Éclairages
Émergents

Aperiodic - n° 15/01 - January 2015

China: What if growth slows to 5%?

- **China is slowing not only as a result of Beijing's intention to move towards a new growth model, but also because of production overcapacity and overleveraging.**
- **This makes short-term management of the economy tricky, and the growth path more uncertain. It also unsettles the economic transition, highlighting sometimes divergent political, economic and social interests, and making the task facing China's leaders all the more arduous in that the country has become more complex.**
- **Given the context, it is worth examining alternative scenarios that are less optimistic than the soft-landing in our current baseline forecast. It is not impossible that growth could slow to 5%, either in 2015 or gradually over the next three years.**
- **In either case, there would be consequences for the rest the global economy, though presumably nothing comparable to the 2009 crisis, especially given the current oil price decline. But it is always very difficult to assess second round effects.**

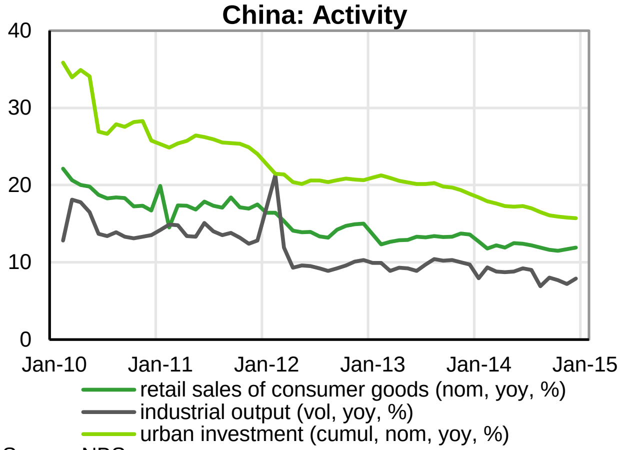
Questions about Chinese growth

Most observers still expect China's GDP growth to slow very gradually over coming years. But there are growing questions over the sustainability of the increasingly leveraged economy, and the danger of a sharper adjustment than forecast in the baseline scenario.

Declining efficiency of investment

GDP growth has slowed from double digits in the first half of 2010, especially since 2012, and last year's 7.4% growth was the lowest since 3.8% in 1990.

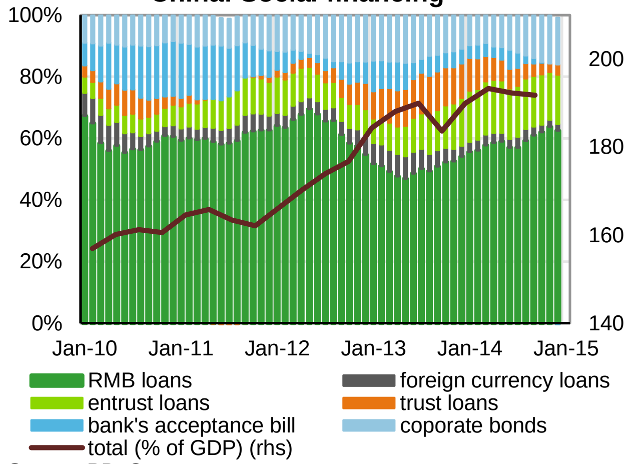
China: Activity



Source: NBS

At the same time, debt has soared to a very high level in light of the country's degree of development, particularly for companies and local government, with a surge from 155% of GDP at the start of 2010 to nearly 200% of GDP today, excluding central government debt. What's more, some lending has transited through non-conventional or unregulated channels. Households, on the other hand, carry little debt.

China: Social financing



Source: PBoC

Slowing growth and rising debt are symptoms of the declining efficiency of investment; the ICOR (incremental capital-output ratio, which measures the investment needed to generate GDP growth) worsened from an average 4.1 between 2005 and 2010 to 6.4 last year.

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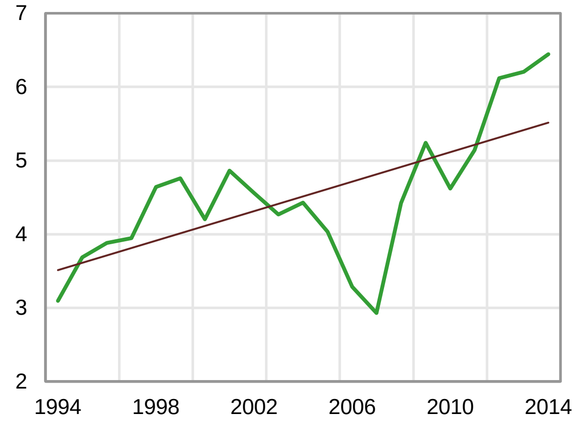
China: ICOR



