

APBO 2014

COUNTRY OUTLOOK:

CHINA

start here >

BIG BROTHER

- THE REFORMERS
- THIRD PLENUM
- LIANG HUI
- SHANGHAI FTZ

BIG TRENDS

- CHINA'S GDP
- TRADE SURPLUS
- INCOME DISPARITY
- GROWTH/DISPOSABLE INCOME
- GINI COEFFICIENT
- MIDDLE INCOME TRAP
- URBANIZATION
- U.S. BUSINESS OUTLOOK

BIG OPPORTUNITIES

- ENVIRONMENTAL TECH
- HEALTHCARE
- GREEN BUILDING
- TRAVEL & TOURISM
- EDUCATION
- AGRICULTURE
- AUTOMOTIVE
- AVIATION
- E-COMMERCE
- ONLINE RETAIL SALES
- ICT
- INVESTMENT

BIG BROTHER

GOVERNMENT REFORM

THE REFORMERS



XI JINPING



LI KEQIANG



ZHENG DEJIANG



YU ZHENGSHENG



LIU YUNSHAN



WANG QISHAN



ZHANG GAOLI

THIRD PLENUM

- STABILITY V. REFORM

“We must deepen economic system reform by centering on the *decisive role* of the market...”

- REFORM IS NOW GOVERNMENT DRIVEN

- KEY FACTOR IS STABILITY (EMPLOYMENT, INCOME, INFLATION)

- ANTI-CORRUPTION MEASURES

— NATIONAL SECURITY COMMITTEE

- DEEPENING ECONOMIC REFORM

— CENTRAL DEEPENING-REFORM LEADING GROUP



CPPCC & NPC SESSIONS 2014

5 PRIVATE BANKS - TRIAL BASIS

+10M NEW URBAN JOBS

+100M RURAL MIGRANTS GRANTED URBAN RESIDENCY

“WAR ON POLLUTION” – Li Keqiang

6 PRIORITIES OF 2014

1. FOOD SECURITY
2. CUT EXCESS CAPACITY
3. CONTROL LOCAL GOV'T DEBT
4. PROMOTE BALANCED GROWTH
5. IMPROVE SOCIAL WELFARE
6. RAISE LEVEL OF OPENNESS

