



# FAST FACTS



## CHINA

**Capital:** Beijing

**Population (2008 est.):**

China: 1.33 billion

Virginia: 7.7 million

**Government type:**

Communist State

**Chief of State:**

President Hu Jintao

**Head of government:**

Premier Wen Jiabao



(China Map. CIA)

**Languages (Official):**

Mandarin (Chinese)

Also spoken - Cantonese & many other dialects.

**Land Size:**

9,596,960 square kilometers

(slightly smaller than the U.S.)

Source: CIA World Factbook

**Official Currency:**

Yuan (Ren Min Bi)

1 US\$ = RMB ¥6.85

([www.oanda.com](http://www.oanda.com) August 2008)

## DID YOU KNOW?

- U.S. exports to China in 2007 soared to \$65.24 billion, a 18.2% increase over 2006.
- As of December 2006, China held almost \$350 billion in U.S. government securities (2nd to Japan), making China a primary source of funding for the U.S. fiscal and current account deficits. (U.S. Dept. of Treasury)
- Estimates suggest 200 million people with income over \$8000/year and the middle-class population is expected to surge. There are 108 billionaires in China, 2nd only to the U.S.
- One demographic consequence of the "one child" policy is that China is now one of the most rapidly aging countries in the world.
- China joined the World Trade Organization (WTO) in late 2001 and has been working feverishly to satisfy the various requirements as well as improve the country's image.
- The 2008 Summer Olympics in Beijing has provided an opportunity for demonstrations and terrorism but the longer term question is China's image and sustained economic growth.
- China is seeing an explosion in local sales agents handling internal distribution & marketing. They buy foreign products and import them through entities that have an import/export license by paying a commission.
- The "China Rule" referring to stringent export controls of U.S. dual-use goods to China has stalled due to enforcement issues. Also, Europe has no such rule meaning U.S. exporters would lose sales and China would still get the goods—ironically even U.S. goods circuitously.
- Inflows of foreign direct investment in 2007 rose to \$75 billion. In the other direction, more than 5,000 domestic Chinese enterprises had established direct investments in 172 countries.
- Language translation has become an important component of China's goal of multiculturalism. Improving communication and understanding will improve world harmony proponents say in Shanghai at the International Federation of Translators where 1500 have met from 76 nations.



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### ECONOMIC OUTLOOK

Measured on a purchasing power parity (PPP) basis in 2007, China stood as the second-largest economy in the world after the U.S., although in per capita it is still lower middle-income. The Chinese government faces several economic development challenges: (a) to sustain adequate job growth for tens of millions of workers laid off from state-owned enterprises, migrants, and new entrants to the work force; (b) to reduce corruption and other economic crimes; (c) to contain environmental damage and social strife related to the economy's rapid transformation; and (d) economic development has been more rapid in coastal provinces than in the interior which forced 200 million rural laborers into urban areas.

Deterioration in the environment - notably air pollution, soil erosion, and the steady fall of the water table, especially in the north - is another long-term problem. China continues to lose arable land because of erosion and economic development. In 2007, China intensified government efforts to improve environmental conditions, tying the evaluation of local officials to environmental targets, publishing a national climate change policy, and establishing a high level leading group on climate change, headed by Premier Wen.