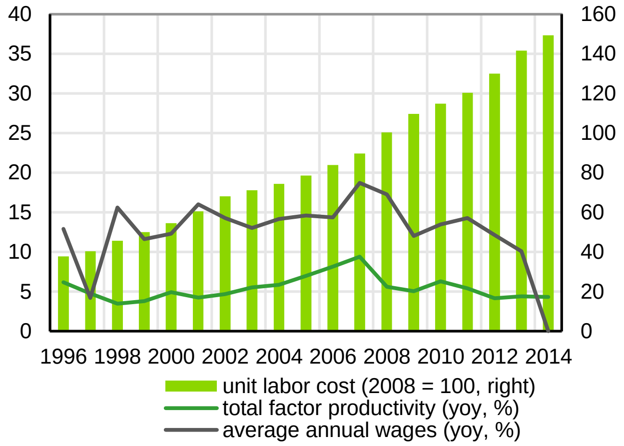
Sources: FMI, NBS

A growth model running out of steam

Slowing growth and rising leverage reveal the limits of China's growth model in recent years. The limits have now been reached:

- ✓ High leverage, as noted above, and suboptimal credit allocation, meaning overinvestment in some industries and the resulting overcapacity, e.g., in steel, cement, mining and property;
- ✓ Sustained decline in demand from end consumers in the developed countries, particularly in the EU;
- ✓ Reduction in surplus rural manpower and rising labor costs, and a general increase in production costs;
- ✓ Widening inequalities (in wages, across regions, and so on);
- ✓ Increasing environmental constraints due to worsening pollution and rising public health expectations among the population.

China: Cost of labor



Sources: BNS, Oxford

A transition begins…

China's leaders know they have to change their model, and the tone was set at the Third Plenum in November 2013. Sweeping financial, tax, land use and institutional reforms were announced. Nearly all are intended to promote growth:

- ✓ Greater reliance on market mechanisms and the private sector;
- ✓ More efficient funding and optimal resource allocation;
- ✓ More focus on domestic consumption, as well as productivity investment;
- ✓ Backed by R&D, improved education and training;
- ✓ Inclusive, greener growth.

… subject to strong constraints…

Some reforms have begun; the transition is underway. Beijing is seeking to turn words into deeds, and its economic policy looks somewhat encouraging. Yet numerous questions remain. Social stability will continue to be an imperative for China's leaders, even if it could be challenged by some of the announced reforms, but preserving stability is also one of the reasons growth is crucial. Li Keqiang stated last November that China needs 7.2% growth to create 10 million jobs a year and hold urban unemployment to around 4%. The 7.2% figure is far lower than targets in the recent past, but focusing on that objective would represent a constraint towards rebalancing China's growth on a more feasible and therefore more sustainable trend path.

Despite the highly active anti-corruption campaign over the past 18 months and other commitments to improve the rule of law — commitments made at the CPC's plenary session in late October 2014 — Beijing will do nothing that could threaten the Party's future. Accordingly, what role could the market play in an environment where information is not free to circulate, and without an independent judiciary — in a nutshell, without the corresponding institutions? Will markets play the "decisive" role announced by Xi Jinping?

Other factors must also be kept in mind, including the vested interests of regional leaders and public sector enterprises, even if the anti-corruption campaign led strenuously by Xi Jinping is also helping to silence those who resist the reforms. Similarly, disparities in regional development have increased over the past thirty years. Interests and expectations often diverge, so it is no longer feasible to undertake a broad national reform campaign, as was still possible under Jiang Zemin. A more prudent, granular approach is required, despite the risk of missteps.

… and in less favorable economic circumstances

While the current slowdown reflects Beijing's determination to shift towards a new growth model, the other factors at work — overcapacity and overleveraging, as discussed above — may significantly reduce the authorities' latitude to manage the slowing through monetary and fiscal policy.

Several factors weighing on the Chinese economy make short-term management of the economy (and the transition) much more complicated. Credit risk is on the rise and requires close monitoring. Defaults appear to be virtually inevitable. Overleveraged SME's operating in industries or markets with overcapacity are on the front line, e.g., small developers with exposure in third- and fourth-tier cities, or even in second-tier cities. But failure of Beijing's targeted fine-tuning measures to halt the slowdown since last spring could lead to fears of growing payment or refinancing issues and/or a credit event that could have significant knock-on effects. In brief, it would be difficult to overlook the danger of a hard landing, even if the risk is low.

What about the medium term?

The trend would be towards greater consumption, more services, and less in the way of productivity gains and ultimately less growth. But tomorrow's China is already

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visible in today's first-tier cities, and the transition could come with surprising speed. In other words, opportunities are waiting to be seized — in ICT, retailing, e-commerce and logistics, tourism, and the grey economy — and soon it may be too late.

And yet, the path to that future could be tricky, not only in the short term. As the Chinese economy has developed and become more complex, so have the opportunities for policy errors in the transition to a new growth model.

What if Chinese GDP growth fell to 5%?

Our baseline scenario for China shows growth slowing to 7.4% in 2014 and 7.1% in 2015, before gradually stabilizing around 6-6.5% in the medium term. But the context calls for examining other, less optimistic scenarios, especially in light of their consequences for the rest of the global economy.

Two are examined here. The first is built around the collapse of the credit bubble, followed by a pronounced, sudden slowdown in GDP growth to around 5% next year; we assign a 5-to-10% probability of occurrence. The second alternative scenario is built around insufficient or unsuccessful reforms that cannot prevent growth from slowing gradually, but fairly severely, to around 5% by 2017; this scenario is assigned a probability of 25 to 30%.