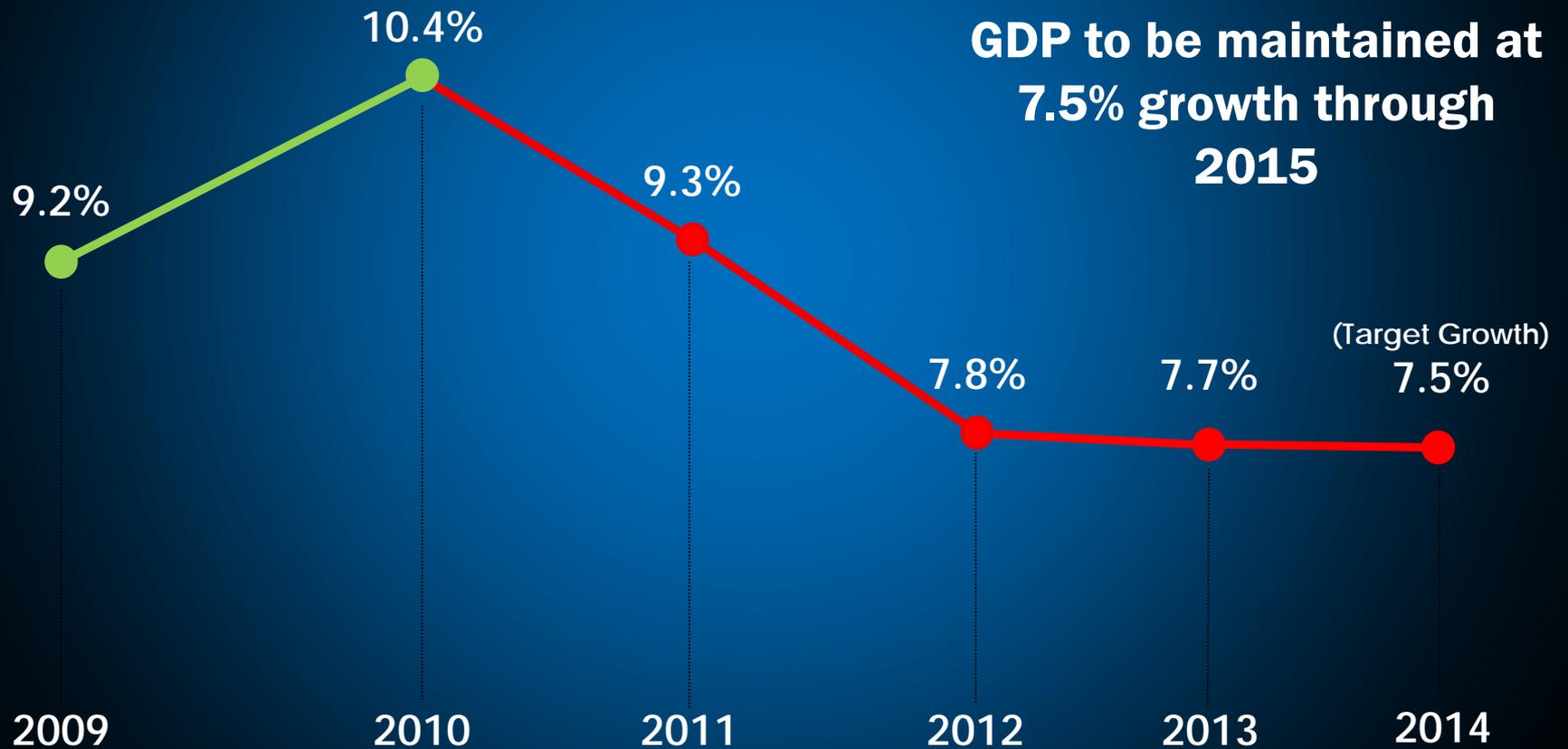
SHANGHAI FTZ

- LIBERALIZE THE COUNTRY'S INTERNATIONAL FINANCIAL SECTOR
- NEGATIVE LIST
- 6 MAJOR SERVICE CATEGORIES
 - Financial
 - Shipping & Logistics
 - Communications and Trade
 - Professional Services
 - Cultural Services
 - Social Services

