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FOREIGN TRADE

China's trade surplus soars to \$101.9 billion in 2005

China's trade surplus with the U.S. tripled in 2005, angering U.S. officials, who claim that the undervalued yuan must be allowed to rise.

By Elaine Kurtenbach

Associated Press

SHANGHAI, China - China's trade surplus surged to \$101.9 billion in 2005, more than triple the \$32 billion gap recorded the year before, according to customs figures released Wednesday.

Exports rose 28.4 percent year-on-year in 2005 to \$762 billion, while imports rose 17.6 percent to \$660 billion, the General Administration of Customs said in a report posted on its website.

With total global trade of \$1.42 trillion, China is now the world's third-biggest trading nation, the report said. China announced earlier that it had overtaken Japan in terms of merchandise trade and remained behind the United States and Germany.

The figures were largely in line with expectations, but they were likely to intensify pressure for Beijing to loosen foreign exchange controls that U.S. officials and other critics contend keep the Chinese currency, the yuan, undervalued, making Chinese exports relatively cheap in overseas markets.

A leading U.S. lawmaker, Sen. Max Baucus, said during a visit to Beijing that he had warned senior Chinese officials that the persisting trade imbalance with the U.S. was bound to draw a backlash.

"The imbalance simply exists. It's there. It's a fact, and it has to be dealt with. And it is a major irritant in U.S.-China relations," said Baucus, D-Mont., a member of the powerful Senate Finance Committee. "It is in China's interest to make concrete progress in reducing the trade imbalance."

\$200 BILLION SURPLUS

China's trade surplus with the United States in 2005 is forecast to top \$200 billion, up nearly 25 percent from the record high surplus in 2004. The report issued Wednesday

gave no breakdown for imports and exports with the United States and other major trading partners.

It said that China's biggest trading partner was the EU, with two-way trade estimated at \$217.3 billion, up 22.6 percent from the year before. The U.S. was second, with imports and exports totaling \$211.6 billion, up 25 percent year-on-year. Trade with Japan rose 9.9 percent to \$184.5 billion.

SLOWER GROWTH IN `06

The government forecast this week that growth in exports would slow significantly this year due to higher oil prices and trade friction.

The main planning agency, the National Development and Reform Commission, estimated in a report published Wednesday in the state-run newspaper China Securities Journal that exports would rise about 15 percent year-on-year in 2006, with imports climbing about 18 percent.

Robust exports have been a key factor behind China's feverish economic growth in recent years. The commission estimated that growth hit 9.8 percent in 2005, and says it is expected to slow to a still stunning 8.5 percent to 9 percent this year.