Baseline scenario*	2015	2016
China's GDP growth	7.1	6.9
USD/CNY (average for year)	6.10	6.02
Fed funds (year-end)	0.75	2.00
USD/EUR (average for year)	1.21	1.16
US GDP growth	2.9	2.9
ECB refi rate	0.05	0.05
Eurozone GDP growth	1.0	1.5
Emerging markets GDP growth (ex-China)	3.3	4.3
Brent crude (USD/b)	60	80

**forecasts made mid-December 2014*

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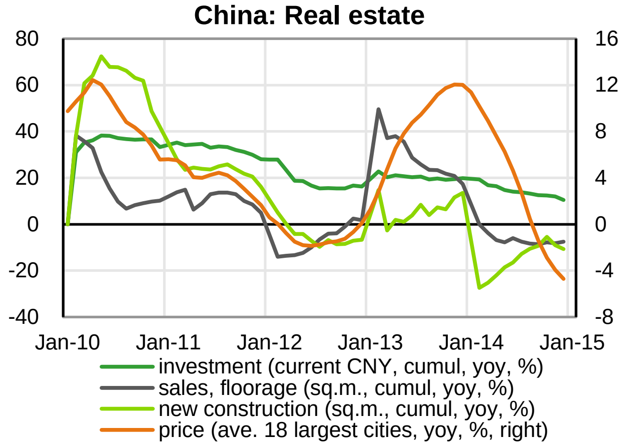
Scenario 1: A sharp slowdown to around 5%

How?

The credit bubble bursts, primarily due to a weaker property market caused by oversupply, especially in second and third tier cities. Some dwellings could go unsold because they fail to match buyers' expectations. In addition, with many smaller, regional developers under financial strains and short of cash, the current correction in residential property could prove to be more brutal than expected. This risk is low but nonzero, and is probably increasing.



Source: NBS

A property shock could have a bigger impact on financial and economic stability than would be inferred from the amount of bank lending to developers and households (7% and 13% of total lending, respectively) and from the relatively strong quality of banks' portfolios of loans to households (primarily because the average homebuyer's deposit is half the transaction price, and banks are prohibited from extending subprime mortgage loans and then securitizing them). There are several reasons that property could cause trouble:

- ✓ Many developers have resorted in recent years to shadow banking for loans, amounting to 4 to 10% of GDP, depending on the source; and trust companies' financial soundness has worsened due to rising leverage, increased refinancing costs, and the growing maturity mismatch;
- ✓ The loan principal secured by property assets is fairly high, amounting to an estimated 20 à 25% of total bank loans;
- ✓ Local governments (whose debt is estimated at some 32% of GDP, with 17% and 12% of loans set to mature in 2015 and 2016, respectively) rely on land sales for a large share of their receipts — about 35% in 2013;
- ✓ Real estate is intimately linked to many parts of the economy, accounting for about 13% of GDP if we include construction, and 33% of GDP, according to the IMF, if we add the other sectors that are highly dependent on property, e.g., steel, cement and other building materials, machinery and equipment; it also accounts for 19% of total investment and 66% of households' assets — pointing to a potentially negative wealth effect.

A severe correction in housing prices could swiftly lead to a vicious circle of financial deterioration and economic slowing. In this scenario, the most fragile sectors (heavy industry and property developers) are most severely affected by the collapsing bubble, and are forced to restructure. The NPL ratio jumps to 5-10%, or more. Investment comes to a standstill, but the sectors related to urban infrastructure, the environment and services are affected less. Consumption also weakens considerably, due to the negative wealth effect.

Beijing responds energetically with fiscal measures (infrastructure investment and tax incentives for consumption and investment) and fairly aggressive currency policy (a pronounced drop in the yuan). But that doesn't prevent GDP growth from suddenly falling to 5%, or even a

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little lower, and remaining there for two or three quarters before rising towards 6% the following year.

Global consequences

Global equity markets soon correct downwards, overshooting initially, but the fall is moderate on the whole after the overshooting ends. (Hong Kong and a few other Asian stock exchanges could nevertheless be affected longer, and more severely.) International investors also show greater risk aversion. And without falling to 2012-12 levels, the 10-year US treasury rate remains below its long-term equilibrium level.

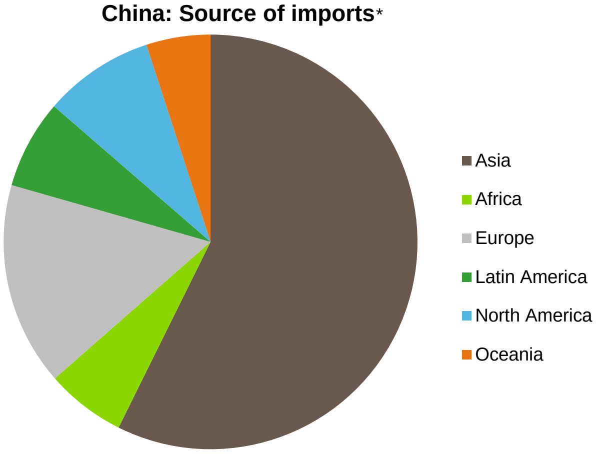
The dollar benefits from a flight to quality. What's more, exports to China account for a larger share of the economy in the euro zone than in the US, and China's slowdown leads to less diversification of reserves towards the euro. The currency depreciates against the dollar, falling to $1.10, before rising slightly the following year.

