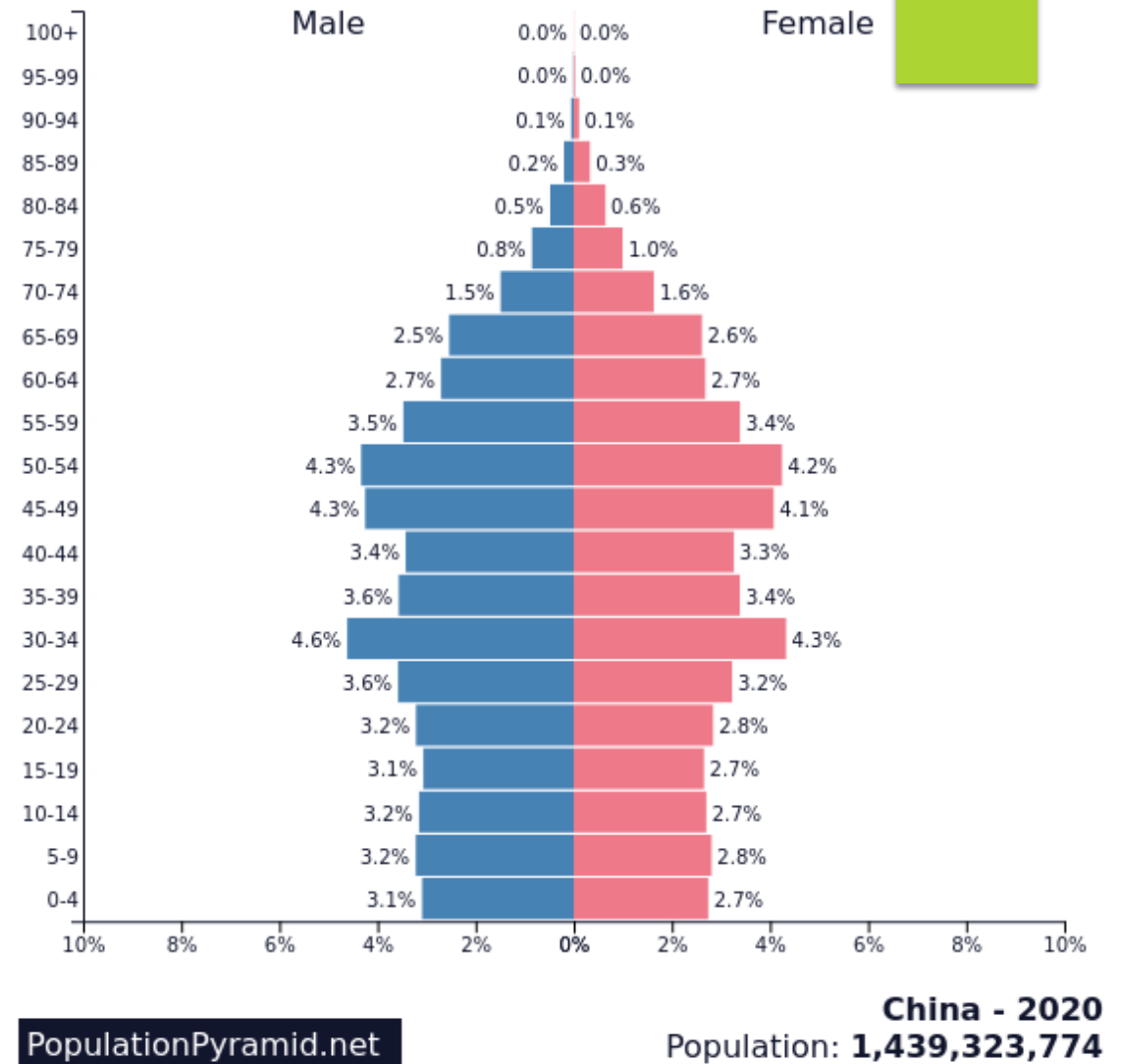




China Country Assessment

Population

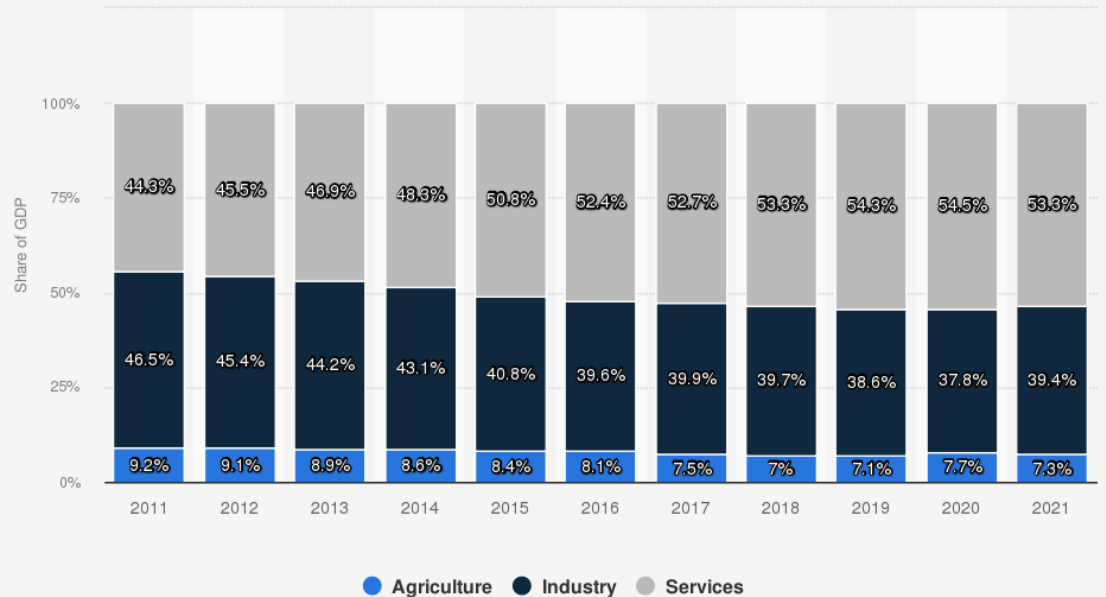
- ▶ Population is 1,442,965,000, the highest in the world
- ▶ Ageing population due to the one child policy which has been implemented to manage there rapidly growing country
- ▶ Beijing, Shanghai and Guangzhou are the major cities where business activity occurs the most
- ▶ Income levels was at 29,975 yuan as of 2021 which is an 8.8% increase from the previous year



Economy and Sectors

- ▶ GDP per capita is 10,500.40 USD
- ▶ Economy is growing at a fast rate of 8.1% as of 2021. This provides many opportunities for businesses to set up for trade as its clear their economic activity is high.
- ▶ Provides job opportunities for locals and foreigners
- ▶ Many reasons for its rapid growth can be due to their success in manufacturing and agriculture from their early years
- ▶ Cheap labour costs will be enticing for businesses
- ▶ Reason as to why so many goods nowadays are manufactured from China
- ▶ Manufacturing + Agriculture was the most dominant. There's been a steady rise in the service + industry sector over the past 20 years
- ▶ Xiaomi + Tencent are major technological companies

Distribution of the gross domestic product (GDP) across economic sectors in China from 2011 to 2021



