

Weekly China Insight

Beijing, 17 January 2025

Xi emphasizes "symbiotic" EU-China relationship in call with Costa

President Xi Jinping held a phone conversation with António Costa, the new European Council president. Xi highlighted the "symbiotic" nature of China-EU economic ties, underscoring the two sides' complementary strengths in trade and their mutual role as defenders of the multilateral trading system. Costa reaffirmed the EU's commitment to addressing trade imbalances through dialogue while emphasizing the need for a level playing field. Both leaders acknowledged the significance of the 50th anniversary of China-EU relations in 2025, committing to deepen strategic trust and foster cooperation on global issues like climate change.

The call signals China's intent to bolster ties with the EU as it faces increasing US trade tension and geopolitical pressures under the second Trump administration. However, persistent issues like EV tariffs, Ukraine, and trade imbalances may test the durability of this "symbiotic" relationship in the months ahead.

Chinese vice president to attend Trump's presidential inauguration as Xi Jinping's special representative

The Chinese Ministry of Foreign Affairs announced today that Vice President Han Zheng will attend the inauguration of President Donald Trump in Washington, D.C., on 20 January. The Chinese government emphasized its willingness to strengthen dialogue with the new US administration, manage differences, and expand mutually beneficial cooperation to foster stable, healthy, and sustainable ties.

Han Zheng's participation shows China's intent to reset relations with the Trump administration amidst ongoing tensions.

China's GDP grows 5% in 2024, driven by steady Q4 performance

The National Bureau of Statistics reported that China's GDP reached RMB 134.91 trillion in 2024, marking a 5.0% y/y increase at constant prices, based on preliminary calculations. Q4 GDP growth accelerated to 5.4% y/y, with a quarter-on-quarter increase of 1.6%. Key contributors included a rebound in domestic consumption and robust infrastructure investment, offsetting pressures from sluggish exports and a weakened property sector.

While the 5% GDP growth meets the government's targets set at the beginning of the year, it reflects a moderated economic recovery amid global uncertainties and domestic challenges.

China reaffirms commitment to currency stability amidst global uncertainties

The People's Bank of China announced plans to maintain a "moderately loose" monetary policy in 2025 while ensuring the stability of the RMB. The PBoC highlighted its strategy of utilizing tools such as interest rate adjustments and liquidity measures to manage economic growth while countering external pressures like the strengthening U.S. dollar. The central bank also revealed that the yuan appreciated by 4.2% in 2024 against a basket of currencies, demonstrating strong performance despite global volatility. Officials from the State Administration of Foreign Exchange echoed confidence in the RMB's stability, citing a rebound in China's economy and robust international payment balances.

By prioritizing RMB stability, China aims to bolster market confidence, support trade, and mitigate risks from global monetary tightening. This policy underscores the PBoC's balance between domestic growth objectives and managing external pressures, attempting to position the RMB as a stabilizing force in global markets.

TikTok's US ban fuels surge in downloads of China's Xiaohongshu

Xiaohongshu, a popular Chinese social media app known as "Red Note" among US users, soared to the top of the US App Store rankings, driven by an influx of "TikTok refugees." This surge comes ahead of a looming US ban on TikTok, as the Supreme Court deliberates on national security concerns linked to its Chinese parent company, ByteDance. Over 700,000 new users joined Xiaohongshu in just two days, a 200% increase in downloads week-on-week.

Despite U.S.-China tensions, friendly cultural exchanges between Chinese and American Xiaohongshu users were pursued. Trending hashtags like #TikTokRefugee have amassed millions of views, with U.S. users posting videos of themselves learning Mandarin and adapting to the app's features. Chinese users have largely welcomed the newcomers, sharing tutorials and tips, while also expressing curiosity about American culture.

Spring Festival travel season begins

The 2025 Spring Festival travel season, or Chunyun, officially began, marking a historic moment as the first Chunyun after the UNESCO recognition of Chinese New Year as an intangible cultural heritage. The 40-day travel period, spanning from 14 January to 22 February, is expected to facilitate 9 billion trips, with railways, airlines, and highways witnessing unprecedented traffic. Railways alone are projected to handle 510 million passenger trips, a 5.5% increase from 2024. Similarly, air travel is set to break records with 90 million passengers, while 72 billion road trips are expected, highlighting a surge in self-driving travel.

Chunyun, the largest annual human migration on earth, serves as a crucial indicator of China's economic health and personal mobility. Monitoring whether travel and consumption volumes return to pre-pandemic levels will be essential in assessing China's economic growth potential for the year ahead.