

Press release

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ABN AMRO sees China remaining dominant in global industrial metals, but global share will drop at the benefit of India and other countries

China's rebalancing and reform strategy will have both positive and negative effects on the country's total commodity imports and its composition, according to economists from leading Dutch bank ABN AMRO in *China slowdown and commodity imports*. The report is presented today at the Financial Times Global Commodities Summit 2015, of which ABN AMRO is a sponsor.

In 2014, growth of Chinese imports fell to an average 1% year on year. Nevertheless, the country remains a key player in global commodity markets in terms of production, consumption and trade. China is now the world's largest net importer of oil and several industrial metals (e.g. iron ore, coking coal), precious metals (e.g. gold, together with India), energy commodities (e.g. oil, coal) and soft commodities (e.g. soybeans, cotton).

Recently, China has been rebalancing its exports and public spending-led growth model towards a more long-term sustainable alternative, marked by a rising share of private consumption. According to the economists, the ongoing rebalancing already is having a negative impact on industrial metal imports with the exception of iron ore. The New Silk Road plan and ongoing urbanisation and regional development and the rise of consumption of cars and electrical devices are supporting factors. On balance, ABN AMRO expects lower growth of industrial metal imports and from time to time even import compression.

However, China's demand for gold and precious metals is expected to rise further in the coming years with the anti-corruption campaign temporarily distorting long-term trends. And, looking forward, import prospects for natural gas and renewables remain promising, reflecting the drive to reduce pollution and use cleaner production methods. The prospects for coal imports remain bleak. Lastly, the economists expect coffee, cocoa and soybeans to outperform, driven by the ongoing rise in average wealth levels.

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