

中国经济概览 China Economy Overview



Summary :

- Having been the country with largest population, China's population now has been exceeded to 1.3 billion. In 3-5 years, this number could climb to 1.4 billion. Economically, China is world's second largest economic entity, and it could be expected to be the largest one in the future. However, several issues, such as urbanization and aging, may significantly affect China's future development.
- China's GDP growth is now presenting downward trend instead of continuing soaring. In 2015, GDP could maintain or even fall below 7%. Moreover, the fact that China's GDP per capita has been declining below country's GDP growth demonstrates China's inevitable economic downturn and domestic productivity shortage. Also the change and adjustment of China's population structure will also influent China's future economy.

Summary :

- In recent years, China's PPI has been continuing negative growth, while its CPI is maintaining positive growth. It can be expected that China's economic downturn pressure and inflation risk will still exist in the future. However, national confidence on economy recovery is growing with climbing consumption confidence and satisfaction indices.

Summary :

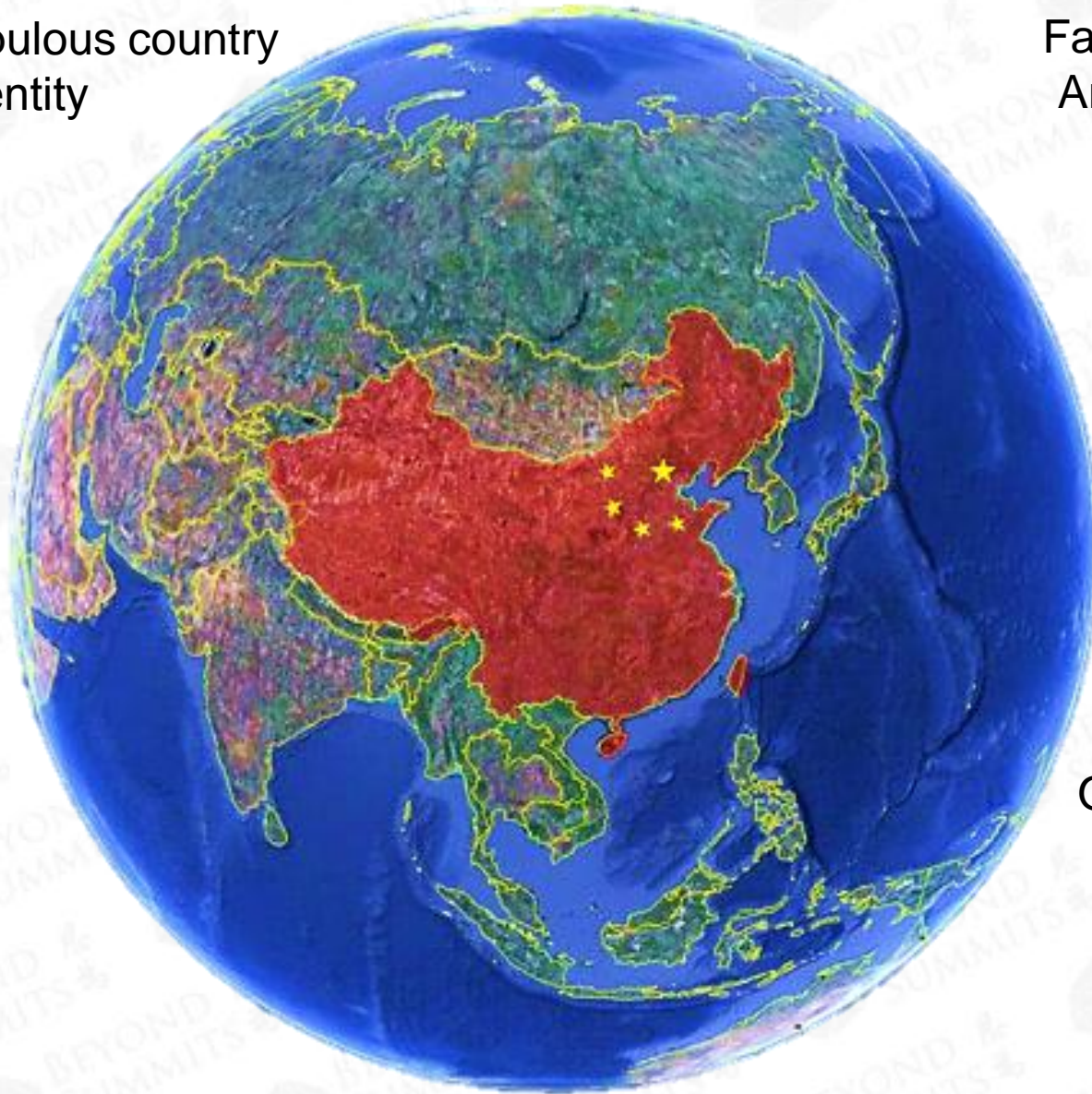
- The rise of domestic manufacturing industry cost, the lack of openness of services and the continuing adjustment of overseas corporation strategies have led less obvious growth in foreign investment. China, however, has increased capital out-flow in recent years. The fact that China has become a capital out-flow country attributes to the demand of overseas resource, technology and market by domestic corporations.
- The employment rate in China's services industry has been rising, and for the first time, service's contribution to GDP has exceeded to half of industry's China's economy has turned to service-oriented from industry-oriented, which will significantly influence the country's economic growth, employment and other aspects.
- From the perspectives of international economy and the trend of de-globalization, China's fast export growth is hard to achieve. The weakness in international trade has demonstrated the lack of demand from global economy.

Summary :

- Chinese market, is and will always be, the most important “foreign capital-friendly” market. Most of the foreign enterprises regard China as their manufacturing country. They not only reject to withdraw their investment, but believe that China is the world’s biggest market as well.
- The anticipation that Chinese Yuan will keep appreciate against Euro and US dollar is strengthened, which will accelerate certain industry structural adjustment as well as the speed and quality of strategic adjustment in macro-economic.

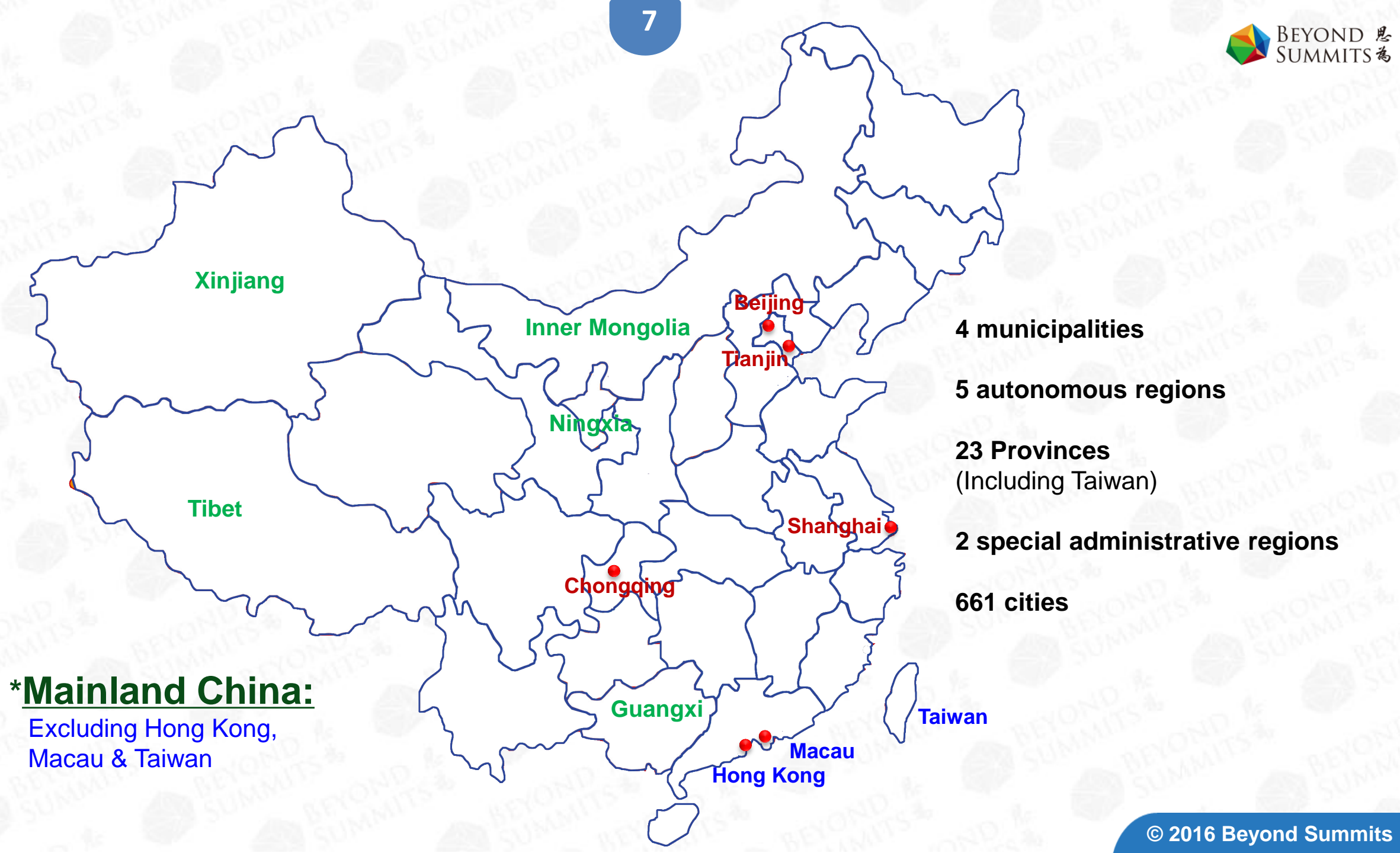
China :
The world's most populous country
The world's second entity