Scenario 1	2015	2016
China's GDP growth	5.0	5,5-6,0
USD/CNY (average for year)	6.80	6.50
Fed funds (year-end)	0.25	0,75-1,0
USD/EUR (average for year)	1.05	1.10
US GDP growth	2.7	2.8
ECB refi rate	0.00	0.00
Eurozone GDP growth	0.8	1.3
Emerging markets GDP growth (ex-China)	2.8	3.9
Brent crude (USD/b)	40	60

Global demand for oil weakens further, by several hundred thousand barrels a day at least. Crude falls significantly, averaging $40 a barrel in 2015, leading to a response by OPEC and Saudi Arabia, as in 2009. The lower price puts the brakes on shale oil production in the US. As a result, oil prices rise gradually over twelve to twenty-four months, returning to about $80 a barrel.

The US economy suffers less from slower exports to China than from flagging demand from the rest of Asia and, more generally, from the rest of the world. Lower global equity markets also affect the US, but the overall impact is moderate or slight, mainly because partly offset by cheaper oil. Growth in the US slows by only by one or two tenths of a percentage point, but that's still enough for the Fed to delay tightening.

China: Source of imports*



Sources: NBS, CA SA

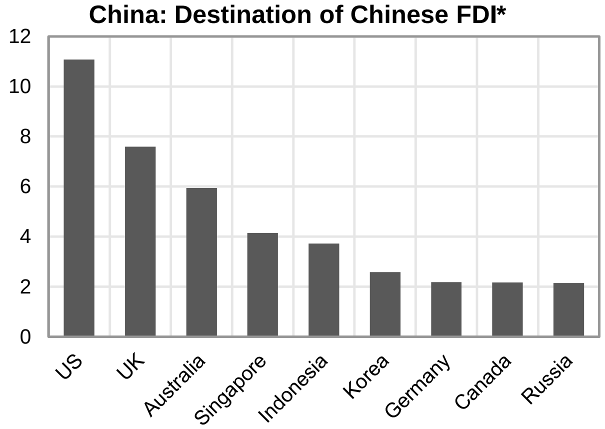
* 2012 data

The euro zone suffers slightly more than the US from weaker demand from China and the other Asian economies. The euro's depreciation against the dollar, however, partly offsets the negative impact on exports. Lower oil prices also cushion the blow. All told, euro zone growth slows by about one-fourth of a percentage point, with the greatest impact on Germany and Italy. The ECB could accelerate QE.

> ### Euro zone: A moderate impact on the whole
>
> France. China absorbs only 3 to 3.5% of French exports, and China's FDI in France accounts for roughly 1% of the FDI stock. France's economy is impacted mainly through Germany, its top trading partner.
>
> Germany. China is Germany's number 3 export market, accounting for 10% of foreign sales of automobiles and machines. The indirect impact arising from slowing global trade is even more pronounced. China's FDI stock, on the other hand, is very low, at €1.2 billion, and therefore would not be a channel for risk.
>
> Italy. China absorbs only 2.5% of Italian exports and accounts for less than 1% of the FDI stock; Italy's FDI in China is also low. On the other hand, the impact of the Chinese slowdown on East Asia (7.8% of Italian exports) will have a knock-on effect on Italian manufacturing.
>
> Still, the positive impact of euro depreciation on price-competitiveness and cheaper oil will offset to a large degree the negative effect on economic activity. The overall impact is moderate or slight.

For emerging market countries, the impact is somewhat more pronounced. First, financial turmoil weakens the most fragile currencies, e.g., BRL, IDR, INR, TRY, and ZAR. Exporters of commodities, particularly oil and metals, are more affected than the other countries (see box, How cheap crude affects net exporters). The same applies for Asia ex-China (which sends 15% of exports to China) and the Sub-Saharan African countries dependent on Chinese investment. Growth in the emerging market countries (ex-China) falls by about half a percentage point.

China: Destination of Chinese FDI*



Sources: NBS, CA SA

* 2012 data, China excl. Hong Kong

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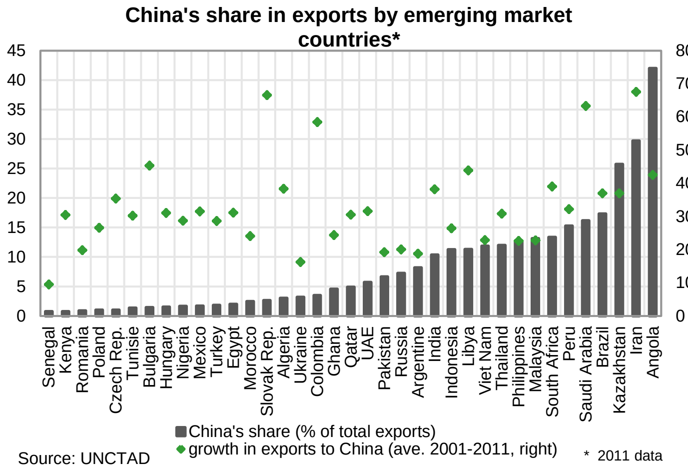

What about the biggest emerging-market economies?

