

BUSINESS

China's economy expands 5% in 2024, hitting target helped by strong exports, stimulus measures



1 of 7 | CORRECTS DATE - Workers inspect items at a chip maker in Binzhou city in east China's Shandong province on Nov. 26, 2024. (Chinatopix Via AP)

BY ZEN SOO

HONG KONG (AP) — China's economy expanded at a 5% annual pace in 2024, slower than the year before but in line with Beijing's target of "around 5%" growth, thanks to strong exports and recent stimulus measures.

The economy picked up speed in the last quarter, the government reported Friday, growing 5.4% in October-December.

[Exports](#) have surged as companies and consumers rush to beat potential tariff hikes President-elect Donald Trump may impose on Chinese goods.

“The national economy was generally stable with steady progress and new achievements were made in high-quality development,” the report by the National Bureau of Statistics said.

“Particularly, with a package of incremental policies being timely rolled out, public confidence was effectively bolstered and the economy recovered remarkably,” it said.

Manufacturing was a strong engine for growth last year, with industrial output jumping 5.8% from a year earlier. Total retail sales of consumer goods grew 3.5% at an annual rate. Exports expanded 7.1% in annual terms, while imports grew 2.3%.

The world's second largest economy has [struggled](#) with weaker consumer spending and resulting deflationary pressures as its recovery after the COVID 19 pandemic faltered and the property sector, once a main driver of business activity, fell into a downturn.

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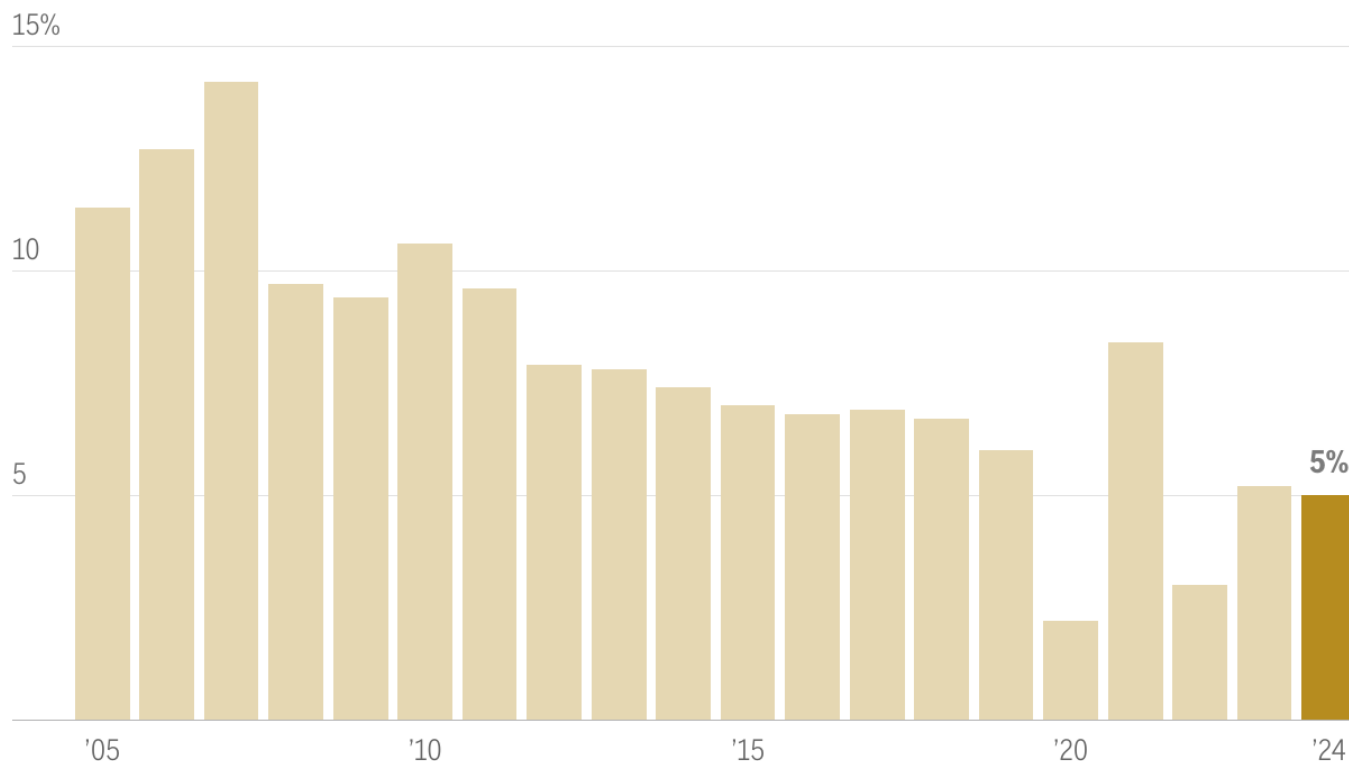
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The Chinese economy grew at a 5.2% annual rate in 2023, and economists have forecast that it will slow further in coming years.