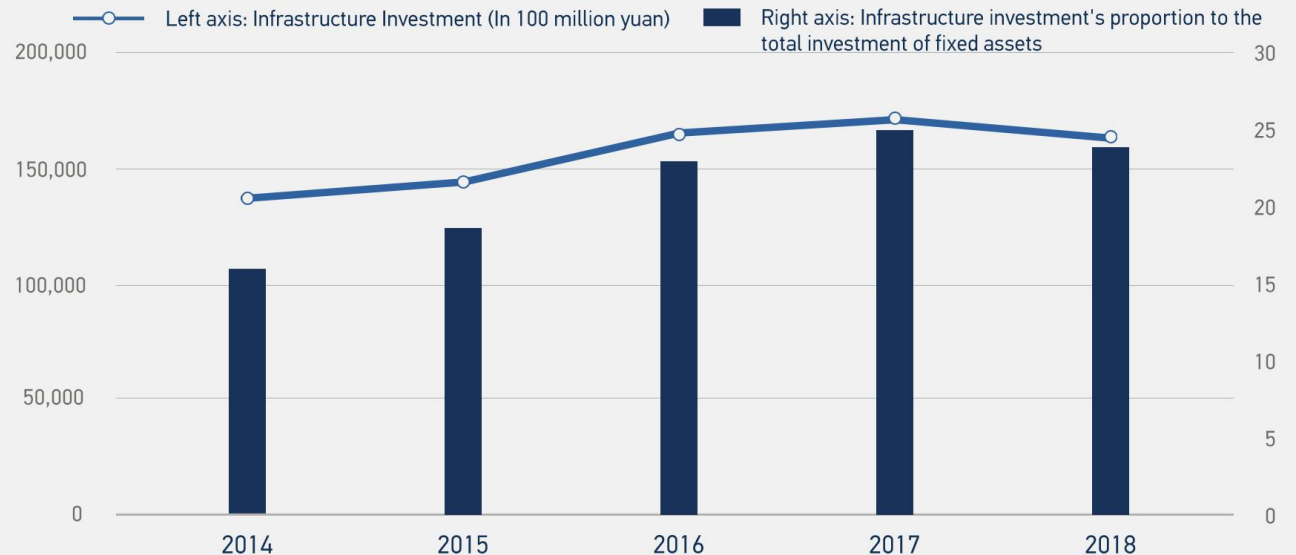
Source
National Bureau of Statistics of China
© Statista 2022

Additional Information:
China; 2011 to 2021

Infrastructure

- ▶ China's infrastructure isn't the best, however due to their heavy investment in the last 20 years, they've been able to improve both their physical and technological infrastructure
- ▶ The 'Global Infrastructure' have estimated that China have spent about 3.3 million USD between 2013-2018
- ▶ Examples are they have 120km of motorways per 1m people, compared to 179km in France and 326km in America. It has 106km of railway per 1m people compared with 236km in Britain and over 400km in Germany.
- ▶ They have 34 major ports and 2000 minor ones
- ▶ In 2010, they had 91 thousand km of railways, as of 2021 it rose to 150 km
- ▶ In 2021, they had 248 civil airports