Family of 56 ethnic groups
Among which 90% is Han



Over 1.3 billion
Population

Over 80 kinds of dialects
Over 70% population
speak Mandarin



**Top cities:**

Beijing
Shanghai
Guangzhou
Shenzhen

1st tier cities:

Tianjin,
Shenyang,
Dalian,
Harbin,
Jinan,
Qingdao,
Nanjing,
Hangzhou,
Wuhan,
Chongqing,
Chengdu,
Xi'an

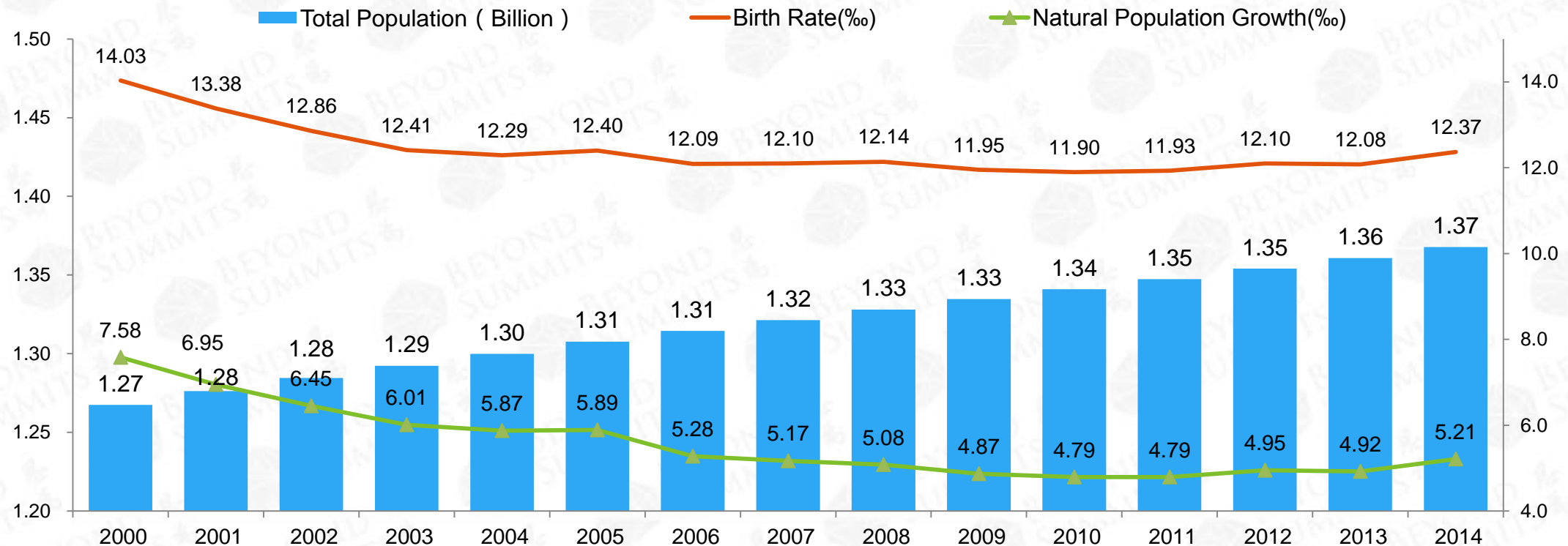


2nd tier cities:

Shijiazhuang,
Changchun,
Hohhot, Taiyuan,
Zhengzhou,
Hefei, Wuxi,
Suzhou, Ningbo,
Fuzhou, Xiamen,
Nanchang,
Changsha,
Shantou, Zhuhai,
Haikou, Sanya,
Nanning, Guiyang,
Kunming, Lasa,
Lanzhou, Xining,
Yinchuan, Urumchi

In recent 10 years, the population of China still keeps rising, while the birth rate and natural growth is getting slower, which leads to the annual population growth maintaining at around 10 million per year.

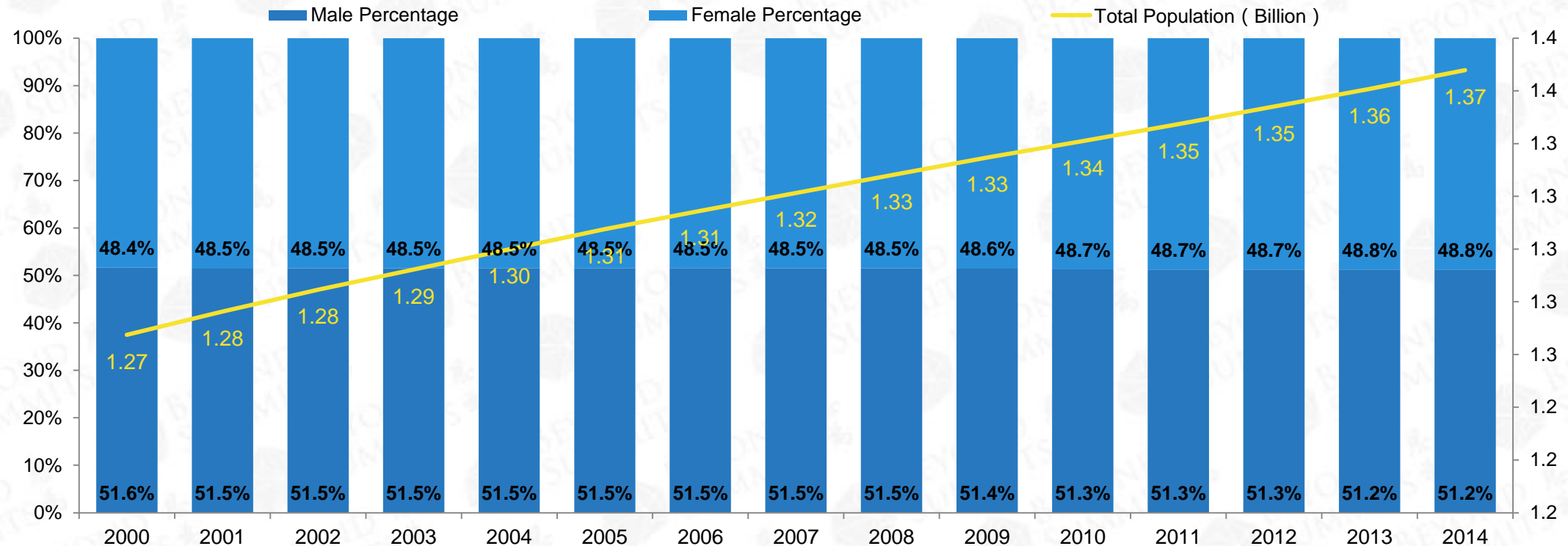
Historical Population Trend



Source : National Bureau of Statistics of the People's Republic of China

In the recent decade, male population has been slightly more than female's in terms of China's overall gender structure.

