

CHINA TIDBITS

Update: 26 August 2002

Notes

1 US\$ = RMB¥ 8.28

yoy: year-on-year

Figures can be contradictory and confusing at times - a "normal" characteristic of Chinese data! We just list the figures "as they appear". Confused? Welcome! As a result, a real assessment of certain aspects of the economy need a thorough investigation.

Contents

1. Population & geography.....	1
2. Money & salaries.....	1
3. The economy in general.....	2
4. Foreign Investment	3
5. Foreign Trade.....	4
6. Anything else.....	4
7. Business.....	5
8. Telecom.....	5
9. Beijing.....	6
10. Shanghai.....	7

1. Population & geography

- 1.3 billion people
- Total surface of 9,600,000 sq. km.
- Births/1000: 33.4 (1970) down to 15 (2001); rate of natural increase: 9/1000
- The official rural/urban population ratio is 80/20 but has already probably shifted to 60/40 (early 2002). According to UNDP the urban population stands at 36%.
- Urban residents will reach 1.12 billion by 2050 accounting for 70% of the total population. More than 600 million will shift from rural to urban areas in the next 50 years. Now China has more than 660 cities and 19,000 towns. (CD July 02)
- According to the Guinness Book, the world's oldest person is Mrs. Du Pinhua, born on 22 April 1886 in Sichuan Province (Shanghai Star June 2002). The previous record holder was an American. Life expectancy at birth is 70.2 years (UNDP)

2. Money & salaries

- Non-performing loans: Ernst & Young report July 2002: Japan has US\$ 1.2 trillion of NPL (60% of Asia's total) and the PRC US\$ 480 billion of bad debts.
- China has 68 million (stock market) investors in July 2002
- By the end of April 2002 bank deposits reached 8 trillion yuan; deposits are growing faster than the income (CD June 02).
- Household savings in Chinese banks reached US\$ 1 trillion in July 2002 (IHT Aug 02)
- The Industrial and Commercial Bank of China (ICBC) is the biggest savings bank in the world with total savings of just over 2 trillion yuan
- The past five years mark the fastest growth in salaries, for urban residents being 6.7% against a GDP growth of 8.3% and social consumer sales growth by 10.3%. Recent consumer sales for urban areas increased by 9.4% and for rural areas 6.2%: people are saving or investing more. (May 02)

- In 2001 the income of China's wealthiest grew 4 times faster than that of the poor
- Per capita income (2001) for rural residents: ¥ 2,366, up 4.2% from 2000
- Chinese farmers' cash income increased 5.9% in the first half of 2002 to RMB 1,123. For urban residents increase 17.5% to RMB 3,942 (all six months!) (CD July 02)
- Disposable Income (2001) for city dwellers: ¥ 6,860, up 8.5% from 2000
- Urban unemployment rate went up from 3.1% in 2000 to 3.6% in 2001
- China needs minimum 7% GDP growth to generate 10 million new jobs each year over the next five years to compensate with the increase of the work force, absorb surplus farmers, surplus industrial workers. China would try to generate 8 million new jobs per year to keep unemployment rate at 4.5% (early 2002)
- the unemployed said to total 120 million in 2001 and to increase by 40%. (early 2002)
- rural labor said to account for 68.4% of China's total labor force; from the surplus of 40 million rural laborers, 15 to 20 million will have to be transferred to non-agriculture jobs in the next 5 to 10 years (early 2002)

3. The economy in general

- In 2001 China became the 6th world top economy surpassing Italy. Previous positions were: 1998 (11th) - 1999 (10th) - 2000 (7th) (Bloomberg - early 2002)
- Foreign Reserves end June 2002: US\$ 242.76 billion, an increase of over 30 billion since end 2001 said to be as a result of a trade surplus expansion, increase of foreign investment and of tourism.
- Foreign Debt end 2001: US\$ 170.41 billion
- Long-Term Treasury Bonds
 - issued in 2001: RMB¥ 150 billion
 - issued 1998 to 2001 total: RMB¥ 510 billion
 - to be issued in 2002: RMB¥ 150 billion
- The SDPC (State Development Planning Commission) manages RMB¥ 510 billion (US\$ 61.4 billion) investment for 8,600 projects in the period 1998-2001. It shows its macro-economic power.
- In 2001 retail sales climbed 10% (1% increase of growth rate)
- In 2001 consumer spending increased 9%
- GDP in 2001: went up by 7.31% to RMB¥ 9.6 trillion (US\$ 1.156 billion)
- In the first half of 2002, the GDP growth was 7.8% (over RMB 4.5 trillion), mostly through increased government spending and accelerating in the second quarter. Consumer prices have gone down since last year, in June 02 the drop was 0.8% yoy. It is said, 80% of the Chinese-made products are in oversupply. The CPI is not expected to pick up soon. (CD July 02)
- GDP forecasts for 2002

