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TRADE

Mainland exports drop again as tariffs batter economy

Shipments decline for fourth month in a row, but imports increase for first time since April

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Mainland exports in November fell 1.1 per cent from a year earlier, marking a fourth successive monthly decline as the pain of the US-China trade war continues to hit the world's second-largest economy.

The dip was below the expectations of a group of analysts polled by Bloomberg, who forecast 0.8 per cent growth, and worse than last month's 0.9 per cent drop.

Imports, meanwhile, grew 0.3 per cent in November – their first monthly increase since April and only the second this year – beating the Bloomberg poll, which forecast a 1.4 per cent decline.

China's trade balance for November stood at US$38.73 billion, down from US$42.91 billion in October and lower than analysts' expectations of US$44.3 billion.

Exports did not get the expected jolt from seasonal factors, such as the Christmas rush to buy consumer electronics goods.

November's export decline comes despite a low comparison base. Shipments grew by just 3.9 per cent in November 2018, following gains of 14.3 per cent and 13.9 per cent in the previous two months.

Li Kuiwen, director of the statistics and analysis department at the nation's customs authority, said that "the international economic and trade growth has slowed this year", but the country's foreign trade still maintained stable growth.

Detailed figures confirm the decline in Chinese trade with the US, while that with the European Union and the 10 members of the Association of Southeast Asian Nations (Asean) expanded.

Chinese exports to America fell 12.5 per cent year on year in US dollar terms in the first 11 months, while imports dropped 23.3 per cent. But exports to the European Union rose 4.5 per cent in the year through November, while imports rose 0.3 per cent. Exports to Asean countries rose 11.5 per cent during the period and imports gained 2.8 per cent.

The trade figures, released by the General Administration of Customs yesterday, followed surveys of manufacturers and service providers that suggested some improvement in the country's economy. But analysts were not getting carried away.

"In general, we don't put a lot of stock in the purchasing managers' indices," Trivium China, an economic consultancy, said in a note. "That's especially true when the readings are hovering around the 50-point line where it's hard to get a genuine signal from the index."

The export slump was telegraphed in both the Caixin/Markit Manufacturing Purchasing Managers' Index – a survey of private firms – and the official PMI, which generally covers larger producers. They both suggested few people were expecting an increase in overseas orders.

12.5%

Chinese exports to America fell this much year on year in US dollar terms for January to November, while imports sank 23.3 per cent

Weaker signals have also been present in the economic data of Beijing's key trading partners, such as South Korea, whose exports are often read as a leading indicator for China's industry as it supplies key components such as microchips and semiconductors used in mainland factories. South Korean exports reported a double digit slump for the 12th successive month in November.

Meanwhile, US customs data for October confirmed the impact of the tariff war.

America's goods trade deficit for the month fell 27.5 per cent year on year to US$31.3 billion – its biggest monthly drop for more than three years – amid plummeting purchases of Chinese products.

The slump in trade between the world's two biggest economies was not unexpected. Heavy tariffs have caused buyers to look for alternative supplies, manufacturers to leave the mainland and retailers in the United States to stuff their inventories in advance to avoid tariffs.