South Africa, South Korea, Mexico and Russia are severely affected. The impact on Brazil, India, Indonesia and Turkey is somewhat less severe but not negligible.

South Africa. The pronounced slowdown in commodities exports (roughly 3 percentage points), the resulting widening of the trade deficit, and capital outflows combine to cause a sharp depreciation of the rand. Growth slows significantly, driven down by falling confidence and investment, and the flagging mining sector (due to weaker global demand).

South Korea. Exports to China account for a fourth of total exports, or roughly 13% of GDP. Growth is also affected by the slowdown in the rest of the world. The won is subject to downward pressure and banks' profitability slides. But there is not expected to be a severe crisis — just a major soft patch.

Mexico. No direct impact from the Chinese slowdown on the Mexican economy, but knock-on effects via slowing in the US (which takes 80% of exports) and the lower oil price. This affects industrial production and ultimately GDP growth.

Russia. Exports are affected by the global slowdown. $40-a-barrel oil results in twin deficits, on current account and the fiscal side. The stock market struggles, due to overreaction and risk aversion. Definitely a recession. The social climate worsens.

Brazil. A direct impact via slower exports to China and Asia as a whole, which account 20% and 32% of the country's exports, respectively. The trade balance plunges into deficit and the *real* depreciates, driving inflation higher. Overall GDP growth comes to a standstill.

India. Contagion transits primarily via the financial channel. The rupee weakens, despite the positive impact of cheaper oil on the trade balance, raising the issue of counterparty and bank risks. But economic activity overall is not affected too severely.

Indonesia. Economic activity is directly affected by lower exports to China, but the biggest impact is caused by depreciation of the rupiah and the resulting rise in interest rates. As in India and Turkey, the lower oil price manages to offset some of the negative impact of China's slowdown on Indonesia's GDP growth.

Turkey. Oil at $65 a barrel is beneficial. But the currency is highly affected by volatile financial flows and the refinancing of short-term debt is jeopardized by probable increased aversion to emerging market risk. Turkey also faces the impact of the slowdown in Europe.

Sector impacts…

The impact is moderate to strong on the whole.

Heavy industry and chemicals. China accounts for about 50% of global demand for nonferrous metals (copper, zinc, lead, nickel) and two-thirds of demand for seaborne iron ore. Hence a strong impact on metal and ore prices, with the exception of aluminum.

Automotive. The Chinese bought 18 million light vehicles in 2013, accounting for 20% of the global market. Nearly all vehicles sold are produced locally by joint ventures, so the slowdown in the Chinese car market has no direct impact on Western automakers, but rather an indirect impact, particularly on German firms that earn very high margins in China.

Shipping. *Dry bulk*: China is the dominant importer for the principal dry bulk cargoes, namely iron ore (two-thirds of global seaborne imports) and other ores, and coal (about 30%).
Oil tankers: China accounts for 10% to 15% of the oil trade, but the country's growing needs and distance from production areas confer a vital role in offsetting decreased imports by the OECD countries.
On the other hand, the impact is far smaller on *container shipping* and, especially, on *LNG tankers*.

Telecoms. China is one of the world's fastest-growing telecoms markets, especially in the mobile segment, which is expanding by some 11% a year. The slowdown has the biggest impact on the suppliers most dependent on the domestic market, e.g., ZTE and Xiaomi.

Advertising media. China is expected to generate 17% of the growth in the world advertising market through 2016 (central scenario). A slowdown in Chinese growth to 5% would have a severe impact on Chinese advertisers' budgets and reduce global advertising market growth by at least 0.5%.

Cereals and oilseed. There could be a major impact on oilseed, as China accounts for 1/3 of world soybean imports, particularly from the US and Brazil, and on oils, with imports from Malaysia and Indonesia. By contagion, cereals are also affected and prices trend lower, even if China is less present on the cereals market.

See table 2, "Sectors" page 8

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For banks, the pronounced rise in nonperforming loans leads to higher provisions and severely affects profits. The systematically important banks (ICBC, Bank of China) are capable of coping because of their sounder balance sheets and State support, but there is a greater risk of smaller institutions failing.
Foreign banks also manage to absorb the rising cost of risk in China due to their limited exposure to the country (2.8% of the claims of BIS reporting banks). Some institutions, however, could be fairly severely affected, including some Hong Kong banks.

Scenario 2: Pronounced but more gradual slowdown to roughly 5%

How?

In this scenario, there is no clear break, but the reforms fail to deliver the expected results. Heavily leveraged companies gradually clean up their balance sheets and industries with overcapacity restructure. NPL ratios gradually rise to around 5%. But in an environment marked by greater constraints on financing, manpower, and skills, it turns out that urban infrastructure and services are more modest growth drivers than expected. Similarly, consumption struggles to take over from slowing investment. Beijing is forced to adopt more aggressive trade and foreign-exchange policies. But that doesn't prevent GDP growth from slowing to about 5% between now and the end of 2017, and stabilizing at that level for some time.

