

CHINA

Capital:

Beijing

Population:

China: 1.33 billion (2011 est.)

Virginia: 8.01 million (2010)

Government Type:

Communist State

Chief of State:

President Hu Jintao

Head of Government:

Premier Wen Jiabao

Official Language:

Mandarin (Chinese)

Also spoken: Cantonese and several other dialects



(China Map. CIA World Factbook)

Land Size:

3,705,407 Square Miles
(slightly smaller than the U.S.)

(CIA World Factbook)

Currency:

Yuan (Ren Min Bi)

1 US\$ = RMB ¥ 6.38 (Oct. 2011)

1 US\$ = RMB ¥ 6.64 (Oct. 2010)

(Oanda.com)

DID YOU KNOW?

- The U.S. exported \$91.8 billion in goods to China in 2010. China is now the United States' third largest export market. (World Trade Atlas)
- As of August 2011, China held \$1.137 trillion in U.S. Treasury securities, more than any other single country. China is now the primary source of funding for the U.S. fiscal and current account deficits. (U.S. Department of Treasury)
- China's rapid economic development continues to pull millions from poverty— it is estimated that China has slightly more than a million millionaires. (Bloomberg)
- Unless you understand the significance of different colors in China, use black and white for collateral materials. (Morrison and Conaway)
- China joined the World Trade Organization (WTO) in 2001, meaning it has agreed to a series of commitments to open and liberalize its economy, and to offer a more predictable environment for trade and foreign investment.
- U.S. colleges and universities remain the preferred overseas destination for Chinese students and in 2010, Chinese students surpassed Indian students to become the most populous foreign students in the United States. (U.S. Department of Commerce)
- Westerners normally build transactions and, if they are successful, a relationship will ensue. However, the Chinese believe that prospective business partners should build a relationship and, if successful, commercial transactions will follow. (UKTI)
- Avoid the number 4. It is similar to the word for death. The number 7 has negative connotations as well. Also, avoid name plaques for opening ceremonies, Chinese symbolically view this as standing next to your own tomb. (UKTI)



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ECONOMIC OUTLOOK

In 2009, the global economic downturn reduced foreign demand for Chinese exports for the first time in many years, but China rebounded quickly, outperforming all other major economies in 2010 with GDP growth at 10.3%. Measured on a purchasing power basis that adjusts for price differences, China in 2010 stood as the second-largest economy in the world after the U.S.

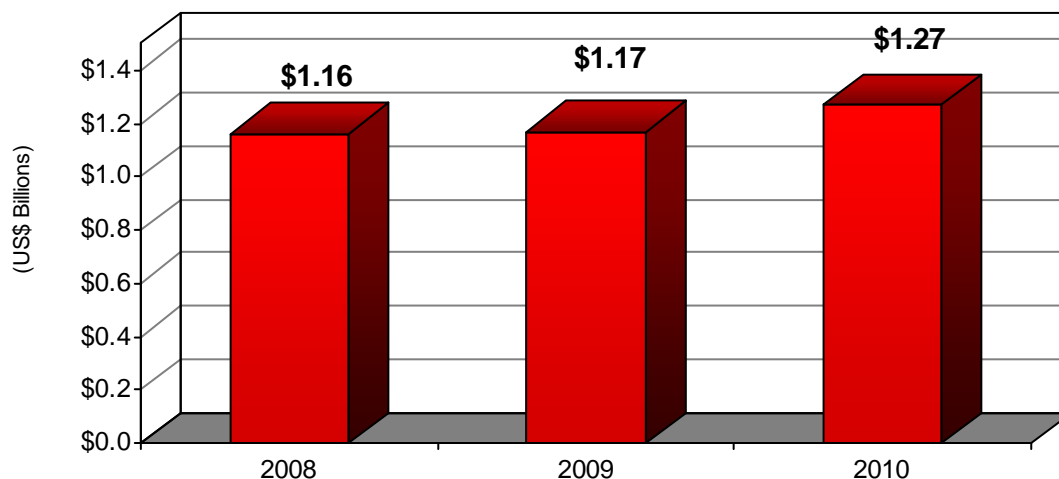
China's economic expansion has been driven largely by exports, and in 2010 China also became the world's largest exporter. As a member of the World Trade Organization, China benefits from access to foreign markets; however, relations with trading partners have been strained over China's huge trade surplus and the piracy of goods. China's fast-growing economy has fuelled the demand for energy, and the Chinese government is seeking to add energy production capacity from sources other than coal and oil, focusing instead on nuclear and alternative energy development.

After keeping its currency tightly linked to the U.S. dollar for years, in 2005 China "re-valued" its currency, which is now linked to a basket of currencies. From mid 2005 to late 2008, the Yuan (Renminbi) steadily appreciated in value against the U.S. dollar, but the exchange rate remained virtually pegged to the dollar. In June 2010, facing international criticism of its economic policies, China announced it would allow a gradual appreciation of its currency against the dollar.

