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ECONOMY

Eight provinces cut growth projections for 2019

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A number of mainland provinces have downgraded their economic growth targets for 2019 as the reality of the trade war with the United States continues to bite.

Twelve of the nation's provinces have published annual growth targets, with eight reducing them for the year, according to the *South China Morning Post's* review of government reports.

The country's most populous province, Henan, which is also home to the world's largest iPhone factory, is now targeting gross domestic product (GDP) growth of 6.5 per cent, having previously aimed for around 7.5 per

cent, according to the provincial government work report released yesterday.

Henan joined coastal Jiangsu in toning down its growth forecasts, reflecting a broad-based slowdown.

Beijing also set a lower target, with the capital region expecting 6 per cent to 6.5 per cent growth, down from 6.5 per cent last year.

The northern industrial port of Tianjin, which was found to have inflated its growth figures in recent years, cut its 2019 target to 4.5 per cent for 2019 from 5 per cent last year.

The Xinjiang region significantly lowered its growth target for 2019 to 5.5 per cent from 7 per cent last year.

Such downbeat outlooks have

been rare in recent years. Local governments usually compete to outperform their peers by setting ambitious growth targets.

The downward adjustments make clear the situation facing the country ahead of national GDP data due to be released: trade tensions abroad and weakening investor confidence at home will make for a bumpy ride for the economy in 2019.

The National Statistics Bureau will release GDP data for the final quarter of last year on Monday.

The central government is expected to set a lower growth target of between 6 per cent and 6.5 per cent this year, down from the 6.5 per cent target for 2018, Reuters reported.

Zhu Haibin, chief China

economist at JP Morgan, wrote in note this week that the economic slowdown experienced through 2018 would continue in 2019, despite the fact that Beijing has been tipped to reach a temporary trade truce with Washington before March 1.

"The [stimulus] policy impact could be modest due to the limited scope of policy easing and limitations in fiscal and monetary transmission," he wrote.

Lu Ting, chief China economist at Nomura International in Hong Kong, wrote that Beijing's pro-growth policies would have limited success in arresting the slowdown.

He predicted that China's growth would continue to weaken in the first half of the year.

"The market is still too optimistic on the efficacy of the government support," Lu wrote.

The nation's GDP growth slowed to 6.5 per cent in the third quarter of 2018, the lowest reading in a decade.

The widespread downward revisions by provincial authorities also came as Beijing plans to centralise the calculation of local GDP figures, in a bid to reduce the risk of officials cooking the books. This will come into effect in 2020.

The shift is aimed at closing the gap between national and regional GDP data, which has always contained discrepancies.

Typically, the sum of China's provincial GDP readings has always been significantly higher than the nationwide figure.