



August 7 Map: China's Population – Where are all the people?

Where are China's 1.3 billion people? As multinational companies from Wal-Mart to BP begin to develop their plans in China, it is important to understand just where their customers are. As seen in this weeks map, China's population has several concentrations, the largest being close to the East coast, and the other being in Sichuan. Not only important to retailers, understanding the population of China will help manufacturers (FMCG, Hi-tech, etc) plan second and third manufacturing facilities.

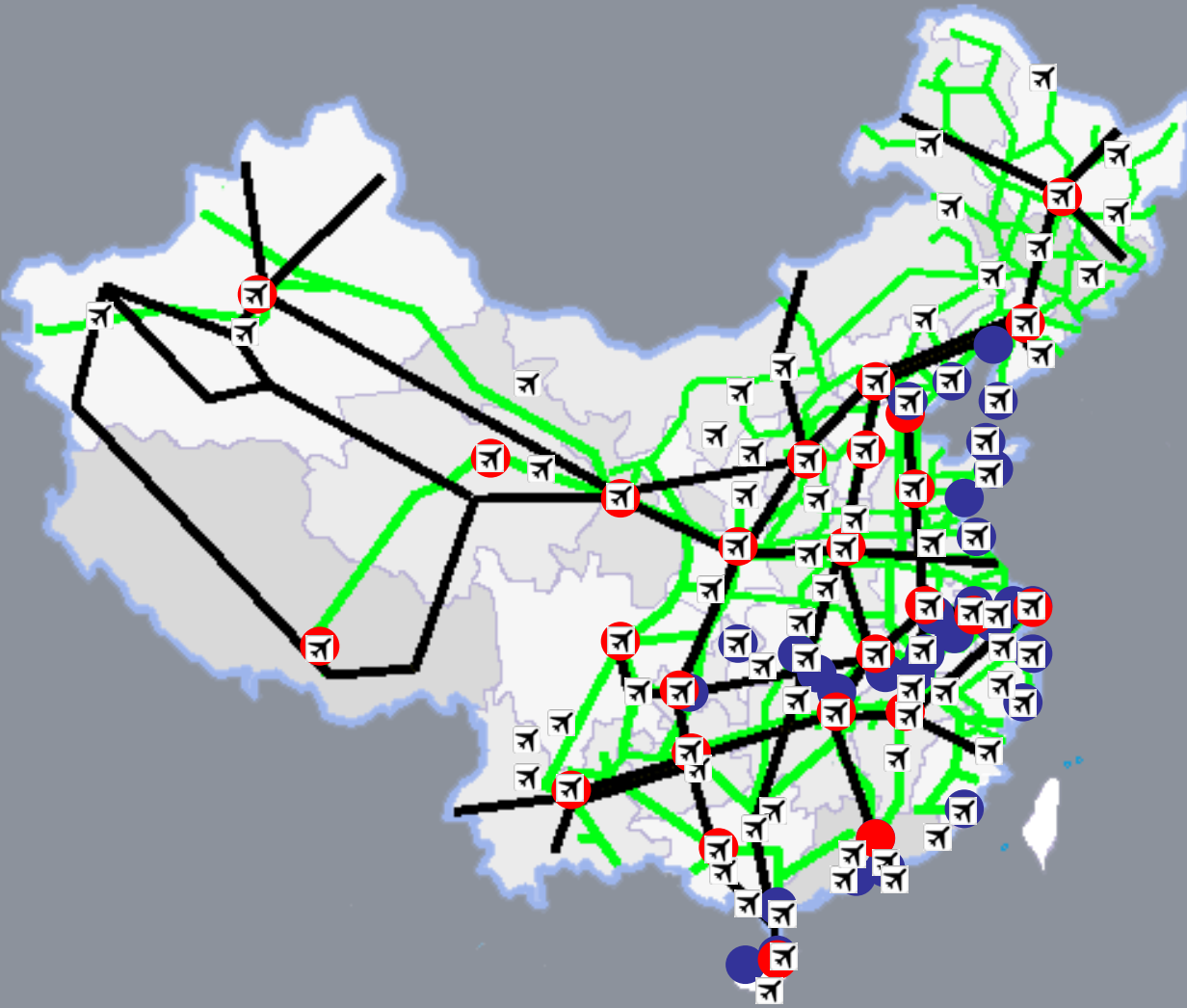


Province	Population	Capital City	Population
Tibet	2.70	Lhasa	0.45
Qinghai	5.34	Xining	2.10
Ningxia	5.80	Yinchuan	1.41
Hainan	8.11	Haikou	1.47
Tianjin	10.11	Tianjin	9.39
Shanghai	13.42	Shanghai	13.60
Beijing	14.56	Beijing	11.81
Xinjiang	19.34	Urumqi	1.94
Inner Mongolia	23.80	Hohhot	
Gansu	26.03	Lanzhou	3.12
Jilin	27.04	Changchun	
Chongqing	31.30	Chongqing	27.98
Shanxi	33.14	Xi'an	741.73
Fujian	34.88	Fuzhou	
Shanxi	36.90	Taiyuan	3.42
Heilongjiang	38.15	Harbin	9.72
Guizhou	38.70	Guiyang	3.53