Source: Free Trade Zone Report, U.S. Consulate, Shanghai

BIG TRENDS

CHINA'S GDP



Source: Trading Economics - National Bureau of Statistics of China

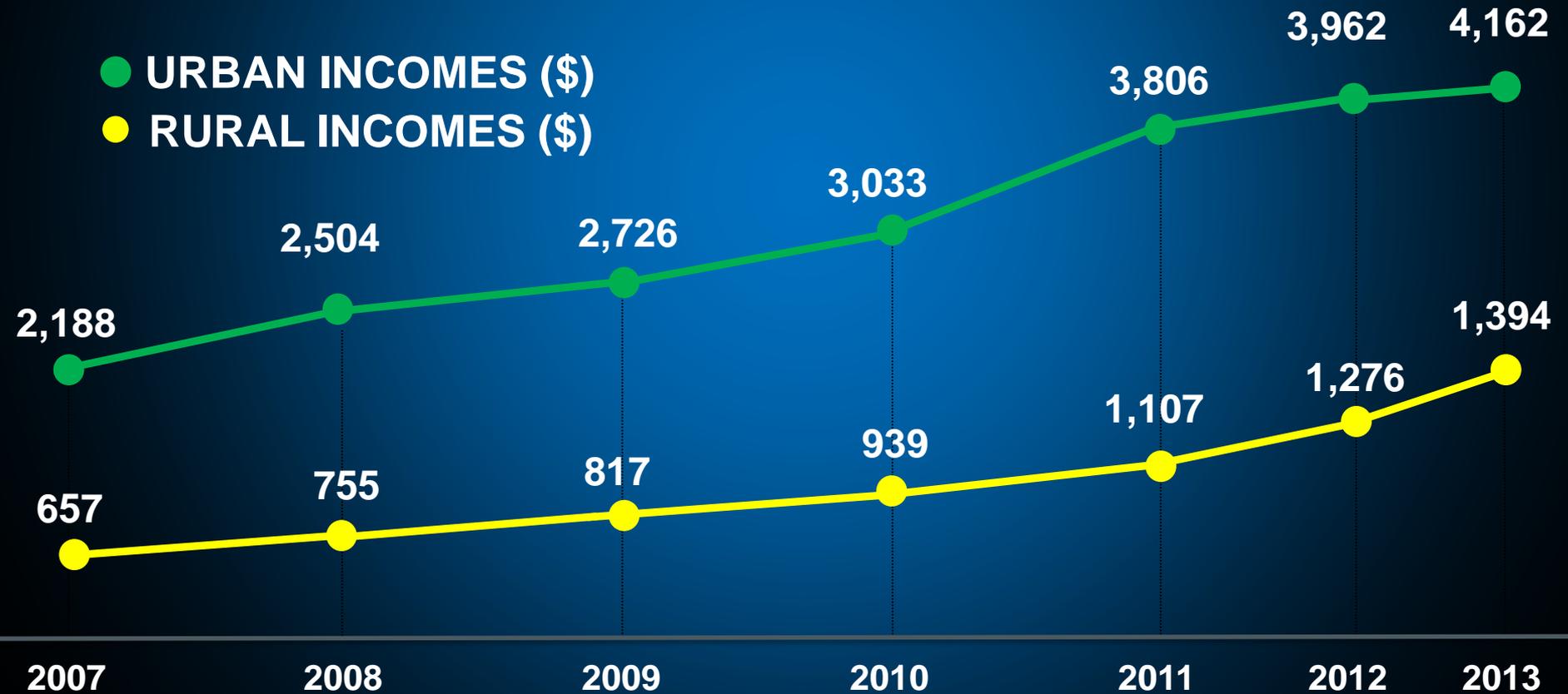
