

VBCI Economy Corner Archives

Table of Contents

June 2023 Update	1
May 2023 Update	2
March 2023 Update	3
January 2023 Update	3
November 2022 Update	4
October 2022 Update	4
September 2022 Update	5
August 2022 Update	5
July 2022 Update	6
June 2022 Update	6
April 2022 Update	7

June 2023 Update

China's Tourism to Australia

With the rapid growth of China's middle class and the Open Skies agreement between China and Australia, more Chinese tourists, and students were attracted to travel to Australia, thus bringing the revenue by 2020 to an estimated US\$13 billion. However, due to the Covid pandemic since early 2020, the number of Chinese tourists visiting Australia decreased from 1.4 million (spending an estimated A\$10.3 billion) before the pandemic to 89,000 last year, down from about 14.7% to only 2.4% of the total number of tourists. The Australian Tourism Bureau pointed out that the reopening of China's outbound tourism market is of positive significance to the recovery of Australia's tourism industry and economic development. To boost tourism, the Australian government successively introduced new policies, which attracted 3.7 million international tourists to Australia in 2022, showing a strong recovery in the tourism industry.

According to official statistics from the Australian government, the total number of Chinese tourists to Australia jumped sharply in the first month after the resumption of outbound tourism, with a total of 14,600 Chinese tourists entering Australia in January 2023 and 40,400 in February.

Furthermore, according to data from the Chinese Ministry of the Interior, between January and March 2023, 18,785 new visas were granted for Chinese mainland students, an increase of 43.4% from 13,096 in the same period in 2019. More than 70% Chinese students are concentrated in New South Wales, Victoria and Queensland. According to the Australian Department of Education, nearly 75% of Chinese mainland students choose New South Wales and Victoria, followed by Queensland at 12.5%, while South Australia and Western Australia account for 5.4% and 2.9% respectively. Chinese mainland international students now studying in Australia include both students who have resumed their previously affected study abroad careers and some new international students.

Australia has long been one of the most popular destinations for Chinese tourists attracted by Australia's natural environment, especially kangaroos, koalas, diverse

landscapes, fresh seafood and local friendly residents. Sydney, Melbourne and Gold Coast are the most popular visiting spots for Chinese tourists.

Data Source:

<https://mp.weixin.qq.com/s/lub5ei5TbGhsHF-kHMndkq>

<https://baijiahao.baidu.com/s?id=1764209093676202483&wfr=spider&for=pc>

https://www.sohu.com/a/676370044_120235986

May 2023 Update

China's Overall Trade in 2023 Q1

The trade statistics released by China Customs show that the total import and export value of China's goods trade, in the first quarter of 2023, was US\$1.4192 trillion, a year-on-year increase of 4.8%. Exports were US\$0.8108 trillion, up by 8.4%; imports were US\$0.6084 trillion, up by 0.2%. Some points to note follow.

The growth rate of imports and exports has increased month by month. It turned from negative (down by 7% in January) to positive (up by 8% in February and 15.5% in March). As noted above, the overall growth in the first quarter was 4.8%.

The proportion of general trade imports and exports has increased. In the first quarter, China's general trade imports and exports were US\$0.9270 trillion, a year-on-year increase of 7.9%, accounting for 65.3% of the total import and export value. Among them, exports were US\$0.528 trillion, up by 12.7%; imports were US\$0.3989 trillion, up by 2.2%; the import and export of processing trade were US\$0.2568 trillion, accounting for 18.1% of the total import and export value.

Exports of mechanical and electrical products and labour-intensive products all increased. China's exports of mechanical and electrical products reached US\$0.4692 trillion, a year-on-year increase of 7.6%, accounting for 57.9% of the total export value; Among them, the exports of automobiles, household appliances and batteries were US\$21.16 billion, US\$20.27 billion and US\$16.70 billion, up by 96.6% and 3.2% 84.8% respectively; the export of labour-intensive products was US\$135.96 billion, up by 5.7%; the exports of clothing, plastic products and furniture were US\$34.71 billion, US\$24.43 billion and US\$15.40 billion, up by 6.7% and 11.1% and 0.8% respectively.

