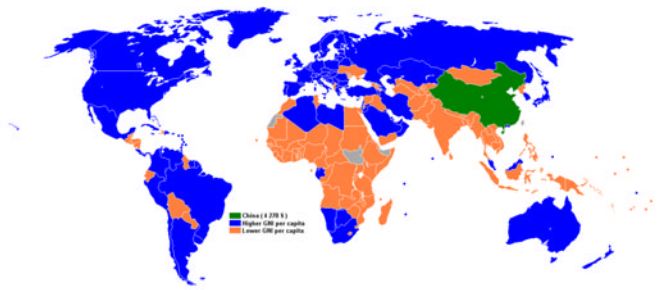
Economy of China

Economy of People's Republic of China	
 *Pudong in Shanghai*	
Rank	2nd (nominal) / 2nd (PPP)
Currency	Renminbi (RMB); Unit: Yuan (CNY)
Fixed exchange rates	USD = 6.312333 RMB (average in 2012)
Fiscal year	Calendar year (1 January to 31 December)
Trade organisations	WTO, APEC, G-20 and others
Statistics	
GDP	$8.358 trillion (nominal by Expenditure approach: 2nd; 2012) $8.227 trillion (nominal by +-Production approach: 2nd; 2012)[] $12.406 trillion (PPP: 2nd; 2012)[]
GDP growth	7.8% (2012)[1]
GDP per capita	$6,076 (nominal: 87th; 2012)[] $9,162 (PPP: 92nd; 2012)[]
GDP by sector	agriculture: 10.1%, industry: 45.3%, services: 44.6%% (2012 est.) CIA - The World Factbook [2]
Inflation (CPI)	2.5% (December 2012)[3]
Population below poverty line	less than $1.25 / 13.1% (2008) less than $2 / 29.8% (2008)[4]
Gini coefficient	0.48
Labour force	795.5 million (1st; 2010)
Labour force by occupation	agriculture: 36.7%, industry: 28.7%, services: 34.6% (2008 est.)
Unemployment	4.1% (Q4 2012)[5]
Average gross salary	$457 monthly (2010)[6]
Main industries	World leader in gross value of industrial output; mining and ore processing, iron, steel, aluminum, and other metals, coal; machine building; armaments; textiles and apparel; petroleum; cement; chemicals; fertilizers; consumer products, including footwear, toys, and electronics; food processing; transportation equipment, including automobiles, rail cars and locomotives, ships, and aircraft; telecommunications equipment, commercial space launch vehicles, satellites

Ease of Doing Business Rank	91st[]
External	
Exports	$2.021 trillion (2012 est.)
Export goods	Electrical and other machinery, including data processing equipment, apparel, textiles, iron and steel, optical and medical equipment
Main export partners	United States 17.2% Hong Kong 15.8% Japan 7.4% South Korea 4.3% Germany 3.4% (2012 est.)[7]
Imports	$1.78 trillion (2012 est.)
Import goods	Electrical and other machinery, oil and mineral fuels, optical and medical equipment, metal ores, plastics, organic chemicals
Main import partners	Japan 9.8% South Korea 9.3% United States 7.3% Germany 5.1% Australia 4.6% (2012 est.)[8]
FDI stock	$116 billion (2011)[9]
Gross external debt	$697.2 billion (30 September 2011 est.)
Public finances	
Public debt	22.15% of GDP (2012)[10]
Revenues	$1.838 trillion (2012 est.)
Expenses	$2.031 trillion (2012 est.)
Economic aid	recipient: $1.12 per capita (2008)[11]
Credit rating	AA- (Domestic) AA- (Foreign) AA- (T&C Assessment) (Standard & Poor's)[12]
Foreign reserves	$3.44 trillion (1st; end-March 2013)[13]
Main data source: CIA World Fact Book [14] *All values, unless otherwise stated, are in US dollars*	

The Socialist market economy [15] of People's Republic of China (PRC) is the world's second largest economy by nominal GDP and by purchasing power parity after the United States.[] It is the world's fastest-growing major economy, with growth rates averaging 10% over the past 30 years.[16] China is also the largest exporter and second largest importer of goods in the world.



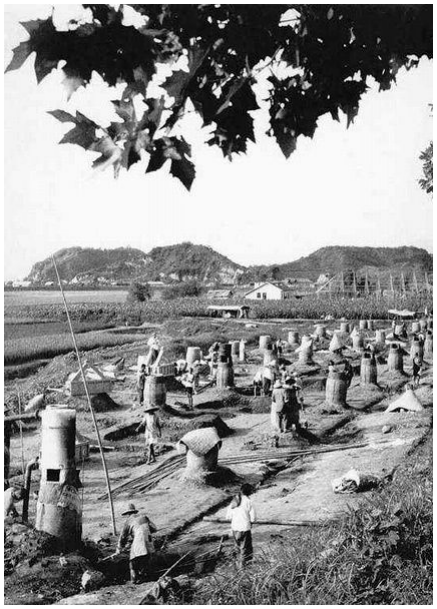
List of countries by GNI (nominal, Atlas method) per capitaGNI per capita in 2009: China (3,650 $) Higher GNI per capita compared to China Lower GNI per capita compared to China

On a per capita income basis, China ranked 87th by nominal GDP and 92nd by GDP (PPP) in 2012, according to the International Monetary Fund (IMF). The provinces in the coastal regions of China[17] tend to be more industrialized, while regions in the hinterland are less developed. As China's economic importance has grown, so has attention to the structure and health of the economy.[18][19]

As the Chinese economy is internationalized, so does the standardized economic forecast officially launched in China by Purchasing Managers Index in 2005.[20] Most economic growth of China is created from Special Economic Zones of the People's Republic of China. For details on the development progress of PRC's infrastructure, see Infrastructure in China: Foundation for growth [21].

History

By 1949, continuous foreign invasions, frequent revolutions and restorations, and civil wars had left the country with a fragile economy with little infrastructure. As Communist ascendancy seemed inevitable, almost all hard and foreign currency in China country were transported to Taiwan in 1948, making the war-time inflation even worse.



Great Leap Forward

Since the formation of the PRC, an enormous effort was made towards creating economic growth and entire new industries were created. Tight control of budget and money supply reduced inflation by the end of 1950. Though most of it was done at the expense of suppressing the private sector of small to big businesses by the Three-anti/five-anti campaigns between 1951 to 1952. The campaigns were notorious for being anti-capitalist, and imposed charges that allowed the government to punish capitalists with severe fines.[22] In the beginning of the Communist party's rule, the leaders of the party had agreed that for a nation such as China, which does not have any heavy industry and minimal secondary production, capitalism is to be utilized to help the building of the "New China" and finally merged into communism.[23]

The new government nationalized the country's banking system and brought all currency and credit under centralized control. It regulated prices by establishing trade associations and boosted government revenues by collecting agricultural taxes. By the mid-1950s, the communists had ruined the country's railroad and highway systems, barely brought the agricultural and industrial production to their prewar levels, by bringing the bulk of China's industry and commerce under the direct control of the state.

Meanwhile, in fulfillment of their revolutionary promise, China's communist leaders completed land reform within two years of coming to power, eliminating landlords and redistribute their land and other possessions to peasant households.

Mao tried in 1958 to push China's economy to new heights. Under his highly touted "Great Leap Forward", agricultural collectives were reorganized into enormous communes where men and women were assigned in military fashion to specific tasks. Peasants were told to stop relying on the family, and instead adopted a system of communal kitchens, mess halls, and nurseries. Wages were calculated along the communist principle of "From each according to his ability, to each according to his need", and sideline production was banned as incipient capitalism. All Chinese citizens were urged to boost the country's steel production by establishing "backyard steel furnaces" to help overtake the West. The Great Leap Forward quickly revealed itself as a giant step backwards. Over-ambitious targets were set, falsified production figures were duly reported, and Chinese officials lived in an unreal world of miraculous production increases. By 1960, agricultural production in the countryside had slowed dangerously and large areas of China were gripped by a devastating famine.

For the next several years, China experienced a period of relative stability. Agricultural and industrial production returned to normal levels, and labor productivity began to rise. Then, in 1966, Mao proclaimed a Cultural Revolution to "put China back on track". Under orders to "Destroy the Four Olds" (old thoughts, culture, customs and habits), universities and schools closed their doors, and students, who became Mao's "Red Guards", were sent throughout the country to make revolution, beating and torturing anyone whose rank or political thinking offended. By 1969 the country had descended into anarchy, and factions of the Red Guards had begun to fight among themselves.

1978–1990

Reforms began with Li Xiannian and Deng Xiaoping, Chinese leaders in the 80s. Unlike Mao, Deng and Li were pragmatic leaders, known less for their ideological commitment than for their slogan: "Who cares if a cat is black or white, as long as it catches the mice." Once they consolidated their power, they began to put their pragmatic policies to work, determined to bring China back from the devastation that the Cultural Revolution had wrought.

Deng Xiaoping

Since 1978, China began to make major reforms to its economy. The Chinese leadership adopted a pragmatic perspective on many political and socioeconomic problems, and quickly began to introduce aspects of a capitalist economic system. Political and social stability, economic productivity, and public and consumer welfare were considered paramount and indivisible. In these years, the government emphasized raising personal income and consumption and introducing new management systems to help increase productivity. The government also had focused on foreign trade as a major vehicle for economic growth. In the 1980s, China tried to combine central planning with market-oriented reforms to increase productivity, living standards, and technological quality without exacerbating inflation, unemployment, and budget deficits. Reforms began in the agricultural, industrial, fiscal, financial, banking, price setting, and labor systems.[24]

A decision was made in 1978 to permit foreign direct investment in several small "special economic zones" along the coast.[] The country lacked the legal infrastructure and knowledge of international practices to make this prospect attractive for many foreign businesses, however.[] In the early 1980s steps were taken to expand the number of areas that could accept foreign investment with a minimum of red tape, and related efforts were made to develop the legal and other infrastructures necessary to make this work well.[25] This additional effort resulted in making 14 coastal cities and three coastal regions "open areas" for foreign investment. All of these places provide favored tax treatment and other advantages for foreign investment. Laws on contracts, patents, and other matters of concern to foreign businesses were also passed in an effort to attract international capital to spur China's development.[26] The largely bureaucratic nature of China's economy, however, posed a number of inherent problems for foreign firms that

wanted to operate in the Chinese environment, and China gradually had to add more incentives to attract foreign capital.[27]

Phase One: reform in the countryside

After Mao Zedong came into power, China's vast peasantry was organized in communes, work brigades, and production teams. Procurement prices were too low to cover even production costs, and ceilings were set on the amount of grain that producers could keep for consumption. Deng allowed farmers to produce on their own and sanctioned the sale of surplus production and other cash crops in newly freed markets. State procurement prices were raised, and prices for many agricultural goods were left to the dictates of the market. Beginning with the poor mountain areas of Anhui and then spreading across the country, Deng and his officials broke up the communes established by Mao and replaced them with a complicated system of leases that eventually brought effective land tenure back to the household level, even though ownership of land remained collective. The Household Responsibility System allowed peasants to lease land for a fixed period from the collective, provided they delivered to the collective a minimum quota of produce, usually basic grain. They could then sell any surplus they produced, either to the state at government procurement prices or on the newly free market. They were also permitted to retain any profits they might earn. Within a decade, grain production had grown by roughly 30%, and production of cotton, sugarcane, tobacco, and fruit had doubled.

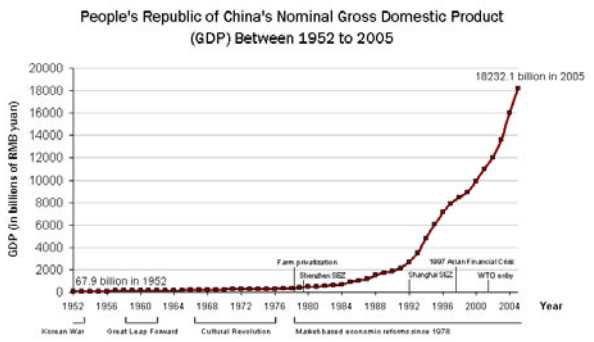
Phase Two: rural industrialization and enterprise reform

As the reforms fueled production increases that surprised even the reformers, the scale of change grew bolder, and by the mid-1980s, the party leadership had begun the more complicated and politically delicate task of transforming the country's system of central planning and state-owned enterprise. Prior to 1978, enterprises were almost all owned by the state in one form or another. At the top of each sector were the State-owned Enterprises (SOEs), answerable to the national government. Below these were other enterprises reporting to provincial, municipal, or county authorities. Private enterprises, meaning family-run shops, were not allowed until after 1978, and even then they were limited to seven employees.

China's SOEs were typical of large industrial firms in a centrally planned economy. They functioned not only as industrial units but also as social agencies, providing housing, daycare, education, and health care for the workers and their families. The largest enterprises included hundreds of thousands of employees, only a small proportion of whom were directly engaged in production.

The update of this system was that Chinese workers could expect both lifetime employment and an extensive, firm-based welfare system-the so-called "iron rice bowl". All welfare entitlements in this system were accounted for as costs of production and were deducted from revenues before the calculation of the profits that were to be remitted to the state. There was no national social security system because none was needed.