China economic growth

Growth in China's gross domestic product (GDP) has slowed since its peak in 2007, coming in at 5% last year.

Annual growth in China's GDP



Zichun Huang of Capital Economics said that the economy regained some momentum last quarter thanks to recent policy easing.

“Increased fiscal spending should continue to provide a near-term prop to activity,” Huang said in a report. “We still expect growth to slow for 2025 as a whole, with Trump likely to follow through on his tariff threats soon and persistent structural imbalances still weighing on the economy.”

China’s population also is aging and declining, adding to pressures on growth. The government reported Friday that the [population fell](#) for a third straight year in 2024, to 1.408 billion at the end of 2024, a decline of 1.39 million from the previous year.

With costs of living rising faster than wages, young Chinese are putting off or ruling out marriage and childbirth, accentuating the impact of birth control policies that once limited most families to one child each.

Some economists say the economy is growing at a slower pace than shown in official estimates.

“The precise achievement of the official growth target is highly dubious at a time when most indicators of economic activity and financial markets are flashing red,” Eswar Prasad, an economics professor at Cornell University, said in an emailed comment.

“The economy continues to be beset by a combination of weak domestic demand and persistent deflationary pressures, in addition to a hostile external environment that could limit exports,” he said.

Trump, who will be inaugurated next week, has pledged to increase U.S. import duties on Chinese goods. This week, the Biden administration also imposed further restrictions on exports of advanced semiconductors and technology, seeking to maintain the U.S. lead on advanced technologies and block China’s access.

The ruling Communist Party has rolled out a series of [stimulus measures](#), including reducing banks’ reserve requirement ratios, cutting interest rates and [frontloading billions](#) from its budget in 2025 to fund construction projects. It has ordered banks to lend to beleaguered property developers that were left mired in debt after authorities cracked down on excess borrowing.

National Bureau of Statistics spokesperson Fu Linghui told reporters in Beijing that boosting consumption and expanding domestic demand are priorities this year.

“With the coordinated efforts of stock policies and a package of incremental policies, the momentum of economic recovery is strengthening, the recovery of consumer demand has accelerated, and there are more favorable factors for a moderate rebound in prices,” he said.

Beijing has expanded a [trade-in scheme for consumer goods](#) and raised the wages of millions of government workers to revive domestic demand.

Those incremental moves need to be accompanied by broader structural reforms, some economists say, that will improve productivity and make the economy less reliant on construction and export manufacturing. In particular, private businesses remain wary of boosting investment or hiring after years of policy shifts that have added to uncertainty over their role in the economy.

Scant social safety nets, meanwhile, lead families to save rather than spend, and falling housing prices and weak stock prices have hurt household wealth, compounding the problem.

“China needs a strong and multi-pronged policy package to revive growth momentum,” Prasad said. Such a package would need to include substantial and well-targeted monetary and fiscal stimulus, complemented by reforms and other measures to revive private sector confidence.”

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