**Unstoppable China**

Dr Imran Khalid

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The Chinese economy is off to a roaring start, clocking in a 4.5 per cent year-on-year growth rate in the first quarter of 2023 – a figure that has surpassed even the most optimistic projections.

With this sturdy start in the first quarter, China is poised for a full-year economic rebound in 2023. The ripple effects of China’s strong economic performance are sure to reverberate across the globe, giving a much-needed impetus to the wider global economic recovery.

On April 18, the National Bureau of Statistics (NBS) shared that China’s GDP for the first quarter of this year reached a whopping 28.5 trillion yuan ($4.15 trillion), indicating a year-on-year increase of 4.5 per cent. This is a significant uptick of 2.2 per cent compared to the previous quarter in 2022. The statistics highlight China’s economic prowess and its ability to stay resilient despite the ongoing global turbulence.

This data has also highlighted the country’s impressive growth in various sectors. This economic growth pattern is exactly the same as what the IMF predicted. On February 3, the IMF website published a report by Diego A Cerdeiro and Sonali Jain-Chandra with their forecast on China. The experts predicted, “China’s economy is set to rebound this year as mobility and activity pick up after the lifting of pandemic restrictions, providing a boost to the global economy. The economy will expand 5.2 per cent this year, according to our latest projections, versus 3 per cent last year. That’s good news for China and the world as the Chinese economy is now expected to contribute a third of global growth this year.” The first quarter data has corroborated this forecast.

The data also shows a month-on-month trend of growth, as businesses adapt and consumers gradually regain their confidence. One particularly notable positive factor is seen in the retail sector, which has far exceeded the expectations in the month of March. This is a clear indication that consumer confidence, which had been shaken by the uncertainties of the past year, is gradually being restored.

Retail sales, which serve as a ‘barometer for consumption’, witnessed a remarkable 10.6 per cent growth in March, surpassing the earlier expectations of 7.4 per cent. This figure also outpaced the growth rate observed in January and February, indicating a general upswing. The total retail sales have grown by an impressive 5.8 per cent year-on-year in the first quarter of this year. This marks a significant reversal of the downward trend seen in the final quarter of 2022.

Also, the real-estate sector has displayed several positive signals of stabilization and rebound, indicating an overall positive trend. The macroeconomic figures from the first quarter of this year suggest that China’s economy is undergoing a significant structural optimization. In addition to 5.1 per cent annual growth in the fixed-asset investment, 7 per cent year-on-year increase in investment in the manufacturing sector was witnessed, indicating a robust expansion. The country’s high-tech industries attracted 16 per cent more investment over the same period, while investment in e-commerce services surged by a remarkable 51.5 per cent.

These numbers suggest that China’s economic transformation is accelerating, with a shift towards a more digital and high-tech economy taking hold. In the face of a global economic landscape marked by uncertainty and challenges, China has once again demonstrated its remarkable resilience and adaptability. Against the backdrop of the rising inflation across the globe due to the Covid-19 pandemic and the year-long Ukraine conflict, the country's exports increased by an impressive 23.4 per cent year-on-year in yuan-denominated terms during the month of March. This far exceeds market expectations and is a testament to China’s robust rebound after the lifting of the zero-Covid restrictions last December.

Across a range of key indicators, there are clear signs of stability and even growth. For example, production demand appears to have stabilized while the employment rate and consumer prices have remained generally stable. Personal income has continued its upward trend, and market expectations have improved significantly. These trends are indicative of a broader development pattern in the Chinese economy, which is generating a sense of optimism among market observers.

In December 2022, most Western economists were quite apprehensive about the performance of the Chinese economy in 2023 and they were pushing the deflation narrative. The strong momentum currently exhibited by the Chinese economy effectively dispels any notions of deflation theories. The Chinese government has skillfully harnessed the economy’s inherent fortitude and internal momentum by enacting tailored initiatives to enhance economic growth and cultivate a more favorable environment for businesses.

Despite America’s protracted trade war with China, the global Covid-19 pandemic’s enduring impact for over three years, and the ongoing Russia-Ukraine conflict, China has not lost its firm grip on the reins of its economic development. Even after five years of economic brinkmanship with the US, China has remained resolute and unyielding in its pursuit of economic recovery.

While the global landscape remains intricate and unpredictable and domestic demand still falls short, the groundwork for a resilient economic recovery has been firmly established. China’s impressive first quarter performance indicates that its economy is poised to achieve remarkable growth in the remaining three quarters. The world’s major economies, however, are struggling with stagnation and corrosion.

The writer is a freelance contributor.