1990–2000

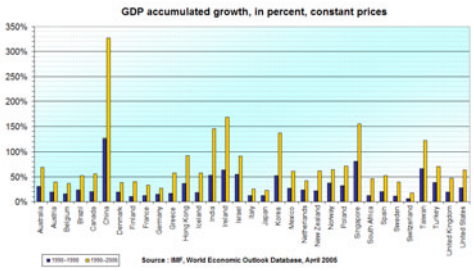


China's nominal GDP trend from 1952 to 2005

In the 1990s, the Chinese economy continued to grow at a rapid pace, at about 9.5%, accompanied by a rapidly increasing inflation, which reached over 20 percent in 1994. The Asian financial crisis affected China at the margin, mainly through decreased foreign direct investment and a sharp drop in the growth of its exports. However, China had huge reserves, a currency that was not freely convertible, and capital inflows that consisted overwhelmingly of long-term investment. For these reasons it remained largely insulated from the regional crisis and its commitment not to devalue had been a major stabilizing factor for the region. However, China faced slowing growth and rising unemployment based on internal problems, including a financial system burdened by huge amounts of bad loans, and massive layoffs stemming from aggressive efforts to reform state-owned enterprises (SOEs).

Despite China's impressive economic development during the past two decades, reforming the state sector and modernizing the banking system remained major hurdles. Over half of China's state-owned enterprises were inefficient and reporting losses. During the 15th National Communist Party Congress that met in September 1997, President Jiang Zemin announced plans to sell, merge, or close the vast majority of SOEs in his call for increased "non-public ownership" (*feigongyou* or privatization.) The 9th National People's Congress endorsed the plans at its March 1998 session. In 2000, China claimed success in its three-year effort to make the majority of large state owned enterprises (SOEs) profitable.

2000–2010



GDP increase, 1990–1998 and 1990–2006, in major countries

Following the Chinese Communist Party's Third Plenum, held in October 2003, Chinese legislators unveiled several proposed amendments to the state constitution. One of the most significant was a proposal to provide protection for private property rights. Legislators also indicated there would be a new emphasis on certain aspects of overall government economic policy, including efforts to reduce unemployment (now in the 8–10% range in urban areas), to rebalance income distribution between urban and rural regions, and to maintain economic growth while protecting the environment and improving social equity. The National People's Congress approved the amendments when it met in March 2004.[28]

The Fifth Plenum in October 2005 approved the 11th Five-Year Economic Program (2006–2010) aimed at building a "socialist harmonious society" through more balanced wealth distribution and improved education, medical care, and social security. On March 2006, the National People's Congress approved the 11th Five-Year Program. The plan called for a relatively conservative 45% increase in GDP and a 20% reduction in energy intensity (energy consumption per unit of GDP) by 2010.

China's economy grew at an average rate of 10% per year during the period 1990–2004, the highest growth rate in the world. China's GDP grew 10.0% in 2003, 10.1%, in 2004, and even faster 10.4% in 2005 despite attempts by the government to cool the economy. China's total trade in 2010 surpassed $2.97 trillion, making China the world's second-largest trading nation after the U.S. Such high growth is necessary if China is to generate the 15 million jobs

needed annually—roughly the size of Ecuador or Cambodia—to employ new entrants into the national job market.

On January 15, 2009, as confirmed by the World Bank[29] the NBS published the revised figures for 2007 fiscal year in which growth happened at 13 percent instead of 11.9 percent (provisional figures). China's gross domestic product stood at US$3.38 trillion while Germany's GDP was USD $3.32 trillion for 2007. This made China the world's third largest economy by gross domestic product.[] Based on these figures, in 2007 China recorded its fastest growth since 1994 when the GDP grew by 13.1 percent.[]

China launched its Economic Stimulus Plan to specifically deal with the Global financial crisis of 2008–2009. It has primarily focused on increasing affordable housing, easing credit restrictions for mortgage and SMEs, lower taxes such as those on real estate sales and commodities, pumping more public investment into infrastructure development, such as the rail network, roads and ports. By the end of 2009 it appeared that the Chinese economy was showing signs of recovery. At the 2009 Economic Work Conference in December 'managing inflation expectations' was added to the list of economic objectives, suggesting a strong economic upturn and a desire to take steps to manage it.[30]

2010–present

By 2010 it was evident to outside observers such as *The New York Times* that China was poised to move from export dependency to development of an internal market. Wages were rapidly rising in all areas of the country and Chinese leaders were calling for an increased standard of living.[31]

In 2010, China's GDP was valued at $5.87 trillion, surpassed Japan's $5.47 trillion, and became the world's second largest economy after the U.S.[32] China could become the world's largest economy (by nominal GDP) sometime as early as 2020.[33]

China is the largest creditor nation in the world and owns approximately 20.8% of all foreign-owned US Treasury securities.[]

The World Bank's chief economist Justin Lin in 2011 stated that China, which became the world's second largest economy in 2010, may become the world's largest economy in 2030, overtaking the United States, if current trends continue. Challenges include income inequality and pollution.[34] The Standard Chartered Bank in a 2011 report suggested that China may become the world's largest economy in 2020.[35] A 2007 OECD rapport by Angus Maddison estimated that if using purchasing power parity conversions, then China will overtake the United States in 2015.[36] James Wolfensohn, former World Bank president, estimated in 2010 that by 2030 two-thirds of the world's middle class will live in China.[37] The Director of the China Center for Economic Reform at Peking University Yao Yang in 2011 stated that "Assuming that the Chinese and U.S. economies grow, respectively, by 8% and 3% in real terms, that China's inflation rate is 3.6% and America's is 2% (the averages of the last decade), and that the renminbi appreciates against the dollar by 3% per year (the average of the last six years), China would become the world's largest economy by 2021. By that time, both countries' GDP will be about $24 trillion."[38]

In 2011, the IMF warned that government controlled banks could be building up imbalances that could hamper growth and leave the system "severely impacted".[39] In 2011, the IMF predicted that China's GDP (purchasing power parity adjusted) would overtake that of the United States in 2016.[40] The state favours state-owned enterprises despite lower productivity; this crowds out competition, in a phenomenon known as Guo jin min tui.[41][42]

From 2011 onward, however, China has been experiencing a slowing of its growth that throws all of the above calculations into doubt. Ray Dalio, founder of the world's largest hedge fund, told the Council of Foreign Relations that he foresaw Chinese GDP falling to 4-5% due to failure to switch successfully from the export-driven model to more consumption.[43] However a 2012 Morgan Stanley found that official government statistics may be greatly undercounting the actual level of consumer consumption.[44]

In 2012, Amnesty International reported that forced evictions that resulted from a construction boom caused by excessive stimulus spending were a serious threat to China's social and political stability.[45]

Due to the corruption and political uncertainties of the one-party state and the limited economic freedom in an economy dominated by large state owned enterprises, many skilled professionals are either leaving the country or preparing safety nets for themselves abroad.[46] Perceived corruption continued to grow worse in the PRC as it dropped from 75th to 80th place in Transparency International's index of state corruption.[47]

A law approved February 2013 will mandate a nationwide minimum wage at 40% average urban salaries to be phased in fully by 2015.[48]

Government role

People's Bank of China

Since 1949 the government, under socialist political and economic system, has been responsible for planning and managing the national economy.[49] In the early 1950s, the foreign trade system was monopolized by the state. Nearly all the domestic enterprises were state-owned and the government had set the prices for key commodities, controlled the level and general distribution of investment funds, determined output targets for major enterprises and branches, allocated energy resources, set wage levels and employment targets, operated the wholesale and retail networks, and steered the financial policy and banking system. In the countryside from the mid-1950s, the government established cropping patterns, set the level of prices, and fixed output targets for all major crops.

Since 1978 when economic reforms were instituted, the government's role in the economy has lessened by a great degree. Industrial output by state enterprises slowly declined, although a few strategic industries, such as the aerospace industry have today remained predominantly state-owned. While the role of the government in managing the economy has been reduced and the role of both private enterprise and market forces increased, the government maintains a major role in the urban economy. With its policies on such issues as agricultural procurement the government also retains a major influence on rural sector performance. The State Constitution of 1982 specified that the state is to guide the country's economic development by making broad decisions on economic priorities and policies, and that the State Council, which exercises executive control, was to direct its subordinate bodies in preparing and implementing the national economic plan and the state budget. A major portion of the government system (bureaucracy) is devoted to managing the economy in a top-down chain of command with all but a few of the more than 100 ministries, commissions, administrations, bureaus, academies, and corporations under the State Council being concerned with economic matters.

Each significant economic sector is supervised by one or more of these organizations, which includes the People's Bank of China, National Development and Reform Commission, Ministry of Finance, and the ministries of agriculture; coal industry; commerce; communications; education; light industry; metallurgical industry; petroleum industry; railways; textile industry; and water resources and electric power. Several aspects of the economy are administered by specialized departments under the State Council, including the National Bureau of Statistics, Civil Aviation Administration of China, and the tourism bureau. Each of the economic organizations under the State Council directs the units under its jurisdiction through subordinate offices at the provincial and local levels.

The whole policy-making process involves extensive consultation and negotiation.[50] Economic policies and decisions adopted by the National People's Congress and the State Council are to be passed on to the economic organizations under the State Council, which incorporates them into the plans for the various sectors of the economy. Economic plans and policies are implemented by a variety of direct and indirect control mechanisms. Direct control is exercised by designating specific physical output quotas and supply allocations for some goods and services. Indirect instruments—also called "economic levers"—operate by affecting market incentives. These included levying taxes, setting prices for products and supplies, allocating investment funds, monitoring and controlling

financial transactions by the banking system, and controlling the allocation of key resources, such as skilled labor, electric power, transportation, steel, and chemicals (including fertilizers). The main advantage of including a project in an annual plan is that the raw materials, labor, financial resources, and markets are guaranteed by directives that have the weight of the law behind them. In reality, however, a great deal of economic activity goes on outside the scope of the detailed plan, and the tendency has been for the plan to become narrower rather than broader in scope. A major objective of the reform program was to reduce the use of direct controls and to increase the role of indirect economic levers. Major state-owned enterprises still receive detailed plans specifying physical quantities of key inputs and products from their ministries. These corporations, however, have been increasingly affected by prices and allocations that were determined through market interaction and only indirectly influenced by the central plan.

Total economic enterprise in China is apportioned along lines of directive planning (mandatory), indicative planning (indirect implementation of central directives), and those left to market forces. In the early 1980s during the initial reforms enterprises began to have increasing discretion over the quantities of inputs purchased, the sources of inputs, the variety of products manufactured, and the production process. Operational supervision over economic projects has devolved primarily to provincial, municipal, and county governments. The majority of state-owned industrial enterprises, which were managed at the provincial level or below, were partially regulated by a combination of specific allocations and indirect controls, but they also produced goods outside the plan for sale in the market. Important, scarce resources—for example, engineers or finished steel—may have been assigned to this kind of unit in exact numbers. Less critical assignments of personnel and materials would have been authorized in a general way by the plan, but with procurement arrangements left up to the enterprise management.

In addition, enterprises themselves are gaining increased independence in a range of activity. While strategically important industry and services and most of large-scale construction have remained under directive planning, the market economy has gained rapidly in scale every year as it subsumes more and more sectors.[] Overall, the Chinese industrial system contains a complex mixture of relationships. The State Council generally administers relatively strict control over resources deemed to be of vital concern for the performance and health of the entire economy. Less vital aspects of the economy have been transferred to lower levels for detailed decisions and management. Furthermore, the need to coordinate entities that are in different organizational hierarchies generally causes a great deal of informal bargaining and consensus building.[]

Consumer spending has been subject to a limited degree of direct government influence but is primarily determined by the basic market forces of income levels and commodity prices. Before the reform period, key goods were rationed when they were in short supply, but by the mid-1980s availability had increased to the point that rationing was discontinued for everything except grain, which could also be purchased in the free markets. Collectively owned units and the agricultural sector were regulated primarily by indirect instruments. Each collective unit was "responsible for its own profit and loss", and the prices of its inputs and products provided the major production incentives.

Vast changes were made in relaxing the state control of the agricultural sector from the late 1970s. The structural mechanisms for implementing state objectives—the people's communes and their subordinate teams and brigades—have been either entirely eliminated or greatly diminished.[51] Farm incentives have been boosted both by price increases for state-purchased agricultural products, and it was permitted to sell excess production on a free market. There was more room in the choice of what crops to grow, and peasants are allowed to contract for land that they will work, rather than simply working most of the land collectively. The system of procurement quotas (fixed in the form of contracts) has been being phased out, although the state can still buy farm products and control surpluses in order to affect market conditions.[52]

Foreign trade is supervised by the Ministry of Commerce, customs, and the Bank of China, the foreign exchange arm of the Chinese banking system, which controls access to the foreign currency required for imports. Ever since restrictions on foreign trade were reduced, there have been broad opportunities for individual enterprises to engage in exchanges with foreign firms without much intervention from official agencies.

State-owned enterprises

China National Petroleum Corporation headquarter in Beijing

As of 2012, large state-owned enterprises (SOEs) were the backbone of China's economy, producing over 50% of the nation's goods and services, and employing over half of China's workers. Sixty-five of the Chinese companies in the 2012 Fortune Global 500 list were state-owned, including State Grid Corporation of China, which operates the country's power grid, and oil companies China National Petroleum Corporation and Sinopec. Profits of the largest state-owned enterprises were much greater than the largest firms in the private sector, which were largely small- and medium-sized businesses.

Reform efforts, spurred by problems with corruption at some firms, were focused on splitting state-owned firms or creating competing state-owned firms—rather than privatization, which is politically unacceptable to the ruling party. Firms attempting to maintain their position, such as the State Grid, pointed out the advantages of monopoly, using incidents such as the 2012 India blackouts as examples of disorganization.[]

As of 2011, 35% of business activity and 43% of profits in the People's Republic of China were generated by companies in which the state owned a majority interest. Liberal critics, such as *The New York Times*, allege that China's state-owned companies are a vehicle for corruption, used by the families of ruling party leaders who have sometimes amassed fortunes while managing them.[]

Regional economies

Distribution of GDP in mainland China in 2007

China's unequal transportation system—combined with important differences in the availability of natural and human resources and in industrial infrastructure—has produced significant variations in the regional economies of China.

