

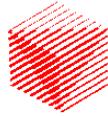
EU - China HPCN Industrial Co-operation Initiative

China: Main Figures



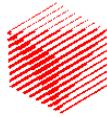
EU-China HPCN Industrial Co-operation Initiative

- ◆ **Area :** **9.5 million km²**
- ◆ **Population :** **1.212 billion**
- ◆ **GDP (1995) :** **695 billion US \$**
- ◆ **GDP per capita :** **573 US \$ in 1995,**
1,300 forecast in 2000
- ◆ **GDP growth rate (1996): between 12 and 13%**



EU-China HPCN Industrial Co-operation Initiative

- ◆ **Exports (1995) :** **148.8 billion US \$**
- ◆ **Trade balance (1995) :** **+ 16.7 billion US \$**
- ◆ **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%**



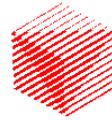
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◆ Structure of GDP :

- industry 50%
- agriculture 29%
- trade 9%
- building 7%
- transport 5%

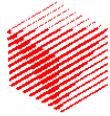
◆ Structure of labour :

- agriculture 66%
- industry 18%
- services 16%



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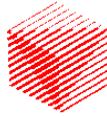
- ◆ **31 provinces**
- ◆ **32 cities > 1 million inhabitants**
- ◆ **15 cities > 2 million inhabitants**
- ◆ **9 cities > 3 million inhabitants**
 - » **Shanghai** **9.2 million**
 - » **Beijing** **6.9**
 - » **Tianjin** **5.1**
 - » **Shenyang** **4.2**
 - » **Chongqing** **4.1**
 - » **Wuhan** **4.1**
 - » **Guangzhou (Canton)** **4.0**
 - » **Harbin** **3.2**
 - » **Chengdu** **3.0**



EU-China HPCN Industrial Co-operation Initiative

◆ 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



EU-China HPCN Industrial Co-operation Initiative

◆ A "socialist market economy"

= market economy

+

decentralised public investment
(provinces and cities)

+

socialist framework of society



EU-China HPCN Industrial Co-operation Initiative

◆ **A firm and successful economic and financial policy**

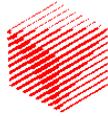
– **Monetary policy :**

- » **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**



EU-China HPCN Industrial Co-operation Initiative

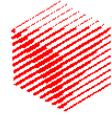
- Corporation tax :**
 - » 33% normal**
 - » 15% for foreign companies and joint-ventures in special export zones**

- VAT : 17%**

- Modernised legal framework for companies**

- Lowering customs tariffs**

- A pension scheme, a social security system**



EU-China HPCN Industrial Co-operation Initiative

- ◆ **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**