Liaoning	42.10	Shenyang	
Jiangxi	42.54	Nanchang	4.75
Yunnan	43.76	Kunming	5.09
Zhe jiang	46.80	Nanjing	5.95
Guangxi	48.57	Nanning	6.60
Hubei	60.02	Wuhan	8.01
Anhui	64.10	Hefei	4.56
Hunan	66.63	Changsha	6.21
Hebei	67.69	Shijiazhuang	9.27
Jiangsu	74.06	Hangzhou	6.60
Guangdong	79.54	Guangzhou	7.51
Sichuan	87.00	Chengdu	10.82
Shandong	91.25	Jinan	5.97
Henan	96.67	Zhengzhou	7.16



August 14 Map: China's Transportation Network

China is well known for its railway, and its ability to move the 1.3 billion people of China. However, in the last 10 years the government has also spent a significant amount of money building a strong network of river and sea ports, air terminals, and highways. In fact, by 2010 China plans to have 2 million km of roads in operation (4 million by 2050), 60,000 miles of rail by 2020, and 220 airports by 2020 (currently 145).



City	Rail	Road	Water
Changsha		45	70
Chengdu	13,309	13,315	
Chongqing	3,731	31,515	2,918
Dalian	1,844	16,741	3,945
Kunming	2,105	9,534	
Nanchang	85	19	4
Nanjing	987	9,741	6,206
Ningbo	1,210	9,890	4,734
Shijiazhuang	1,463		
Wuhan	5,861	7,811	3,344
Xiamen	426	1,692	917