Economic development has generally been more rapid in coastal provinces than in the interior, and there are large disparities in per capita income between regions. The three wealthiest regions are along the southeast coast, centred on the Pearl River Delta; along the east coast, centred on the Lower Yangtze River; and near the Bohai Gulf, in the Beijing–Tianjin–Liaoning region. It is the rapid development of these areas that is expected to have the most significant effect on the Asian regional economy as a whole, and Chinese government policy is designed to remove the obstacles to accelerated growth in these wealthier regions.

> *See also: List of administrative regions by GDP, List of administrative regions by GDP per capita, and List of cities by GDP per capita.*

GDP by Administrative Division

There are 31 administrative divisions in the China. Below are the top administrative divisions in China ranked by GDP in 2012.[53] GDP was converted from CNY to USD using a FX rate of 6.19 CNY/USD[54][55]

Rank	Administrative Division	GDP $ billions 2012	GDP per capita $ 2012	Population 2010
1	Guandong	921	8,856	104,303,132
2	Jiangsu	873	11,136	78,659,903
3	Shandong	808	8,434	95,793,065
4	Zhejiang	559	10,271	54,426,891
5	Henan	482	4,552	94,023,567
6	Hebei	429	5,970	71,854,202
7	Liaoning	356	8,137	43,746,323
8	Sichuan	340	4,228	80,418,200
9	Hunan	317	4,826	65,683,722
10	Hubei	316	5,521	57,237,740

Hong Kong and Macau

In accordance with the One Country, Two Systems policy, the economies of the former British colony of Hong Kong, and Portuguese colony of Macau, are separate from the rest of the PRC, and each other. Both Hong Kong and Macau are free to conduct and engage in economic negotiations with foreign countries, as well as participating as full members in various international economic organizations such as the World Customs Organization, the World Trade Organization and the Asia-Pacific Economic Cooperation forum, often under the names "Hong Kong, China" and "Macau, China".

See also: Closer Economic Partnership Arrangement (disambiguation) with Hong Kong and Macau.

Development

See also: List of administrative divisions by Human Development Index (HDI).

China, economically frail before 1978, has again become one of the world's major economic powers with the greatest potential. In the 22 years following reform and opening-up in 1979 in particular, China's economy developed at a remarkable rate, and that momentum was maintained into the early years of the 21st century.

China adopts the "five-year-plan" strategy for economic development. The Twelfth Five-Year Plan (2011–2015) is currently being implemented.

Like Japan and South Korea before it, for nearly 30 years China has indeed been growing, thrusting its citizens into prosperity and its goods across the world. Between 1978 and 2005, China's per capita GDP had grown from $153 to $1284, while its current account surplus had increased over twelve-fold between 1982 and 2004, from $5.7 billion to $71 billion. During this time, China had also become an industrial powerhouse, moving beyond initial successes in low-wage sectors like clothing and footwear to the increasingly sophisticated production of computers, pharmaceuticals, and automobiles.

Just how long the trajectory could continue, however, remained unclear. According to the 11th five-year plan, China needed to sustain an annual growth rates of 8% for the foreseeable future. Only with such levels of growth, the leadership argued, could China continue to develop its industrial prowess, raise its citizen's standard of living, and redress the inequalities that were cropping up across the country. Yet no country had ever before maintained the kind of growth that China was predicting. Moreover, China had to some extent already undergone the easier parts of

development. In the 1980s, it had transformed its vast and inefficient agricultural sector, freeing its peasants from the confines of central planning and winning them to the cause of reform. In the 1990s, it had likewise started to restructure its stagnant industrial sector, wooing foreign investors for the first time. These policies had catalysed the country's phenomenal growth. Instead, China had to take what many regarded as the final step toward the market, liberalizing the banking sector and launching the beginnings of a real capital market.

This step, however, would not be easy. As of 2004, China's state-owned enterprises were still only partially reorganized, and its banks were dealing with the burden of over $205 billion (1.7 trillion RMB) in non-performing loans, monies that had little chance of ever being repaid. The country had a floating exchange rate, and strict controls on both the current and capital accounts.

Regional development

The East Coast
(with existing development programmes)

"Rise of Central China"

"Revitalize Northeast China"

"China Western Development"

These strategies are aimed at the relatively poorer regions in China in an attempt to prevent widening inequalities:

- China Western Development, designed to increase the economic situation of the western provinces through capital investment and development of natural resources.
- Revitalize Northeast China, to rejuvenate the industrial bases in Northeast China. It covers the three provinces of Heilongjiang, Jilin, and Liaoning, as well as the five eastern prefectures of Inner Mongolia.
- Rise of Central China Plan, to accelerate the development of its central regions. It covers six provinces: Shanxi, Henan, Anhui, Hubei, Hunan, and Jiangxi.
- Third Front, focused on the southwestern provinces.

Foreign investment abroad:

- Go Global, to encourage its enterprises to invest overseas.

Key national projects

The "West-to-East Electricity Transmission", the "West-to-East Gas Transmission", and the "South–North Water Transfer Project" are the government's three key strategic projects, aimed at realigning overall of 12 billion cu m per year. Construction of the "South-to-North Water Diversion" project was officially launched on 27 December 2002 and completion of Phase I is scheduled for 2010; this will relieve serious water shortfall in northern China and realize a rational distribution of the water resources of the Yangtze, Yellow, Huaihe, and Haihe river valleys.

Macroeconomic trends

In January 1985, the State Council of China approved to establish a SNA (System of National Accounting), use the gross domestic product (GDP) to measure the national economy. China started the study of theoretical foundation, guiding, and accounting model etc., for establishing a new system of national economic accounting. In 1986, as the first citizen of the People's Republic of China to receive a Ph.D. in economics from an overseas country, Dr. Fengbo Zhang [56] headed Chinese Macroeconomic Research – the key research project of the seventh Five-Year Plan of China, as well as completing and publishing the China GDP data by China's own research. The summary of the above has been included in the book Chinese Macroeconomic Structure and Policy [57] (1988) Editor: Fengbo Zhang, collectively authored by the Research Center of the State Council of China. This is the first GDP data which was published by China. The State Council of China issued "The notice regarding implementation of System of National Accounting" in August 1992, the SNA system officially is introduced to China, replaced Soviet Union's MPS system, Western economic indicator GDP became China's most important economic indicator (WikiChina: China GDP [58], The First China GDP [59]).

The table below shows the trend of the GDP of China at market prices estimated by the International Monetary Fund (IMF) with figures in millions (Chinese yuan).[60][61] See also.[62] For purchasing power parity comparisons, the US dollar is exchanged at 2.05 CNY only.

China's Historical GDP figures for 1978 - 2012 [63][64][65][66][67]

(Purchasing power parity (PPP) is estimate according to IMF ***WEO*** April 2012 figures and Expenditure approach figures are from ***China Statistical Yearbook 2012***(ISBN 978-7-5037-6693-0/C•2752))

year	GDP by Expenditure approach(in 100 millions)		GDP by industries(in 100 millions)							GDP per capita by industries				
	CN¥	US$	CN¥	growth based on CN¥(%)	US$	growth based on US$(%)	PPP (Intl.$)	growth based on PPP(%)	real growth (%)	CN¥	growth based on CN¥(%)	US$	PPP (Intl.$)	real growth (%)
[p]2012	527,608.00	83,581.47	519,322.10	9.8	82,268.85	12.3			7.8	38,449	9.2	6,091		7.2
[p]2011	472,619.00	73,174.43	473,104.00	17.8	73,249.52	23.5	112,999.67	11.6	9.2	35,198	17.3	5,450	8,407	8.8
[r]2010	402,816.50	59,504.61	401,512.80	17.8	59,312.03	18.8	101,283.13	11.7	10.4	30,015	17.2	4,434	7,571	9.9
[r]2009	348,775.10	51,057.70	340,902.81	8.6	49,905.26	10.4	90,659.21	10.4	9.2	25,608	8.0	3,749	6,810	8.7
2008	315,974.60	45,496.04	314,045.43	18.1	45,218.27	29.4	82,143.66	12.1	9.6	23,708	17.5	3,414	6,201	9.1
2007	266,599.20	35,060.39	265,810.31	22.9	34,956.64	28.8	73,299.20	17.5	14.2	20,169	22.2	2,652	5,562	13.6
2006	222,712.50	27,937.54	216,314.43	17.0	27,134.95	20.2	62,395.67	16.3	12.7	16,500	16.3	2,070	4,759	12.0
2005	187,423.50	22,879.68	184,937.37	15.7	22,576.19	16.9	53,642.58	14.2	11.3	14,185	15.0	1,732	4,115	10.7
2004	160,956.60	19,446.71	159,878.34	17.7	19,316.44	17.7	46,979.01	13.0	10.1	12,336	17.0	1,490	3,625	9.4
2003	136,613.40	16,505.18	135,822.76	12.9	16,409.66	12.9	41,578.22	12.3	10.0	10,542	12.2	1,274	3,227	9.3
2002	120,475.60	14,555.47	120,332.69	9.7	14,538.20	9.7	37,011.33	10.9	9.1	9,398	9.0	1,135	2,891	8.4
2001	109,028.00	13,172.41	109,655.17	10.5	13,248.18	10.5	33,389.19	10.8	8.3	8,622	9.7	1,042	2,625	7.5
2000	98,749.00	11,928.51	99,214.55	10.6	11,984.75	10.6	30,148.91	10.8	8.4	7,858	9.8	949	2,388	7.6
1999	91,125.00	11,007.70	89,677.05	6.2	10,832.79	6.3	27,215.56	9.2	7.6	7,159	5.3	865	2,172	6.7
1998	86,531.60	10,451.81	84,402.28	6.9	10,194.62	7.0	24,921.89	9.1	7.8	6,796	5.9	821	2,007	6.8
1997	81,658.50	9,850.48	78,973.03	11.0	9,526.53	11.3	22,853.33	11.2	9.3	6,420	9.8	774	1,858	8.2

1996	74,163.60	8,920.12	71,176.59	17.1	8,560.85	17.6	20,546.66	12.1	10.0	5,846	15.9	703	1,688	8.9
1995	63,216.90	7,569.98	60,793.73	26.1	7,279.81	30.2	18,328.27	13.2	10.9	5,046	24.8	604	1,521	9.7
1994	50,217.40	5,826.56	48,197.86	36.4	5,592.24	-8.8	16,185.89	15.5	13.1	4,044	34.9	469	1,358	11.8
1993	36,938.10	6,410.64	35,333.92	31.2	6,132.23	25.6	14,018.23	16.5	14.0	2,998	29.7	520	1,190	12.7
1992	27,565.20	4,998.59	26,923.48	23.6	4,882.22	19.3	12,034.62	17.0	14.2	2,311	22.1	419	1,033	12.8
1991	22,577.40	4,241.24	21,781.50	16.7	4,091.73	4.8	10,290.43	13.1	9.2	1,893	15.1	356	894	7.7
1990	19,347.80	4,044.95	18,667.82	9.9	3,902.79	-13.5	9,102.70	7.9	3.8	1,644	8.2	344	802	2.3
1989	17,311.30	4,597.83	16,992.32	13.0	4,513.11	11.7	8,440.44	8.0	4.1	1,519	11.2	403	755	2.5
1988	15,388.60	4,134.39	15,042.82	24.7	4,041.49	24.7	7,812.97	15.1	11.3	1,366	22.8	367	709	9.5
1987	12,277.40	3,298.51	12,058.62	17.4	3,239.73	8.9	6,786.61	14.8	11.6	1,112	15.5	299	626	9.8
1986	10,508.50	3,043.47	10,275.18	14.0	2,975.90	-3.1	5,909.66	11.2	8.8	963	12.3	279	554	7.2
1985	9,076.70	3,090.89	9,016.04	25.1	3,070.23	-0.9	5,314.21	16.9	13.5	858	23.4	292	506	11.9
1984	7,362.70	3,164.03	7,208.05	20.9	3,097.57	2.6	4,544.55	19.5	15.2	695	19.3	299	438	13.7
1983	6,216.20	3,146.32	5,962.65	12.0	3,017.99	7.3	3,802.10	15.3	10.9	583	10.4	295	372	9.3
1982	5,590.00	2,953.77	5,323.35	8.8	2,812.87	-2.0	3,297.99	15.8	9.1	528	7.2	279	327	7.5
1981	5,008.80	2,937.71	4,891.56	7.6	2,868.95	-5.5	2,849.10	15.1	5.2	492	6.2	289	489	3.9
1980	4,592.90	3,066.02	4,545.62	11.9	3,034.46	16.1	2,476.22		7.8	463	10.5	309	378	6.5
1979	4,092.60	2,631.90	4,062.58	11.4	2,612.59	20.7			7.6	419	10.0	270		6.1
1978	3,605.60	2,141.09	3,645.22	13.2	2,164.62				11.7	381	11.7	226		10.2

China's GDP figures for 1952-1978

(based on current price; in millions of GDP; real growth of %)

year	GDP (in millions)			GDP per capita		
	CN￥	growth	real growth	CN￥	growt	real growth
1978	364,522	13.2	11.7	381	11.7	10.2
1977	322,105	8.8	7.6	341	7.2	6.2
1976	296,147	-1.7	-1.6	318	-3.3	-3.1
1975	301,311	7.5	8.7	329	5.8	6.8
1974	280,374	2.6	2.3	311	0.3	0.2
1973	273,335	8.0	7.9	310	5.4	5.4
1972	253,022	3.9	3.8	294	1.4	1.2
1971	243,526	7.7	7.1	290	5.1	4.1
1970	226,132	16.2	19.4	276	13.1	16.1
1969	194,578	12.5	16.9	244	9.4	13.7
1968	173,016	-2.8	-4.1	223	-5.5	-6.6
1967	178,028	-5.0	-5.7	236	-7.5	-8.1
1966	187,308	9.1	10.7	255	6.3	7.7
1965	171,720	18.0	17	240	15.4	14.3