China's Infrastructure Investment 2014-2018



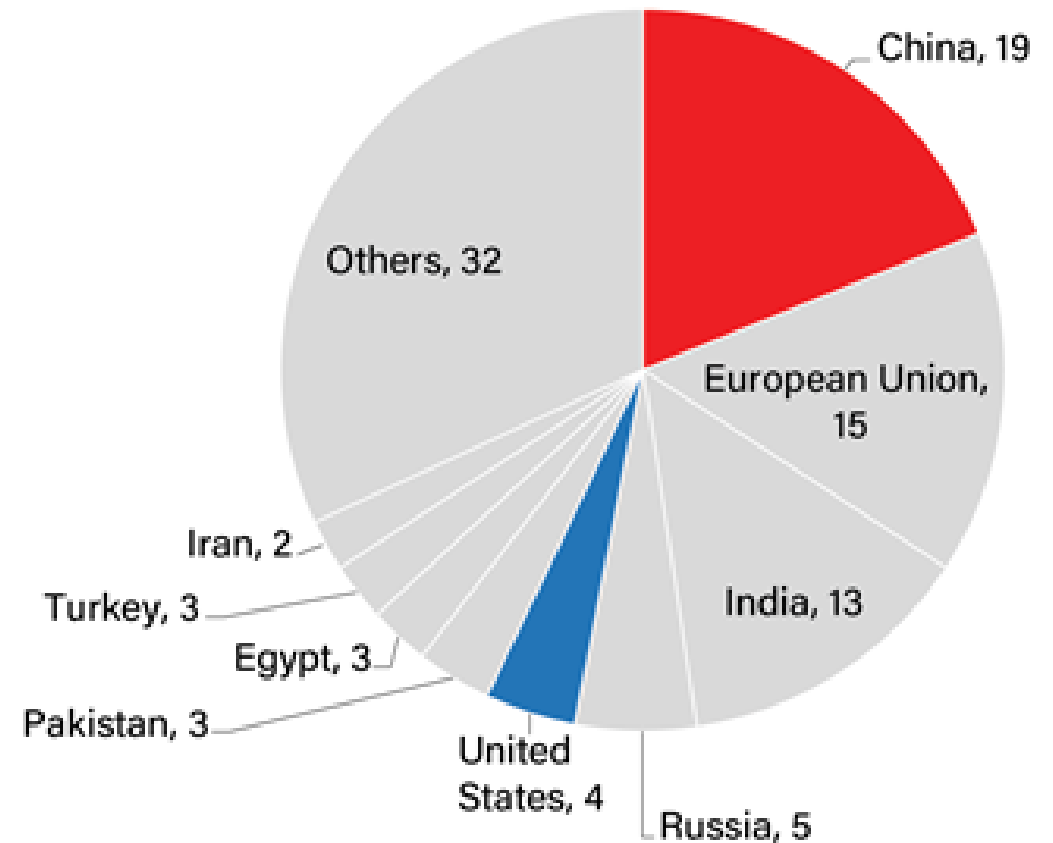
Source: China Statistical Yearbook

CGTN

Quota Systems + Tariffs

- ▶ Quota systems are restrictions on the quantity of goods that can be imported/exported
- ▶ China has one of the largest wheat markets in the world but still imports at a volume of half of what's allowed
- ▶ In 2011, they imposed high tariffs on vehicle exports from the US, so a jeep worth 27,000 in the US would be sold in the hundreds or thousands in China
- ▶ Environmental laws as the Environmental Protection Tax Law was introduced in 2018, imposing taxes on entities that emit air, waste and noise pollution
- ▶ Some international businesses may be put off as a result

China accounted for 19 percent of the world's wheat consumption in the marketing year 2020/21