Unit = 10,000 Tons

- Provincial Capitals:
- Sea and River Ports
- Highway — Railway
- Airport

All data provided by Ministry of Transportation

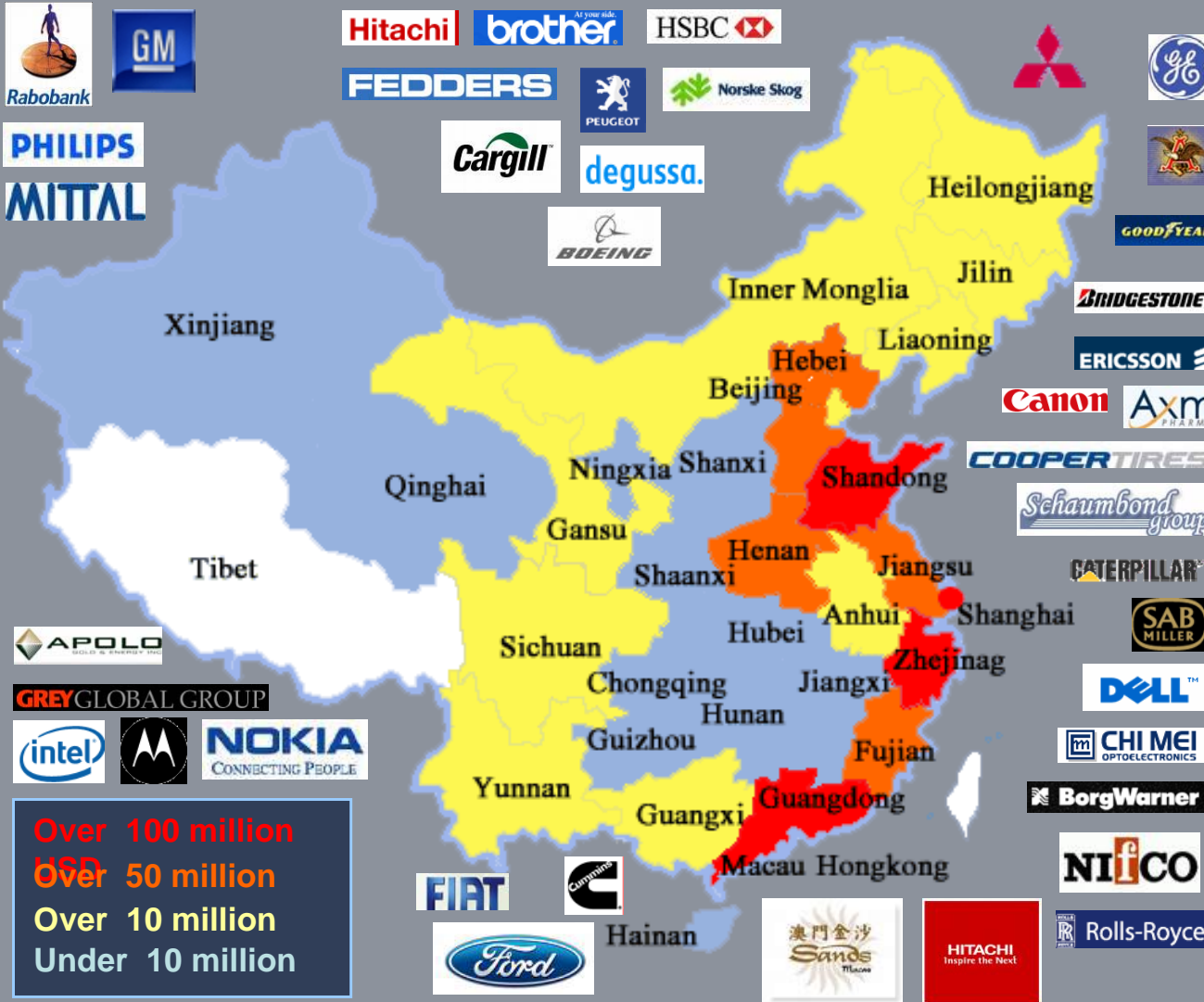


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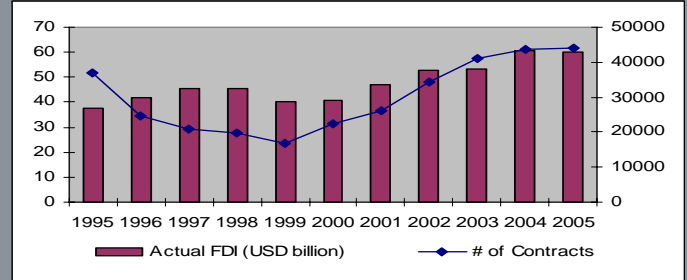
Building Relationships; East and West

August 20 Map: Investment in China – Where did all the money come from? Where did it go?

2005 was a record year for China all around. The economy grew at 11.3%, and it recorded 72.4 billion USD in foreign direct investment. 72.4 billion in FDI is a lot of money in any language. Where did it come from? Where did it go? And who was spending money?