1964	145,554	17.7	18.3	208	14.9	15.5
1963	123,637	7.4	10.2	181	4.6	7.5
1962	115,124	-5.7	-5.6	173	-6.5	-6.4
1961	122,094	-16.2	-27.3	185	-15.1	-26.6
1960	145,747	1.2	-0.3	218	0.9	-0.5
1959	144,036	10.1	8.8	216	8.0	6.7
1958	130,821	22.3	21.3	200	19.0	18.3
1957	106,929	3.9	5.1	168	1.2	2.4
1956	102,898	13.0	15	166	10.7	12.7
1955	91,078	6.0	6.8	150	4.2	4.5
1954	85,938	4.3	4.2	144	1.4	1.8
1953	82,419	21.4	15.6	142	19.3	13.1
1952	67,900			119		

Components of GDP

Components of GDP by Expenditure Approach(in 100 millions CN￥) [63][68]								
year	GDP	Final Consumption Expenditures			Gross Capital Formation			Net Exports of Goods and Services
		Total	Household	Government	Total	Gross Fixed Capital Formation	Change in Inventories	Total
p2012	527,608.00	259,600.00			253,524.00	243,152.00	10,372.00	14,484.00
p2011	472,619.00	232,112.00			228,344.00	215,682.00	12,662.00	12,163.00
r2010	402,816.47	194,114.96	140,758.65	53,356.31	193,603.91	183,615.16	9,988.75	15,097.60
r2009	348,775.12	169,274.80	123,584.62	45,690.18	164,463.22	156,679.79	7,783.43	15,037.10
2008	315,974.60	153,422.49	111,670.40	41,752.09	138,325.30	128,084.42	10,240.88	24,226.80
2007	266,599.21	132,232.87	96,332.50	35,900.30	110,943.25	103,948.61	6,994.64	23,423.10
2006	222,712.53	113,103.85	82,575.45	30,528.40	92,954.08	87,954.06	5,000.02	16,654.60
2005	187,423.47	99,357.54	72,958.71	26,398.83	77,856.82	74,232.86	3,623.96	10,209.10
2004	160,956.58	87,552.58	65,218.48	22,334.10	69,168.40	65,117.70	4,050.70	4,235.60
2003	136,613.41	77,685.51	57,649.81	20,035.70	55,963.00	53,490.70	2,472.30	2,964.90
2002	120,475.62	71,816.52	53,056.57	18,759.95	45,565.00	43,632.10	1,932.90	3,094.10
2001	109,028.99	66,933.89	49,435.86	17,498.03	39,769.40	37,754.50	2,014.90	2,324.70
2000	98,749.00	61,516.00	45,854.60	15,661.40	34,842.80	33,844.40	998.40	2,390.20
1999	91,125.00	55,636.90	41,920.40	13,716.50	32,951.50	30,527.30	2,424.20	2,536.60
1998	86,531.60	51,588.20	39,229.30	12,358.90	31,314.20	28,569.00	2,745.20	3,629.20
1997	81,658.50	48,140.60	36,921.50	1,1219.10	29,968.00	25,965.00	4,003.00	3,549.90
1996	74,163.60	43,919.50	33,955.90	9,963.60	28,784.90	24,048.10	4,736.80	1,459.20
1995	63,216.90	36,748.20	28,369.70	8,378.50	25,470.10	20,885.00	4,585.10	998.60

1994	50,217.40	29,242.20	21,844.20	7,398.00	20,341.10	17,312.70	3,028.40	634.10
1993	36,938.10	21,899.90	16,412.10	5,487.80	15,717.70	13,309.20	2,408.50	-679.50
1992	27,565.20	17,203.30	13,000.10	4,203.20	10,086.30	8,513.70	1,572.60	275.60
1991	22,577.40	14,091.90	10,730.60	3,361.30	7,868.00	6,070.30	1,797.70	617.50
1990	19,347.80	12,090.50	9,450.90	2,639.60	6,747.00	4,827.80	1,919.20	510.30
1989	17,311.30	11,164.20	8,812.60	2,351.60	6,332.70	4,419.40	1,913.30	-185.60
1988	15,388.60	9,839.50	7,868.10	1,971.40	5,700.20	4,701.90	998.30	-151.10
1987	12,277.40	7,804.60	6,126.10	1,678.50	4,462.00	3,798.70	663.30	10.80
1986	10,508.50	6,821.80	5,302.10	1,519.70	3,941.90	3,139.70	802.20	-255.20
1985	9,076.70	5,986.30	4,687.40	1,298.90	3,457.50	2,672.00	785.50	-367.10
1984	7,362.70	4,846.30	3,742.00	1,104.30	2,515.10	2,147.00	368.10	1.30
1983	6,216.20	4,126.40	3,231.10	895.30	2,039.00	1,723.30	315.70	50.80
1982	5,590.00	3,714.80	2,902.90	811.90	1,784.20	1,503.20	281.00	91.00
1981	5,008.80	3,361.50	2,627.90	733.60	1,630.20	1,339.30	290.90	17.10
1980	4,592.90	3,007.90	2,331.20	676.70	1,599.70	1,322.40	277.30	-14.70
1979	4,092.60	2,633.70	2,011.50	622.20	1,478.90	1,153.10	325.80	-20.00
1978	3,605.60	2,239.10	1,759.10	480.00	1,377.90	1,073.90	304.00	-11.40

Components of GDP by industries(in 100 millions CN￥) [69]					
year	GNI	GDP	Agriculture	Industry	Services
p2012	517,838.66	519,322.10	52,377.00	235,319.60	231,626.50
p2011	472,115.04	472,881.56	47,486.21	220,412.81	204,982.53
r2010	399,759.54	401,512.80	40,533.60	187,383.22	173,595.98
r2009	340,319.95	340,902.81	35,226.00	157,638.78	148,038.04
2008	316,030.34	314,045.43	33,702.00	149,003.44	131,339.99
2007	266,422.00	265,810.31	28,627.00	125,831.36	111,351.95
2006	215,904.41	216,314.43	24,040.00	103,719.54	88,554.88
2005	183,617.37	184,937.37	22,420.00	87,598.09	74,919.28
2004	159,453.60	159,878.34	21,412.73	73,904.31	64,561.29
2003	134,976.97	135,822.76	17,381.72	62,436.31	56,004.73
2002	119,095.69	120,332.69	16,537.02	53,896.77	49,898.90
2001	108,068.22	109,655.17	15,781.27	49,512.29	44,361.61
2000	98,000.45	99,214.55	14,944.72	45,555.88	38,713.95
1999	88,479.15	89,677.05	14,770.03	41,033.58	33,873.44
1998	83,024.28	84,402.28	14,817.63	39,004.19	30,580.47
1997	78,060.85	78,973.03	14,441.89	37,543.00	26,988.15
1996	70,142.49	71,176.59	14,015.39	33,834.96	23,326.24
1995	59,810.53	60,793.73	12,135.81	28,679.46	19,978.46

1994	48,108.46	48,197.86	9,572.69	22,445.40	16,179.76
1993	35,260.02	35,333.92	6,963.76	16,454.43	11,915.73
1992	26,937.28	26,923.48	5,866.60	11,699.50	9,357.38
1991	21,826.20	21,781.50	5,342.20	9,102.20	7,337.10
1990	18,718.32	18,667.82	5,062.00	7,717.40	5,888.42
1989	17,000.92	16,992.32	4,265.92	7,278.00	5,448.40
1988	15,036.82	15,042.82	3,865.36	6,587.20	4,590.26
1987	12,050.62	12,058.62	3,233.04	5,251.60	3,573.97
1986	10,274.38	10,275.18	2,788.69	4,492.70	2,993.79
1985	9,040.74	9,016.04	2,564.40	3,866.60	2,585.04
1984	7,243.75	7,208.05	2,316.09	3,105.70	1,786.26
1983	5,985.55	5,962.65	1,978.39	2,646.20	1,338.06
1982	5,330.45	5,323.35	1,777.40	2,383.00	1,162.95
1981	4,889.46	4,891.56	1,559.46	2,255.50	1,076.60
1980	4,545.62	4,545.62	1,371.59	2,192.00	982.03
1979	4,062.58	4,062.58	1,270.19	1,913.50	878.89
1978	3,645.22	3,645.22	1,027.53	1,745.20	872.48

Quarterly GDP

China's quarterly GDP estimation was formally established in 1992. Afterwards, following the development of SNA of China, quarterly GDP is successively standardized and mproved in estimation methodology, accounting classification, accounting procedure, release time and data quality control. Accumulated quarterly GDP estimation is formed. Not only quarterly GDP estimation by industries is established but also quarterly GDP estimation at expenditure approach is being studied. the following is the qarterly GDP list.

List of China's quarterly GDP by industries 1992-2012 (in 100 millions of CNY)[70][71]

year	quarter 1		quarter 2		quarter 3		quarter 4		sum		
	GDP	growth (%) at current price	GDP	growth (%) at current price	GDP	growth (%) at current price	GDP	growth (%) at current price	GDP	growth (%) at current price	real growth (%)
2012	108,486.40	11.3	119,548.60	9.7	125,688.60	8.5	165,598.50	9.8	519,322.10	9.8	7.8
2011	97,479.50	18.0	109,008.60	18.1	115,856.60	18.5	150,759.30	17.0	473,104.00	17.8	9.3
2010	82,613.40	18.3	92,265.40	17.7	97,747.90	17.6	128,886.10	17.6	401,512.80	17.8	10.4
2009	69,816.92	5.3	78,386.69	5.7	83,099.72	8.6	109,599.49	13.0	340,902.81	8.6	9.2
2008	66,283.80	21.1	74,194.00	21.1	76,548.30	19.4	97,019.30	13.2	314,045.40	18.1	9.6
2007	54,755.90	20.8	61,243.00	22.2	64,102.20	23.5	85,709.20	24.3	265,810.30	22.9	14.2
2006	45,315.80	15.8	50,112.70	17.1	51,912.80	16.0	68,973.10	18.3	216,314.40	17.0	12.7
2005	39,117.40	17.0	42,795.20	15.7	44,744.40	13.1	58,280.40	16.8	184,937.40	15.7	11.3
2004	33,420.60	15.8	36,985.30	19.3	39,561.70	18.2	49,910.70	17.5	159,878.30	17.7	10.1
2003	28,861.80	13.7	31,007.10	10.9	33,460.40	12.6	42,493.50	14.0	135,822.80	12.9	10.0
2002	25,375.69	8.9	27,965.32	9.0	29,715.70	10.6	37,275.98	10.2	120,332.69	9.7	9.1

2001	23,299.54	12.8	25,651.32	11.0	26,867.33	10.4	33,836.98	8.7	109,655.17	10.5	8.3
2000	20,646.96	9.9	23,101.26	11.2	24,339.28	11.3	31,127.05	10.1	99,214.55	10.6	8.4
1999	18,789.68	7.4	20,765.20	5.3	21,859.34	7.3	28,262.83	5.4	89,677.05	6.2	7.6
1998	17,501.31	7.7	19,721.40	5.5	20,372.53	6.4	26,807.04	7.8	84,402.28	6.9	7.8
1997	16,256.68	14.0	18,697.62	12.6	19,148.05	8.4	24,870.68	9.8	78,973.03	11.0	9.3
1996	14,261.22	20.3	16,600.56	17.7	17,671.28	13.8	22,643.53	17.4	71,176.59	17.1	10.0
1995	11,858.47	30.8	14,109.10	27.3	15,534.99	24.8	19,291.17	23.7	60,793.73	26.1	10.9
1994	9,064.73	39.4	11,085.00	37.8	12,446.92	37.6	15,601.21	32.9	48,197.86	36.4	13.1
1993	6,500.50	30.7	8,043.04	26.5	9,047.97	27.1	11,742.41	38.6	35,333.92	31.2	14.0
1992	4,974.33		6,357.79		7,119.35		8,472.01		26,923.48		14.2

GDP by industry

Industries by GDP value added 2012.[72] CNY was converted using the 6.19 CNY/USD exhange rate as of April 12, 2013.[54]

Industry	GDP value added $ billions 2012	% of total GDP
Industry and manufacturing	3,229	38.5%
Other	1,427	17.0%
Farming, forestry, animal husbandry and fishery	846	10.1%
Wholesale and retail trade	812	9.7%
Construction	573	6.8%
Real estate	469	5.6%
Financial intermediation	462	5.5%
Transport, storage and postal	403	4.8%
Hotel and catering services	169	2.0%
Total	8,389	100%

Systemic problems and environment

The government has in recent years struggled to contain the social strife and environmental damage related to the economy's rapid transformation; collect public receipts due from provinces, businesses, and individuals; reduce corruption and other economic crimes; sustain adequate job growth for tens of millions of workers laid off from state-owned enterprises, migrants, and new entrants to the work force; and keep afloat the large state-owned enterprises, most of which had not participated in the vigorous expansion of the economy and many of which had been losing the ability to pay full wages and pensions. From 50 to 100 million surplus rural workers were adrift between the villages and the cities, many subsisting through part-time low-paying jobs. Popular resistance, changes in central policy, and loss of authority by rural cadres have weakened China's population control program. Another long-term threat to continued rapid economic growth has been the deterioration in the environment, notably air and water pollution, soil erosion, growing desertification and the steady fall of the water table especially in the north. China also has continued to lose arable land because of erosion and infrastructure development.

