

China becomes world's largest trading nation

By PRW Staff 11 February 2013

China has become the biggest trading nation in the world, according to new figures from its ministry of commerce.

With total imports and exports claimed to have reached \$3.87trn (£2.45trn) last year China edged passed the US – which recorded net trade of \$3.82trn (£2.41trn) – to become the world’s largest trader for the first time.

However experts warned that the new figures did not necessarily suggest China was economically more robust because it did more trade.

“The title of the world’s top trading nation is a bit misleading,” Dan Ikenson of Washington think-tank the Cato Institute told City AM.

“[An] iPod costs \$150 (£95) to produce, but though only \$5 (£3.16) of that cost is Chinese inputs, all of it accrues to Chinese exports – basically a large fraction of China’s export value reflects foreign-made intermediate goods and labour.

"But we should celebrate China's growing economy," he added.

Chris Scicluna of Daiwa Bank said China benefitted from its close location to other rapidly growing Asian economies “and one could assume its trade would continue to outpace more mature economies in Europe and North America”.

However he added that China’s new supremacy was ironic, since the country was currently rebalancing its economy away from relying on net trade and towards domestic demand.