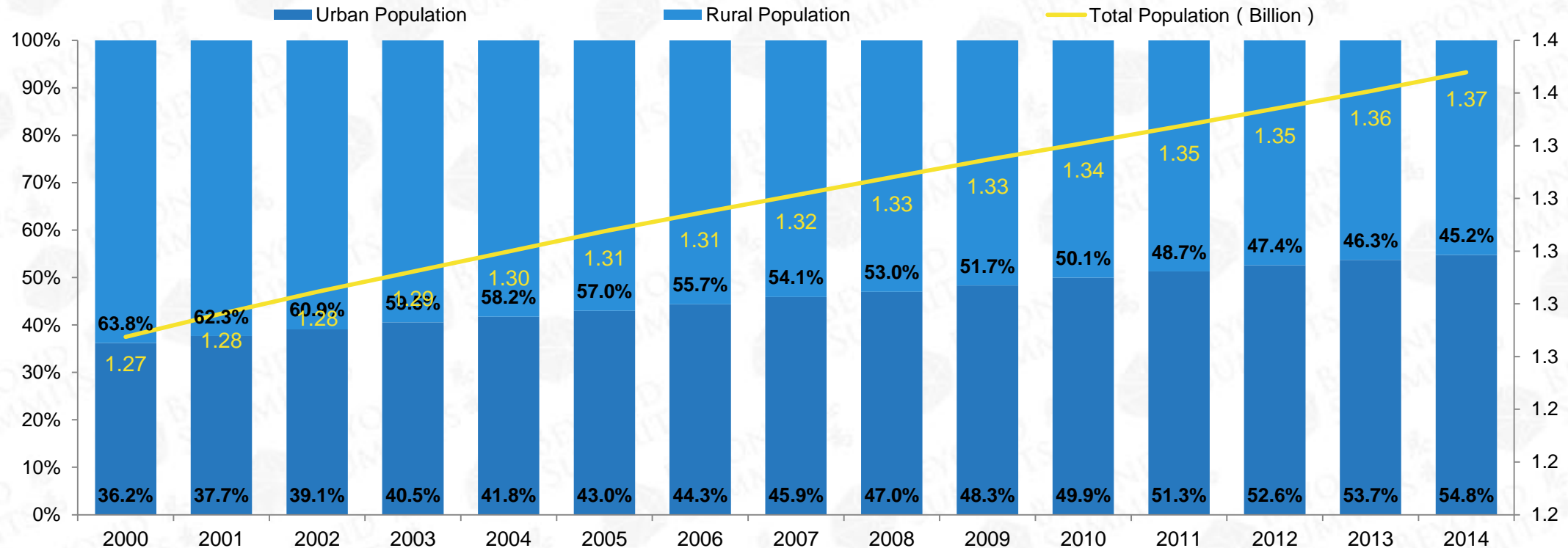
Historical Gender Structure



Source : National Bureau of Statistics of the People's Republic of China

Beginning in 2000, China's urbanization and city modernization phenomenon continues to deepen, rural population is shrinking at an annual rate of 1%.

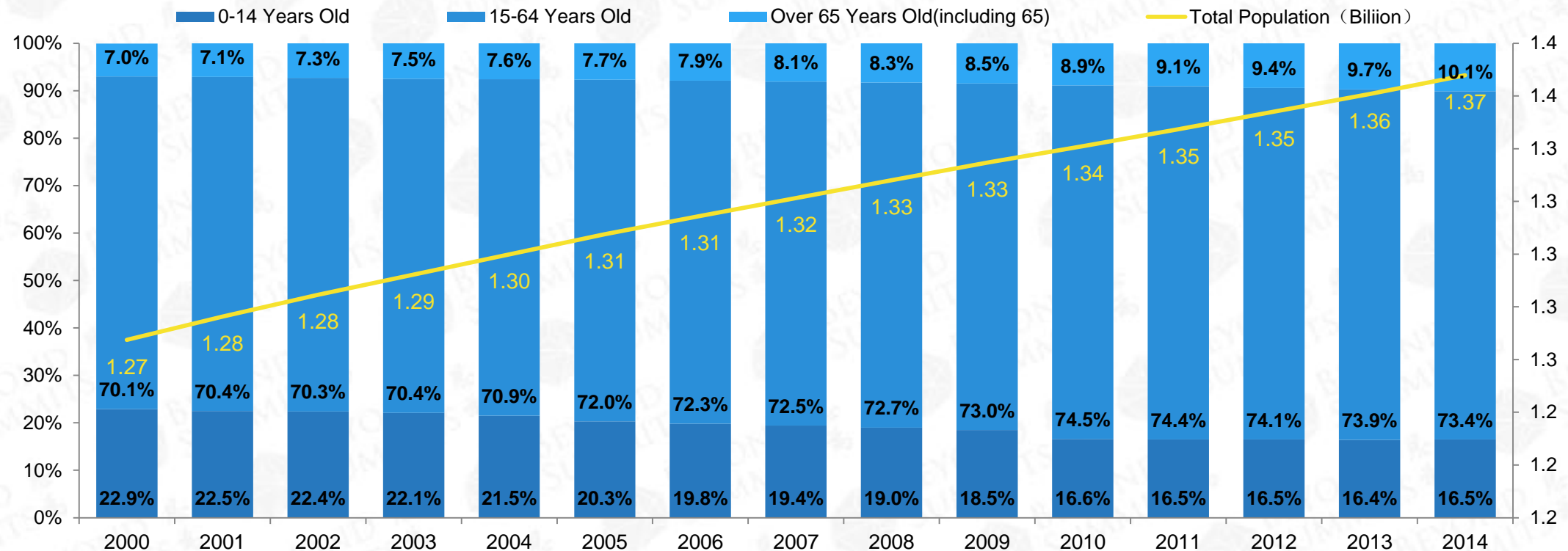
Historical Population Structure between Urban and Rural Population



Source : National Bureau of Statistics of the People's Republic of China

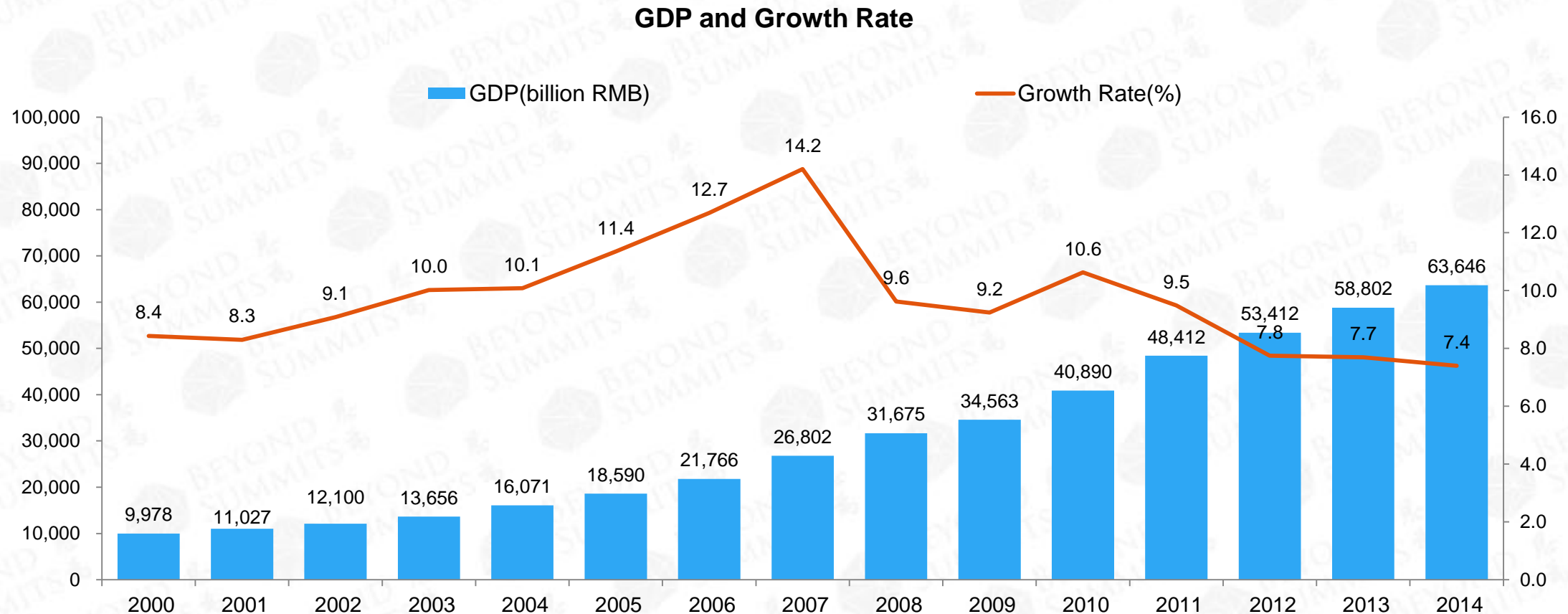
In the past 15 years, China's aging phenomenon is accelerating, the over 65 year old population have accounted for 1/10 of the whole population, there will be more and more elder people in the future.

