

# China: Economy Stabilizing After Slowdown

The Associated Press

BEIJING (AP) — China's government tried Monday to reassure companies and its public about the [economy's health](#) [1], saying growth is stabilizing after a lengthy decline and should hit the official target of 7.5 percent for the year.

The announcement by the chief spokesman for the Cabinet's statistics agency was part of official efforts to defuse unease about the country's deepest slump since the 2008 global crisis.

"There are growing signs of stabilization and also of further growth," said the spokesman, Sheng Laiyun, at a news briefing. "We are confident we can hit our full-year growth target."

Sheng gave no updated data but cited previously released figures that showed industrial production and other parts of the economy improved in July.

Economic growth fell to 7.5 percent in the three months ending in June after declining steadily for 10 straight quarters. Sheng said it was the longest such slowdown since China's market-style reforms began three decades ago.

The International Monetary Fund and private sector analysts have cut this year's growth forecasts for China, though to a still healthy level of close to 8 percent. Some analysts say growth could dip below 7 percent in coming quarters.

The slowdown was largely due to government efforts to reduce reliance on trade and investment that drove the past decade's boom and nurture more self-sustaining growth based on domestic consumption.

Still, the downturn has been deeper than forecast, due to unexpectedly weak global demand for Chinese goods. That raised concern about higher unemployment, which could fuel political tensions, but the government says the economy is still generating new jobs.

Sheng also downplayed concern about debts owed by local governments that borrowed heavily over the past decade, in part to pay for building projects under Beijing's stimulus in response to the 2008 crisis. Some analysts worry the economy could suffer if local governments default, hurting the state-owned banking industry.

An audit last year found local governments ran up debts of 10.7 trillion yuan (\$1.6 trillion) over the preceding decade, equal to about one-quarter of China's annual economic output.

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Sheng said some local governments have paid down their debts while others are rolling out plans to manage them.

"We are monitoring the situation carefully and right now the issue is under control," he said.

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