World Bank	+6.5%, revised from 7%
IMF	+6.5%, revised from 6.8%
Chinas view	7.1 to 7.5%
- According to the State Administration of Taxation, the number of salaried workers that pay personal income tax reached over 60 million in 2000, from 9.57 million in 1994. The nation's benchmark for the personal income tax is RMB 800 (less some very few deductions (monthly basis). Tax evasion is becoming a new topic. (CD Aug. 02)

4. Foreign Investment

- In the first semester of 2002 direct (actual) foreign investment increased 18.7% yoy to US\$ 24.58 billion while contracted foreign investment stood at US\$ 44 billion (+31.5%). New foreign invested firms: 15,155 in the same period. (+26.4%). Hong Kong remains the nr. 1 investor with 46.5% of the grand total of US\$ 419.8 billion in June 2002 (actual FDI) (CD July 02). Note: according to the “day” the nr. 1 investor changes...
- MOFTEC figures for first seven months of 2002: US\$ 29.5 billion of FDI, up 22% from a year earlier; contracted foreign investment was US\$ 55.4 billion, up 32.9%. In July China now counts 408,551 foreign-invested firms (CD Aug. 02)
- End 2000 USA invested total of US\$ 30.7 billion, largest foreign investor. (CD July 01)
- End Sept. 2001: 382,930 foreign-funded enterprises approved involving US\$ 726 billion of contractual investment and US\$ 380.8 billion of actual investment (MOFTEC Nov. 01)
- In 2000 taxes paid by foreign companies rose 41% to RMB¥ 232 billion (US\$ 28 billion) accounting for 18.3% of China’s total tax revenues. (CD Nov. 01)
- Early 2002: “USA is the 3rd investor in China” (CDBW May 02)
- The USA remains the largest foreign investor in actual FDI for 3 consecutive years; China invested US\$ 690 million in the USA in 2001 (CD July 02)
- FDI overview:

FDI - 2001 - actual:	+ 14.9%	US\$ 46.9 billion
FDI - 2001 - contractual:	+ 10.4%	US\$ 69.2 billion
FDI - grand total at end 2001	contracted:	US\$ 745.9 billion
	actual:	US\$ 395.5 billion
FDI - grand total at end April 2001	contractual:	US\$ 766.6 billion
	actual:	US\$ 409.4 billion
- FDI - 2002 - actual (est.): + 7% US\$ 50 billion (from North America & Europe: down)
- Total of Foreign Enterprises, end 2001: 390,484; set up in 2001: +16%
- Total of approved foreign invested enterprises end April 2002: 388,945 (“Moftec”...)
- There are several types of private firms; figures for 2001 (C.I.B. June 02):
 - sole ownership 25.5% (517,300 firms)
 - partnership 6.4% (131,100 firms)
 - limited liability 68% (1.38 million firms)
 - joint stock companies 0.01% (289 firms)
 - private enterprises account for 33% of GDP
 - end 2001: 2 million fully private enterprises employing 22.5 million people
 - top ten: Legend; Shanghai Xingaochao; New Hope; China Geely; China Wanxiang; Orient; Jiangsu Yonggang; Chint; Xian Seastar; Beijing Tongchan
- What is a “big” company??? Official definitions (SDPC, etc.) (annual sales or general assets)
 - giant: RMB 5 billion and higher
 - large: RMB 500 million up
 - medium: RMB 50 million up
 - small: under RMB 50 million (OK, that’s us)

