manufacturing grew in June by its slowest pace in seven months, a survey released Sunday showed, raising questions about Beijing's efforts to prevent the world's second biggest economy from slowing too quickly.

The European debt crisis is pinching China's export manufacturers, while moves to control property prices have chilled spending on construction, with worries China's economic growth will fall below 8 percent in the second quarter.

Although still high by Western standards, that is weak compared with years of double-digit growth and points to concerns about China's appetite for imports from countries increasingly reliant on Chinese demand.

The state-affiliated China Federation of Logistics and Purchasing said that its purchasing managers' index, or PMI, fell 0.2 percentage points to 50.2 percent in June, just above the 50 level that signifies expansion. The index was at 50.4 in May, 53.3 in April and 53.1 in March.

The slump comes at a sensitive time for the ruling Communist Party, which is preparing to hand power to a younger generation of leaders this year.

Growth fell to a nearly three-year low of 8.1 percent in the first quarter. Analysts expect it to decline further before a possible rebound late this year.

China is moving cautiously with its recently launched "mini-stimulus" plan, mindful of the painful hangover of inflation and debt from its 4 trillion yuan ($586 billion) avalanche of spending, including a wasteful building boom, in response to the 2008 global crisis.

The government cut interest rates early in June for the first time in nearly four years, and also cut gasoline and diesel retail prices. It has promised to pump money into the economy with spending on low-cost housing, airports and other projects.

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