Historical Age Structure



Source : National Bureau of Statistics of the People's Republic of China

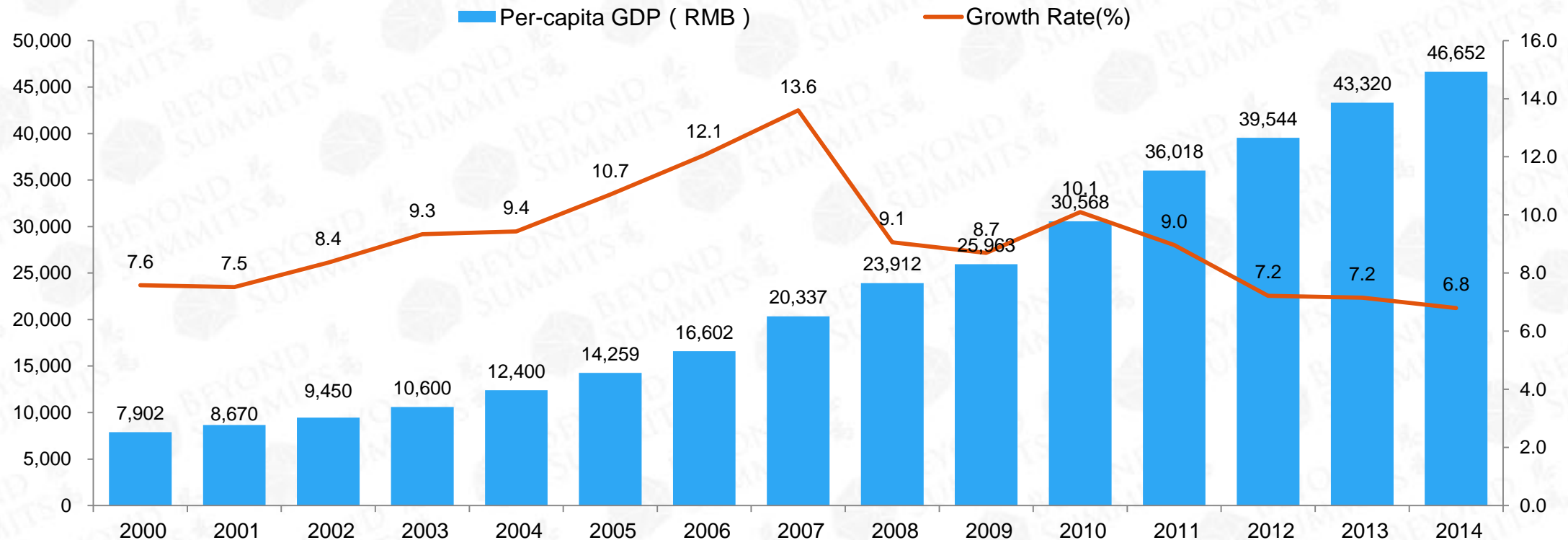
After the outbreak of 2007 world financial crisis, China's GDP growth fell sharply from the previous rising. In recent years, it has maintained with 7% annual growth.



Source : National Bureau of Statistics of the People's Republic of China

The per-capita GDP growth is constantly getting lower and is even lower than the national GDP growth, which shows that China's overall productivity is greatly infected by the change and adjustment of China's population structure.

Per-capita GDP and Growth Rate



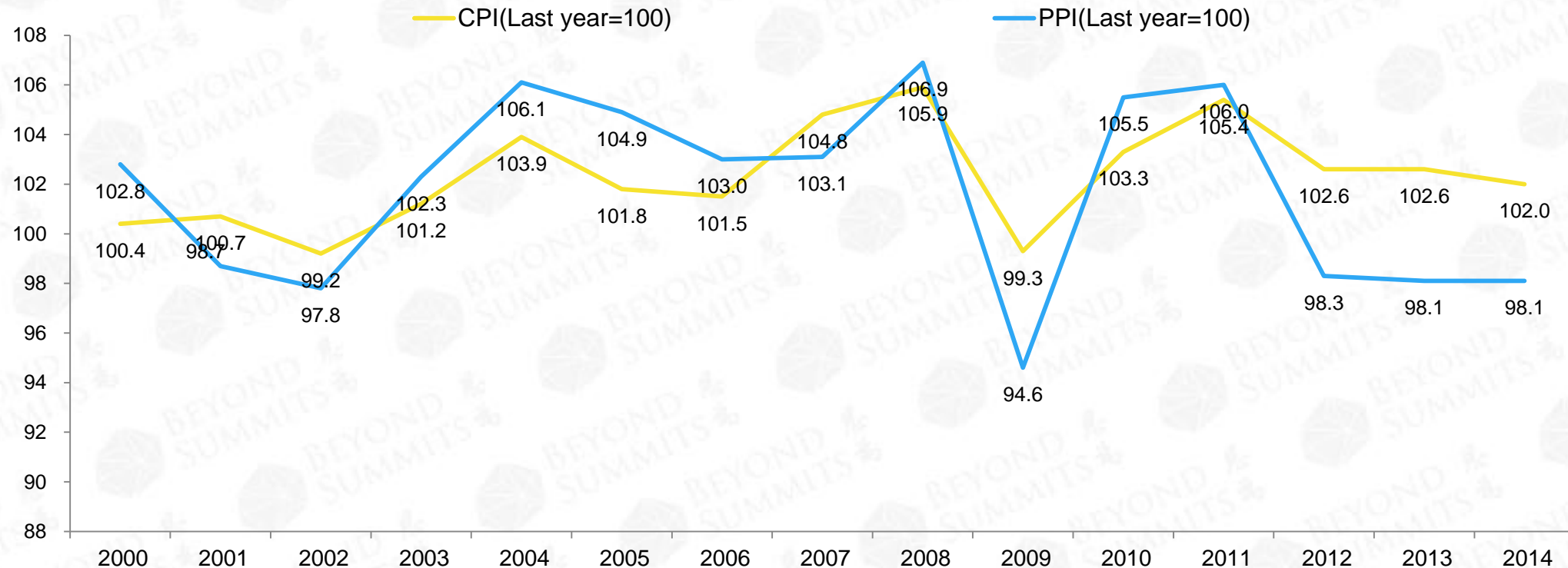
Source : National Bureau of Statistics of the People's Republic of China

Provinces (excluding HK, Macau & Taiwan)	Population	Rank	GDP(Billion)	Rank	Per-capita GDP (RMB)	Rank
Guangdong	106440000	1	2986.3	1	32142	5
Shandong	95790000	2	2532.6	2	27148	6
Henan	94130000	3	1423.4	5	15056	15
Sichuan	81070000	4	965.7	9	11708	24
Jiangsu	79394900	5	2473.8	3	32985	4
Hebei	72870000	6	1338.7	6	19363	10
Anhui	69285000	7	690.6	15	11180	27
Henan	66906000	8	836.6	13	13123	19
Hubei	57990000	9	845.1	11	14733	16
Zhejiang	54938000	10	1763.3	4	35730	3
Guangxi	52820000	11	538.6	18	11417	26
Yunnan	46870000	12	426.0	23	9459	29
Jiangxi	45221500	13	532.3	19	12204	23
Liaoning	43900000	14	1041.8	8	24645	8
Heilongjiang	38350000	15	708.1	14	18463	11
Fujian	37740000	16	844.0	12	23663	9
Shaanxi	37637000	17	480.6	21	12843	20
Shanxi	36300000	18	546.5	17	16143	14
Guizhou	35022200	19	254.3	26	6742	31
Chongqing	29700000	20	393.8	24	14011	17
Jilin	26990000	21	469.3	22	17211	12
Gansu	25821800	22	249.4	27	9527	28
Inner Mongolia	24976100	23	614.0	16	25558	7
Shanghai	24150000	24	1165.8	7	65473	1
Xinjiang	22327800	25	330.5	25	16164	13
Beijing	21148000	26	887.9	10	57431	2
Tianjin	10070000	27	501.4	20	7972	30
Hainan	8030000	28	112.1	28	13361	18
Ningxia	5720000	29	76.9	29	12695	22
Qinghai	5290000	30	70.6	30	12809	21
Tibet	3002000	31	32.6	31	11567	25

Source : National Bureau of Statistics of the People's Republic of China, 2014

PPI(Producer Price Index) keeps a negative growth in recent years, which proves that China is still facing economic downturn. Meanwhile, the latest 5 years' CPI(Consumer Price Index) keeps positive, indicating that China is also facing inflation risk.