Imports of energy products and consumer goods increased. China's crude oil, natural gas and coal and other energy products imported total US\$112.75 billion, a year-on-year increase of 9.1%, accounting for 17.9% of the total import value; imported consumer goods amounted to US\$68.70 billion, up by 6.9%; the imports of meat and edible aquatic products were US\$7.20 billion and US\$4.51 billion, up by 22.5% and 21.9% respectively.

Australia- China Trade

According to the trade data released by the Australian Bureau of Statistics, Australia's exports to China reached AU\$19 billion in March 2023, up by 31% on a year-on-year basis. Thermal coal exports to China rose by 125.4% on a year-on-year basis to AU\$ 354 million, according to data released by the Bureau of Statistics on May 4. Exports of iron ore blocks and iron ore powder to China increased by 24.3% and 17.7% to AU\$566 million and AU\$1.449 billion respectively. Australia was one of the main sources of China's thermal coal imports in March 2023, according to the latest data from the General Administration of China Customs. China is Australia's largest trading partner, accounting for nearly a third of its overseas trade and 65% of 1.1 billion tons of iron ore purchased by China came from Australia in 2022.

Note: US\$1: RMB6.9663 (May 16th, 2023)

Data Source:

<https://baijiahao.baidu.com/s?id=1763026551398499229&wfr=spider&for=pc>

<https://baijiahao.baidu.com/s?id=1765476634723289198&wfr=spider&for=pc>

March 2023 Update

China's GDP trend review for 2022

China's GDP data for 2022, now released, has shown an increase of 3.0% on a year-on-year basis (4.8% in the first quarter; only 0.4% in the second quarter due to the epidemic and other matters; 3.29% in the third quarter and 2.9% in the fourth quarter). China has still achieved a growth of 3%. The economy has shown a downward trend, especially in the fields of exports, consumption, and investment, particularly in tourism and hospitality.

Detailed statistics for 2022 showed a large decline in the retail sector (maintained at only 0.2%) and a downward trend for six consecutive months (the overall decline of 11.1% in April with a certain degree of growth in June; 0.5% in October and 1.8% in December). The investment in 2022 presents a degree of optimism, with only 10% in industrial investment and only 9% in manufacturing, but relatively large growth of electricity and gas at about 20%.

From the perspective of the imports and exports, the total value of imports and exports increased by 0.26%, while the exports fell by 0.5% and imports increased by 2.2%. Since the exports are affected by the overall economy, the economy is likely to be in a weak state in 2023.

China's GDP in 2022 has reached 18 trillion US dollars, this achievement is impressive, but China's GDP per capita is only \$12,700 USD due to the large size of its population of 1.4 billion people. China's economic focuses and growth point in 2023 will be multifaceted, it is expected that China's economic growth can be maintained at about 4%~5% and China's GDP growth will also be achieved by the end of 2023.

Data source: China Finance and Economy in February

January 2023 Update

Newly published - Doing Business in China 2022

The Doing Business in China Report 2022 details experiences and opinions of 160 Australian organisations operating in or doing business with China. Following surveys in 2017 and 2018, this is the third instalment of a longitudinal study, which was conducted during April and May, prior to the Australian federal election.

The 2022 survey results from executives at 160 Australian companies give insights of a tumultuous business environment for Australian businesses working in and with China.

The key findings include:

Pandemic restrictions on peoples' movement, trade restrictions and ongoing tensions in Sino-Australian relations were perceived as top challenges.

Despite those challenges, 58% of respondents indicated China is in their top three priorities for global investment plans over the next three years.

The pandemic caused profitability to decrease significantly compared with 2019 levels. 36% of respondents reported a reduction in headcount and 31% a reduction in their investment in China.

The survey's analysis of respondents' sales, investments and headcounts suggests modest optimism in 2022, with growth forecast following a sharp contraction in 2020 and uncertainty in 2021.

Reference: [University of Melbourne, Doing Business in China 2022: Australian businesses in China thriving despite challenges](#)

November 2022 Update

Ten Months' Cargo Trade of China (2022)

Based on China Customs Statistics, the total trade volume for the past ten months this year amounted to US\$5.26 trillion (up by 7.7%), among which the exports reached US\$2.99 trillion (up 11.1%) and the imports got US\$2.27 trillion (up 3.5%). The total trade surplus was US\$727.7 billion.

