China eyes 5% growth target as it reels from Trump tariffs

China has set an economic growth target for this year of "around 5%" and pledged to pump billions of dollars into its ailing economy, which is now facing a trade war with the US.

China has set an economic growth target for this year of "around 5%" and pledged to pump billions of dollars into its ailing economy, which is now facing a trade war with the US.China's leaders unveiled the plan as thousands of delegates attend the National People's Congress (NPC), a rubber-stamp parliament, which passes decisions already made behind closed doors

But the week-long gathering is watched closely for clues on Beijing's policy changes - and this year is more significant than most.President Xi Jinping had already been battling persistently low consumption, a property crisis and unemployment, before Donald Trump's new 10% levy on Chinese imports came into effect on Tuesday.This follows the 10% tariff imposed in early February, taking the total US levy to 20%. And it hits what has been a rare bright spot for the Chinese economy: exports.

Beijing hit back almost immediately on Tuesday, just as it did last month. It announced retaliatory action that included 10%-15% tariffs on certain agriculture imports from the US. This is key because China is the biggest market for these goods, such as American corn, wheat and soybeans.Still, at this week's meeting, known as Two Sessions, the spotlight will be on how to spur growth in the wake of these tariffs.

Beijing was able to meet the 5% target last year, but growth was driven by strong exports, which resulted in a nearly trillion-dollar record trade surplus.Repeating that is going to be much harder this year. "If the tariffs linger, Chinese exports to the US could drop by a quarter to a third," says Harry Murphy Cruise, head of China economics at Moody's Analytics.

Beijing is going to have to rely more than ever on domestic spending to achiev Analysts say expanding domestic demand, which was the third objective at last year's meeting, could now move to the top of the priority list.Beijing has already rolled out schemes to encourage its people to spend more, including allowing them to trade in and replace consumer goods like kitchen appliances, cars, phones and electronic devices.