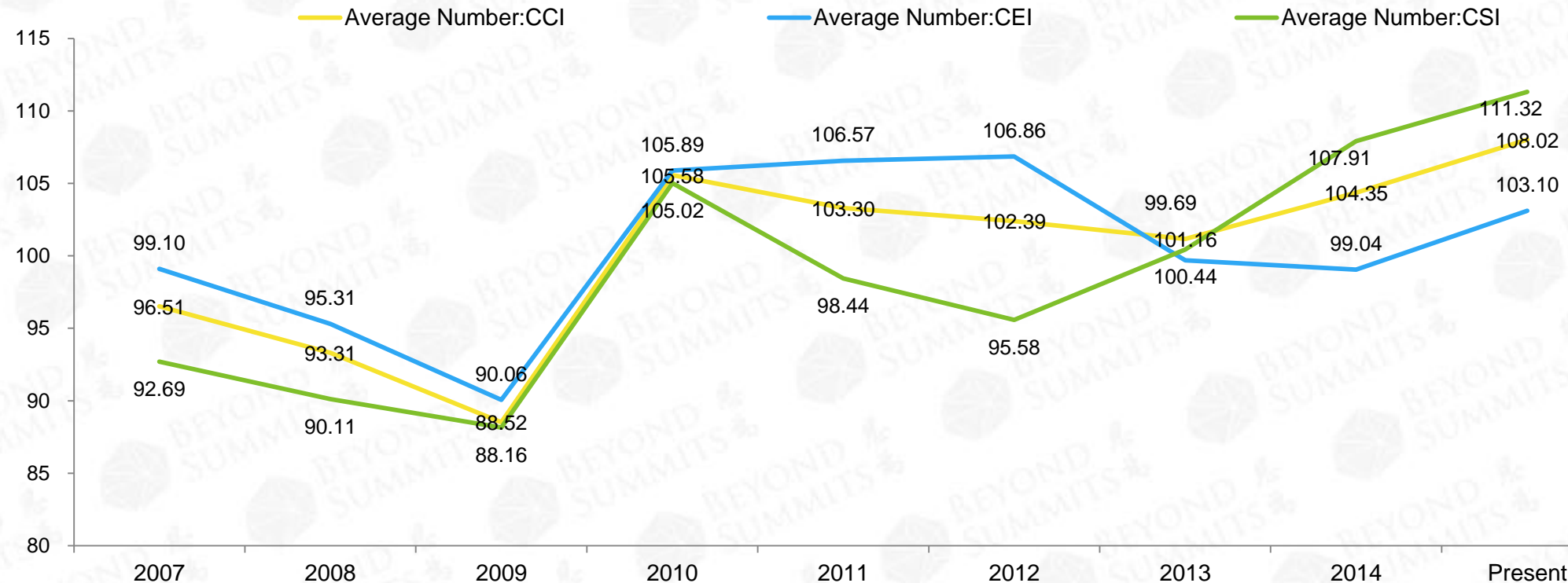
China's Consumer Price Index & China's Producer Price Index



Source : National Bureau of Statistics of the People's Republic of China

With CEI(Consumer Expectation Index) downing, CSI(Consumer Satisfaction Index) rising in 2012 as well as CCI(Consumer Confidence Index) having started to rise, the nation has higher confidence that the country's overall economic will back to its former rapid growth.

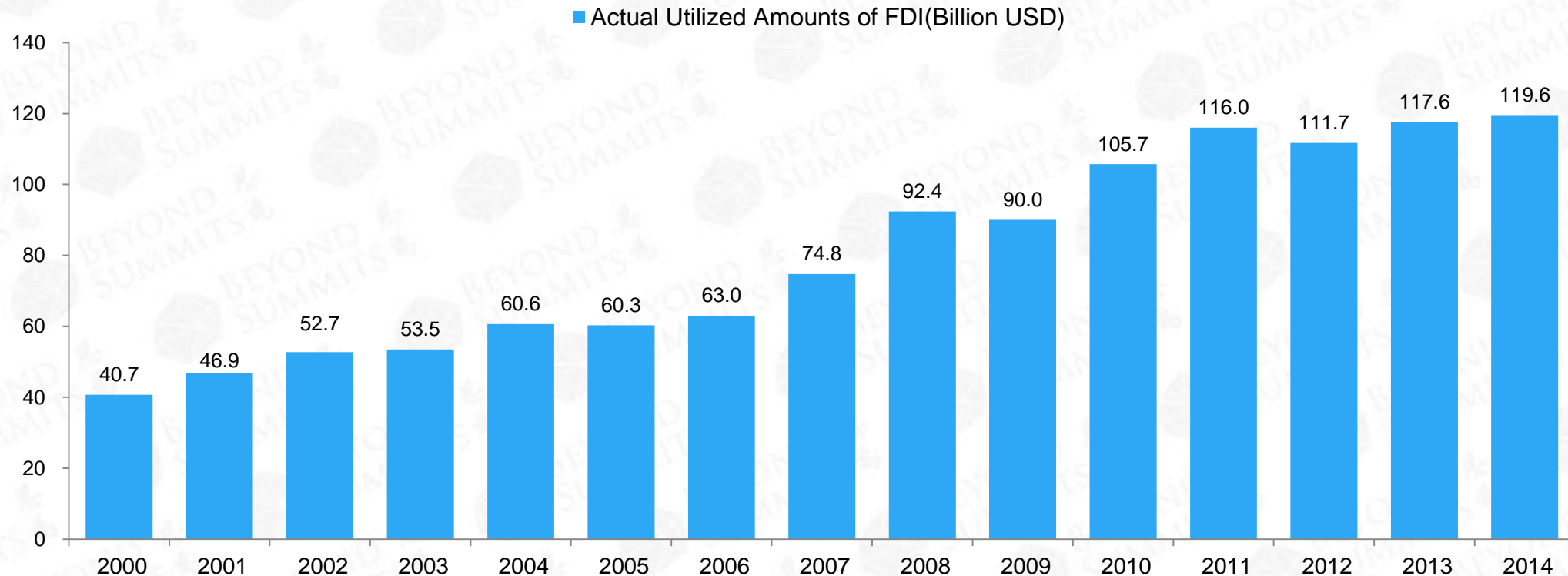
Consumer Confidence Index & Expectation Index & Satisfaction Index in China



Source : National Bureau of Statistics of the People's Republic of China

Since 2011, there has been no more sustained climbing on the amount of foreign direct investment. In recent 5 years, China's foreign direct investment volume has maintained a roughly 120 billion dollars, due to the increasing costs of domestic manufacturing, the restrictions of service industry and the strategy adjustments of oversea enterprises.

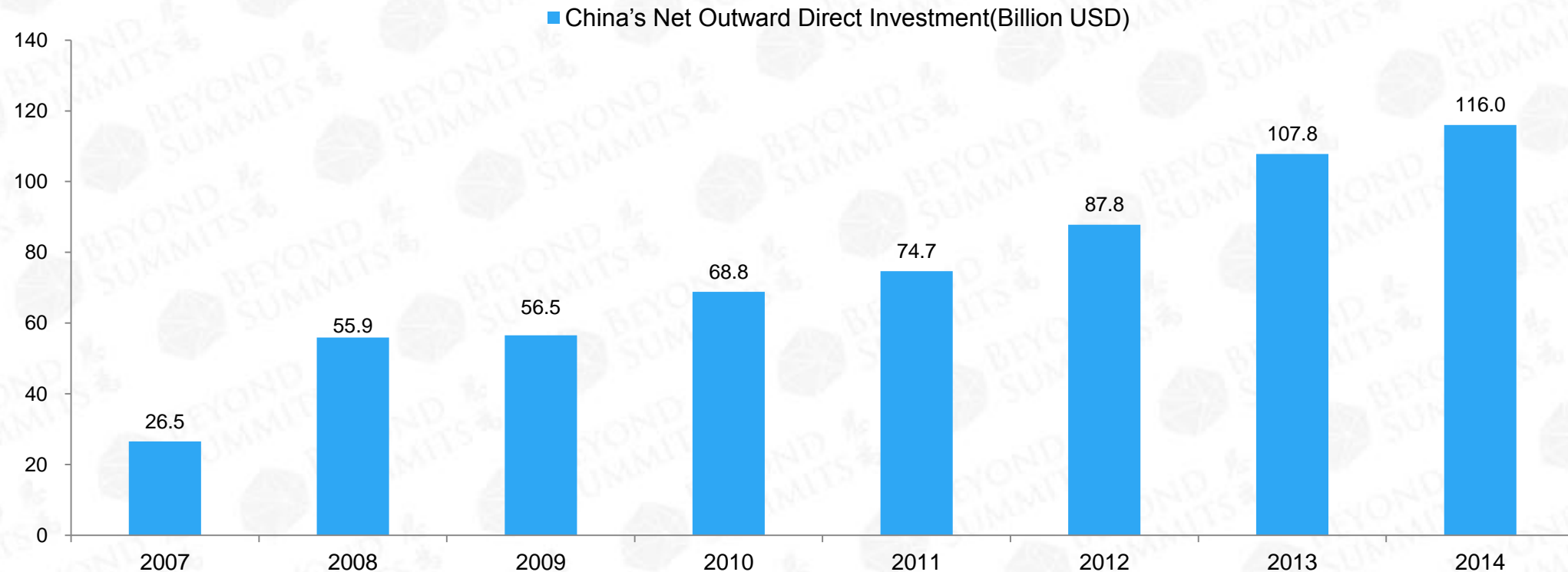
China's Foreign Direct Investment Utilization (Annually)



Source : National Bureau of Statistics of the People's Republic of China

Till 2014, China's total amount of outward direct investment has accumulated to 770 billion dollars. Along with domestic enterprises' financing and re-investment, China has become a net capital exporter in 2014. This significant growth results from domestic enterprises' needs for overseas resources, technology and markets.