TRENDS

TRADE SURPLUS WITH U.S.: \$318 billion, 2013



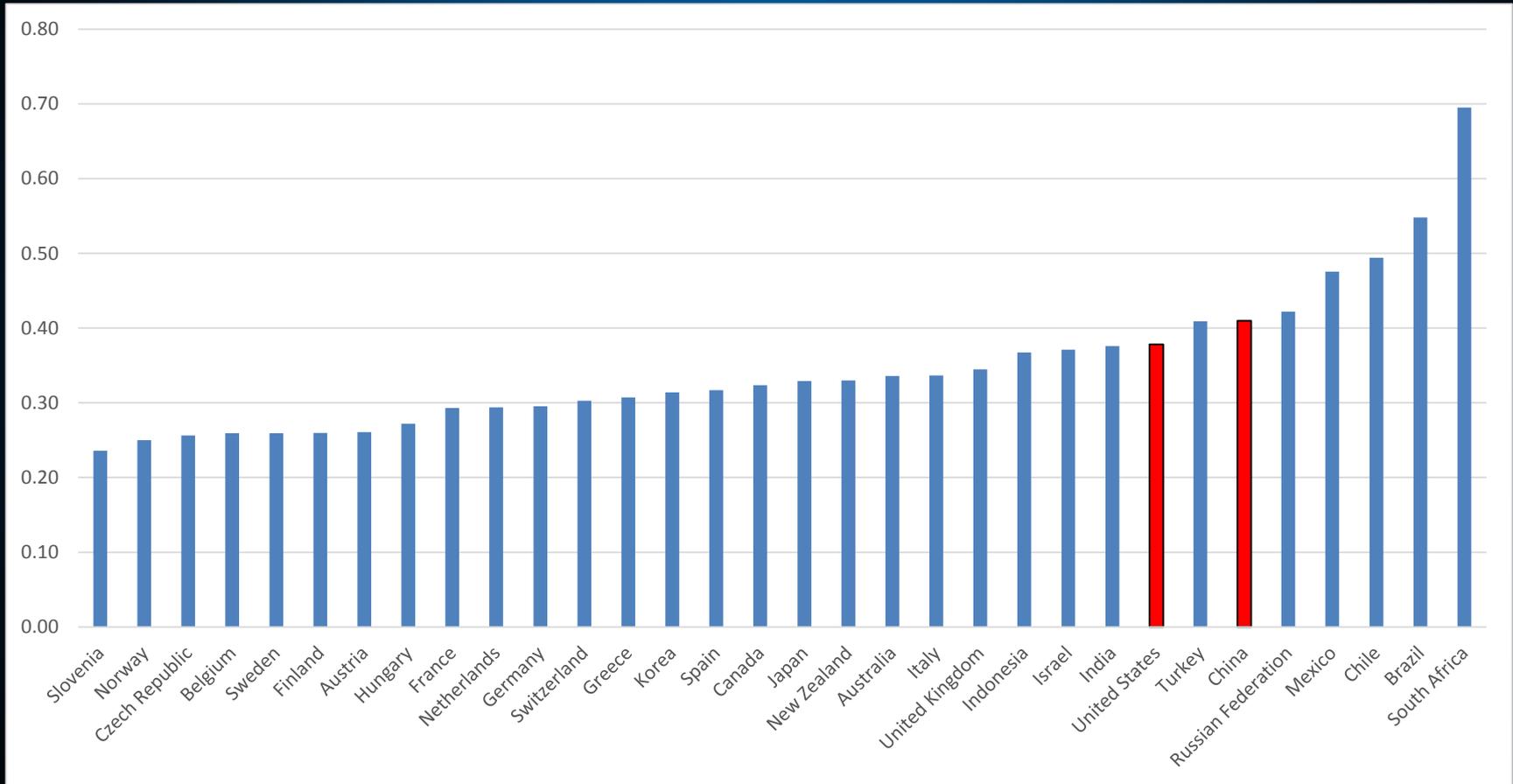
INCOME DISPARITY

- URBAN INCOMES (\$)
- RURAL INCOMES (\$)

