EU - China
HPCN Industrial Co-operation Initiative

China: Main Figures
EU-China HPCN Industrial Co-operation Initiative

- Area: 9.5 million km²
- Population: 1.212 billion
- GDP growth rate (1996): between 12 and 13%
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- Foreign Investment (1995) : 37.7 billion US $
- Inflation rate : 6.5% in 1996 (15% in 1995)
- Foreign exchange reserves : > US $ 100 billion
  (the highest in the world)
- Unemployment rate : 3%
Structure of GDP:
- industry 50%
- agriculture 29%
- trade 9%
- building 7%
- transport 5%

Structure of labour:
- agriculture 66%
- industry 18%
- services 16%
• 31 provinces
• 32 cities > 1 million inhabitants
• 15 cities > 2 million inhabitants
• 9 cities > 3 million inhabitants
  » Shanghai 9.2 million
  » Beijing 6.9
  » Tianjin 5.1
  » Shenyang 4.2
  » Chongqing 4.1
  » Wuhan 4.1
  » Guangzhou (Canton) 4.0
  » Harbin 3.2
  » Chengdu 3.0
A fast growing middle class

The number of individuals with an income of more than 100,000 US $ / year is already larger in China than in any European country
A "socialist market economy"

= market economy
  + decentralised public investment (provinces and cities)
  + socialist framework of society
A firm and successful economic and financial policy

– Monetary policy:
  » raise of interest rates
  » banks have to raise their reserves to 15%
  » RMB (yuan) / $: free market (no official rate), a steady exchange rate in 1996

– Budget policy:
  » continuous reduction of government current expenditures

– Price control abolished for more than 90% of the products
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- Corporation tax:
  - 33% normal
  - 15% for foreign companies and joint-ventures in special export zones

- VAT: 17%

- Modernised legal framework for companies

- Lowering customs tariffs

- A pension scheme, a social security system
China is the first beneficiary of the World Bank Loans:

- Total debt in 1995: US $ 22 billion
- Loans 1996: US $ 3 billion

EU = 15.3% of imports

EU = 12.5% of exports