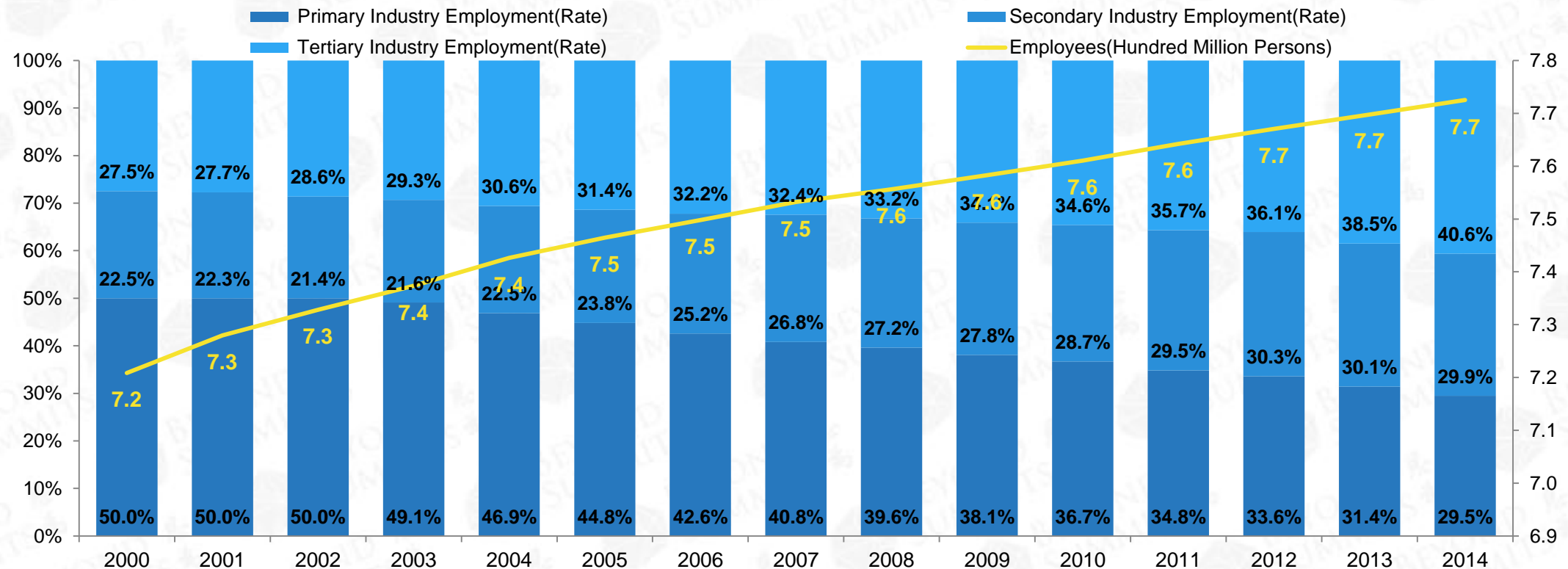
China's Outward Direct Investment(Annually)



Source : National Bureau of Statistics of the People's Republic of China

Service industry has a direct connection with consumption. The proportion of staff in service industry is increasing, which means that China is shifting from the old industry-dominated economy to a service-oriented type. This trend will bring a profound and lasting influence on China's economic growth, employment and other aspects.

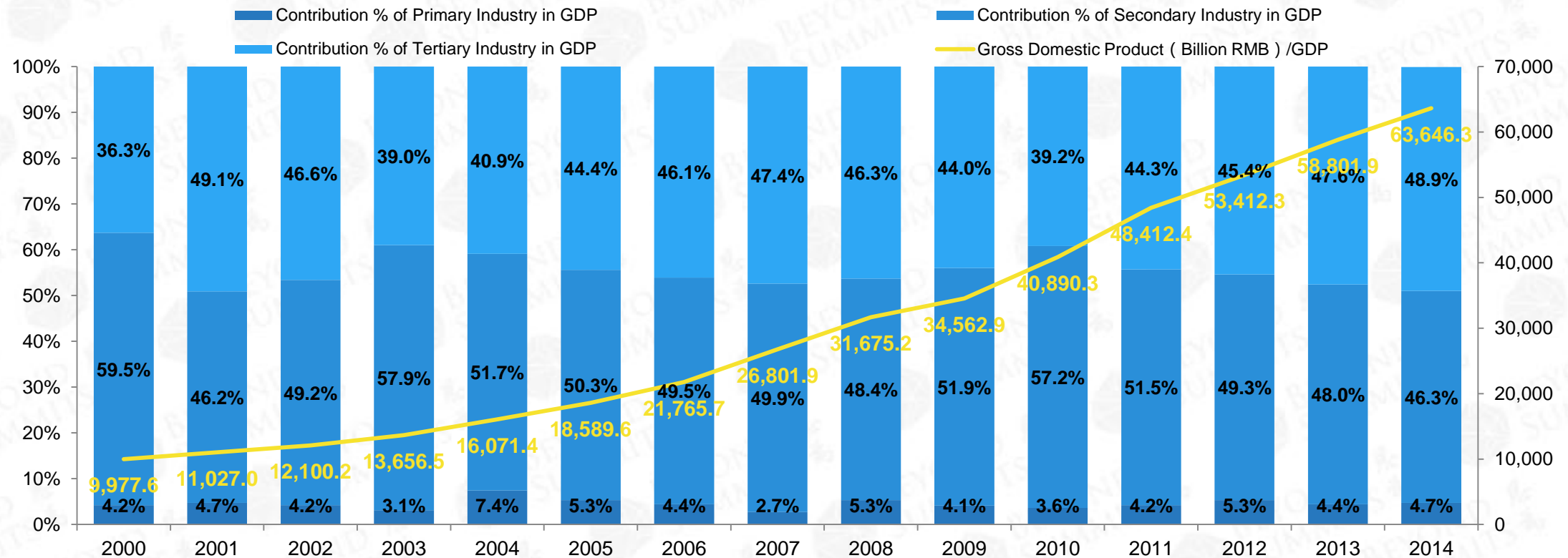
Historical Proportion of Service Industry Employment



Source : National Bureau of Statistics of the People's Republic of China

In 2014, service's contribution in China's GDP has exceeded industry's for the first time, taking a roughly half share. It is marked as a new phase of China's economy and social development, which means China's industrial structure and consumption structure has upgraded to a new level, following the conclusion that China is gradually stepping into the "Global Market".

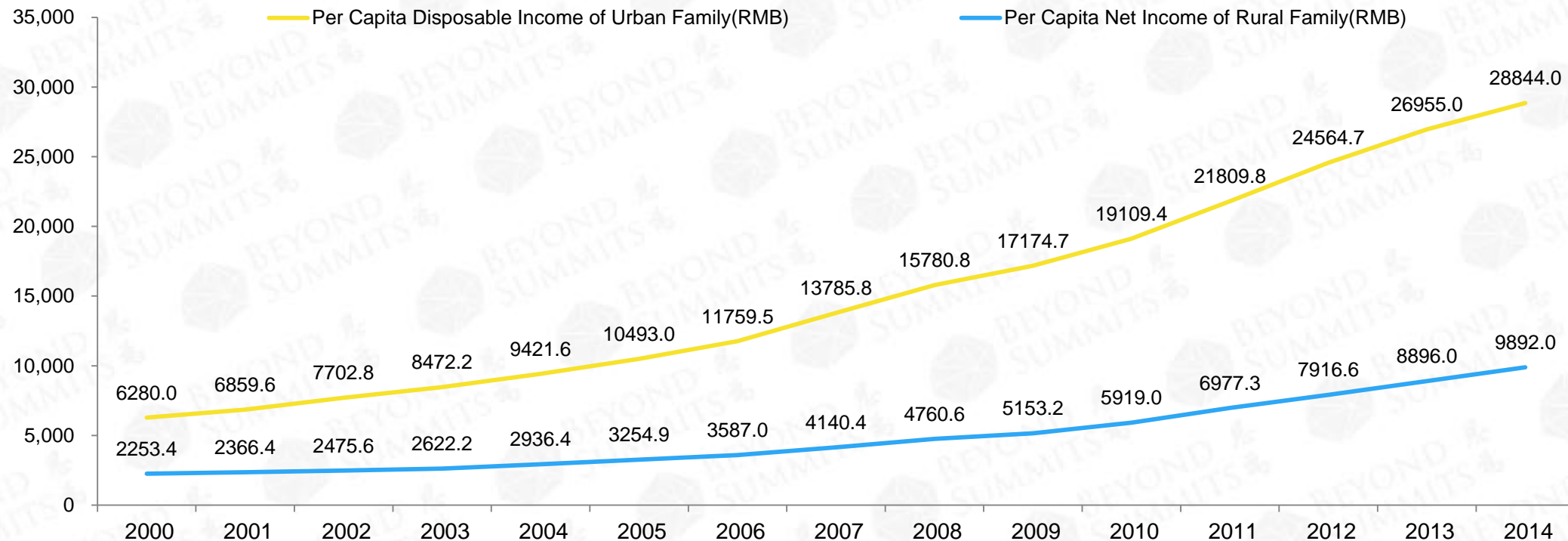
Proportion of Service Industry in China's GDP



Source : National Bureau of Statistics of the People's Republic of China

In 2014, the disposable income of nationwide resident per capita reached 20,167RMB, with an increase of 10.1% from last year. After deducting the factor of natural growth in population, the growth of real GDP per capita is 7.1%, with nationwide resident's per capita disposable income has increased by 8.1% accordingly. Resident's income is no longer lower than per capita GDP.