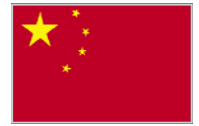
The Chinese government faces numerous economic challenges, including inflation, which in 2010 surpassed the government's target of 3%, and local government debt, which has swelled as a result of stimulus policies.

(BBC, CIA World Factbook)

VIRGINIA EXPORTS TO CHINA: 2010



(World Trade Atlas)



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VIRGINIA EXPORTS TO CHINA

China is Virginia's second largest export destination and receives 7.4% of all Virginia exports. While Virginia's exports to China grew by 8.4% in 2009, many other states saw double digit growth in exports as China imported more vehicles, cotton, coal, and semiconductor manufacturing equipment. Overall, China is the United States' third largest export market.

Electrical machinery was again Virginia's top export to China in 2010, although this export group has shrunk from \$250 million since 2008. Electrical machinery was followed by plastics, manmade staple fibers, industrial machinery, and aluminum, which increased by over 50% in 2009. The top exported commodities in these five product groups were as follows:

Electrical Machinery: integrated circuits, electrical motors and generators, parts for electrical apparatus, boards/panels/switches, and printed circuits.

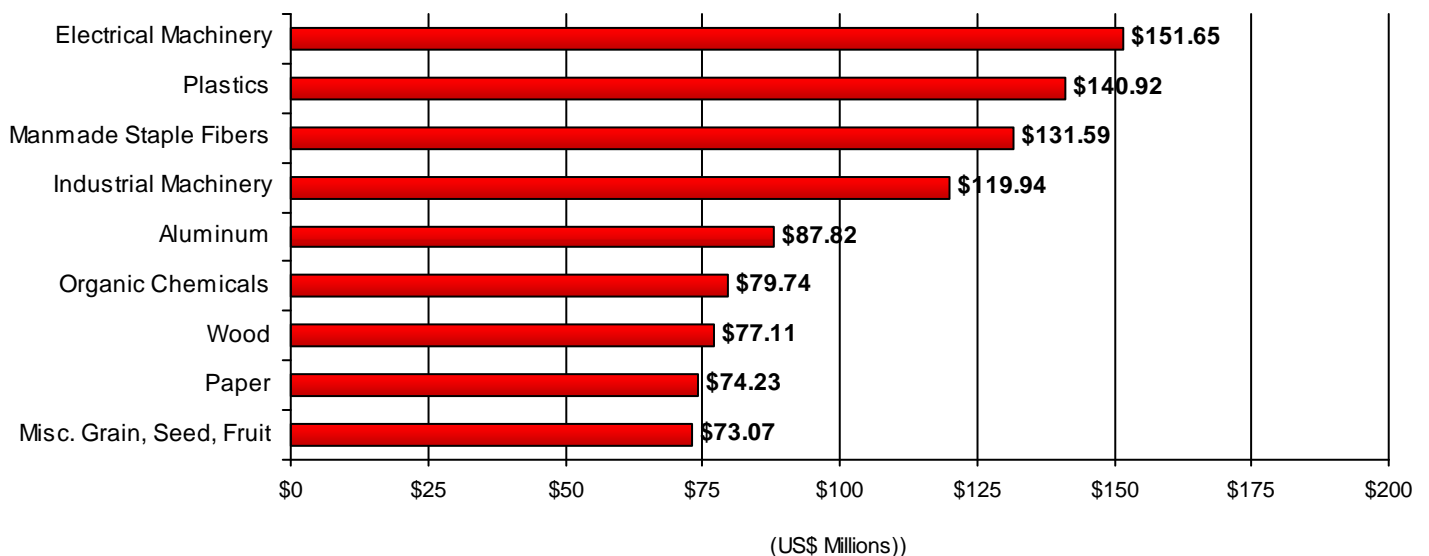
Plastics: polyamides, plastic plates/sheets, plastic waste/scrap, self-adhesive materials, and cellulose

Manmade Staple Fibers: artificial filament tow, synthetic fibers (not carded or combed), yarn (no sew thread), synthetic filament tow, and woven fabrics of synthetic staple fibers.

Industrial Machinery: compression ignition internal combustion engines, taps/cocks/valves, air pumps and parts, liquid pumps, and parts for lifting machinery (derricks, elevators, etc.)

Aluminum: aluminum waste/scrap, plates and sheets, and tubes and pipes

VIRGINIA'S TOP EXPORTS TO CHINA: 2010



(World Trade Atlas)



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VEDP SERVICES

Group Market Visit to China: April 16-20, 2012

For more information contact Paul Ehrich, International Trade Manager, (540) 470-7329, pehrich@yesvirginia.org.

Other Services: The VEDP offers a number of export-related services to Virginia businesses, including independent market visits and market research by our Global Network of in-country consultants. These services are available to all Virginia exporters. For more information, please visit our website: www.exportvirginia.org.

ADDITIONAL RESOURCES

- Embassy of China in the U.S.: <http://www.china-embassy.org/eng/>
- China Daily Newspaper: <http://www.chinadaily.com.cn/>
- People's Daily Newspaper: <http://english.peopledaily.com.cn/>
- U.S.- China Business Council: www.USChina.org

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