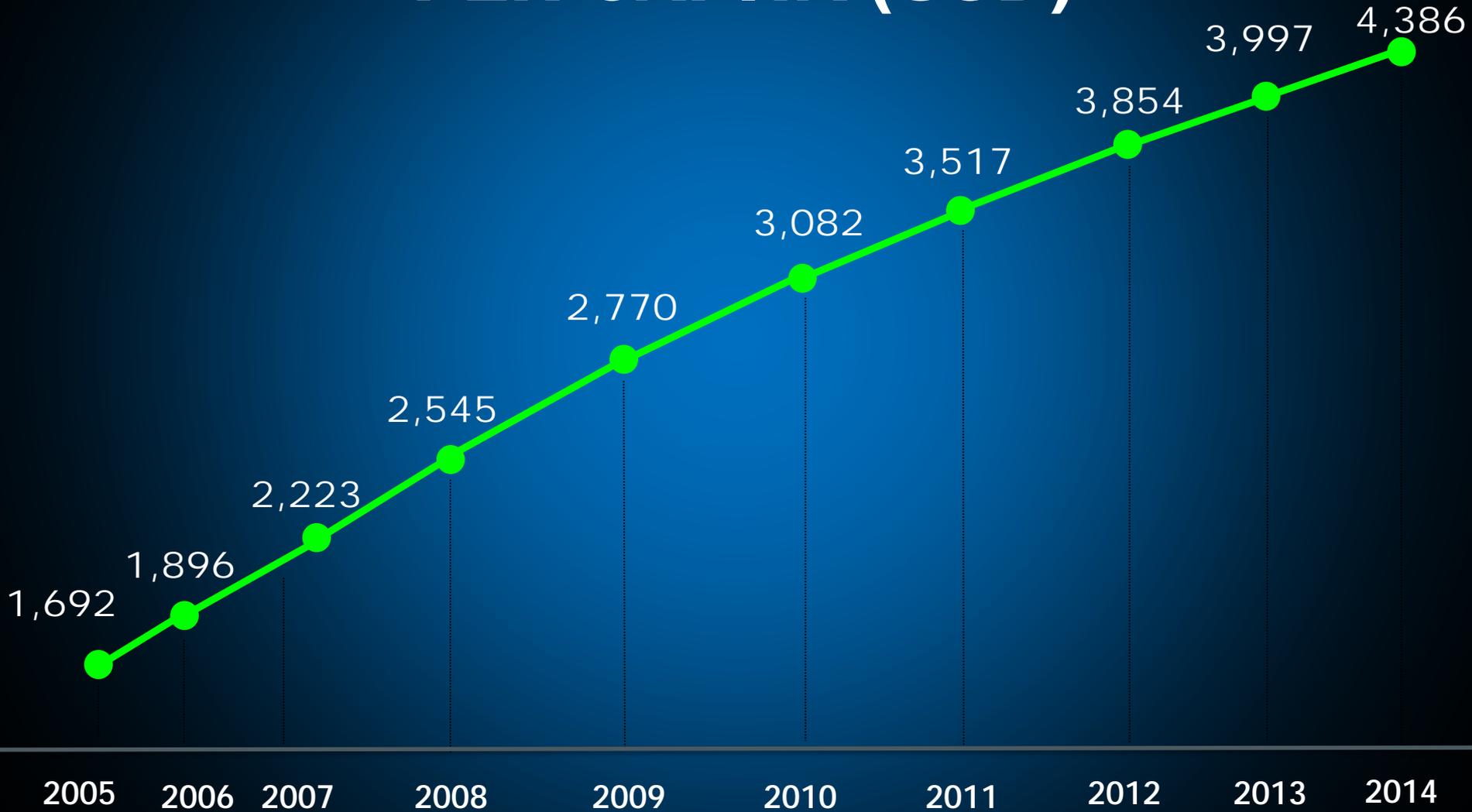


Source: Trading Economics - National Bureau of Statistics of China

GINI COEFFICIENT



GROWTH OF DISPOSABLE INCOME PER CAPITA (USD)



Source: Trading Economics - National Bureau of Statistics of China

URBANIZATION

1B URBAN POPULATION, 2030

45M NEW URBAN JOBS – 12/5

HUKOU REFORM

- 0.5 – 1 million: gradually lift *hukou* controls
- 1 – 3 million: partially lift *hukou* control
- 3 – 5 million: *hukou* control determined in future
- Over 5 million: government will “strictly control”



U.S. BUSINESS OUTLOOK

+70% CHINA REVENUES 2013>2012, BUT HARDER

TOP ISSUES

RISING COSTS

UNCLEAR REGULATORY ENVIRONMENT

HR CONSTRAINTS

21% NO EXPANSION PLANS (majority minimal plans)



**BIG
OPPORTUNITIES**

ENVIRONMENTAL TECH

15% ANNUAL INDUSTRY GROWTH

\$810B INDUSTRY 2011-2015

40% RIVERS SERIOUSLY POLLUTED (**20%** TOXIC)

