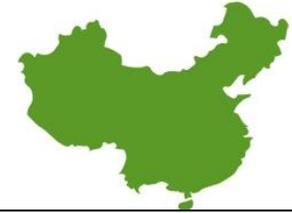


China Today – fact sheet



China Today – what do we know?

The People's Republic of China is in Eastern Asia and the northern hemisphere. It has land borders with 14 countries including India and Russia. China has a area of 9.6 million sq km, making it slightly smaller than the USA and is the 4th largest country in the world.

Where is
China?

There are 56 different ethnic groups in China. The Han Chinese are the majority by far and make up 92% of the population. Other ethnic groups include Zhuang, Uygur, Hui, Yi, and Tibetan. Many of the minority ethnic groups live in the more remote areas in the north and west.

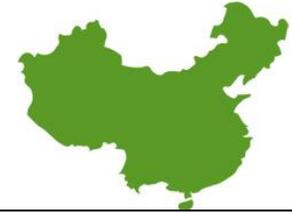
Who lives
there?

What is life like
in China?

China is a country of contrasts – hot and cold climates, mountains and deserts, skyscrapers in modern cities and small traditional hamlets, rickshaws and the latest cars, poverty and wealth. People follow many different faiths in China including Buddhism, Taoism, and Chinese folk religions. It is estimated that a quarter of Chinese are Buddhists, making China the country with the world's largest Buddhist population. Young people, especially those in the cities, are increasingly interested in sports such as basketball and football rather than the traditional Chinese games of table tennis and badminton. But for the majority of Chinese who live in rural areas life has changed little from the subsistence agriculture they have practiced for hundreds of years.

How is China
changing?

Since 1976 China has changed enormously and rapidly. It has opened up to the rest of the world and has undergone a form of industrial revolution. It is now the world's fastest-growing economy with an average annual GDP growth rate above 10%. Most people live in the country but as the economy develops increasing numbers are being attracted to the towns and cities to find work and escape rural poverty. In 1950 only 12 per cent of the population lived in urban areas, now the urban population is 39%. By 2015 it is expected to be more than 50%. The opening of modern communication by road, rail, and air, and the development of mines and other sources of industrial raw materials have added to the importance of the marginal provinces of China and the outer territories of Tibet and Inner Mongolia.



**Made in China
– growth of
manufacturing**

What products
does China
make for
export?

Why are so
many foreign
firms moving to
China?

Who does
China trade
with?

China's economy growth is based on the rapid development of its manufacturing industry, and high levels of foreign trade and investment. It is sometimes referred to as 'the workshop of the world'.

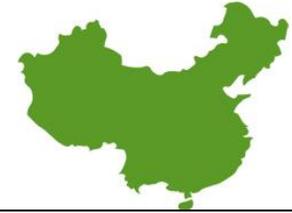
About 80 percent of China's exports are manufactured goods - textiles and electronic equipment, and include toys, DVD players, mobile phones, shoes, clothes, food products, sea food, body jewelry, kitchen wares, etc . 50% of cameras, 30% of air conditioners and televisions, 25% of washing machines, and 20% of refrigerators in the world are now being produced or assembled in China. China also produces agricultural products and chemicals. China makes half of the world's cement and flat glass, and about a third of its aluminum. In 2006, China overtook Japan as the second-largest producer of cars and trucks after the United States. Out of the world's 5 busiest ports in the world, three are in China.

Foreign investments in China reached US\$63 billion in 2006. Foreign firms are attracted to moving to and investing in China because:

- Since China joined the World Trade Organisation in 2001 barriers to foreign corporations have been removed
- China has low production costs and a cheap yuan
- With its population of 1.3 billion China provides a plentiful supply of cheap labour
- China has a large and growing internal consumer market with rising purchasing power

Foreign-invested enterprises today produce about half of China's exports (note that the majority of China's foreign investment come from Hong Kong, Macau and Taiwan).

China's primary trading partners include Japan, the U.S. (China's biggest), South Korea, Germany, Singapore, Malaysia, Russia and the Netherlands. China imports goods such as industrial supplies and high-technology equipment mainly from Japan and the United States. Regionally, almost half of China's imports come from East and Southeast Asia, and about one-fourth of China's exports go to the same destinations.



**Bought by
China-
changes in
consumer and
national
purchasing
patterns**

How many
potential
consumers?

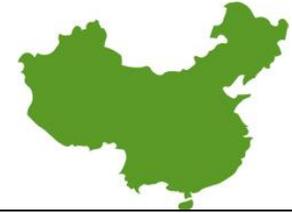
What is the
impact of rising
standard of
living on
consumer
purchases?

Why is China
travelling the
world to buy
raw materials?