Over 100 million
 Over 50 million
 Over 10 million
 Under 10 million



Where did it come from?

Country	Foreign Direct Investment	Foreign Other Investment
Hong Kong	\$18,998,300,000	\$1,806,730,000
Virgin Islands	\$6,730,300,000	\$103,070,000
Korea	\$6,247,860,000	\$5,420,000
Japan	\$5,451,570,000	\$67,460,000
United States	\$3,940,950,000	\$3,260,000
Taiwan, China	\$3,117,490,000	\$340,610,000
Cayman Islands	\$2,042,580,000	\$0
Singapore	\$2,008,140,000	\$1,800,000
Germany	\$1,058,480,000	\$0

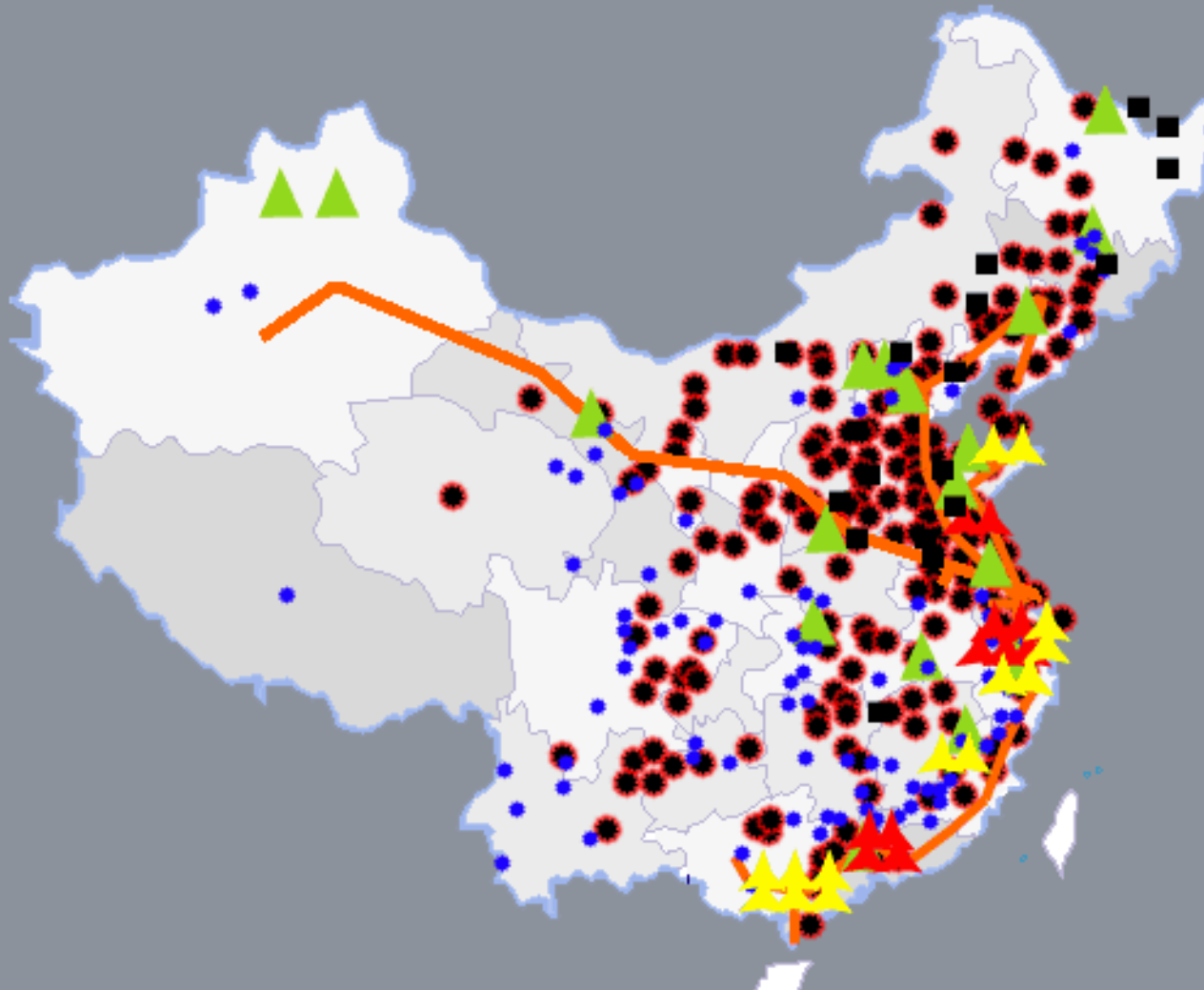
Where did it go?








