China’s economy grows by 5.3% in first half despite Trump’s trade war

A surge of exports from Chinese manufacturers supported the growth, as customers and producers alike took advantage of the U.S.-China trade war ceasefire.

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China’s economy has defied President Donald Trump’s tariff pressure and is outpacing Beijing’s growth target, expanding by 5.3 percent in the first half of 2025, according to government statistics, suggesting the world’s second-largest economy is weathering the trade war better than many in Washington predicted.

A surge of exports from Chinese manufacturers taking advantage of a fragile truce in the trade war — brokered in May after Trump ratcheted up tariffs to a minimum of 145 percent during April — helped prop up growth. Negotiators are now working to turn that framework into a trade deal by mid-August.

Even during the April to June quarter, gross domestic product expanded at a rate of 5.2 percent compared with the same period the previous year, the National Bureau of Statistics said Tuesday. That was only slightly slower than in the first quarter of the year, putting Beijing on track to meet its growth goal of "around 5 percent" for the year.

Chinese officials hailed the figures as a sign of the economy's strength in the face of challenges, calling the statistics a "report card full of gold."

"It is not easy to achieve such results amid rapid changes in the international environment and a clear increase in external pressure," said Sheng Laiyun, deputy director of the National Bureau of Statistics.

Robust growth in exports during the global trade war Trump unleashed in April continues to support the economy. China's customs agency said Monday that outbound shipments rose 5.8 percent in June compared with the same month last year, beating a Reuters poll of analyst estimates.

Exports to the United States recovered from a significant slump in May, while shipments to well-known transit hubs such as Southeast Asia jumped by 16.8 percent compared with the same month last year, China Customs said.

Beijing has consistently projected confidence in its ability to weather Trump's tariff pressure and pitched itself to worried U.S. trade partners as a defender of globalization and a dependable source of economic growth.

But Beijing's official headline figures undersell many of the economic challenges it faces and the difficult reality for many Chinese businesses and families, analysts said.

"It is encouraging that the Chinese economy seems to have surpassed the government's growth target in the first half of the year but worrying that this growth has been unbalanced and heavily reliant on investment and exports," said Eswar Prasad, an economics professor at Cornell University and former China head at the International Monetary Fund.

In practice, growth is probably weaker than official figures suggest, thanks to the property sector's contraction and slowing investment in manufacturing and infrastructure, said Zichun Huang, an analyst at the research firm Capital Economics.

Tariffs and domestic economic headwinds mean that growth may be as low as 3.5 percent when measured using unofficial indicators of economic activity. But “political pressure to meet annual growth targets, even if only on paper, means that published GDP growth will be much higher,” Huang wrote in a note.

The government has struggled to end a years-long real estate slump that weighs heavily on the personal wealth of many in China. Before the crisis, many families considered housing a safe place to store their savings.

Even in China’s largest and most prosperous cities — usually considered the safest property markets in the country — prices for new homes fell slightly in June compared with May, data released Tuesday showed.

Chinese leader Xi Jinping laid out his vision to fix the property markets in a closely watched two-day meeting of top Communist Party officials that concluded Tuesday. His plan for a “new model of real estate development” included rebuilding run-down housing and connecting smaller towns and cities into integrated urban hubs, Chinese state media reported.

Intense price wars between carmakers, online retailers and renewable energy manufacturers have slashed profits in some of the country’s most promising industries and worsened persistent deflation.

Sheng, the statistics bureau official, promised in remarks Tuesday that the government would do more to manage “disorderly competition to lower prices.”

A government campaign to promote more balanced growth across the economy by boosting domestic demand has also run into difficulties. Trade-in programs encouraging buyers to upgrade old household appliances were paused by some provinces in June after local authorities faced a cash crunch.

Retail sales slowed in June compared with May and fell short of analysts’ expectations.

But Beijing appears content to handle the mounting pressures without resorting to major government spending or other tools to spur growth.

“We do not think policymakers have the urgency to launch broad-based, significant stimulus” at a meeting of the top leadership expected this month, analysts at Goldman Sachs wrote in a research note Tuesday.