\$6.3B SOIL REMEDIATION MARKET VALUE 2011-2015

25% PM2.5 CUT FROM 2012-2017

Source: Ministry of Environmental Protection



HEALTHCARE

\$527.6B EXPENDITURE IN 2013

\$839.6B MARKET BY 2017

20% INCREASE IN PRIVATE HOSPITALS EACH YEAR

202M AGE 60+

100M+ NON-COMMUNICABLE DISEASE

20% ANNUAL GROWTH PHARMA & MED TECH



GREEN BUILDING

+300M URBAN POPULATION BY 2023

10.76B FT² NEW GREEN BUILD

20% NEW BUILDINGS BY 2015, GREEN

36M NEW APARTMENTS – 12/5

\$158.7B CITY AND TOWN SEWAGE TREATMENT AND
RENEWABLE CONSTRUCTION – 12/5

Source: International Trade Administration



TRAVEL & TOURISM

1.52M VISITOR VISAS PROCESSED IN 2013

\$6,486 CHINESE VISITORS PER TRIP

35% INCREASE IN CHINESE VISITORS, 2012-2013

29% OF ALL U.S. SERVICES EXPORTS TO CHINA

#6 IN VISITOR VOLUME



EDUCATION

235,597 CHINESE STUDENTS STUDIED IN THE U.S.
2012-2013

365,459 2014-2015 FORECASTED STUDENTS

246,000 STUDENT AND EXCHANGE VISITOR VISAS
2013



AGRICULTURE

#1 EXPORT MARKET OVERTOOK CANADA 2011-2012

\$25.9B 2013

(BULK COMMODITIES, POULTRY, PORK, TREE NUTS, DAIRY, WINE)

DOUBLED 2008-2013

18% GLOBAL U.S. AGRICULTURAL EXPORTS 2013



AUTOMOTIVE

21.98M UNITS SOLD, 1st COUNTRY 2013

23.8M UNITS, PREDICTED 2014

17,600 EVS 2013

3,038 PLUG-IN HYBRIDS 2013

MANDATE EV FOR GVMT FLEET, TAXIS BJ & SH

6M HIGH-EMISSION VEHICLES REMOVED 2014



AVIATION

12.2% TRANSPORT GROWTH RATE 2011-2020

+97 NEW AIRPORTS BY 2020

+5,200 (\$670B) NEW LARGE PASS. AIRCRAFT 2012-2031

24% (227M) GLOBAL NEW PASSENGERS 2013-2017

19% GA GROWTH RATE 2011-2020

- CHINA-MANUFACTURED C919 & ARJ21



E-COMMERCE

701M INTERNET USERS, CHINA, 2015

\$210B REVENUES 2012

120% COMPOUND ANNUAL GROWTH RATE SINCE 2003

302M ONLINE SHOPPERS CHINA V. **200M** US

52% CONSUMER ELECTRONICS & APPLIANCES

27% APPAREL



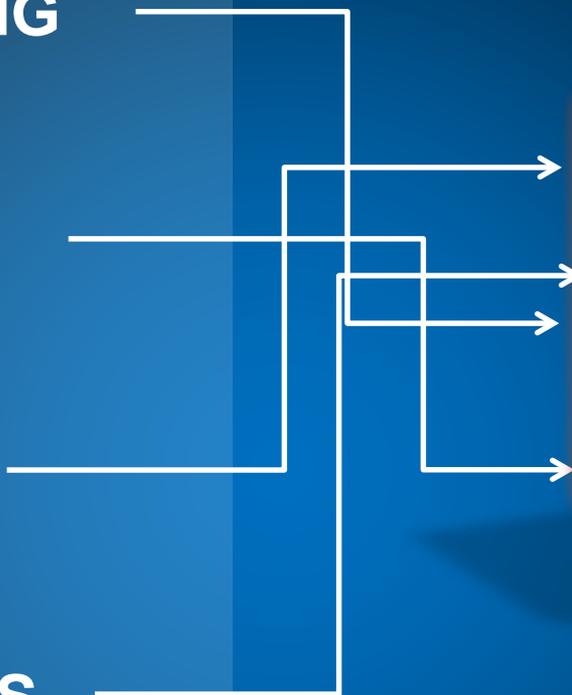
ICT CHALLENGES

CLOUD COMPUTING

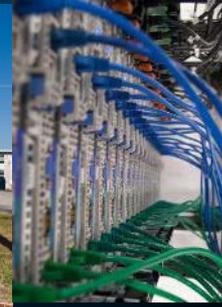
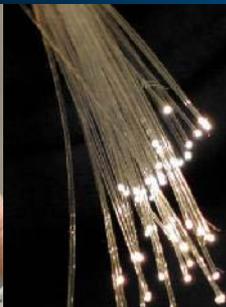
CYBERSECURITY

