

8 February 2018  
Snap

## China: Blinding import growth

China's imports in January grew 30.2%YoY in dollar terms. That is really fast growth. We find that the combined effect of more raw material and energy imports and higher import prices explains the number

### Imports are hot in China, thanks to raw material needs

China's export growth in January was well within expectations, low teens (11.1%YoY) growth. Nothing eye-catching here.

But imports grew at 36.9%YoY. That is amazingly fast. The reason behind this blinding growth is more raw material imports and higher raw material import prices.

China imported 19.6% more crude oil amounting to 406.4 bn tons, and the average price of crude imports also rose 13.8%. Copper import volumes also rose 16.1% to 4.4 billion ton in Jan, and prices of imported copper rose 15.2%. Steel imports rose 8.9%, the prices of which rose 20.5%.

With hindsight, these increases are not too surprising if we realise that over the past years, overcapacity cuts in China have helped support metal prices, in combination with strong global demand for these metals. .

For crude, we believe that China is filling up its strategic inventory again.

### It could be a sustainability strategy

The massive imports of raw materials, combined with the overcapacity cuts that pushed polluting factories out of the market, could mean that China is adopting this trade pattern as part of its sustainability strategy.

We will see if this is the case if this import pattern continues in the future.

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