

## VBCI Economy Corner Archives

### Table of Contents

August 2022 Update .....	1
July 2022 Update .....	2
June 2022 Update.....	2
April 2022 Update .....	3

### 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 CO<sub>2</sub> 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.