Province	FDI Contracted	FDI Utilized	Contracts
Shanghai		\$667,560,000	
Zhejiang		\$183,910,000	
Shandong		\$164,390,000	
Guangdong		\$112,670,000	
Jiangsu		\$96,540,000	
Hebei		\$80,590,000	
Beijing		\$75,820,000	
Fujian		\$72,310,000	
Henan		\$58,620,000	

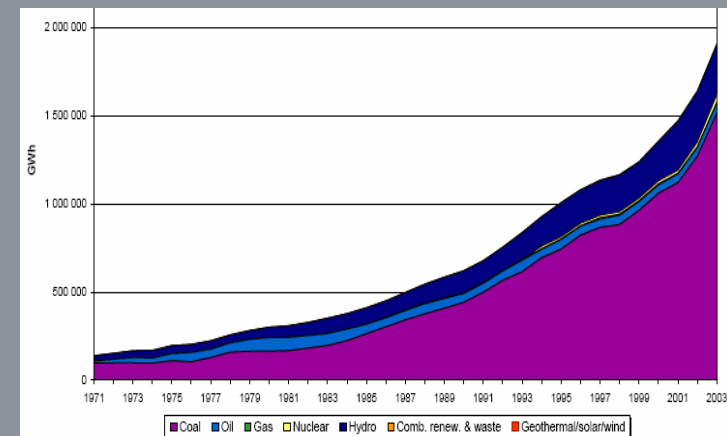


August 28 Map: China's Energy & Power Network

It takes a lot of energy to become the world's factory floor, and as seen in the graph below provided by International Energy Agency, the needs are only going to increase. For many living in China, the usage of dirty coal is ha provided more of a stable for of pollution than a stable for of power (summer often brings scheduled rolling blackouts) to combat these in the future, the government has brought online projects like 3 gorges dam, nuclear plants, and wind power.



-  Coal Power Plant
-  Hydro Power Plant
-  Oil Refinery
-  Nuclear Power (Online)
-  Nuclear Power (Planned)
-  Natural Gas Pipeline
-  Large scale Coal Mining





September 4 Map: After Sales Network

In addition to having a product that meets the needs of the market, and a sales force that can effectively sell that need, many companies must focus on the after sales service as well. What happens when the product needs repair? What product development is required? In the past, these were typically considered the strengths of the international manufacturers, not the local manufacturers. Thus, a primary reason why consumers would spend more. However, as can be seen in the map below,



Case Study: Truck Service Network

For logistics providers around the world, time is money. And anytime a truck breaks down in the middle of a run, it costs valuable time and money.

Therefore, for an international manufacturer of trucks used in the long haul logistics business, being able to repair trucks in a timely manner is a critical after sales service that must be provided.