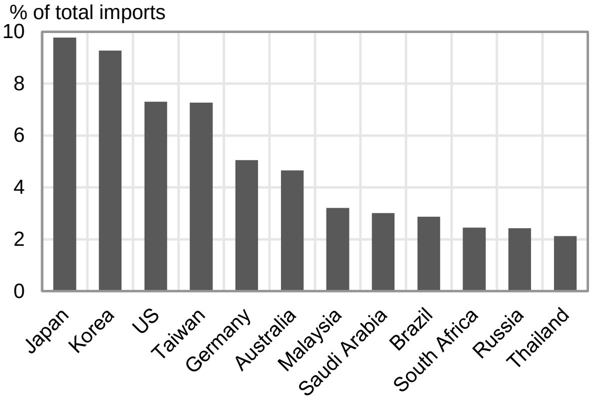
Global consequences

There is no initial shock, and therefore no turmoil on global financial markets, but risk aversion increases gradually, especially regarding emerging markets where the growth model is challenged, e.g., Brazil, Russia and India. The 10-year US treasury rate remains below its long-term equilibrium level. The dollar tends to appreciate against the euro.

Scenario 2	2015	2016
China's GDP growth	6.5	5,5-6,0
USD/CNY (average for year)	6.20	6.30
Fed funds (year-end)	0.50	1,0-1,25
USD/EUR (average for year)	1.15	1.10
US GDP growth	2.8	2.8
ECB refi rate	0.05	0.05
Eurozone GDP growth	0.9	1.4
Emerging markets GDP growth (ex-China)	3.1	4.0
Brent crude (USD/b)	60	65

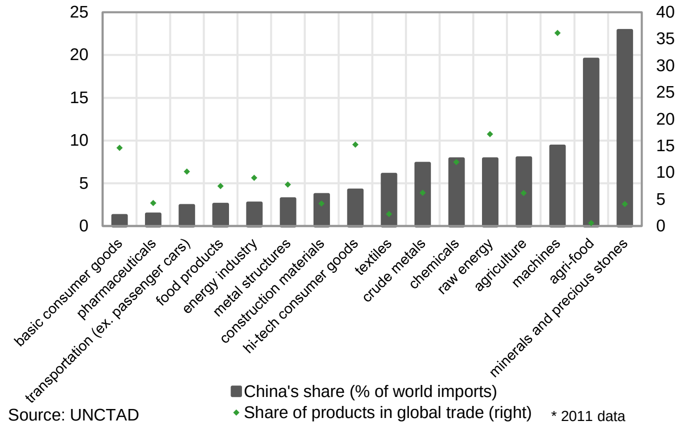
The short-term price of oil is not subject to much more pressure than today, and averages $60 a barrel in 2015. But a medium-term price increase would be constrained by the slowdown.

China: Source of imports*



Sources: NBS, CA SA
* 2012 data

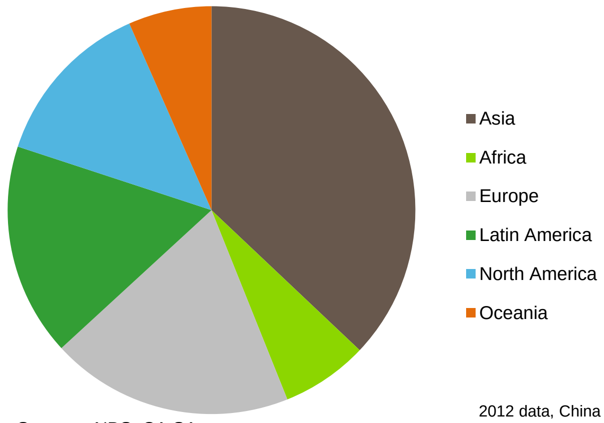
China's share in global imports of products*



Source: UNCTAD
* 2011 data

The more gradual slowdown, compared to scenario 1, gives time for economic agents to adjust, and thus has less immediate impact on growth in the US and the euro zone. But the impact is sustained, and economic policy responses would have to be more structural, rather than monetary and fiscal.

China: Destination of Chinese FDI*



Sources: NBS, CA SA
2012 data, China excl. Hong Kong

The same attenuated scenario applies to the emerging market countries, though here again, the biggest impact will be on exporters of commodities, particularly hydrocarbons (Russia); East and South-East Asia and the countries that trade heavily with that part of the world; countries that are highly dependent on Chinese FDI (many in Sub-Saharan Africa) and more generally, dependent on external financing.

How cheap crude affects net oil exporters

Most oil producing countries have sufficient reserves to withstand lower prices if cheap oil lasts no longer than one year. In other words, the impact on actual sovereign risk is small. But there would probably be impacts on exchange rates, and potential liquidity issues for the most fragile exporting companies, and those carrying substantial short-term debt, along with rollover and refinancing risk in a context of widening spreads.

If oil prices remain low for over a year, then the risks become more severe. Discrimination between the most fragile oil producing countries will be based on their currency reserves and the level of political risk.

