

## **IMF: The Chinese economy continues to perform strongly**

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The IMF's annual "Article IV" consultative report issued on Thursday highlight China's economic performance and efforts to change financial regulation, reduce overcapacity and combat pollution.

According to the report, IMF saw Chinese GDP growth accelerated to 6.9 percent in 2017, driven by a cyclical rebound in global trade. It predict this year's growth is projected to weaken slightly to 6.6 percent in 2018 owing to the lagged effect of financial regulatory tightening and the softening of external demand.

IMF also offers positive views on reforms progressed in several key areas, such as a wide range of regulatory reforms reduced financial sector risks, overcapacity reduction progressed, anti-pollution efforts intensified and opening-up accelerated recently.

IMF welcomed China's strong commitment to free trade and multilateralism. They saw the recently announced package of opening-up policies as being in the right direction and urged the authorities to accelerate reforms in this area. They underscored that trade tensions should be resolved in ways that support and strengthen the international trading system and the global economy.

But IMF also indicated the potential risk of Chinese economy, like tightening global financial market conditions and rising trade tensions. They hope China to put forward plans to increase social spending and reform pensions.

As to the tariffs imposed by the Trump administration on Chinese imports, IMF official see limited direct impact on China's economy. Sonali Jain-Chandra, deputy chief of the IMF's China team, said "it's too early to say at this point in time exactly how damaging [the tariffs] could be," at a press briefing. She said the second-round repercussions could include "increased uncertainty, disruptions in supply chains, as well as increased undermining consumer sentiment. This could weigh on both consumption as well as investment and have a more significant macroeconomic impact."