5. Foreign Trade

- In the first semester of 2002 total trade increased by 12.3% (CD July 02)
 - exports: US\$ 142.12 billion (+14.2%)
 - imports: US\$ 128.52 billion (+10.3%)
- USA: in 2000 China exported US\$ 100.1 billion to USA, 8.22% of USA total imports (CD July 01)
- In the first half of 2002, bilateral trade US-China increased 11.7% (yoy), topping US\$ 41.97 billion. USA remains the second -largest trade partner after Japan. China's exports went up 19.3% to nearly 30 billion. The USA is China's biggest export market. But imports from the USA dropped 3.3% to 12.1 billion (CD July 02)
- In the first half of 2002, China-Japan trade went up 3.4% to a record US\$ 45.12 billion. Export from Japan went up 20% to US\$ 17.24 billion and imports to Japan went up 5.2% to US\$ 27.88 billion. China is Japan's second largest trader after the USA. As for the "calculation" here, no comments (3.4%???) (SD Aug. 02)
- In 2001 China became the 4th largest trade economy after the EU, USA and Japan, surpassing Canada
- Foreign Trade growth (US\$ billion):

	<u>2000</u>	<u>2001</u>	<u>change</u>
export	249.21	266.16	+6.8%
import	225.15	243.61	+8.2%
total trade	474.20	509.77	
surplus	24.06	22.55	
- Major trading partners in the first quarter of 2001:

Japan nr. 1	China exports -1.4%	US\$ 10.3 billion
USA Nr. 2	China exports +14.2%	US\$ 13.2 billion

6. Anything else

- Legal environment: in early 2002: 110,000 to 120,000 lawyers; 10,000 law offices and 10,000 public notaries. And 200,000 judges. Being one chief grand justice, 41 grand justices, 30,000 senior judges and 180,000 judges. Twenty years ago China had 200 lawyers.
- By the end of June 02, 460,000 students from China were studying abroad in 103 countries, making it the largest number from any country in the 1.6 million overseas students. The USA attracted 150,000 Chinese students (UNESCO & CD June 02)
- According to a local foreign magazine, the record for the "biggest, baddest bowling alley in the world" is in Beijing: Gongti 100 Bowling & Tennis Center. Sure is: it is huge - one hall with 100 lanes (largest single floor bowling center in the world)

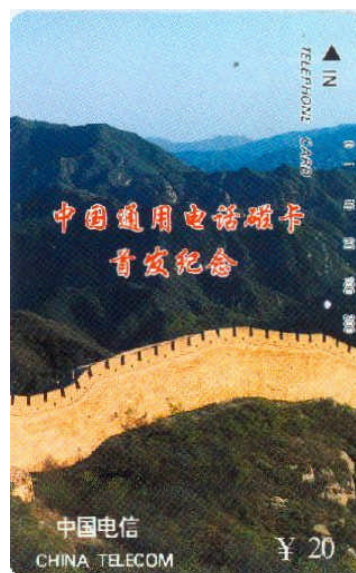
7. Business

- There would be 100 automakers in China who produced 2.3 million vehicles in 2001 (China Daily June 02). Sales of domestic cars in 2001 was 2.36 million and is expected to reach 3 million in 2002.
- Sales of domestic cars in the first half of 2002 rose 36.2% yoy to 470,200 units. Production rose 35.3% to 440,000 units. The cheaper models (under RMB 100,000) dominate the market. Total sales for the year estimated at 900,000 units including 60,000 imported sedan units. In 2001 China produced 703,500 passenger cars and sold 721,500. (SD July 02)
- On the average, KODAK opens 3 express stores per day in China
- Of the 225 world's largest construction contractors, 140 have started operations in China. About 120 sino-foreign entities in construction/design are approved. With WTO, in 3 years the JV companies will enjoy the same rights as local companies. In 5 years WOFE will be allowed (BT May 02)
- Companies in China raised just under US\$ 5 billion on the stock market, down 45% on a year on year basis.

8. Telecom

Overall picture

- 380 million (fixed + mobile) - largest in the world - end July 2002
- officially: 30.22 telephones per 100 people (July 2002)
- wireless pagers: 25 million (June 02), down from over 40 million at the end of 2000
- 39.8 million Internet users (June 2002) - 16 million PC with online access
- international internet bandwidth would be about 10 GBit/s in July 02. China Telecom controls 61% and China Netcom 27%.
- 280,000 websites
- 50 billion messages are expected this year though the SMS (Short Messaging Services)