Other major problems concern the labor force and the pricing system. There is large-scale underemployment in both urban and rural areas, and the fear of the disruptive effects of major, explicit unemployment is strong. The prices of certain key commodities, especially of industrial raw materials and major industrial products, are determined by the

state. In most cases, basic price ratios were set in the 1950s and are often irrational in terms of current production capabilities and demands. Over the years, large subsidies were built into the price structure, and these subsidies grew substantially in the late 1970s and 1980s.[73] By the early 1990s these subsidies began to be eliminated, in large part due to China's admission into the World Trade Organization (WTO) in 2001, which carried with it requirements for further economic liberalization and deregulation.

By 2010, rapidly rising wages and a general increase in the standard of living had put increased energy use on a collision course with the need to reduce carbon emissions in order to control global warming. There were diligent efforts to increase energy efficiency and increase use of renewable sources; over 1,000 inefficient power plants had been closed, but projections continued to show a dramatic rise in carbon emissions from burning fossil fuels.[74]

Regulatory environment and tax system

Though China's economy has expanded rapidly, its regulatory environment has not kept pace. Since Deng Xiaoping's open market reforms, the growth of new businesses has outpaced the government's ability to regulate them. This has created a situation where businesses, faced with mounting competition and poor oversight, take drastic measures to increase profit margins, often at the expense of consumer safety. This issue became more prominent in 2007, with a number of restrictions being placed on problematic Chinese exports by the United States.[75]

From the 1950s to the 1980s, the central government's revenues derived chiefly from the profits of the state enterprises, which were remitted to the state. Some government revenues also came from taxes, of which the most important was the general industrial and commercial tax.

The trend, however, has been for remitted profits of the state enterprises to be replaced with taxes on those profits. Initially, this tax system was adjusted so as to allow for differences in the capitalization and pricing situations of various firms, but more-uniform tax schedules were introduced in the early 1990s. In addition, personal income and value-added taxes were implemented at that time.

Inflation

During the winter of 2007–2008, inflation ran about 7% on an annual basis, rising to 8.7% in statistics for February 2008, released in March 2008.[76][77][78]

Shortages of gasoline and diesel fuel developed in the fall of 2007 due to reluctance of refineries to produce fuel at low prices set by the state. These prices were slightly increased in November 2007 with fuel selling for $2.65 a gallon, still slightly below world prices. Price controls were in effect on numerous basic products and services, but were ineffective with food, prices of which were rising at an annual rate of 18.2% in November 2007.[79][80] The problem of inflation has caused concern at the highest levels of the Chinese government. On January 9, 2008, the government of China issued the following statement on its official website: "The Chinese government decided on Wednesday to take further measures to stabilize market prices and increase the severity of punishments for those guilty of driving up prices through hoarding or cheating."[81][82]

Pork is an important part of the Chinese economy with a per capita consumption of a fifth of a pound per day. The worldwide rise in the price of animal feed associated with increased production of ethanol from corn resulted in steep rises in pork prices in China in 2007. Increased cost of production interacted badly with increased demand resulting from rapidly rising wages. The state responded by subsidizing pork prices for students and the urban poor and called for increased production. Release of pork from the nation's strategic pork reserve was considered.[83]

By January 2008, the inflation rate rose to 7.1%, which BBC News described as the highest inflation rate since 1997, due to the winter storms that month.[84] China's inflation rate jumped to a new decade high of 8.7 percent in February 2008 after severe winter storms disrupted the economy and worsened food shortages, the government said March 11, 2008.[85] Throughout the summer and fall, however, inflation fell again to a low of 6.6% in October 2008.[86]

By November 2010, the inflation rate rose up to 5.1%, driven by a 11.7% increase in food prices year on year. According to the bureau, industrial output went up 13.3 percent. As supplies have run short, prices for fuel and other commodities have risen.[87]

Investment cycles

Chinese investment has always been highly cyclical.[88] Ever since the 1958 Great Leap Forward, growth in fixed capital formation has typically peaked about every five years. Recent peaks occurred in 1978, 1984, 1988, 1993, 2003, and 2009. The corresponding troughs were in 1981, 1986, 1989, 1997, and 2005.

In China, the majority of investment is carried out by entities that are at least partially state-owned. Most of these are under the control of local governments. Thus booms are primarily the result of perverse incentives at the local-government level.[89]

Unlike entrepreneurs in a free-enterprise economy, Chinese local officials are motivated primarily by political considerations. As their performance evaluations are based, to a large extent, on GDP growth within their jurisdictions, they have a strong incentive to promote large-scale investment projects.[90][91] They also don't face any real bankruptcy risk. When localities get into trouble, they are invariably bailed out by state-owned banks. Under these circumstances, overinvestment is inevitable.

A typical cycle begins with a relaxation of central government credit and industrial policy. This allows local governments to push investment aggressively, both through state-sector entities they control directly and by offering investment-promotion incentives to private investors and enterprises outside their jurisdictions.[92]

The resulting boom puts upward pressure on prices and may also result in shortages of key inputs such as coal and electricity (as was the case in 2003).[93] Once inflation has risen to a level at which it begins to threaten social stability, the central government will intervene by tightening enforcement of industrial and credit policy. Projects that went ahead without required approvals will be halted. Bank lending to particular types of investors will be restricted. Credit then becomes tight and investment growth begins to decline.[94]

Eventually such centrally-imposed busts alleviate shortages and bring inflation down to acceptable levels. At that point, the central government yields to local-government demands for looser policy and the cycle begins again.

Financial and banking system

A Shanghai branch of Industrial and Commercial Bank of China (ICBC)

Most of China's financial institutions are state owned and governed and 98% of banking assets are state owned.[95] The chief instruments of financial and fiscal control are the People's Bank of China (PBC) and the Ministry of Finance, both under the authority of the State Council. The People's Bank of China replaced the Central Bank of China in 1950 and gradually took over private banks. It fulfills many of the functions of other central and commercial banks. It issues the currency, controls circulation, and plays an important role in disbursing budgetary expenditures. Additionally, it administers the accounts, payments, and receipts of government organizations and other bodies, which enables it to exert thorough supervision over their financial and general performances in consideration to the government's economic plans. The PBC is also responsible for international trade and other overseas transactions. Remittances by overseas Chinese are managed by the Bank of China (BOC), which has a number of branch offices in several countries.

Other financial institutions that are crucial, include the China Development Bank (CDB), which funds economic development and directs foreign investment; the Agricultural Bank of China (ABC), which provides for the

agricultural sector; the China Construction Bank (CCB), which is responsible for capitalizing a portion of overall investment and for providing capital funds for certain industrial and construction enterprises; and the Industrial and Commercial Bank of China (ICBC), which conducts ordinary commercial transactions and acts as a savings bank for the public.

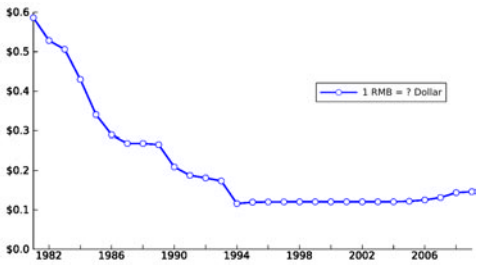
Shanghai Stock Exchange (SSE)

China's economic reforms greatly increased the economic role of the banking system. In theory any enterprises or individuals can go to the banks to obtain loans outside the state plan, in practice 75% of state bank loans go to State Owned Enterprises. (SOEs)[96] Even though nearly all investment capital was previously provided on a grant basis according to the state plan, policy has since the start of the reform shifted to a loan basis through the various state-directed financial institutions. It is estimated that, as of 2011, 14 trillion renminbi in loans were outstanding to local governments. Much of that total is believed by outside observers to be nonperforming.[] Increasing amounts of funds are made available through the banks for economic and commercial purposes. Foreign sources of capital have also increased. China has received loans from the World Bank and several United Nations programs, as well as from countries (particularly Japan) and, to a lesser extent, commercial banks. Hong Kong has been a major conduit of this investment, as well as a source itself. On 23 February 2012, the PBC evinced its inclination to liberalise its capital markets when it circulated a telling ten-year timetable.[97] Following on the heels of this development, Shenzhen banks were able to launch cross-border yuan remittances for individuals, a significant shift in the PBC's capital control strictures since Chinese nationals had been previously barred from transferring their yuan to overseas account.[98]

With two stock exchanges (Shanghai Stock Exchange and Shenzhen Stock Exchange), mainland China's stock market had a market value of $1 trillion by January 2007, which became the third largest stock market in Asia, after Japan and Hong Kong.[99] It is estimated to be the world's third largest by 2016.[100]

Currency system

The renminbi ("people's currency") is the currency of China, denominated as the yuan, subdivided into 10 jiao or 100 fen. The renminbi is issued by the People's Bank of China, the monetary authority of the PRC. The ISO 4217 abbreviation is CNY, although also commonly abbreviated as "RMB". The Latinised symbol is ¥. The yuan is generally considered by outside observers to be undervalued by about 30-40%.[101][]



1 RMB to US dollar, since 1981

The renminbi is held in a floating exchange-rate system managed primarily against the US dollar. On July 21, 2005, China revalued its currency by 2.1% against the US dollar and, since then has moved to an exchange rate system that references a basket of currencies and has allowed the renminbi to fluctuate at a daily rate of up to half a percent.

The rate of exchange (Chinese yuan per US$1) on July 31, 2008, was RMB 6.846, in mid-2007 was RMB 7.45, while in early 2006 was RMB 8.07:US $1=8.2793 yuan (January 2000), 8.2783 (1999), 8.2790 (1998), 8.2898 (1997), 8.3142 (1996), 8.3514 (1995).

There is a complex relationship between China's balance of trade, inflation, measured by the consumer price index and the value of its currency. Despite allowing the value of the yuan to "float", China's central bank has decisive ability to control its value with relationship to other currencies. Inflation in 2007, reflecting sharply rising prices for

meat and fuel, is probably related to the worldwide rise in commodities used as animal feed or as fuel. Thus rapid rises in the value of the yuan permitted in December 2007 are possibly related to efforts to mitigate inflation by permitting the renminbi to be worth more.[102]

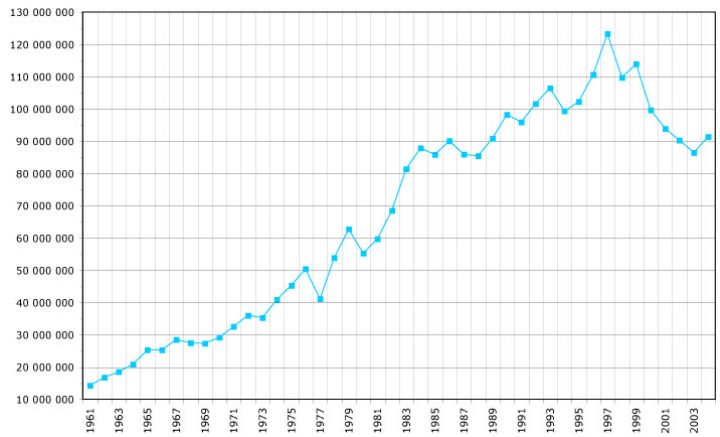
Sectors

Agriculture

Peanut harvest in Jiangxia District, Hubei

China is the world's largest producer and consumer of agricultural products – and some 300 million Chinese farm workers are in the industry, mostly laboring on pieces of land about the size of U.S farms. Virtually all arable land is used for food crops. China is the world's largest producer of rice and is among the principal sources of wheat, corn (maize), tobacco, soybeans, potatoes, sorghum, peanuts, tea, millet, barley, oilseed, pork, and fish. Major non-food crops, including cotton, other fibers, and oilseeds, furnish China with a small proportion of its foreign trade revenue. Agricultural exports, such as vegetables and fruits, fish and shellfish, grain and meat products, are exported to Hong Kong. Yields are high because of intensive cultivation, for example, China's cropland area is only 75% of the U.S. total, but China still produces about 30% more crops and livestock than the United States. China hopes to further increase agricultural production through improved plant stocks, fertilizers, and technology.

According to the government statistics issued in 2005,[103] after a drop in the yield of farm crops in 2000, output has been increasing annually.



Production of wheat from 1961 to 2004. Data from FAO, year 2005. Y-axis: Production in metric ton.

According to the United Nations World Food Program, in 2003, China fed 20 percent of the world's population with only 7 percent of the world's arable land.[104] China ranks first worldwide in farm output, and, as a result of topographic and climatic factors, only about 10–15 percent of the total land area is suitable for cultivation. Of this, slightly more than half is unirrigated, and the remainder is divided roughly equally between paddy fields and irrigated areas. Nevertheless, about 60 percent of the population lives in the rural areas, and until the 1980s a high percentage of them made their living directly from farming. Since then, many have been encouraged to leave the fields and pursue other activities, such as light manufacturing, commerce, and transportation; and by the mid-1980s farming accounted for less than half of the value of rural output. Today, agriculture contributes only 13% of China's GDP.

Animal husbandry constitutes the second most important component of agricultural production. China is the world's leading producer of pigs, chickens, and eggs, and it also has sizable herds of sheep and cattle. Since the mid-1970s, greater emphasis has been placed on increasing the livestock output. China has a long tradition of ocean and freshwater fishing and of aquaculture. Pond raising has always been important and has been increasingly emphasized to supplement coastal and inland fisheries threatened by overfishing and to provide such valuable export

commodities as prawns.

Environmental problems such as floods, drought, and erosion pose serious threats to farming in many parts of the country. The wholesale destruction of forests gave way to an energetic reforestation program that proved inadequate, and forest resources are still fairly meagre.[105] The principal forests are found in the Qin Mountains and the central mountains and on the Sichuan–Yunnan plateau. Because they are inaccessible, the Qinling forests are not worked extensively, and much of the country's timber comes from Heilongjiang, Jilin, Sichuan, and Yunnan.