Today's oil price — $48 a barrel for Brent crude — is well below the budget breakeven oil price for most producers, estimated to be $99 for Saudi Arabia, $110 for Russia, $126 for Nigeria and $160 for Venezuela. Consequences include:

- Foreign-exchange crises: currently underway in Russia; and monitoring is required for countries with the weakest reserves and the highest breakeven prices, including Nigeria, Venezuela and Yemen;
- Increased fragility of public finances: Dubai would begin to have refinancing issues (with a major crisis if the price adjustment is sustained) capable of triggering losses for foreign banks. Qatar and Kuwait would see little impact on the sovereign level but infrastructure projects could be canceled. Russia would run a budget deficit but the size of reserves would limit the impact on sovereign risk. The UAE would see little impact on its sovereign risk. Angola would see existing tensions on public finances intensify;
- Political risk. Algeria could undergo a hazardous political transition in the near term. Yemen: economic and political crisis, and possible sovereign default (which would depend on the lenders, the USA, Saudi Arabia, and the IMF). Russia: there could be an absence of long-term political visibility in the event of a sustained price adjustment. Venezuela: very high political risk, as the social structure could not withstand exceeding low oil prices.

Note that these risks do not take account of second-round effects stemming from slower global growth, other commodity prices, and other factors.

For banks, rising nonperforming loans will mean a higher cost of risk and lower profits, but to a lesser degree then in the first alternative scenario. Consolidation of the banking system around sound institutions would be smaller in scope and less thoroughgoing.

The sectors most severely impacted would be dry bulk shipping, heavy industry and chemicals, grains and oilseed, and advertising media (see the box on Sector Impacts, page 6). ■

Box 1: China and world exports

	Average annual growth in exports to China, 2001-2011	China as % of world exports in 2011
Total emerging markets	31.3	9.1
Oil producing emerging market countries	46.5	14.5
Non-oil emerging market countries	27.2	7.5
World	21.8	9.9

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Box 2 - China: World trade by sector

	China's share of world product imports		% of product in total world trade	
	% in 2011	Change (points) 2001-2011	% in 2011	Change (points) 2001-2011
I AGRICULTURAL SECTOR	**8.90%**	**5.30**	**8.85%**	**0.95**
agriculture	***12.75%***	***7.56***	***3.85%***	***0.35***
cereals	2.03%	0.29	0.73%	0.14
fruits and vegetables	3.34%	2.22	0.84%	0.07
coffee	0.36%	0.25	0.21%	0.11
cocoa	1.17%	0.13	0.06%	0.03
cane sugar	5.67%	2.47	0.20%	0.05
soybeans	65.20%	38.07	0.26%	0.11
other grains and seeds	6.57%	1.17	0.20%	0.05
raw tobacco	9.08%	5.73	0.07%	-0.04
floriculture	0.60%	0.34	0.12%	0.00
other plant or animal products	12.18%	8.34	0.51%	0.15
leathers and skins	21.34%	7.65	0.18%	-0.16
raw cotton	44.70%	43.59	0.12%	0.03
raw logs	25.10%	17.23	0.35%	-0.18
food and agri-food products	**5.95%**	***3.60***	**5.01%**	***0.60***
food products	**4.05%**	**2.53**	**4.66%**	**0.55**
fruit juice (concentrated)	1.37%	1.02	0.10%	0.00
soybean oil	13.72%	12.91	0.06%	0.01
other plant or animal fats and oils	10.74%	6.07	0.55%	0.31
livestock feed	4.86%	1.81	0.37%	0.06
meats	3.00%	1.53	0.66%	0.05
fish	5.86%	2.71	0.55%	-0.08
dairy products	3.41%	2.67	0.45%	0.01
chocolate, cakes and confectionery	2.20%	1.57	0.60%	0.10
misc. canned foods	1.02%	0.47	0.80%	0.09
drinks and spirits	2.74%	2.33	0.54%	0.01
agri-food	**31.23%**	**17.62**	**0.35%**	**0.05**
paper pulp	37.12%	22.71	0.29%	0.01
ethanol fuel	0.06%	0.00	0.06%	0.04
II MINING SECTOR	**21.63%**	**16.14**	**6.43%**	**3.31**
ores and precious stones	**36.58%**	**30.14**	**2.56%**	**1.24**
mineral materials	13.11%	8.46	0.25%	0.00
iron ore	70.32%	42.38	0.92%	0.79
copper ore	26.28%	12.33	0.34%	0.24
lead ore	41.84%	29.55	0.04%	0.03
zinc ore	25.82%	18.91	0.05%	0.02
other ores	67.80%	56.26	0.14%	0.07
diamonds and precious stones	5.21%	3.71	0.82%	0.09
crude metals	**11.74%**	**6.94**	**3.87%**	**2.07**
pig iron, ferro-alloys and scrap iron	9.06%	0.63	0.57%	0.34
crude copper and scrap copper	39.27%	22.81	0.67%	0.41
lead and scrap lead	1.78%	0.39	0.04%	0.02
zinc and scrap zinc	8.00%	3.56	0.09%	0.01
aluminum and scrap aluminum	7.62%	5.35	0.41%	0.02
other metals and scrap	10.64%	7.37	0.53%	0.23
gold	0.45%	0.44	1.12%	0.83
silver and platinum	9.04%	8.22	0.42%	0.21
III ENERGY SECTOR	**9.73%**	**6.77**	**16.34%**	**7.50**
primary energy	**12.58%**	**9.49**	**10.73%**	**4.37**
crude oil	13.88%	10.20	8.17%	3.44
natural gas	4.48%	2.90	1.73%	0.42
coal	16.62%	16.20	0.83%	0.51
energy industry	4.28%	**1.65**	5.61%	**3.12**
electricity	0.84%	0.02	0.22%	0.05
refined petroleum products	4.00%	1.26	5.22%	2.97
coke	17.00%	13.75	0.17%	0.11