China is recognized as the largest potential market in the world. It has 320 million young people between the ages of 16 and 30 and with rising incomes and growing urbanization there is a consumer boom in China. They have an estimated spending power of US\$135 billion. As people become wealthier there is an increasing demand for cars as well as a need for more efficient forms of transport and transport infrastructure. China has built enough roads since 1990 to loop 16 times round the equator (640,000 km). It is now estimated that 10% of China's population is 'middle class' i.e. 100 million people. This attracts the attention of Western firms such as Coke and Pepsi, Motorola, Volkswagen and Chrysler. China's population is so vast that even if only 1% of people can afford a car that still represents a potential market of 13 million people.

With rising income there is a demand for better food, housing clothing, education and medical care. Housing and healthcare are expected to be among the fastest growing areas of spending among urban Chinese. Private home ownership has only recently begun while a rapidly ageing population will fuel healthcare spending.

Once the largest oil exporter in Asia, China became a net importer of oil in 1993. By 2045, China is projected to depend on imported oil for 45 percent of its energy needs. After 9/11 China is actively trying to diversify its supply lines away from Middle Eastern crude and has adopted an aid-for-oil strategy that has resulted in increasing supplies of oil from African countries including Sudan, Chad, Nigeria, Angola, Algeria, Gabon, Equatorial Guinea, and the Republic of Congo. China takes 64 percent of Sudan's oil exports Sino-African trade grew by 700 percent during the 1990s.



**Mobile China –
movements of
people within
and into China**

China's economic development and rapid urbanisation have increased the number of people moving within the country, largely from rural areas to towns and cities, in search of job opportunities. De-collectivisation of agriculture in rural areas freed people to seek work farther afield to the cities and newly industrialised areas in the east to work on construction sites or in factories.

Why are there so many internal migrants in China?

As a result of internal migration China's urban population rose from roughly 170 million in 1978 to 540 million in 2004. In the late 1990s China's cities had attracted close to 100 million rural migrants most of whom were short term labourers rather than long term settlers. The number of internal migrants in China is estimated at over one-tenth of China's population of 1.3 billion. Rural migrants now account for 40 percent of the urban labour force. Although Shanghai has a negative birth rate the number of migrants moving from rural areas is set to increase the city's population rapidly.

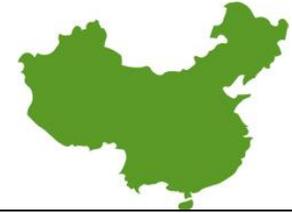
What is scale and impact of rural to urban migration?

China hopes to entice 200,000 overseas Chinese to return home in the period 2006-2010 by setting up science centres where they can carry out their work. In 2005 only a quarter of the Chinese who studied abroad returned to China. The government is offering more favourable policies for returned scientists who want to launch start-ups by creating some 50 special technological incubation centres over the five-year period.

Why are graduate and 2nd generation Chinese returning to China?

China's domestic tourism market makes up more than 90% of the country's tourism traffic, and contributes more than 70% of total tourism revenue. In 2002, domestic tourists reached 878 million and tourism revenue was US\$46.9 billion. The five-days-per-week and long vacation schemes have increased leisure time for the Chinese people and spurred market demand in domestic tourism and led to its prosperity.

What is the growth and impact of internal tourism?



**Contrasting
China –
growing divide
between rural
and urban,
between rich
and poor**

What are the working conditions for the majority in the cities?

What is life like for the newly rich in China?

Why are rural people being 'left behind' in the new China?

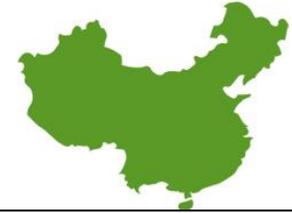
Although China had an estimated GDP of US\$5,300 per capita in 2007 this does not mean a high income for all and 250 million Chinese people still live on less than US\$1 a day.

Standards of living vary greatly in China. Many Chinese people in the country still live a life of subsistence farming unchanged for hundreds of years - 300 million people in rural China have no access to safe water and nearly 800 million have seen no improvement in sanitation and hygiene in recent years. Since 1995 more than 100 million peasants have left their villages for China's cities, looking for work.

The working and living conditions for many migrant workers are poor. They work long hours – around 54 hours a week – on wages around US\$150 a month in cities where the cost of living is increasing rapidly. They often live in dormitories provided by the companies sleeping 4 or 5 to a room. Many migrants face specific problems of discrimination, difficulty accessing schools for their children and access to social insurance. They often live in cramped housing situations where diseases such as tuberculosis can easily spread, creating public health risk. Also, because a large portion of migrants are men who, in some cases, have relations with sex workers, they are more highly susceptible to sexually transmitted disease. Migrant workers accounted for some 80 percent of Beijing's new HIV cases in 2006. The average employee stays for an average of two years, sending money home before they themselves return. Chinese factories can lose between 5 and 50 % of their workforce in a year.