The features of China's foreign trade are mainly as follows:

Trade Modes: general trade (taking account of 63.8% in total foreign trade); processing trade (20.3%), bonded logistics (12.4%) and others (3.5%).

Major Trading Partners: ASEAN (10 of South-East Asian Nations, 15.2%); EU (European Union, 13.5%); US (12.2%); Korea (5.8%).

Main Export Products: electromechanical products (auto data-processing equipment and spare parts, mobile phones and cars 57.1%); labor-intensive products (garment and clothing, fabrics, and plastic products, 18%) and others.

Mainly reduced Import Products: iron ores; crude oil; coal; natural gas; soybeans; primary plastics; product oil; copper and its materials. These imports are reduced due to the increasing prices except iron ores.

China is still Australia's largest trading partner. The total import and export volume between the two countries for the past ten months of 2022 amounted to US\$184.33 billion, among which the imports from Australia topped US\$119.875 billion and the exports to Australia reached US\$64.455 billion. The Australian trade surplus from China was US\$55.42 billion.

Data source: China Customs Statistics; Shanghai Chamber of Commerce
(Note: US\$1: AUD1.4789 dated 2nd November, 2022)

October 2022 Update

China's Third Quarter GDP is up 3.9%

Official statistics showed that China's economic growth rate rebounded to 3.9% on the year in the third quarter of 2022. China's gross domestic product was sustained by higher fixed-assets investment and consumer spending, according to data revealed by China's National Bureau of Statistics. The result beat the 4.8% seen in the first quarter and the 0.4% growth in the second quarter. (CK TAN, Nikkei; National Statistics Bureau)

In the third quarter, at least, infrastructure and manufacturing equipment upgrades -- which make up fixed assets investment -- grew 5.7%, higher than the second quarter's 4.2%. Consumer goods sales rebounded to 3.5% compared with a 4.6% contraction in the previous quarter, as the country adjusted its mass COVID-19 lockdowns to more targeted restrictions. The unemployment rate among the urban population averaged 5.4%, edging lower from 5.8% in the second term, but the

jobless rate among youth aged 16 to 24 remained elevated at 17.9%. (CK TAN, Nikkei))

In the first nine months, China's GDP grew by 3%, supported by secondary industry such as infrastructure investments and a recovery in industrial production. Real estate development, however, contracted 8%, underscoring persistent pressure from subdued demand and developers' struggles to repay debts. (CK TAN, Nikkei)

China Customs Statistics revealed that the total imports and exports reached US\$4.75 trillion, among which exports amounted to US\$2.70 trillion (up 12.5%) and imports topped US\$2.05 trillion (up 4.1%), resulting in a trade surplus of US\$645.15 billion (up 51.6%). However, outbound shipments continued to decline 5.7% in U.S. dollar terms, down from 7.1% in August, as global economies reel. Imports remained flat at 0.3%, highlighting the limits of domestic demand. (Customs Statistics)

Earlier this month, the IMF lowered China's GDP projection for 2022 to 3.2%, citing the damage done by repeated lockdowns, the contraction in freight and passenger traffic this month, as well as declines in property and car sales. The figure is well below China's official estimate of around 5.5%. (CK TAN, Nikkei)

Data source: CK Tan, Nikkei; Custom Statistics; National Statistics Bureau. (Note: US\$1: AUD1.5588, dated 10/31/2022)

September 2022 Update

From January to July 2022, the bilateral import and export volume of goods between China and Australia was **US\$128.26 billion**, a decrease of US\$32.37 million compared with the same period in 2021, down by 1.7% year-on-year.

From January to July 2022, the total value of China's exports to Australia was **US\$43.18 billion**, an increase of US\$8.34 billion compared with the same period in 2021, an increase of 24.1% year-on-year. The total value of China's imports from Australia was US\$85.09 billion, a decrease of US\$9.45 billion compared with the same period in 2021, down 11.1% year-on-year.

Although this year's trade (especially in the commodities such as barley, sugar, beef, wine, log, coal, lobster, and copper) is down considerably, Australia's trade surplus resulting from trade with China still reached **US\$41.91 billion** from January to July 2022.