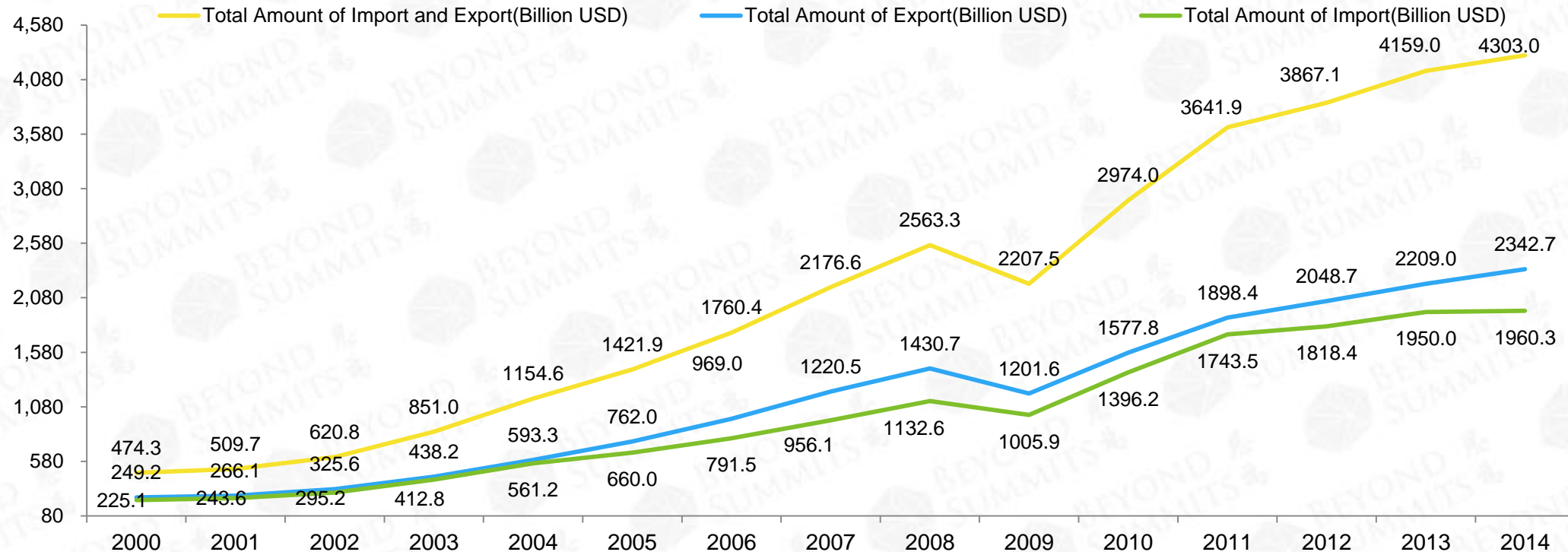
China's Per Capita Resident Disposable Income



Source : National Bureau of Statistics of the People's Republic of China

In terms of peripheral economies and the global de-commercialization, significant export growth is hard to show again. The weakening in trade indicates that there is an insufficient demand in the global economy. Weak domestic demand, declining price of commodity, along with the expectations of RMB depreciation, import will remain downward for a while.

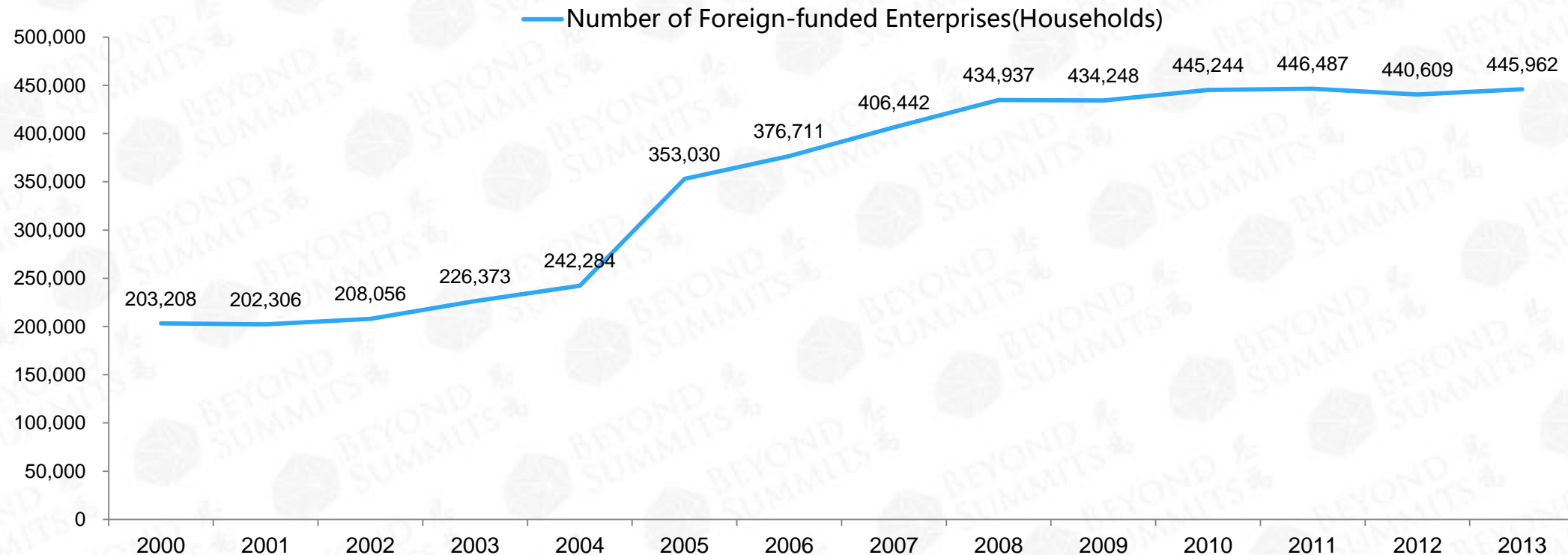
China's Total Amount of Import and Export(Billion)



Source : National Bureau of Statistics of the People's Republic of China

China market is still and will be the most important “foreign capital friendly” market. Most foreign enterprises not only position China as a manufacturing place but also the world’s largest market with no intention to withdraw or exit their investment.