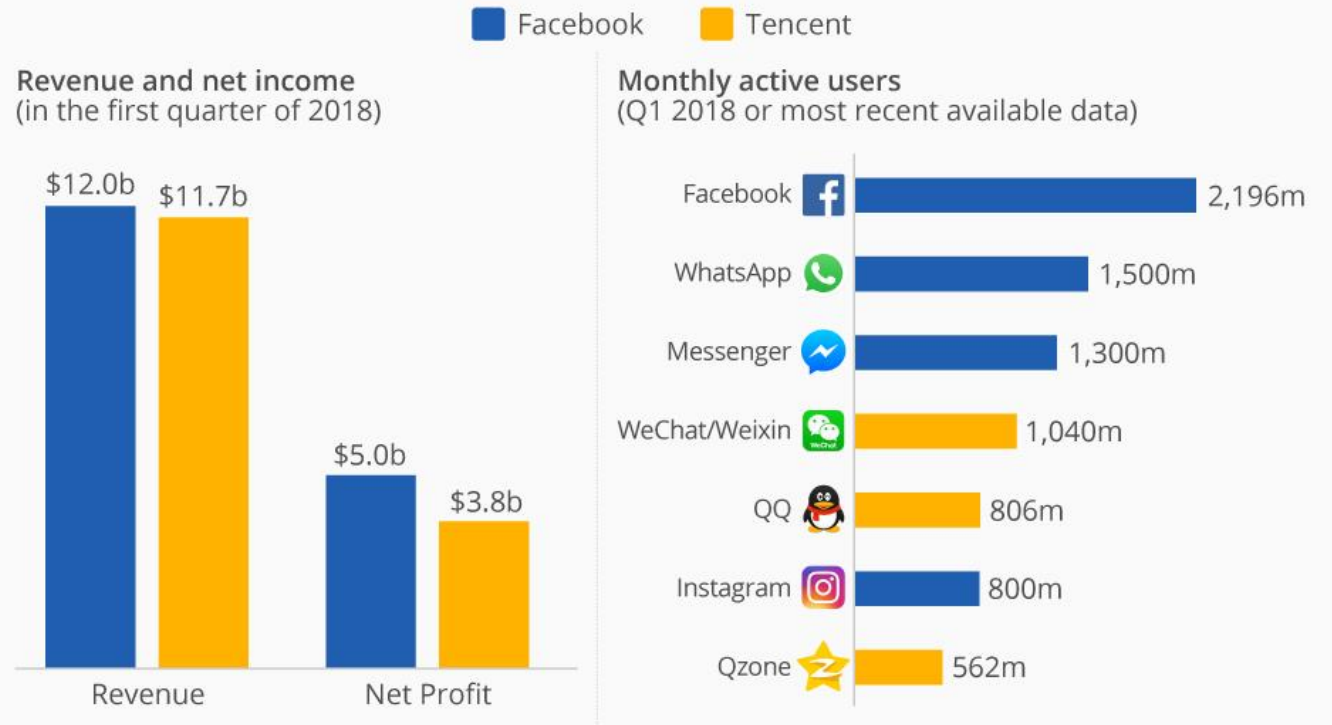
Note: Market year (June–May) data as of March 2021. **Others** refers to all other regions which account for less than 2 percent of global wheat consumption.

Source: USDA, Economic Research Service using data from the USDA, Foreign Agricultural Service, Production, Supply, and Distribution database.

Regulations

- ▶ The government has a strict censorship scheme, so they don't allow Facebook, Netflix, snapchat, twitter or even google in the country
- ▶ China's major alternatives include WeChat + Qzone
- ▶ Could influence businesses decision to set up in China as they may rely on these platforms for marketing to appeal to consumers