BIG DATA

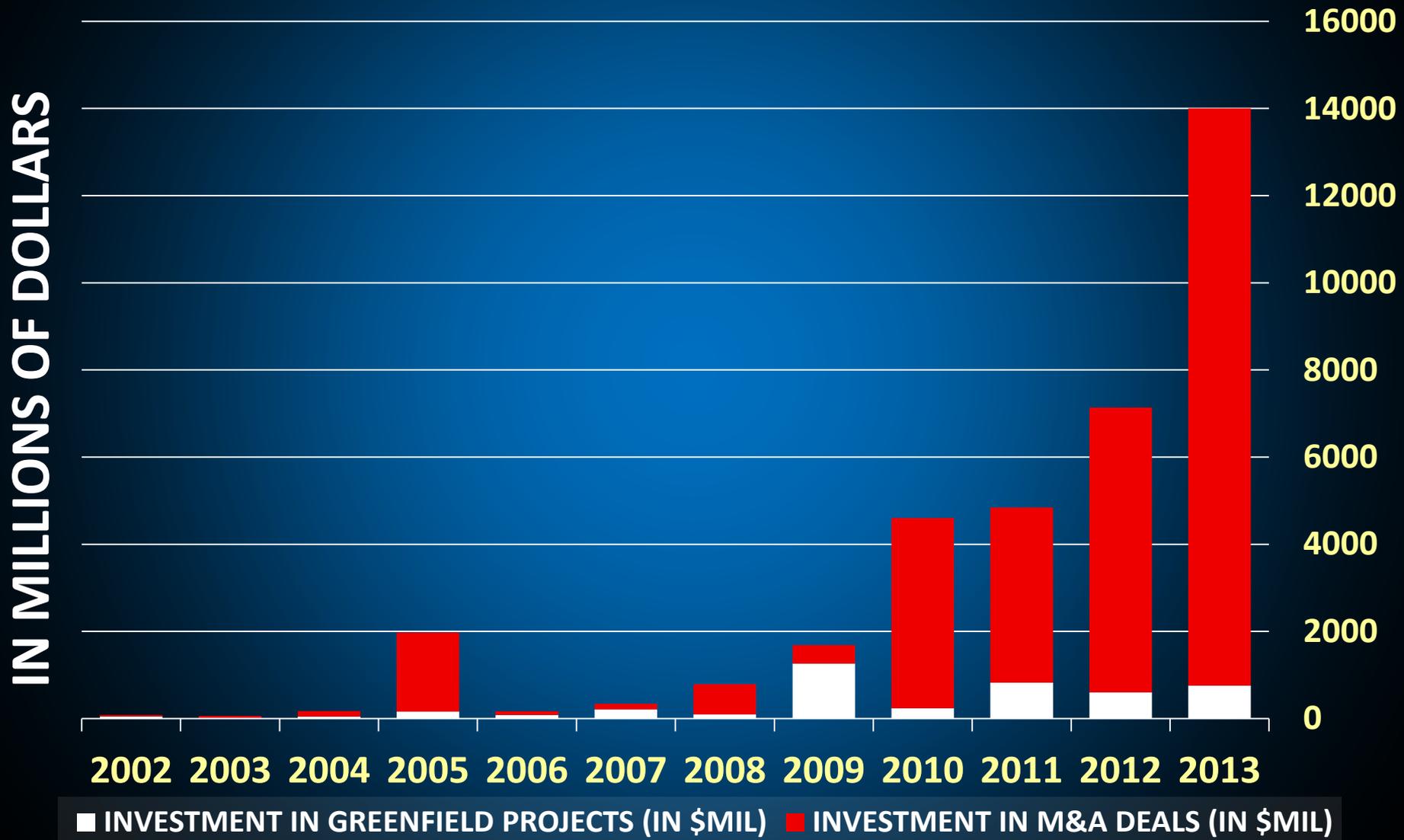
SEMICONDUCTORS



**DATA
SECURITY
CONCERNS**



CHINESE FDI IN THE U.S.



CS CHINA ASSISTANCE

What the U.S. Commercial Service can do to help

Global Markets

Commerce offices throughout China





GET IN TOUCH

Contact us

U.S. Department of Commerce

Email: Office.Beijing@trade.gov



谢谢

Thank You



Q...A

QUESTIONS & ANSWERS