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	China's share of world product imports		% of product in total world trade	
	% in 2011	Change (points) 2001-2011	% in 2011	Change (points) 2001-2011
IV MANUFACTURING SECTOR	**8.97%**	**5.23**	**66.56%**	**-10.46**
basic industries	***6.04%***	***-0.27***	***8.82%***	***0.52***
metal articles	**5.07%**	**-1.27**	**4.82%**	**1.20**
iron and steel articles	4.46%	-1.81	3.83%	1.04
copper articles	12.36%	1.35	0.40%	0.12
aluminum articles	4.15%	-0.25	0.60%	0.05
construction materials	**5.90%**	**2.87**	**2.61%**	**-0.07**
ceramic articles	1.66%	0.86	0.26%	-0.04
glassware	8.79%	4.00	0.41%	-0.05
plastic or rubber articles	9.04%	4.89	1.02%	0.12
wood articles	1.01%	-1.28	0.34%	-0.11
misc. construction materials	3.12%	1.46	0.58%	0.00
textile materials	**9.66%**	**-0.96**	**1.39%**	**-0.62**
natural yarns and fabrics	14.02%	2.86	0.41%	-0.28
synthetic or artificial yarns and fabrics	7.83%	-2.51	0.98%	-0.34
chemicals and pharmaceuticals	**9.83%**	***3.89***	**10.16%**	***2.35***
chemicals	**12.56%**	**5.14**	**7.48%**	**1.41**
inorganic chemical products	7.55%	3.73	0.84%	0.19
organic chemical products	13.88%	7.83	2.62%	0.41
plastics	18.61%	5.21	1.94%	0.48
fertilizers	4.75%	-5.49	0.42%	0.19
pigments and paints	5.61%	0.44	0.47%	-0.05
misc. chemical products	8.75%	4.23	1.19%	0.19
pharmaceutical products	**2.23%**	**1.38**	**2.68%**	**0.94**
transport equipment and machinery	**12.51%**	***7.53***	**28.93%**	***-1.00***
transport equipment (ex-passenger vehicles)	**3.85%**	**1.75**	**6.36%**	**0.14**
tires	0.89%	0.69	0.52%	0.17
auto parts	6.15%	4.25	2.20%	-0.01
utility vehicles	1.37%	0.56	1.10%	-0.07
ships and containers	1.07%	-0.39	1.10%	0.38
aircraft and spacecraft	5.44%	1.58	1.44%	-0.32
machines	**14.94%**	**9.22**	**22.57%**	**-1.15**
hardware	5.27%	3.56	0.36%	-0.03
machine tools and special machines	10.73%	5.57	7.90%	-1.16
farm machinery and tractors	2.85%	0.65	0.68%	0.07
electrical equipment and supplies	10.69%	4.66	4.46%	-0.23
electronic components	35.29%	25.97	3.42%	-0.20
telecom equipment	8.33%	3.82	2.65%	0.31
optical and precision instruments	18.72%	13.93	3.11%	0.10
consumer goods	***4.39%***	***3.10***	***18.65%***	***-12.32***
consumer nondurables plus furniture	**1.97%**	**0.60**	**9.13%**	**-1.19**
leather goods	2.54%	2.21	0.38%	0.01
clothing	1.09%	0.37	3.17%	-0.45
textile articles	1.79%	-0.24	0.51%	-0.04
paper and paperboard articles	2.76%	-0.44	1.35%	-0.52
plastic articles	3.34%	1.37	0.76%	-0.05
soaps and cleansing products	6.12%	3.65	0.31%	0.04
perfumery and cosmetics	1.93%	1.41	0.58%	0.07
furniture and furnishings	1.45%	1.03	1.11%	-0.05
toys, games and sporting goods	1.52%	0.90	0.55%	-0.10
other manufactures	2.14%	0.56	0.42%	-0.10
high-tech consumer goods	**6.73%**	**5.46**	**9.52%**	**-11.13**
passenger cars and cycles	6.26%	5.87	3.77%	-0.98
home appliances	4.30%	0.89	0.47%	0.00
consumer electronics	6.55%	1.68	1.82%	-0.55
computers and IT hardware	9.02%	8.24	2.66%	-9.77
watches and clocks	6.80%	2.60	0.28%	0.00
jewelry	1.09%	0.59	0.52%	0.19
special transactions	15.71%	14.90	1.82%	-1.31
TOTAL	**10.02%**	**6.40**	**100.00%**	**0.00**

Analysis prepared with Department economists and industry analysts.

Copy deadline January 22, 2015

Crédit Agricole S.A. — Group Economic Research

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