Data source: <http://www.customs.gov.cn>; <http://www.mofcom.cn> (Note: US\$1=AUD1.4790)

August 2022 Update

The **China Customs Statistics** released data in July showing that in the first half of 2022, China's foreign trade achieved steady growth, and the total import and export value of trade in goods was 19.8 trillion yuan (AUD\$ 4.21 trillion), an increase of 9.4% year-on-year. Among them, China's exports were 11.14 trillion yuan (AUD\$ 2.37 trillion), an increase of 13.2% year-on-year; imports reached 8.66 trillion yuan (AUD\$ 1.84 trillion), an increase of 4.8% year-on-year, resulting in a trade surplus of 2.48 trillion yuan (AUD\$ 0.53 trillion).

Specifically, in terms of trade modes, the proportion of general trade imports and exports continued to increase. China's general trade import and export was 12.71 trillion yuan (AUD\$ 2.70 trillion), an increase of 13.1%, accounting for 64.2% of China's total foreign trade import and export value.

From the perspective of major trading partners, China's imports and exports to ASEAN, the US and the countries along the *Belt and Road Initiative* maintained double-digit growth.

The major export products included:

- mechanical and electrical products
- textiles and garments
- plastic products
- shoes and other labour-intensive products.

The import of energy products included:

- crude oil
- natural gas
- coal
- other energy products.

It is expected that China's foreign trade will continue to maintain steady growth in the second half of 2022 due to the unchanged fundamentals.

China Customs data also shows that the bilateral trade volume between China and Australia was 684.26 billion yuan (AUD\$ 145.58 billion), down 4% year-on-year. Among them, Australia's exports to China fell sharply by 13.1% in the first half of 2022 to 452.2 billion yuan (AUD\$ 96.21 billion).

(Source: [China Customs\(external link\)](#); [Ministry of Commerce\(external link\)](#))

(Note: \$1AUD=¥4.70 yuan)

July 2022 Update

China is aiming to peak greenhouse emissions before 2030 and to achieve carbon neutrality before 2060. Using a newly-developed dynamic model - CHINAGEM-E developed by the Centre of Policy Studies at VU, the researchers investigate the economic implications of China's carbon neutrality path over the period of 2020 to 2060. The simulation shows that to achieve carbon neutrality in 2060, China has to change its energy structure significantly.

Coal and gas consumption will decline dramatically while the demand for renewable energy, especially demand for solar and wind energy will increase considerably. Meanwhile, the penetration of electricity into the economy is projected to increase strongly, with the share of electricity in final energy more than doubling between now and 2060. Much of the additional electricity use will be clean.

A dramatic fall in CO₂ emissions appears technically feasible and the modelling suggests that its effects on the Chinese economy are also mild. China can still double its GDP between 2020 and 2035 while reaching carbon neutrality in 2060. The modelling also finds that the adoption of new technologies such as carbon capture and storage (CCS) could lead to significant emissions reduction with small increases in cost.

June 2022 Update

Trade between Australia and China

2022 marks the 50th anniversary of the establishment of diplomatic relations between Australia and China. Over this period bilateral trade between Australia and China has

increased from US\$100m in 1972 to US\$230b in 2021. By the end of 2021, China ranked first as Australia's export market, source of imports, tourism income, and overseas students. Recent data shows that trade between the two countries remains strong. The first-quarter data shows that trade volume between China and Australia reached A\$66.66b, an increase of 15.4% from the same period last year. China accounted for 30.32% of Australia's trade surplus of A\$13.41b.

China's trade with the rest of the world also remains strong. China's cargo trade volume (first quarter 2022) amounted to US\$144.85b, up by 10.7% compared with the same period last year. Within that, China's exports reached US\$80.40b, up by 13.4% while imports were US\$64.45b, up by 7.5%, thus a trade surplus of US\$15.95b for the first quarter of 2022. (China Customs Statistics; Note: exchange rate, 1US\$=6.5 RMB)

April 2022 Update

China's GDP was US\$17.7 trillion (114.4 trillion yuan) in 2021, up 8.1% from the previous year, overtaking the European Union in absolute size. Although the size of GDP is quite large, China's average GDP per capita is only US\$12,600 due to China's large population.

China's National Bureau of Statistics data, for the recently concluded March quarter, reports a better than forecast growth rate of 4.8% compared to the same quarter a year earlier. There has been media comment in the west that the months ahead may see a slowing as a consequence of COVID lockdowns and also the effect of the war in Ukraine.