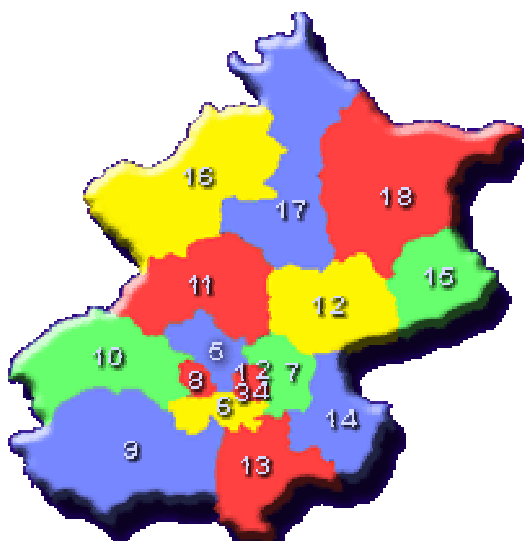
Fixed line users:

- increase of 3.1 million in June
- 201 million end July 2002
- Penetration rate: 22.7% (June 2002)
- PHS users: 9 million (June 2002)

Mobile phone users:

- 180 million subscribers (July 02) – increase of 4.8 million in June
- Penetration rate: 13.9% (June 02)
- China Unicom has 30% market share (52 m. users) against over 120 million users for China Mobile (June 02)
- China became the world's largest mobile-telecom market as of 2001; the USA has 128 million mobile subscribers, 58% of the population over 12 years old has one.
- From Jan to May 2002: additional 26.57 million new subs which is 5.3 million/month
- growth of mobile phone remains to be strong - end 2002 at least 200 million?
- Forecast for 2002: mobile phone subs will surpass the fixed line subs
- 2005: 343.7 million subscribers (double from now)
- China Mobile: started GPRS on 17 May 2002 and early July had 1.3 million subscribers
- China Unicom barely has 1.26 million subscribers for CDMA in July 2002.

9. Beijing



	area km ²	Pop. (K)
1. Xicheng District	31.66	792
2. Dongcheng District	25.38	625
3. Xuanwu District	16.53	537
4. Chongwen District	16.46	346
5. Haidian District	426.00	1620
6. Fengtai District	304.20	1000
7. Chaoyang District	470.80	2070
8. Shijingshan District	85.74	320
9. Fangshan District	2019.00	814
10. Mentougou District	1455.00	235
11. Changping District	1352.00	560
12. Shunyi District	1021.00	540
13. Daxing District	1039.00	672
14. Tongzhou District	912.00	600
15. Pinggu County	1075.00	400
16. Yanqing County	2009.00	274
17. Huairou County	2128.00	540
18. Miyun County	2226.00	430

- The Municipality of Beijing is directly under the Central Government. Total land area is 16,808 sq Km (about half of Belgium) of which 62% are mountainous. The “city proper” covers 1,040 sq Km: from Shijingshan (West) to Dingfuzhuang (East) and from the Qinghe River (North) to Nanyuan (South); within the City proper there are 26 lakes and 30 “rivers”.
- The Municipality is divided into 13 districts and 5 counties, see map.
- Beijing’s “central area” is the zone within the fourth ring road and covers 324 sq Km. The “edge areas” surrounding the central area are: Beiyuan, Jiuxianqiao, Dongba, Dingfuzhuang, Fatou, Nanyuan, Fengtai, Shijingshan, Xiyuan, Qinghe. According to your preference, “downtown” can be considered as the “central area + edge areas”.
- Jianguo: the first foreign hotel (4 Star), opened in 1982 and brought thirsty expats the first real bar. At that time the “Beijing Hotel” was “the” place to stay. The Beijing Hotel has a history of just over 100 years, founded by a French-funded Bank. First foundations were laid in 1901. The oldest part, the “Middle Building” dates from 1920. It is now called “Beijing International Hotel”. But we miss the old “Zoo” of the eighties.... (only old China Hands understand this, like the author of Tidbits)
- Population: said to be 12,375,796 (530,000 being “temporary”) but most put the number much higher due to the “floating population”; another (better?) estimate is 11 million “permanent” plus 3.8 million “not permanent” being about 14.5 to 15 million (BJWE April 02)
- The tallest building in Beijing? Jing Guang Center - 206 M. (no, not Capital Mansion)
- May 2001:
 - 15,882 foreign enterprises
 - 6,824 rep offices
 - 312 JV
- End 2001:
 - total actual FDI: US\$ 25.6 billion
 - foreign enterprises: 17,029
- 2002 - first six months: FDI reaches US\$ 2.85 billion, almost double yoy. At the end of June Beijing counted over 17,600 overseas-funded firms with a total FDI of US\$ 35.83 billion; individual income tax totaled RMB 5 billion in the period (29% increase); Beijing’s revenue in the period was up yoy 25.1% to RMB 27.23 billion and GDP increased 9.1% yoy to RMB 135 billion (CD July 02)
- April 2002: 50,000 new cars sold in the first 3 months of 2002, mostly to individuals. Of the 1.73 million cars in Beijing, 1.04 million are owned by individuals. 12% of families in Beijing own a car. By 2008 there would be 3 million cars (CD June 02)

