

《Power use, freight volume show positive change in China》

The relationship between China's economic growth and two key indicators - power consumption and freight volume - has attracted extensive attention both at home and abroad. Wang Bao'an, director of the National Bureau of Statistics, says the relationship is now undergoing some changes due to the 'new normal'. He says the discrepancy reflects the progress made in industrial restructuring and upgrade.

Power consumption and freight volume. Can these two indicators reflect China's economy? Director Wang Bao'an says yes.

based on data collected from 1998 to the present, he says, the changes of the two indexes are synchronized with economic growth.

But Wang notes the discrepancy between the indicators does not mean that the logic of economic operation has changed or the data is questionable.

Instead, he says, it reflects the progress made in China's structural adjustment and upgrading.

First, the power consumption slowdown is a result of the growing service sector, accelerating industrial upgrade and improved energy efficiency.

Since 2012, China's economy has been shifting from manufacturing-oriented to service sector-oriented. And the service sector often consumes less electricity.

The industrial upgrade also contributes to the slowing consumption growth. That's because electricity demand is stronger in high energy-consuming industries than in high-tech industries.

Meanwhile, slowing power use reflects improvements in energy efficiency and consumption structure. Wang says improved energy efficiency to some extent led to the slowdown of electricity consumption.

Second, the freight volume drop resulted from economic restructuring, optimized energy structure, diversified transportation and improved regional productivity layout.

In the economic "new normal", weakened demand for commodities and raw materials has led to the decline of railway freight volume.

And the current energy consumption structure has weakened coal demand.

The rapid development of highways, waterways and civil aviation has diverted demand for railway freight.

Besides, companies in the eastern coastal areas have increased imports resource products such as coal and iron ore, which has reduced the rail transport demand.

At the same time, China's mid-western regions have attracted labor-intensive companies from the east. And demand for long-distance railway freight transport also dropped.

Wang Bao'an concludes that the elasticity between China's economic growth and power consumption as well as railway freight volume has changed, but not the inherent logic.

He says we're seeing an objective manifestation of the progress made amid the structural adjustment when economic development enters a new stage.