How China's Social Media Giant Compares to Facebook



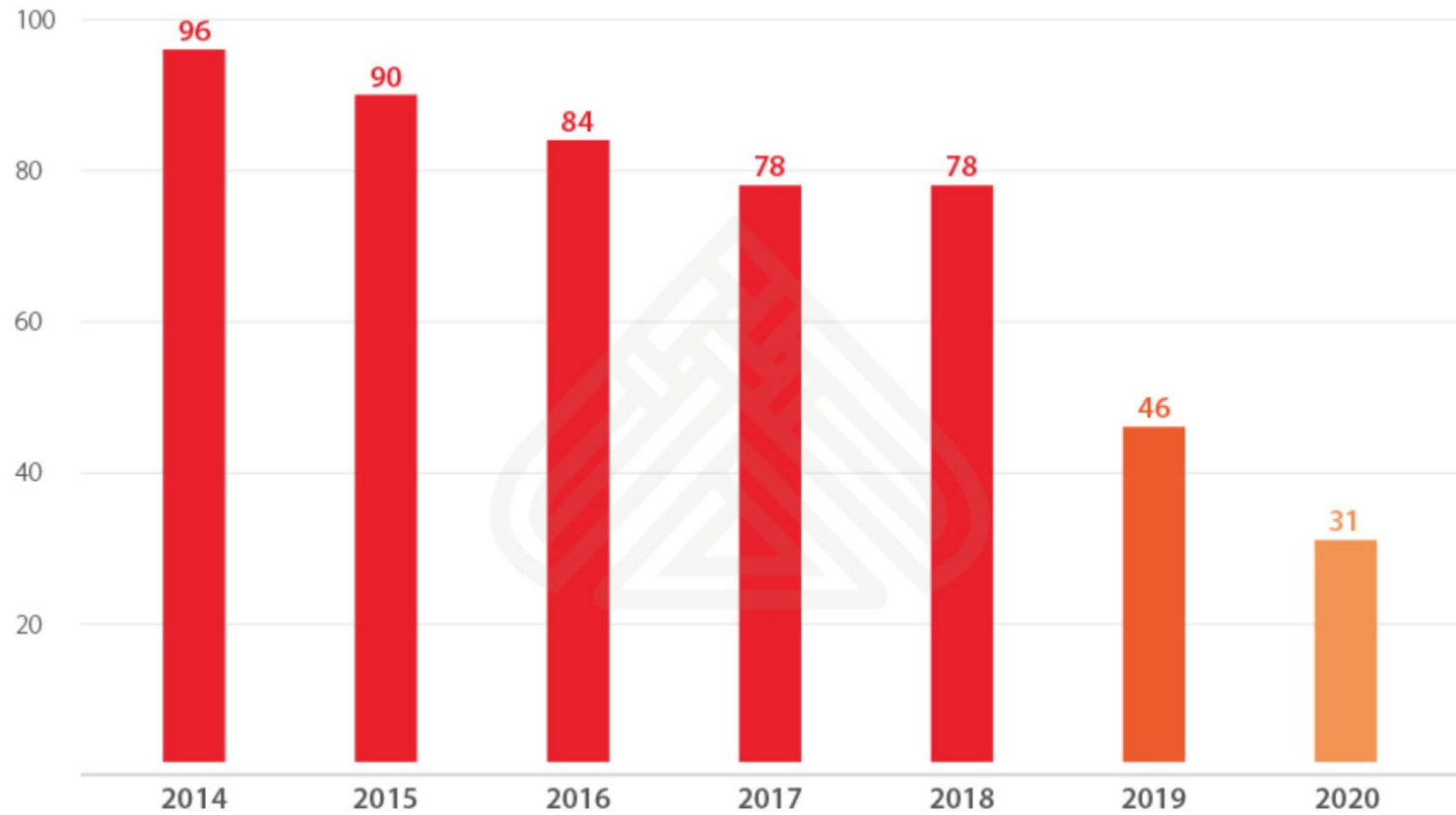
@StatistaCharts

Source: Company reports

statista

Ease of doing business

China's Ease of Doing Business Rankings, 2014-2020



Source: World Bank reports

Graphic© Asia Briefing Ltd.

SWOT Analysis

Strengths

- High GDP (10,500 USD)
- Large Population
- Fast growing economy
- Investment into infrastructure(Allowed them to compete domestically + Internationally as they can integrate into different markets)
- Known for cheap labour

Weaknesses

- Ageing population(Due to one child policy)
- Controlling Government(Facebook, Snapchat, Twitter, Netflix isn't available)
- Restrictions on housing negatively affects construction industry
- High pollution, low air quality due to high manufacturing in factories
- High unemployment(Risen to 6.2% during covid)

Opportunities

- Increase in service + quaternary sector (Decrease in Primary/Agriculture sector)
- Increase in quality of healthcare
- Urban migration(More people moving from rural to urban areas)

Threats

- Negative implications on China(All restrictions/laws hinder likelihood of businesses to set up) = Bad reputation
- Low ease of doing business
- Businesses can deem China as unethical = Pay that workers get and the hours they work can be too much

SWOT Conclusion

- ▶ China is a populous country that has a strong economy and contains cities that are very popular in terms of economic activity which is why they are developing so quickly. This has brought opportunities for urban growth and developing the quaternary sector due to their advancements in technology
- ▶ However, due to the restrictions, environmental laws and ethical issues in China, its all dependant on the business model and philosophy which will factor in as to whether a business will decide to set up in China so they will have to assess the position they are in and decide whether its worth it.