Western China, comprising Tibet, Xinjiang, and Qinghai, has little agricultural significance except for areas of floriculture and cattle raising. Rice, China's most important crop, is dominant in the southern provinces and many of the farms here yield two harvests a year. In the north, wheat is of the greatest importance, while in central China wheat and rice vie with each other for the top place. Millet and kaoliang (a variety of grain sorghum) are grown mainly in the northeast and some central provinces, which, together with some northern areas, also provide considerable quantities of barley. Most of the soybean crop is derived from the north and the northeast; corn (maize) is grown in the center and the north, while tea comes mainly from the warm and humid hilly areas of the south. Cotton is grown extensively in the central provinces, but it is also found to a lesser extent in the southeast and in the north. Tobacco comes from the center and parts of the south. Other important crops are potatoes, sugar beets, and oilseeds.

Fish ponds near Daye, Hubei

There is still a relative lack of agricultural machinery, particularly advanced machinery. For the most part the Chinese peasant or farmer depends on simple, nonmechanized farming implements. Good progress has been made in increasing water conservancy, and about half the cultivated land is under irrigation.

In the late 1970s and early 1980s, economic reforms were introduced. First of all this began with the shift of farming work to a system of household responsibility and a phasing out of collectivized agriculture. Later this expanded to include a gradual liberalization of price controls; fiscal decentralization; massive privatization of state enterprises, thereby allowing a wide variety of private enterprises in the services and light manufacturing; the foundation of a diversified banking system (but with large amounts of state control); the development of a stock market; and the opening of the economy to increased foreign trade and foreign investment.

Energy and mineral resources

Energy

Electricity:

- *production:* 2.8344 trillion kWh (2006)
- *consumption:* 2.8248 trillion kWh (2006)
- *exports:* 11.19 billion kWh (2005)
- *imports:* 5.011 billion kWh (2005)

Electricity – production by source:

- *thermal:* 77.8% (68.7% from coal) (2006)
- *hydro:* 20.7% (2006)
- *other:* 0.4% (2006)
- *nuclear:* 1.1% (2006)

Oil:

- *production:* 3,631,000 bbl/d (577,300 m^3/d) (2005)
- *consumption:* 6,534,000 bbl/d (1,038,800 m^3/d) (2005) and expected 9,300,000 bbl/d (1,480,000 m^3/d) in 2030

- *exports:* 443,300 bbl/d (70,480 m^3/d) (2005)
- *imports:* 3,181,000 bbl/d (505,700 m^3/d) (2005)
- *net imports:* 2,740,000 barrels per day (436,000 m^3/d) (2005)
- *proved reserves:* 16.3 Gbbl (2.59×10^9 m^3) (1 January 2006)

Natural gas:

- *production:* 47.88 km^3 (2005 est.)
- *consumption:* 44.93 km^3 (2005 est.)
- *exports:* 2.944 km^3 (2005)
- *imports:* 0 m^3 (2005)
- *proved reserves:* 1,448k m^3 (1 January 2006 est.)

Since 1980, China's energy production has grown dramatically, as has the proportion allocated to domestic consumption. Some 80 percent of all power generated from fossil fuel at thermal plants, with about 17 percent at hydroelectric installations; only about two percent is from nuclear energy, mainly from plants located in Guangdong and Zhejiang.[106] Though China has rich overall energy potential, most have yet to be developed. In addition, the geographical distribution of energy puts most of these resources relatively far from their major industrial users. Basically the northeast is rich in coal and oil, the central part of north China has abundant coal, and the southwest has immense hydroelectric potential. But the industrialized regions around Guangzhou and the Lower Yangtze region around Shanghai have too little energy, while there is relatively little heavy industry located near major energy resource areas other than in the southern part of the northeast.

China, due in large part to environmental concerns, has wanted to shift China's current energy mix from a heavy reliance on coal, which accounts for 70–75% of China's energy, toward greater reliance on oil, natural gas, renewable energy, and nuclear power. China has closed thousands of coal mines over the past five to ten years to cut overproduction. According to Chinese statistics, this has reduced coal production by over 25%.

Since 1993, China has been a net importer of oil, a large portion of which comes from the Middle East. Imported oil accounts for 20% of the processed crude in China. Net imports are expected to rise to 3.5 million barrels (560,000 m^3) per day by 2010. China is interested in diversifying the sources of its oil imports and has invested in oil fields around the world. China is developing oil imports from Central Asia and has invested in Kazakhstani oil fields. Beijing also plans to increase China's natural gas production, which currently accounts for only 3% of China's total energy consumption and incorporated a natural gas strategy in its 10th Five-Year Plan (2001–2005), with the goal of expanding gas use from a 2% share of total energy production to 4% by 2005 (gas accounts for 25% of U.S. energy production). Analysts expect China's consumption of natural gas to more than double by 2010.

The 11th Five-Year Program (2006–10), announced in 2005 and approved by the National People's Congress in March 2006, called for greater energy conservation measures, including development of renewable energy sources and increased attention to environmental protection. Guidelines called for a 20% reduction in energy consumption per unit of GDP by 2010. Moving away from coal towards cleaner energy sources including oil, natural gas, renewable energy, and nuclear power is an important component of China's development program. Beijing also intends to continue to improve energy efficiency and promote the use of clean coal technology. China has abundant hydroelectric resources; the Three Gorges Dam, for example, will have a total capacity of 18 gigawatts when fully on-line (projected for 2009). In addition, the share of electricity generated by nuclear power is projected to grow from 1% in 2000 to 5% in 2030. China's renewable energy law, which went into effect in 2006, calls for 10% of its energy to come from renewable energy sources by 2020.

Mining

Energy and mineral resources

Outdated mining and ore-processing technologies are being replaced with modern techniques, but China's rapid industrialization requires imports of minerals from abroad. In particular, iron ore imports from Australia and the United States have soared in the early 2000s as steel production rapidly outstripped domestic iron ore production. Also China has become increasingly active in several African countries to mine the reserves it requires for economic growth, particularly in countries such as the Democratic Republic of the Congo and Gabon.

The major areas of production in 2004 were coal (nearly 2 billion tons), iron ore (310 million tons), crude petroleum (175 million tons), natural gas (41 million cubic meters), antimony ore (110,000 tons), tin concentrates (110,000 tons), nickel ore (64,000 tons), tungsten concentrates (67,000 tons), unrefined salt (37 million tons), vanadium (40,000 tons), and molybdenum ore (29,000 tons). In order of magnitude, produced minerals were bauxite, gypsum, barite, magnesite, talc and related minerals, manganese ore, fluorspar, and zinc. In addition, China produced 2,450 tons of silver and 215 tons of gold in 2004. The mining sector accounted for less than 0.9% of total employment in 2002 but produced about 5.3% of total industrial production.

Hydroelectric resources


Three Gorges Dam

China has an abundant potential for hydroelectric power production due to its considerable river network and mountainous terrain. Most of the total hydroelectric capacity is situated in the southwest of the country, where coal supplies are poor but demand for energy is rising swiftly. The potential in the northeast is fairly small, but it was there that the first hydroelectric stations were built—by the Japanese during its occupation of Manchuria.[107] Due to considerable seasonal fluctuations in rainfall, the flow of rivers tends to drop during the winter, forcing many power stations to operate at less than normal capacity, while in the summer, on the other hand, floods often interfere with generation.

Thirteen years in construction at a cost of $24 billion, the immense Three Gorges Dam across the Yangtze River was essentially completed in 2006 and will revolutionize electrification and flood control in the area.

Coal

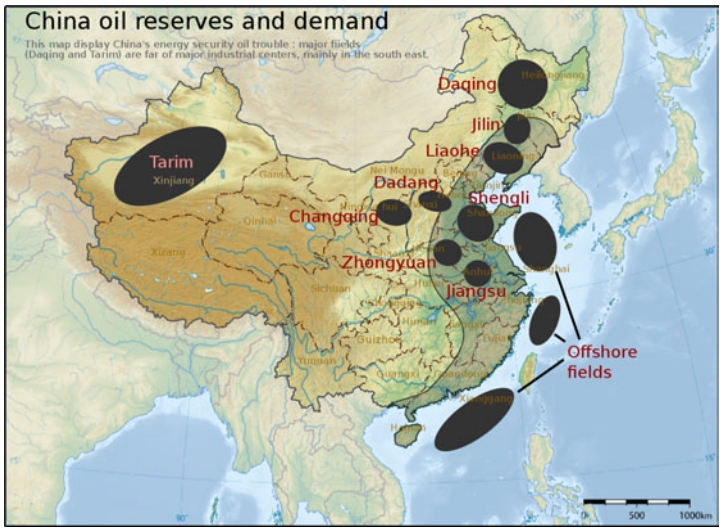
Coal mining in Inner Mongolia

China is well endowed with mineral resources,[108] the most important of which is coal. China's mineral resources include large reserves of coal and iron ore, plus adequate to abundant supplies of nearly all other industrial minerals. Although coal deposits are widely scattered (some coal is found in every province), most of the total is located in the northern part of the country. The province of Shanxi, in fact, is thought to contain about half of the total; other important coal-bearing provinces include Heilongjiang, Liaoning, Jilin, Hebei, and Shandong.[109] Apart from these northern provinces, significant quantities of coal are present in Sichuan, and there are some deposits of importance in Guangdong, Guangxi, Yunnan, and Guizhou.[109] A large part of the country's reserves consists of good bituminous coal, but there are also large deposits of lignite. Anthracite is present in several places (especially Liaoning, Guizhou, and Henan), but overall it is not very significant.[110]

To ensure a more even distribution of coal supplies and to reduce the strain on the less than adequate transportation network, the authorities pressed for the development of a large number of small, locally run mines throughout the country. This campaign was energetically pursued after the 1960s, with the result that thousands of small pits have been established, and they produce more than half the country's coal. This output, however, is typically expensive and is used for local consumption. It has also led to a less than stringent implementation of safety measures in these unregulated mines, which cause several thousands of deaths each year.[111]

Coal makes up the bulk of China's energy consumption (70% in 2005), and China is the largest producer and consumer of coal in the world. As China's economy continues to grow, China's coal demand is projected to rise significantly. Although coal's share of China's overall energy consumption will decrease, coal consumption will continue to rise in absolute terms. China's continued and increasing reliance on coal as a power source has contributed significantly to putting China on the path to becoming the world's largest emitter of acid rain-causing sulfur dioxide and greenhouse gases, including carbon dioxide.

Oil and natural gas



Chinese oil reserves

China's onshore oil resources are mostly located in the Northeast and in Xinjiang, Gansu, Qinghai, Sichuan, Shandong, and Henan provinces. Oil shale is found in a number of places, especially at Fushun in Liaoning, where the deposits overlie the coal reserves, as well as in Guangdong. Light oil of high quality has been found in the Pearl River estuary of the South China Sea, the Qaidam Basin in Qinghai, and the Tarim Basin in Xinjiang. The country consumes most of its oil output but does export some crude oil and oil products. China has explored and developed oil deposits in the South and East China Seas, the Yellow Sea, the Gulf of Tonkin, and the Bohai Sea.

The total extent of China's natural gas reserves is unknown, as relatively little exploration for natural gas has been done.[112] Sichuan accounts for almost half of the known natural gas reserves and production.[113] Most of the rest of China's natural gas is associated gas produced in the Northeast's major oil fields, especially Daqing oilfield. Other gas deposits have been found in the Qaidam Basin, Hebei, Jiangsu, Shanghai, and Zhejiang, and offshore to the southwest of Hainan Island.[114]

Metals and nonmetals

Iron ore reserves are found in most provinces, including Hainan. Gansu, Guizhou, southern Sichuan, and Guangdong provinces have rich deposits. The largest mined reserves are located north of the Yangtze River and supply neighboring iron and steel enterprises. With the exception of nickel, chromium, and cobalt, China is well supplied with ferroalloys and manganese. Reserves of tungsten are also known to be fairly large. Copper resources are moderate, and high-quality ore is present only in a few deposits. Discoveries have been reported from Ningxia. Lead and zinc are available, and bauxite resources are thought to be plentiful. China's antimony reserves are the largest in the world. Tin resources are plentiful, and there are fairly rich deposits of gold. China is the world's fifth largest producer of gold and in the early 21st century became an important producer and exporter of rare metals needed in high-technology industries. The rare earth reserves at the Bayan Obi mine in Inner Mongolia are thought to be the largest in any single location in the world.

China also produces a fairly wide range of nonmetallic minerals. One of the most important of these is salt, which is derived from coastal evaporation sites in Jiangsu, Hebei, Shandong, and Liaoning, as well as from extensive salt fields in Sichuan, Ningxia, and the Qaidam Basin. There are important deposits of phosphate rock in a number of areas. Pyrites occur in several places; Liaoning, Hebei, Shandong, and Shanxi have the most important deposits. China also has large resources of fluorite (fluorspar), gypsum, asbestos, and cement.

Industry and manufacturing

Industry and construction account for 46.8[115]% of China's GDP. In 2009 around 8% of the total manufacturing output in the world came from China itself and China ranked third worldwide in industrial output that year (first was EU and second United States). Research by IHS Global Insight states that in 2010 China contributed to 19.8% of world's manufacturing output and became the largest manufacturer in the world that year, after the US had held that position for about 110 years.[116][117]

China Railway HXD1B Manufacturing Company

In November, 2012 the State Council of the People's Republic of China mandated a "social risk assessment" for all major industrial projects. This requirement followed mass public protests in some locations for planned projects or expansions.[]

Factory near Yangtze River

Major industries include mining and ore processing; iron and steel; aluminium; coal; machinery; armaments; textiles and apparel; petroleum; cement; chemical; fertilizers; food processing; automobiles and other transportation equipment including rail cars and locomotives, ships, and aircraft; consumer products including footwear, toys, and electronics; telecommunications and information technology. China has become a preferred destination for the relocation of global manufacturing facilities. Its strength as an export platform has contributed to incomes and employment in China.

