China's Imports Weak In Negative Sign For Recovery

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BEIJING (AP) — China's import growth recovered slightly in September but was weak, suggesting that a recovery for the world's second-largest economy from a painful slump has yet to take hold.

Imports rose 2.4 percent, an improvement over August's unexpected 2.6 percent contraction but well below the government's 10 percent target for overall trade growth this year, customs data showed Saturday. Exports rose by a relatively robust 9.9 percent despite economic problems in Europe and the United States.

The data add to indications that Chinese industrial activity is still weak despite two interest rate cuts since the start of June and higher spending on building airports and other public works. Officials including President Hu Jintao have warned growth that fell to a three-year low of 7.6 percent in the quarter ending in June might decline further before recovering.

Forecasters expect a slight decline in economic growth to about 7.3 percent when figures for the latest quarter are reported next week.

The World Bank cut its growth forecast for China this year to 7.7 percent from its May outlook of 8.2 percent. That is far stronger than the United States and Japan, where growth is forecast in low single digits, but painful for Chinese companies that rely on a rapid expansion to drive demand for new factories and office buildings.

The World Bank said China faces the risk of an even deeper downturn if conditions in its key export markets worsen.

Chinese factory output in August fell to a three-year low. Manufacturing improved in September but still was contracting. September auto sales shrank by 0.3 percent, extending a steady decline from double-digit growth levels earlier this year.

The slowdown is due largely to government curbs imposed to cool an overheated economy and try to make China more efficient and resilient by reducing reliance on imports and investment and promoting domestic consumption and technology-based industries.

That has hurt construction and heavy industry such as steel and cement producers, sharply reducing China's demand for imported iron ore, copper and other raw materials. That is a blow to commodity exporters such as Australia, Brazil and some African nations where voracious Chinese demand for imports has driven an economic boom.

Imports of iron ore fell 11.8 percent from a year earlier, imports of rubber were down 22.8 percent and those of steel products were off 16.2 percent, according to the General Administration of Customs of China.

The slump has raised the risk of politically dangerous job losses and possible unrest, but the government says the economy still is creating jobs because service industries such as retailing are still relatively strong.

Total trade for the first three quarters grew 6.2 percent, the customs agency said. That makes it increasingly unlikely China can hit the official 10 percent target for the year as global demand weakens.

Despite the global weakness, exports set a new monthly record of $186.3 billion. Imports were $158.7 billion. The global trade surplus was $27.6 billion, this year's second biggest after June's $31.7 billion.

China's trade surplus with the 27-nation European Union, its biggest trading partner, contracted by 18.6 percent to $10.5 billion as European demand for Chinese goods weakened. Exports to Italy fell 26 percent and those to Germany by 8.7 percent.

The politically sensitive trade surplus with the United States grew 6 percent to $21.1 billion.