

# A Snap Shot of China's Development

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## ■ Britain's Main Trading Partners in 2003

Country	Total Exports	Country	Total Imports
USA	28,997.7	Germany	32,516.7
Germany	20,101.1	USA	23,691.6
France	18,163.7	France	19,384.3
Netherlands	13,134.10	Netherlands	15,316.6
Irish Republic	12,479.4	Belgium	11,967.5
Belgium	10,656.3	Italy	11,421.1
Spain	8,544.60	Irish Republic	9,639.9
Italy	8,332.6	<b>China (8<sup>th</sup>)</b>	<b>8,554.2</b>
Sweden	3,739.3	Spain	8,254.9
Japan	3,739.1	Japan	8,247.2
Canada	3,282.6	Norway	6,591.0
Switzerland	2,904.5	Hong Kong	5,640.5
Hong Kong	2,500.9	Sweden	4,543.4
Australia	2,300.9	Switzerland	3,924.1
India	2,293.0	Canada	3,795.7
Denmark	2,150.4	South Africa	3,029.3
Norway	1,948.8	Denmark	2,917.3
<b>China (18<sup>th</sup>)</b>	<b>1,933.3</b>	Singapore	2,739.0

## China economy

- China 7th largest economy
- Annual Average Growth >7% since mid 90's
- GDP growth 9.5% in 2004 (9.1% in 2003)
- Target to Quadruple GDP 2000 to 2020
- China No.1 recipient of FDI in 2004
- Rapid import and export growth in 2004
- Strong Foreign Exchange Reserves

## Supporting factors:

- WTO (distribution, financial services & retail)
- 2008 Olympics
- Expo 2010
- Foreign Exchange Reserves
- Foreign Direct Investment

## Potential brakes on growth

- Operating environment (rules, regulations, transparency)
- Raw materials
- Power
- Water

## China's impact on the Global Economy

- Shortage of Shipping
- Drawing in raw materials and energy
- Fuelling both the Japanese & Korean economic recovery
- IPR
- Infinite pool of skilled and unskilled lab

## Impact on me.....

- If you are a global business, large or small, understand how China's development can affect you (opportunity or threat?)
- "China Strategy" an essential ingredient in developing your global strategy
- Window of opportunity - Much smaller than many people appreciate
- do not think of China as just an export market for your products and services - sourcing and establishing a local presence may be more realistic option for you.



## Bohan Rim

- Beijing (Political Capital)
- Tianjin
- North East
  - Dalian (Glasgow)
  - Shenyang (Newcastle)
- Shandong

# Yangtze Delta

## Shanghai Economy 2004

- 11.8% GDP Growth
- USD4,909 GDP per capita
- Service sector is 50.2% of GDP
- IT industry to account for 13% of GDP

# Pearl River Delta

## Guangdong economy

- GDP grew 14.2% in 2004
- Import-Export volume grew 26%
- 11% of China's GDP in 2004
- 30.9% of China's trade in 2004
- 46% of China's Hi-Tech exports
- No.1 recipient of FDI in China in 2004 - US\$ 19.4bn
- Light Manufacturing Base
- By 2020: Focus on hi-tech, scientific & value-added goods

## The West

- 57% of China's land area
- 10% of GDP
- 25% of China's consumer base
- GDP per capita only 20% of that in Shanghai
- 80 Fortune 500 companies already investing in the West of China

## Business Etiquette and Practice

- Friendship (Lao Peng You) before business
- Appreciation of the culture
- Face to Face meeting
- Fax vs Email
- Language barrier
- Guanxi
- Brave and considerate

## Doing business in China

- Market entry (Agents, JVs, WFOEs, Rep Offices, M&A)
- China Compulsory Certification (CCC)

[www.ccc-mark.com](http://www.ccc-mark.com)

- Pricing
- Getting Paid
- Intellectual Property Rights (IPR)
- The Culture / Business Tips / Interpreters

## Chinese Perception about UK Companies

- Good quality
- Reliable
- Trustworthy
- Honest
- Disciplined
- Punctual
- Responsible

**Vesus**

- Expensive
- Conservative
- Slow in responding
- Reactive
- Inflexible
- Less forward thinking
- Lack of understanding about market and business practice

## Services from UK Trade & Investment

- UK Trade & Investment remit is to help British companies become more competitive
- Aim is to provide hard commercial information that UK firms can use in making judgements about where to pursue trade overseas
- To focus trade development assistance for SMEs
- A certain amount of initiative activity designed to stimulate customer interest in particular sectoral opportunities
- Basic trade information delivered via its website  
[www.uktradeinvest.gov.uk](http://www.uktradeinvest.gov.uk)

- Global sales and investment leads, now called “Business Opportunities” delivered free through the website
- Overseas Market Introduction Service (OMIS) and advice provided by staff in the UK and in a global network of over 200 offices in markets worldwide
- Facilitating participation in overseas trade fairs through its International Business Schemes, eg trade missions, seminars and attendance at exhibitions.
- Delivery of services provided by other Government departments or other agencies, such as export insurance and credit and assistance with technical information and standards
- Political, economic & security advice, lobbying and access to key contacts through its overseas network

## Government Supported In-market Activities

- International Business Scheme  
Outward mission, seminar and exhibition, solo show support
- Overseas Market Introduction Service
- Export Marketing Research Scheme
- Inward visits by potential overseas buyers

## Regional assistance .....

- Briefing on individual sectors / areas of southern China
- Overseas Market Introduction Service
- Provide networking opportunities
- Lobbying on significant business
- Product launches
- Help with Disputes
- Contact with the China Britain Business Council and the British Chamber of Commerce Guangdong

## The Network

- UKTI
  - in China (Beijing, Shanghai, Guangzhou, Chongqing)
- Regional Development Agencies
- Business links/International Trade Directors
- British Chamber of Commerce in China (Beijing, Chengdu, Guangzhou and Shanghai)
- CBBC
  - in China (Beijing, Chengdu, Hangzhou, Nanjing, Qingdao, Shanghai, Shenzhen & Wuhan)

## Key points?

- Do your research and pick your business partner(s) carefully
- Use professional advice
- Be thorough, be detailed, be flexible and adaptable, and above all be patient!

**Thank You**