Since the founding of the People's Republic, industrial development has been given considerable attention; as of 2011 46% of China's national output continued to be devoted to investment; a percentage far higher than any other nation.[] Among the various industrial branches the machine-building and metallurgical industries have received the highest priority. These two areas alone now account for about 20–30 percent of the total gross value of industrial output.[] In these, as in most other areas of industry, however, innovation has generally suffered at the hands of a system that has rewarded increases in gross output rather than improvements in variety, sophistication and quality. China, therefore, still imports significant quantities of specialized steels. Overall industrial output has grown at an average rate of more than 10 percent per year, having surpassed all other sectors in economic growth and degree of modernization.[118] Some heavy industries and products deemed to be of national strategic importance remain state-owned, but an increasing proportion of lighter and consumer-oriented manufacturing firms are privately held or are private-state joint ventures.

The predominant focus of development in the chemical industry is to expand the output of chemical fertilizers, plastics, and synthetic fibers. The growth of this industry has placed China among the world's leading producers of nitrogenous fertilizers. In the consumer goods sector the main emphasis is on textiles and clothing, which also form an important part of China's exports. Textile manufacturing, a rapidly growing proportion of which consists of synthetics, account for about 10 percent of the gross industrial output and continues to be important, but less so than before. The industry tends to be scattered throughout the country, but there are a number of important textile centers, including Shanghai, Guangzhou, and Harbin.[119][120]

Steel industry

In 2011 China was the largest producer of steel in the world producing 45% of the world's steel, 683 million tons, an increase of 9% from 2010. 6 of 10 of largest steel producers in the world are in China. Profits are low despite continued high demand due to high debt and overproduction of high end products produced with the equipment financed by the high debt. The central government is aware of this problem but there is no easy way to resolve it as local governments strongly support local steel production. Meanwhile, each firm aggressively increases production.[] Iron ore production kept pace with steel production in the early 1990s but was soon outpaced by imported iron ore and other metals in the early 2000s. Steel production, an estimated 140 million tons in 2000 increased to 419 million tons in 2006. Much of the country's steel output comes from a large number of small-scale producing centers, one of the largest being Anshan in Liaoning.

China was the top exporter of steel in the world in 2008. Export volumes in 2008 were 59.23 million tons, a 5.5% fall over the previous year.[121] The decline ended China's decade-old steel export growth. As of 2012 steel exports faced widespread anti-dumping taxes and had not returned to pre-2008 levels. Domestic demand remained strong, particularly in the developing west where steel production in Xinjiang was expanding.[]

On April 26, 2012 a warning was issued by China's bank regulator to use caution with respect to lending money to steel companies who, as profits from the manufacture and sale of steel have fallen, have sometimes used borrowed money for speculative purposes. According to the China Iron and Steel Association the Chinese steel industry lost 1 billion Rmb in the first quarter of 2012, its first loss since 2000.[]

Automotive industry

Chinese made car Chery QQ

By 2006 China had become the world's third largest automotive vehicle manufacturer (after US and Japan) and the second largest consumer (only after US). Automobile manufacturing has soared during the reform period. In 1975 only 139,800 automobiles were produced annually, but by 1985 production had reached 443,377, then jumped to nearly 1.1 million by 1992 and increased fairly evenly each year up until 2001, when it reached 2.3 million. In 2002 production rose to nearly 3.25 million and then jumped to 4.44 million in 2003, 5.07 million in 2004, 5.71 million in 2005, 7.28 million in 2006, 8.88 million in 2007, 9.35 million in 2008 and 13.83 million in 2009. China has become the number-one automaker in the world in 2009. Domestic sales have kept pace with production. After respectable annual increases in the mid- and late 1990s, passenger car sales soared in the early 2000s. In 2006, a total of 7.22 million automobiles were sold, including 5.18 million units of passenger cars and 2.04 million units of commercial vehicles.

In 2010, China became the world's largest automotive vehicle manufacturer as well as the largest consumer ahead of the United States with an estimated 18 million new cars sold.[122] However, new car sales grew only by an estimated 1% between 2011 and 2012 due to the escalation in the Spratly Islands dispute which involved Japan, the world's third largest producer of vehicles.[123]

China's automotive industry has been so successful that it began exporting car parts in 1999. China began to plan major moves into the automobile and components export business starting in 2005. A new Honda factory in Guangzhou was built in 2004 solely for the export market and was expected to ship 30,000 passenger vehicles to Europe in 2005. By 2004, 12 major foreign automotive manufacturers had joint-venture plants in China. They produced a wide range of automobiles, minivans, sport utility vehicles, buses, and trucks. In 2003 China exported US$4.7 billion worth of vehicles and components. The vehicle export was 78,000 units in 2004, 173,000 units in 2005, and 340,000 units in 2006. The vehicle and component export is targeted to reach US$70 billion by 2010.

The market for domestically produced cars, under a local name, is likely to continue to grow both inside China and outside. Companies such as Geely and Chery are constantly evaluating new international locations, both in developing and developed countries.[124]

Other industries

Wind farms in Xinjiang

Substantial investments were made in the manufacture of solar panels and wind generators by a number of companies, supported by liberal loans by banks and local governments. However, by 2012 manufacturing capacity had far outstripped domestic and global demand for both products, particularly solar panels which were subjected to anti-dumping penalties by both the United States and Europe. The global oversupply has resulted in bankruptcies and production cutbacks both inside and outside China. China has budgeted $50 billion to subsidize production of solar power over the two decades following 2015 but, even at the sharply reduced price resulting from oversupply, as of 2012 cost of solar power in China remained three times that of power produced by conventional coal-fired power plants.[]

China is the world's biggest sex toy producer and accounts for 70% of the worldwide sex toys production.[] In the country, 1,000 manufacturers are active in this industry, which generates about two billion dollars a year.[]

As of 2011, China was the world's largest market for personal computers [125]

Services

Golden Resources Mall, world's second largest mall

The output of China's services in 2010 ranks third worldwide—after the US and Japan—and high power and telecom density has ensured that the country has remained on a high-growth trajectory over the long-term. In 2010 the services sector produced 43% of China's annual GDP, second only to manufacturing. However, its proportion of GDP is still low compared with the ratio in more developed countries, and the agricultural sector still employs a larger workforce.

Prior to the onset of economic reforms in 1978, China's services sector was characterized by state-operated shops, rationing, and regulated prices—with reform came private markets, individual entrepreneurs, and a commercial sector. The wholesale and retail trade has expanded quickly, with numerous shopping malls, retail shops, restaurant chains and hotels constructed in urban areas. Public administration remains a main component of the service sector, while tourism has become a significant factor in employment and a source of foreign exchange.[126]

As of July 2013, the world's largest building the New Century Global Center is located in the city. At 328 feet (100 m) high, 1,640 feet (500 m) long, and 1,312 feet (400 m) wide, the Center houses retail outlets, a 14-theater cinema, offices, hotels, the Paradise Island waterpark, an artificial beach, a 164 yards (150 m)-long LED screen, skating rink, pirate ship, fake Mediterranean village, 24-hour artificial sun, and 15,000-spot parking area.[127]

Telecommunications

Mobile phones of China Mobile

China possesses a diversified communications system that links all parts of the country by Internet, telephone, telegraph, radio, and television.

China's number of Internet users or netizens topped 137 million by the end of 2006,[128] an increase of 23.4% from a year before and 162 million by June 2007, making China the second largest Internet user after the United States, according to China's Ministry of Information Industry (MII). China's mobile phone penetration rate is 34% in 2007. In 2006, mobile phone users sent 429 billion text messages, or on average 967 text messages per user. For 2006, the number of fixed-lines grew by 79%, mainly in the rural areas.[129]

Tourism

China's tourism industry is one of the fastest-growing industries in the national economy and is also one of the industries with a very distinct global competitive edge. The total revenue of China's tourism industry reached USD 67.3 billion in 2002, accounting for 5.44% of the GDP. The total number of inbound tourists was 91.66 million in 2003. International tourism receipts were USD 17.4 billion in 2003.

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 USD 46.9 billion. A large middle class population with strong consumption power is emerging in China, especially in

major cities. China's outbound tourists reached 20.22 million in 2003, overtaking Japan for the first time.

It is forecast by the WTO that China's tourism industry will take up to 8.6% of world market share to become the world's top tourism industry by 2020.

Chinese business-travel spend is also forecast to be the highest in the world by 2014, overtaking the United States. According to a Global Business Travel Association study, total business-travel spend is expected to reach US$195 billion in 2012.[130]

Luxury goods

A factor that often goes overlooked is the extent of luxury spending the Chinese citizenry are undertaking. There is no greater indication of the newfound wealth of the Chinese than the amount of money now spent on goods and services that were once inaccessible. Foremost among these is the shift towards bottled water. The Chinese bottled water manufacturing industry is forecast to more than double in size in 2008, becoming a $10.5 (US dollars) billion industry in the process. Meanwhile, as those who once had no recourse but poor-quality tap water take advantage of its availability in supermarkets, those who had little or no running water are now capitalising on its availability. The tap water production and supply industry is expected to grow by 29.3% in 2008, to $11.9 billion. The country's motor vehicle production industry is expected to expand by 29.5% to nearly $200 billion, as many Chinese eschew traditional modes of transport, such as bicycles, for the comforts of modern cars. Also, consumption of chocolate and other confectionery is set to increase by 24.3%, as the industry expands to $4.6 billion, in order to keep up with China's collective sweet tooth. Couple with this is 20.8% growth in China's fast food industry, as major players such as McDonald's enter the country with vigour. Also, the LVMH Group, who own major luxury brands including Louis Vuitton apparel, Moët & Chandon wines and champagne and Hennessy cognacs, reported earnings growth of over 25% in 2007 in China, the region now accounting for around 16% of their global business.[131]

Following a ban instituted in October, 2012 on government agencies purchasing luxury goods, often used as "gifts", sales of luxury goods in China remained strong, but slowed, even falling slightly for some luxury retailers in the 4th quarter of 2012,[] with sales of shark fins and edible swallow nests, staples of lavish government banquets, down sharply.[]

Retail sales in China account for only 7% of global retail sales of luxury consumer goods; however, Chinese buyers account for 25% of global retail sales of luxury consumer goods. Many shops in international travel destinations have specialized staff devoted to Chinese customers.[]

Cybercrime

Computer crime is an important sector of the Chinese economy, directly employing 90 thousand people and impacting the lives of 110 million.Even more important in the United States.[132]

Labor and welfare

One of the hallmarks of China's socialist economy was its promise of employment to all able and willing to work and job-security with virtually lifelong tenure. Reformers targeted the labor market as unproductive because industries were frequently overstaffed to fulfill socialist goals and job-security reduced workers' incentive to work. This socialist policy was pejoratively called the iron rice bowl.

A window washer on one of skyscrapers in Shanghai.

In 1979–1980, the state reformed factories by giving wage increases to workers, which was immediately offset by sharply rising inflation rates of 6–7%. The reforms also dismantled the iron rice bowl, which meant it witnessed a rise in unemployment in the economy. In 1979 there were 20 million unemployed people.[133] Official Chinese statistics reveal that 4.2% of the total urban workforce was unemployed in 2004, although other estimates have reached 10%. As part of its newly developing social security legislation, China has an unemployment insurance system. At the end of 2003, more than 103.7 million people were participating in the plan, and 7.4 million laid-off employees had received benefits.

Labor makes ceramics in Yunnan.

China's estimated employed labor force in 2005 totaled 791.4 million persons, about 60% of the total population. During 2003, 49% of the labor force worked in agriculture, forestry, and fishing; 22% in mining, manufacturing, energy, and construction industries; and 29% in the services sector and other categories. In 2004 some 25 million persons were employed by 743,000 private enterprises. Urban wages rose rapidly from 2004 to 2007, at a rate of 13 to 19% per year with average wages near $200/month in 2007.[134]

A Chinese coal miner at the Jin Hua Gong Mine.

The All-China Federation of Trade Unions (ACFTU) was established in 1925 to represent the interests of national and local trade unions and trade union councils. The ACFTU reported a membership of 130 million, out of an estimated 248 million urban workers, at the end of 2002. Chinese trade unions are organized on a broad industrial basis. Membership is open to those who rely on wages for the whole or a large part of their income, a qualification that excludes most agricultural workers.

In 2010, the issues of manufacturing wages caused a strike at a Honda parts plant. This resulted in wage increases both at the struck plant and other industrial plants.[135][136][137][138][139]

The 2010 census found that the PRC was now half urban and rapidly aging due to the one child policy. This is expected to lead to increased demand for labor to take care of an elderly population and a reduced supply of migrant labor from the countryside.[140]

A law approved February 2013 will mandate a nationwide minimum wage at 40% average urban salaries to be phased in fully by 2015.[48]

External trade

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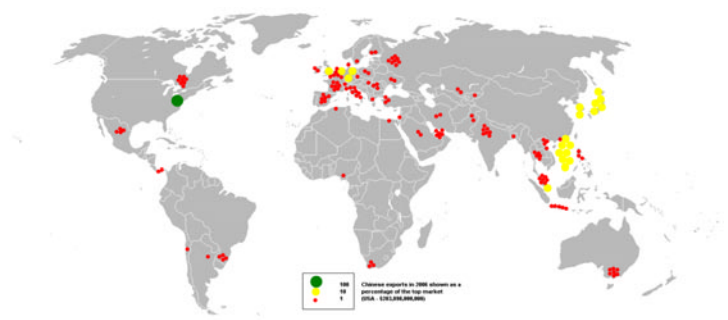


Global distribution of Chinese exports in 2006 as a percentage of the top market

International trade makes up a sizeable portion of China's overall economy. Being a Second World country at the time, a meaningful segment of China's trade with the Third World was financed through grants, credits, and other forms of assistance. The principal efforts were made in Asia, especially to Indonesia, Burma, Pakistan, and Ceylon, but large loans were also granted in Africa (Ghana, Algeria, Tanzania) and in the Middle East (Egypt). However, after Mao Zedong's death in 1976, these efforts were scaled back. After which, trade with developing countries became negligible, though during that time, Hong Kong and Taiwan both began to emerge as major trading partners.