The economic revolution has however also created a new wealthy 'middle-class'. According to the latest Forbes Rich List (2007), China had 66 billionaires, the second largest number after the United States which had 415. The newly wealthy are creating a huge consumer market in China demanding the latest gadgets and fashions. In 2007 the number of internet users in the country reached 210 million, up by more than 50% on the previous year. With over half a billion mobile-phone users, China has more subscribers than America, Japan, Germany and Britain combined.

The economic disparity between urban China and the rural hinterlands is among the largest in the world and has formed an economic-cultural-social gap between the rural and urban areas, which is a major division in Chinese society.



**Sustainable
China – impact
of growth and
development
on the national
and global
environment**

What impact is development having on the environment in China?

What is the global environmental impact of rapid Chinese development?

The main consequences of China's rapid industrial development are increased pollution and degradation of natural resources. Problems such as soil erosion, desertification and the steady fall of the water table, especially in the north, pose a threat to the sustainable development of the country.

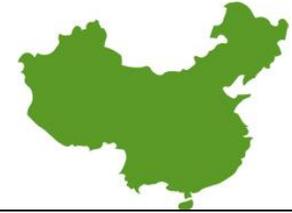
China has overtaken the United States as the world's biggest producer of carbon dioxide, the chief greenhouse gas. China produced 6,200m tonnes of CO₂ in 2007, compared with 5,800m tonnes from the US. Britain produced about 600m tonnes. However per head of population, China's pollution remains relatively low - about a quarter of that in the US and half that of the UK. China's energy consumption is 11.3 % of the world total.

China relies on coal for 2/3rds of its energy needs creating air pollution – it burns more of it than the United States, Europe and Japan combined. Expanding car ownership, heavy traffic and low-grade gasoline have made cars the leading source of air pollution in major Chinese cities. Seven of the world's 10 most polluted cities are in China. Only 1 percent of the country's 560 million city dwellers breathe air considered safe by the European Union. Respiratory and heart diseases related to air pollution are the leading causes of death in China. 75,000 deaths a year are attributed to air pollution. China's problem has become the world's problem. Sulphur dioxide and nitrogen oxides spewed by China's coal-fired power plants fall as acid rain on Seoul, South Korea, and Tokyo. Much of the particulate pollution over Los Angeles originates in China, according to the Journal of Geophysical Research.

Almost all of the nation's rivers are considered polluted to some degree. 90% of urban water bodies are severely polluted. Acid rain falls on 30% of the country.

The question of environmental impacts associated with the \$25bn Three Gorges Dam project has generated controversy among environmentalists inside and outside China. Critics claim that erosion and silting of the Yangtze River threaten several endangered species, while officials say the dam will help prevent devastating floods and generate clean hydroelectric power that will enable the region to lower its dependence on coal, thus lessening air pollution.

China is an active participant in climate change talks and other multilateral environmental negotiations in organization such as the UN Environment Program (UNEP). Beijing has invested heavily in pollution control as part of its preparation of the 2008 Olympic Games. In 2005, China joined the Asia Pacific Partnership on Clean Development, which brings industries and governments together to implement strategies that reduce pollution and address climate change. Some cities have seen improvement in air quality in recent years.



**One in a billion
– population
growth and
contemporary
population
issues**

How has the government tried to control the growth of the population?

Why is there a gender imbalance in China?

How is China coping with an ageing population?

China is the most populous country in the world. Of every five persons in the world, one is Chinese. The growth rate is about 0.6%, the lowest for any developing country, but because its population is so huge, annual net population growth is still considerable.

The government introduced the One Child Policy in 1979 to limit population growth. This limits couples to one child although it is mainly restricted to Han Chinese living in urban areas. Fines, pressures to abort a pregnancy and forced sterilization could be enforced with a second pregnancy. It is estimated that this rule has reduced population growth by as much as 300 million people over the first 20 years of its implementation.

However, because couples often prefer male children and may abort or abandon girl babies if they are only permitted one child, this has resulted in the disparate ratio of 114 males for every 100 females born. By 2020 there may be 30 million men of marriageable age who will not be able to find a wife.

It has been calculated that between 2000 and 2007, the number of Chinese 65 or older grew from just under 100 million to more than 200 million. This means a jump in older people of more than 4 million a year, with their numbers making up as much as 14 per cent of the population in 2007. China is now one of the most rapidly ageing countries in the world. There is concern about the breakdown of traditional cultural practices where children take care of parents in their old age. Many young people are forced to move away by the demands of finding work.

Sometime between 2030 and 2050 there could be only two workers for every person who is retired (currently 6:1) which would wipe out China's low-cost labour advantage and put a huge strain on China's welfare provision. China will need to bring in pension reforms such as reducing the benefit rates and raising the retirement age