Historical Number of Foreign-funded Enterprises in China

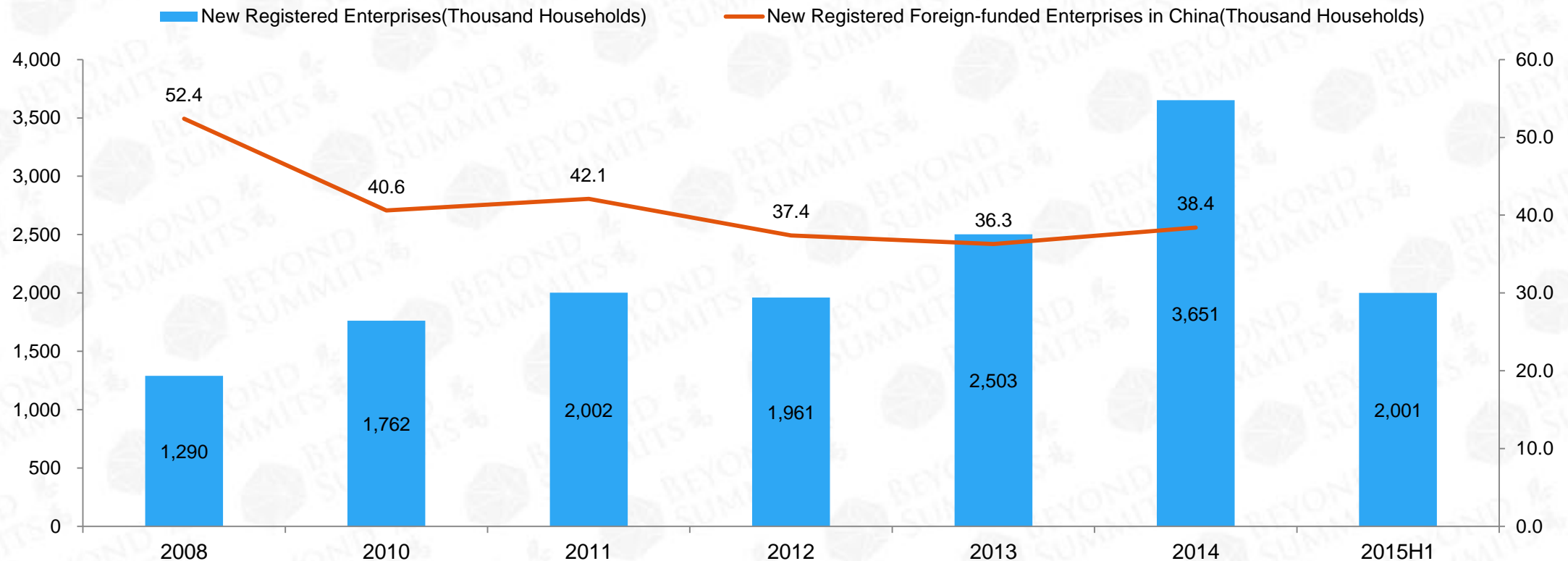


Source : National Bureau of Statistics of the People's Republic of China

Note : Basic information of foreign-funded enterprises is obtained from SAIC

The national market has seen a steady growth, the number of new registered enterprises keeps high level, the market operation is smooth and orderly. The number of new registered foreign-funded enterprises in China has a slight increase, meaning the economic vitality is becoming more robust.

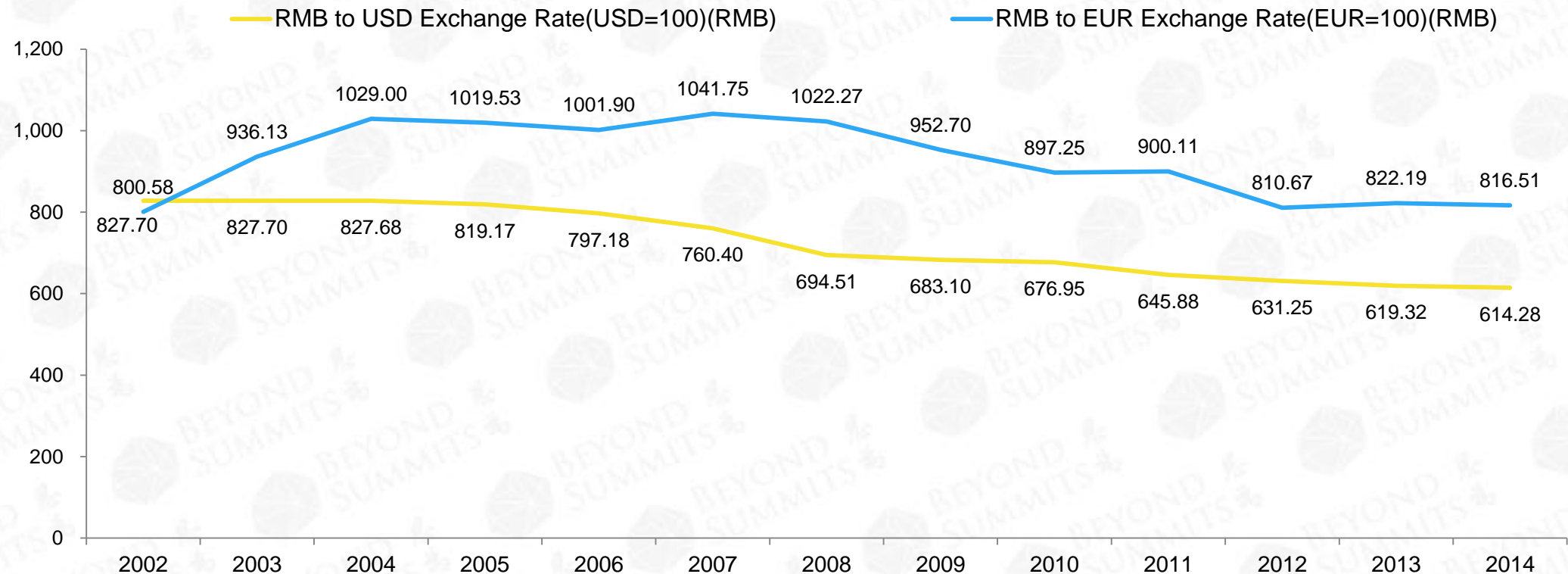
New Registered Enterprises & Foreign-funded Enterprises in China



Source: SAIC General Office, Statistics Department

The appreciation expectations of Chinese Yuan against euro and US dollars keeps strengthening, and it will accelerate the restructuring of some domestic industries. It will benefit the nation when implementing strategic structural adjustment in a fast and high-quality way from a macroscopic level, which serves China's long-term interest.

China's RMB Exchange Rate(Yearly Average Level)



Source : National Bureau of Statistics of the People's Republic of China

Appendix:

China's Major Economic Indexes

	2005	2006	2007	2008	2009	2010	2011	2012	2013e	2014e
(Annual Percent Change , unless otherwise specified)										
National Accounts and Employment										
Real GDP	11.3	12.7	14.2	9.6	9.2	10.4	9.3	7.8	7.8	7.7
Total Domestic Demand	9.2	11.5	12.7	9.6	13.9	10.6	10.2	8.4	8.3	8
Consumption	8.1	9.8	11.1	8.6	9.4	9.2	11	8.4	8.5	8.1
Investment	10.6	13.6	14.7	10.8	19.2	12	9.5	8.4	8.1	7.9
Fixed	11.9	12.8	13.4	9.5	22.8	11.4	9.1	10	8.4	8.2
Inventory	-0.3	0.6	0.8	0.8	-0.8	0.5	0.4	-0.5	0	0
Net Export	2.6	2	2.5	0.9	-3.5	0.4	-0.4	-0.2	-0.2	-0.1
Consumer Price										
Term end	1.4	2	6.6	1.2	1.9	4.6	4.1	2.5	3.1	3
Average	1.8	1.5	4.8	5.9	-0.7	3.3	5.4	2.6	3	3
Unemployment Rate(Annual Average)	4.2	4.1	4	4.2	4.3	4.1	4.1	4.1	4.1	4.1
(Percentage of GDP)										
Foreign Debt and Balance of International Payments										
Current Account	7.1	9.3	10.6	9.3	4.9	4	1.9	2.3	2.5	2.7
Trade Balance	5.9	8	9	8	5	4.3	3.3	3.9	3.7	3.4
Goods Export	33.8	35.7	34.9	31.7	24.1	26.7	26	25	24.6	24.7
Goods Import	27.8	27.7	25.9	23.8	19.1	22.4	22.7	21.1	20.9	21.3
Total Foreign Debt	13.1	12.5	11.1	8.6	8.6	9.3	9.5	9	9.8	10.3
Investment and Deposit										
Total Domestic Investment	42.1	43	41.7	44	48.2	48.2	48.3	48.8	48.8	49
National Deposit	49.2	52.3	52.4	53.4	53.1	52.2	50.1	51.2	51.4	51.6
Public Sector Finance										
Total General Government Debt	17.6	16.5	19.8	17	17.7	33.5	28.7	26.1	22.4	19.9
General Government Balance	-1.4	-0.7	0.9	-0.7	-3.1	-1.5	-1.3	-2.2	-2.1	-1.8
(Annual Percent Change)										
Real Effective Exchange Rate	-0.3	2.2	5							
Annual Average				9.2	3.4	-0.4	2.7	5.7
Term end				12.4	-5	5.3	5.9	1.1

2015 China Overview, covering Chinese economy, media and markets, is a set of yearly research report conducted and published by Beyond Summits Ltd, a leading all-media total solution provider focused on cross-border brand building & destination marketing in China. This report aims to summarize domestic industries' status in 2015, introduce Chinese market knowledge to overseas stakeholders, and propose Chinese market insights. The whole set of China Overview includes 20 sub-topics including economy, city, people, the rich, luxury, investment, auto, tourism, immigration and cross-border business, as well as Chinese all media, internet, mobile internet, social media, TV, radio, print, OOH, movie and airport.

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