

China targets 7.5% economic growth for 2014
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China's Premier Li Keqiang delivers the government work report during the opening ceremony of the National People's Congress (NPC) at the Great Hall of the People in Beijing today. China announced it would maintain its economic growth target for 2014 at about 7.5%, as expected, signalling that its policy focus would be slanted in favour of reforms and rebalancing the economy. China is targeting growth of about 7.5% in 2014, Premier Li Keqiang said today, unchanged from last year as the government tempers expectations for an economy transitioning to a more balanced, sustainable model.

The announcement came in Li's speech to the annual session of the National People's Congress, China's rubberstamp legislature.

"We must keep economic development as the central task and maintain a proper growth rate," Li said, according to his text.

"On the basis of careful comparison and repeatedly weighing various factors as well as considering what is needed and what is possible, we set a growth target of around 7.5%."

The world's second-largest economy grew 7.7% in 2013, the same as in 2012 – which was the worst rate of growth since 1999.

Rising prosperity is a key part of the Communist Party's claim to legitimacy in China, and the government usually sets a conservative growth target that it regularly exceeds.

The economic growth estimate figure is closely watched by analysts for insight into the leadership's thinking about the economy and how they expect it to perform.

The "around 7.5%" goal came after soft recent economic data, with a key manufacturing index slipping to an eight-month low in February, the government said Saturday.

"We believe China can achieve 7.5% GDP growth this year," economists with Bank of America, Merrill Lynch said in a research note, despite what they described as recent "negative news and data" such as manufacturing declines.

They said they would maintain their slightly higher forecast of 7.6%.

China's leadership says it wants to transform the country's economic growth model away from an over-reliance on often wasteful investment, and instead make private demand the driver for the country's future development.

They expect the change to result in slower but more sustainable rates of expansion.

"This target... will boost market confidence and promote economic structural adjustment," Li said in the speech, his first work report since becoming premier at last year's NPC.

"Boosting domestic demand is both a major force driving economic growth and an important structural adjustment," he added.

China's once regular annual double-digit growth rates have been on a slowing trend, and the 2013 result meant GDP growth had been in single figures for three consecutive years for the first time since 2002.

Li reiterated the government's commitment to economic reform.

"Reform has brought us the greatest benefits," he said.

Li also said the government would keep the target for the increase in the consumer price index (CPI) at about 3.5%, the same as last year's.

Inflation was tame in 2013, with CPI rising 2.6% for the year. – AFP, March 5, 2014

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