Since economic reforms began in the late 1970s, China sought to decentralize its foreign trade system to integrate itself into the international trading system. On November 1991, China joined the Asia-Pacific Economic Cooperation (APEC) group, which promotes free trade and cooperation the in economic, trade, investment, and technology spheres. China served as APEC chair in 2001, and Shanghai hosted the annual APEC leaders meeting in October of that year.

After reaching a bilateral WTO agreement with the EU and other trading partners in summer 2000, China worked on a multilateral WTO accession package. China concluded multilateral negotiations on its accession to the WTO in September 2001. The completion of its accession protocol and Working Party Report paved the way for its entry into the WTO on December 11, 2001, after 16 years of negotiations, the longest in the history of the General Agreement on Tariffs and Trade. However, U.S. exporters continue to have concerns about fair market access due to China's restrictive trade policies and U.S. export restrictions.

China's global trade exceeded $2.4 trillion at the end of 2008. It first broke the $100 billion mark in 1988, $200 billion in 1994, $500 billion in 2001 and $1 trillion mark ($1.15 trillion) in 2004. The table below shows the average annual growth (in nominal US dollar terms) of China's foreign trade during the reform era.

With bilateral trade exceeding US$38.6 billion, China is India's largest trading partner.[141] Shown here is a Chinese container ship unloading its cargo at Jawaharlal Nehru Port, Navi Mumbai, India.

Period	Two-way trade	Exports	Imports
1981–85	+12.8%	+8.6%	+16.1%
1986–90	+10.6%	+17.8%	+4.8%
1991–95	+19.5%	+19.1%	+19.9%
1996–2000	+11.0%	+10.9%	+11.3%
2000–05	+24.6%	+25.0%	+24.0%
2006-10	+15.9%	+15.7%	+16.1%
2011	+22.5%	+20.3%	+24.9%

The vast majority of China's imports consists of industrial supplies and capital goods, notably machinery and high-technology equipment, the majority of which comes from the developed countries, primarily Japan[*citation needed*] and the United States[*citation needed*]. 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[*citation needed*]. About 80 percent of China's exports consist of manufactured goods, most of which are textiles and electronic equipment, with agricultural products and chemicals constituting the remainder. Out of the five busiest ports in the world, three are in China. The U.S. trade deficit with China reached $232.5 billion in 2006, as imports grew 18%. China's share of total U.S. imports has grown from 7% to 15% since 1996.

Trade volume between China and Russia reached $29.1 billion in 2005, an increase of 37.1% compared with 2004. A spokesman for the Ministry of Commerce, Van Jingsun, said that the volume of trade between China and Russia could exceed 40 billion dollars in 2007.[142] China's export of machinery and electronic goods to Russia grew 70%, which is 24% of China's total export to Russia in the first 11 months of 2005. During the same time, China's export of high-tech products to Russia increased by 58%, and that is 7% of China's total exports to Russia. Also in this time period border trade between the two countries reached $5.13 billion, growing 35% and accounting for nearly 20% of the total trade. Most of China's exports to Russia remain apparel and footwear. Russia is China's eighth largest trade partner and China is now Russia's fourth largest trade partner, and China now has over 750 investment projects in Russia, involving $1.05 billion. China's contracted investment in Russia totaled $368 million during January–September 2005, twice that in 2004.

Chinese imports from Russia are mainly those of energy sources, such as crude oil, which is mostly transported by rail, and electricity exports from neighboring Siberian and Far Eastern regions. In the near future, exports of both of these commodities are set to increase, as Russia is building the Eastern Siberia-Pacific Ocean oil pipeline with a branch to Chinese border, and Russian power grid monopoly UES is building some of its hydropower stations with a view of future exports to China.

Chinese cars at a dealer's lot in Nizhny Novgorod, the traditional capital of the Russian automotive industry

Export growth has continued to be a major component supporting China's rapid economic growth. To increase exports, China pursued policies such as fostering the rapid development of foreign-invested factories, which assembled imported components into consumer goods for export and liberalizing trading rights. In its 11th Five-Year Program, adopted in 2005, China placed greater emphasis on developing a consumer demand-driven economy to sustain economic growth and address imbalances.

Foreign investment

China's investment climate has changed dramatically with more than two decades of reform. In the early 1980s, China restricted foreign investments to export-oriented operations and required foreign investors to form joint-venture partnerships with Chinese firms. The Encouraged Industry Catalogue sets out the degree of foreign involvement allowed in various industry sectors. From the beginning of the reforms legalizing foreign investment, capital inflows expanded every year until 1999.[143] Foreign-invested enterprises account for 58–60% of China's imports and exports.[144]

Since the early 1990s, the government has allowed foreign investors to manufacture and sell a wide range of goods on the domestic market, eliminated time restrictions on the establishment of joint ventures, provided some assurances against nationalization, allowed foreign partners to become chairs of joint venture boards, and authorized the establishment of wholly foreign-owned enterprises, now the preferred form of FDI. In 1991, China granted more preferential tax treatment for Wholly Foreign Owned Enterprises and contractual ventures and for foreign companies, which invested in selected economic zones or in projects encouraged by the state, such as energy, communications and transportation.

China also authorized some foreign banks to open branches in Shanghai and allowed foreign investors to purchase special "B" shares of stock in selected companies listed on the Shanghai and Shenzhen Securities Exchanges. These "B" shares sold to foreigners carried no ownership rights in a company. In 1997, China approved 21,046 foreign investment projects and received over $45 billion in foreign direct investment. China revised significantly its laws on Wholly Foreign-Owned Enterprises and China Foreign Equity Joint Ventures in 2000 and 2001, easing export performance and domestic content requirements.

Foreign investment remains a strong element in China's rapid expansion in world trade and has been an important factor in the growth of urban jobs. In 1998, foreign-invested enterprises produced about 40% of China's exports, and foreign exchange reserves totalled about $145 billion. Foreign-invested enterprises today produce about half of China's exports (the majority of China's foreign investment come from Hong Kong, Macau and Taiwan), and China continues to attract large investment inflows. However, the Chinese government's emphasis on guiding FDI into manufacturing has led to market saturation in some industries, while leaving China's services sectors underdeveloped. From 1993 to 2001, China was the world's second-largest recipient of foreign direct investment after the United States. China received $39 billion FDI in 1999 and $41 billion FDI in 2000. China is now one of the leading FDI recipients in the world, receiving almost $80 billion in 2005 according to World Bank statistics. In 2006, China received $69.47 billion in foreign direct investment.[145]

Foreign exchange reserves totaled $155 billion in 1999 and $165 billion in 2000. Foreign exchange reserves exceeded $800 billion in 2005, more than doubling from 2003. Foreign exchange reserves were $819 billion at the end of 2005, $1.066 trillion at the end of 2006, $1.9 trillion by June 2008. In addition, by the end of September 2008 China replaced Japan for the first time as the largest foreign holder of US treasury securities with a total of $585 billion, vs Japan $573 billion. China has now surpassed those of Japan, making China's foreign exchange reserves the largest in the world.

As part of its WTO accession, China undertook to eliminate certain trade-related investment measures and to open up specified sectors that had previously been closed to foreign investment. New laws, regulations, and administrative measures to implement these commitments are being issued. Major remaining barriers to foreign investment include opaque and inconsistently enforced laws and regulations and the lack of a rules-based legal infrastructure. Warner Bros., for instance, withdrew its cinema business in China as a result of a regulation that requires Chinese investors to own at least a 51 percent stake or play a leading role in a foreign joint venture.[146]

Chinese investment abroad

Outward foreign direct investment is a new feature of Chinese globalization, where local Chinese firms seek to make investments in both developing and developed countries.[147] It was reported in 2011 that there was increasing investment by capital rich Chinese firms in promising firms in the United States. Such investments offer access to expertise in marketing and distribution potentially useful in exploiting the developing Chinese domestic market.[148]

Mergers and acquisitions

From 1993 to 2010, Chinese companies have been involved as either an acquiror or acquired company in 25,284 mergers and acquisitions with a total known value of US$969 billion.[149] The number and value of deals hit a new record in 2010. The number of deals that happened in 2010 has been 3,640 which is an increase of 17% compared to 2009. The value of deals in 2010 was US$196 billion which is an increase of 25% compared to the year before.

Demographics

Since the 1950s medical care, public hygiene and sanitation improved considerably, and epidemics were controlled. Consecutive generations continuously experienced better health. The population growth rate surged as the mortality rate dropped more rapidly than the birth rate. China's massive population has always been a major difficulty for the government as it has struggled to provide for it. In the 1950s, food supply was inadequate and the standard of living was generally low. This spurred the authorities to initiate a major birth control program. The Great Leap Forward industrial plan in 1958–60 was partially responsible for a huge famine that caused the death rate to surpass the birth rate, and by 1960, the overall population was declining. A second population control drive began in 1962 with major efforts focused on promoting late marriages and the use of contraceptives. By 1963 the country was in the beginning of recovery from the famine and the birth rate soared to its highest since 1949 with an annual population growth rate of 3%. In 1966, the Cultural Revolution suspended this second family planning program, but resumed four years later with the third attempt by making later marriage and family size limitation an obligation. Since 1970, the efforts have been much more effective. The third family planning program continued until 1979 when the one child per family policy was implemented. By the early 1980s, China's population reached around 1 billion and by the early 2000s, surpassed 1.3 billion. In the 1980s, the average overall population growth was around 1.5%. In the 1990s, this fell to about 1%. Today it is about 0.6%.[150] China's population growth rate is now among the lowest for a developing country, although, due to its large population, annual net population growth is still considerable. One demographic consequence of the one-child policy is that China is now one of the most rapidly ageing countries in the world.

From 100 million to 150 million surplus rural workers are adrift between the villages and the cities, many subsisting through part-time, low-paying jobs.

According to the latest Forbes China Rich List (2007), China had 66 billionaires, the second largest number after the United States, which had 415. In the 2006 Forbes Rich List it stated that there were 15 Chinese billionaires.[151] In the latest 2007 Hurun Report, it lists 106 billionaires in China.[152]

Labor force

In 2012, for the first time, according to statistics released by China's National Bureau of Statistics in January, 2013, the size of the labor force, people aged 15 to 59, in China shrank slightly to 937.27 million people, a decrease of 3.45 million from 2011. This trend, resulting from China's successful one-child policy of population control, is anticipated to continue for at least the next 20 years, to 2030.[]

Transportation and infrastructure

Development of the country's transportation infrastructure is given a high priority because it is so strategically tied to the national economy and national defense. Regardless, the transportation infrastructure is still not fully developed in many aspects and areas, and it constitutes a major hindrance on economic growth and the efficient logistical movement of goods and people. China's transportation policy, influenced by political, military, and economic concerns, have undergone major changes since 1949.[153]

Shanghai Maglev Train

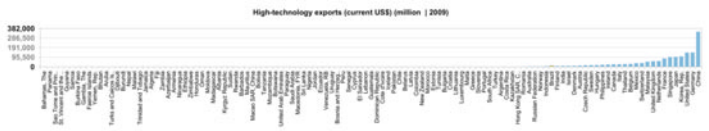
Immediately after the People's Republic was founded, the primary goal was to repair existing transportation infrastructure in order to meet military transport and logistics needs as well as to strengthen territorial integrity. During most of the 1950s, new road and rail links were built, while at the same time old ones were improved. During the 1960s much of the improvement of regional transportation became the responsibility of the local governments, and many small railways were constructed. Emphasis was also placed on developing transportation in remote rural, mountainous, and forested areas, in order to integrate poorer regions of the country and to help promote economies of scale in the agricultural sector.

Before the reform era began in the late 1970s, China's transportation links were mostly concentrated in the coastal areas and access to the inner regions was generally poor. This situation has been improved considerably since then, as railways and highways have been built in the remote and frontier regions of the northwest and southwest. At the same time, the development of international transportation was also pursued, and the scope of ocean shipping was broadened considerably.

Freight haulage is mainly provided by rail transport. The rail sector is monopolized by China Railways, which is controlled by the Ministry of Railways and there is wide variation in services provided. In late 2007 China became one of the few countries in the world to launch its own indigenously developed high-speed train.[154] As rail capacity is struggling to meet demand for the transport of goods and raw materials such as coal, air routes, roads and waterways are rapidly being developed to provide an increasing proportion of China's overall transportation needs.[155]

Some economic experts have argued that the development gap between China and other emerging economies such as Brazil, Argentina and India can be attributed to a large extent to China's early focus on ambitious infrastructure projects: while China invested roughly 9% of its GDP on infrastructure in the 1990s and 2000s, most emerging economies invested only 2% to 5% of their GDP. This considerable spending gap allowed the Chinese economy to grow at near optimal conditions while many South American economies suffered from various development bottlenecks (poor transportation networks, aging power grids, mediocre schools...).[156]

Science and technology



Value in dollars of high-tech exports by country in 2009. The value of Chinese high-tech exports was more than twice that of any other nation.

Science and technology in the People's Republic of China has in recent decades developed rapidly. The Chinese government has placed emphasis through funding, reform, and societal status on science and technology as a fundamental part of the socio-economic development of the country as well as for national prestige. China has made rapid advances in areas such as education, infrastructure, high-tech manufacturing, academic publishing, patents, and commercial applications and is now in some areas and by some measures a world leader. China is now increasingly targeting indigenous innovation and aims to reform remaining weaknesses.

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