- Beijing produces 8,100 Tons of waste every day. The figure is to double in eight years. Most garbage lands up in landfills as for now. Beijing plans to improve the garbage treatment for the 2008 Olympics. (Beijing Weekend July 2002)
- China has 400 factories producing 400,000 electric bicycles per year. There is no clear general rule yet for registration (license plate). Beijing says it will only allow registration till 2005. Problems: disposal of the batteries and traffic rules (maximum speed) - (July 02)
- In 2001 the average annual wage was RMB 19,155. Current average housing price is RMB 4,883/m². "Economy price" for housing is considered to be at little over RMB 3,000/m² but is in short supply (CD Aug. 02)
- First half of 2002: average cash income of urban and rural residents increased by 16.2 and 13.6% to reach RMB 6,256.5 and 3,342 (six months) (CD July 02)
- Beijing counts officially 15 foreign chambers of commerce, the latest addition (August 02) being the Singapore Chamber of Commerce (also the first one from ASEAN). Many other "chambers" or "associations" exist but are not "official".
- US\$ 180 billion will be invested in infrastructure construction in Beijing by 2008 (BT May 02)
- By the end of 2001 the city had over twenty 24-hour convenience stores in downtown - much less than Shanghai. It is expected the amount will at least double in one year. Major stores are Super 24, RiriXian and next - Seven Eleven. (BJ Oct. 01)
- In 2001 non state owned companies entities employed 3.4 million people (53.3% of the total); By the end of 2001 124,000 up 20.8% private enterprises were registered with a total capital of RMB 163.3 billion (up 57.6%) (CD early 02)

10. Shanghai

- Jan 02: officially: 16.4 million inhabitants...(our guess: somewhere around 19 million)
- Total area of 6,340 sq. Km.
- FDI - In the first six months of 2002 Shanghai has obtained US\$ 5.22 billion of contracted foreign investment for 1,342 projects – up 30.33% from last year. Its target for total 2002 was 6 billion. (SD July 02)
- In July 2002 the city had 26,070 overseas-funded projects, US\$ 58 billion of contracted foreign investment and US\$ 37.7 billion of actual foreign investment. Overseas-invested companies account now for 60% of the city exports
- 5,700 foreigners working in Shanghai, to increase by 30% per year (CD July 02)
- In the first six months of 2002, 14,638 foreigners applied for work permits, up 31.79% (SD Aug. 02)
- Shanghai Daily May 02: 70,000 expats and 300,000 Taiwanese in Shanghai and adjacent areas; April 2002: "60,000 foreigners in Shanghai"; or whatever figure you like!
- In June 2002 Shanghai counted 200,000 private companies with a combined registered capital of RMB 210 billion. It is the fourth largest base for private business after Guangdong, Zhejiang and Jiangsu. It is expected that by 2005, 20% of the city's GDP will be generated by private companies. Now private companies can set up with a capital of RMB 1. Private companies created 130,000 new jobs in 2001; they exported for US\$ 100 million in the first half of 2002. (SD July 02)
- In May 2002: 800,000 vehicles were registered in the city; 50,000 cars from outside Shanghai are also on the streets. But China Daily June 02 mentions: total of registered vehicles in 2000 was 1.04 million, expected to become 1.5 million in 2005. Anyway, much below Beijing figures.
- While cars are becoming cheaper, the license plates are getting (again) more expensive: the average bidding price went up to RMB 20,904 in June. Plates available for bidding amount to 2,800 to 3,000 for one month, limiting the car sales (SD July 02)
- The city has now officially 8 Intelligent Buildings and will have 4 more by the end of 2002. The City has set strict standards for the definition of Intelligent Building. Shanghai has over 40 Grade A Office Buildings where daily rents are about US\$ 0.5 per day (SD Aug. 02)