China Trade Rebounds In Sign Of Economic Recovery

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BEIJING (AP) — China's trade growth rebounded strongly in December in a positive sign for the gradual and still uncertain recovery of the world's second-largest economy.

Export growth more than quadrupled from the previous month to 14.1 percent while imports — which failed to grow at all in November — rose 6 percent in a sign of increasing domestic demand, data showed Thursday.

The trade figures add to evidence China is gradually emerging from its worst economic downturn since the 2008 global crisis. Factory output and other activity improved in the final quarter of 2012, but analysts say a recovery is still shaky and will be too weak to drive a global rebound without a turnaround in the United States and Europe.

The World Bank and private sector forecasters expect growth of about 8 percent in 2012 and about 7.5 percent this year. That would be stronger than the West and Japan but China's weakest performance since the 1990s.

Analysts on Thursday questioned whether China's recovery can maintain its current pace.

Societe Generale warned there still is a chance of a "hard landing" this year, with growth dropping below 6 percent — dangerously low for China.

"China could still land harder than the market thinks," said Societe Generale economists in a report.

The modest economic improvement comes as a new generation of Communist Party leaders who were installed at a congress in October take power.

Beijing is pinning its hopes for recovery on government-driven investment and domestic consumer spending that is rising but not as fast as authorities want. Officials warned last year that global demand was so weak that trade would contribute little or nothing to overall economic growth.

The country's global trade surplus nearly doubled over the same month in 2011, rising 90 percent to $231.1 billion, according to the General Administration of Customs. For the full year, the global trade surplus rose 49 percent to $231.1 billion.

For the full year, The United States temporarily overtook debt-troubled Europe as

China's biggest trading partner. Exports to the United States totaled $351.8 billion while those to the 27-nation European Union were $334 billion.

Beijing's politically sensitive trade surplus with the United States was $18.7 billion in December and $218.9 billion for the year.

In November, Chinese export growth plunged to 2.9 percent while exports were flat. That was in line with analysts' warnings that a trade rebound that started in August was unsustainable due to weak European and U.S. demand.

Reliance on trade has declined as domestic consumption growth but export-driven manufacturing still employs millions of workers and any weakness raises the risk of job losses and unrest. The commerce minister, Chen Deming, warned in November that exporters face "relatively grim" conditions in coming months and "many difficulties" in 2013.

The government set a 10 percent target for trade growth in 2012 part of its recovery plan but growth in total imports and exports weakened steadily throughout the year. It fell to 5.8 percent for the 11 months through November before December's rebound.

"We have reason to believe that year-end momentum will not carry over into the New Year," said IHS Global Insight analyst Alistair Thornton in a report.

"With our projection for continued contraction in the Eurozone and continued slowdown in the U.S. economy, we believe China's export sector will face another uphill battle this year — an even tougher one than 2012."

Import growth has been depressed by government curbs aimed at cooling a boom in construction and industrial investment that have cooled demand for foreign iron ore, copper and other raw materials.

Communist leaders want to shift the basis of economic growth to domestic consumption and services, a strategy that promises smaller but more sustainable gains. That could hurt commodities suppliers such as Australia, Brazil and some African economies, where Chinese spending has fueled an economic boom.

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