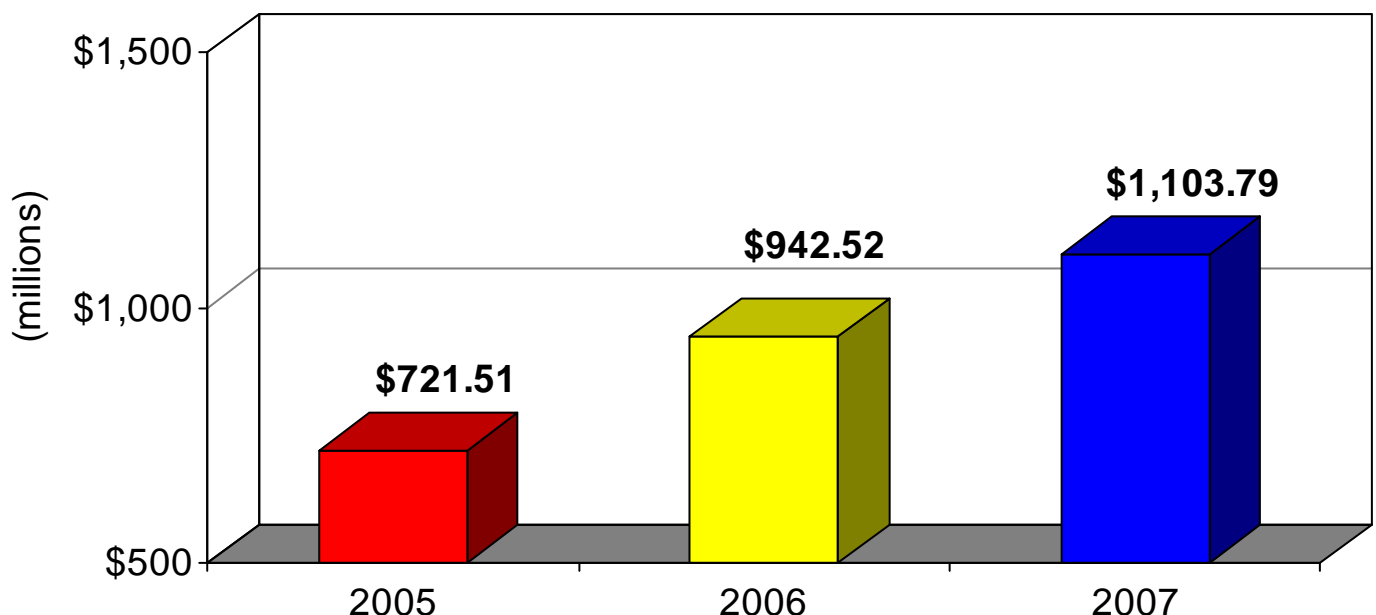
The Chinese government seeks to add energy production capacity from sources other than coal and oil as its double-digit economic growth increases demand.

After keeping its currency tightly linked to the US dollar for years, China in July 2005 revalued its currency by 2.1% against the US dollar and moved to an exchange rate system that references a basket of currencies. Cumulative appreciation of the renminbi against the US dollar since the end of the dollar peg reached 15% in January 2008.

The worldwide downturn is predicted to impact China's exports and investment but may be offset by growing domestic demand which could contribute to a rebalancing of the economy.

(Source: CIA World Factbook)

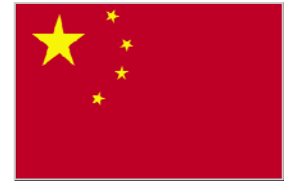
### VIRGINIA EXPORTS TO CHINA



(Source for graph: World Trade Atlas)



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## CHINA

### VIRGINIA EXPORTS TO CHINA

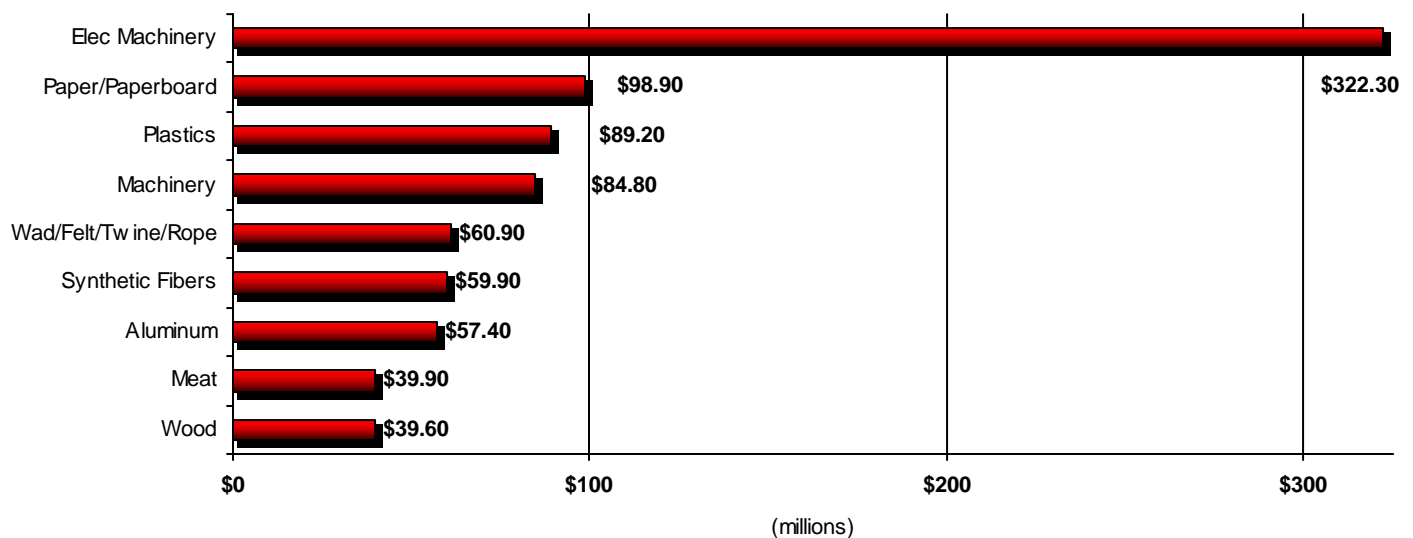
China has joined the billion dollar import club with Canada, Germany, and U.K. for Virginia goods. In 2007, China ranked as Virginia's 2nd largest export destination—moving from 5th in 2005, to 3rd in 2006. Virginia exports were valued at US\$1.104 billion, a strong 17% increase from 2006. Exports to China via Virginia grew for a 7th consecutive year and more than doubled since 2003.

- Electrical machinery is one of Virginia's main exports worldwide and nearly doubled 2006 volumes to China. In 2007, integrated circuit companies were the big winners exporting nearly \$260 million to China alone.
- Coated paper exports via Virginia doubled in 2007 amounting to \$72.9 million to China.
- In third, plastics had a strong year in 2007 growing 24% to \$89.2 million.
- Machinery exports were stable at \$84.8 million in 2007.
- Exports of wadding/felt/twine/rope and manmade staple fibers fell 6% & 9% to \$60.9 & \$59.9 million, respectively. This negative impact could be due to textile restraints on trade.

Exports via Virginia that experienced significant gains in 2007 were pharmaceuticals, optical/medical instruments, perfumery & cosmetics, glass/glassware, and furniture/bedding which reflect China's need for products of all types to cope with their rapid expansion.

Virginia's top exports are in high demand in China for their quality reputation and should continue to grow in tandem with China's expanding economy and ever-larger middle class.

### VIRGINIA'S TOP EXPORTS TO CHINA



(Source for Text and Graph: World Trade Atlas)



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## CHINA

### VEDP TRADE EVENTS

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**Trade Mission to China:** March 29—April 4, 2009.

For more information contact Mark Myrick, International Trade Manager, (804) 565-5755, or email at [MMyrick@yesvirginia.org](mailto:MMyrick@yesvirginia.org)

For a complete listing of VEDP's international trade events, please visit the "Events" tab on our website: [www.ExportVirginia.org](http://www.ExportVirginia.org)

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### ADDITIONAL RESOURCES

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- Embassy of China in the U.S.: <<http://www.china-embassy.org/eng/>>
- China Daily Newspaper: <<http://www.chinadaily.com.cn/>>
- China National Newspaper, People's Daily: <<http://english.peopledaily.com.cn/>>
- Olympics Official website: <[www.Beijing-2008.org](http://www.Beijing-2008.org)>
- U.S.—China Business Council: <[www.USChina.org](http://www.USChina.org)>

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