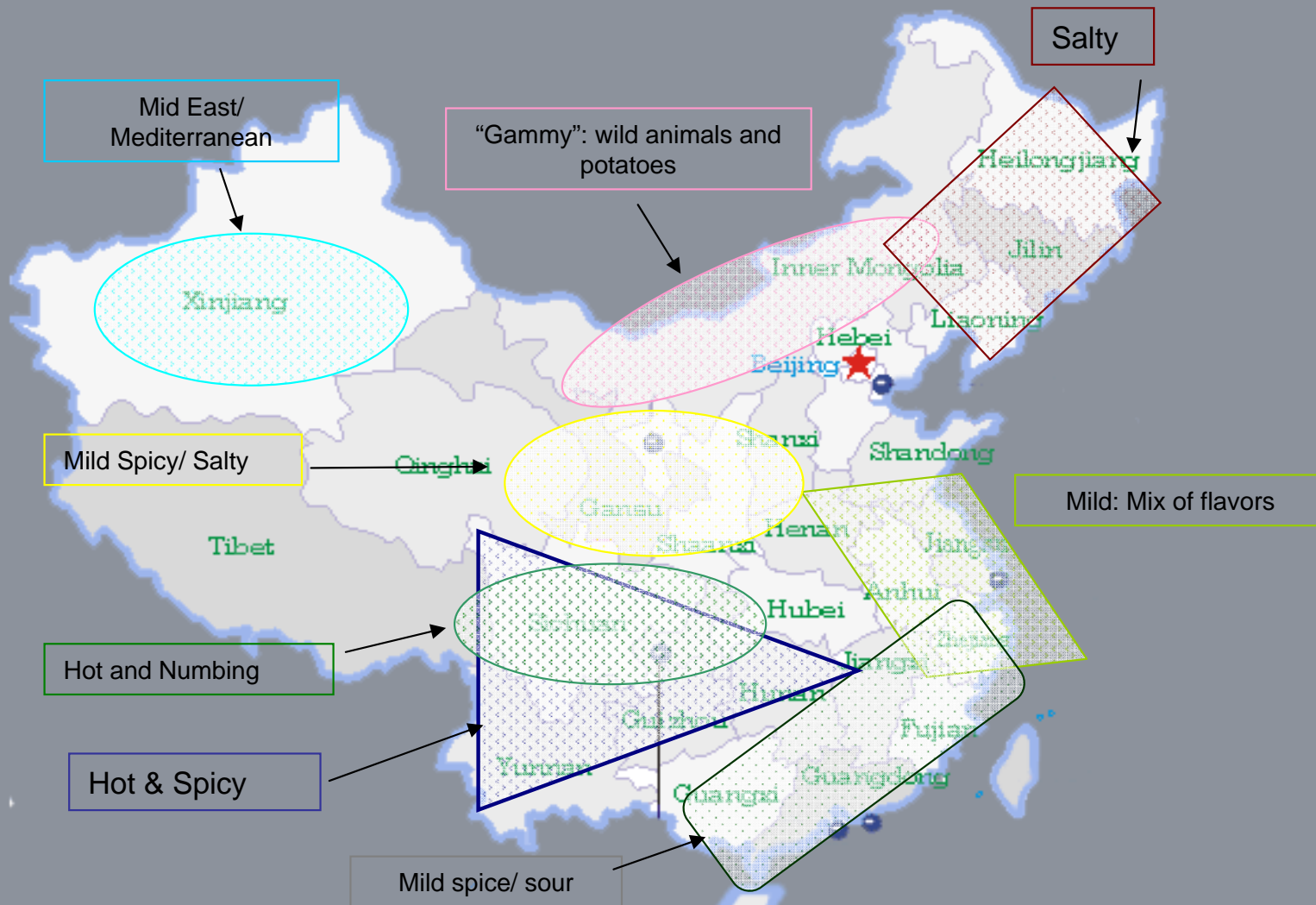
As can be seen in the map to the left, Volvo's 15 service centers are unable to offer the China-wide coverage of their strongest 2 competitors, DongFeng and FAW, and as a result executives at leading international logistics firms are saying **"If China Post can buy local, so can we"**

As indicated, it will be critical for manufacturers and retailers alike to fully understand that after service needs and build a strong platform to address those needs.



September 11 Map: Flavor Map of China

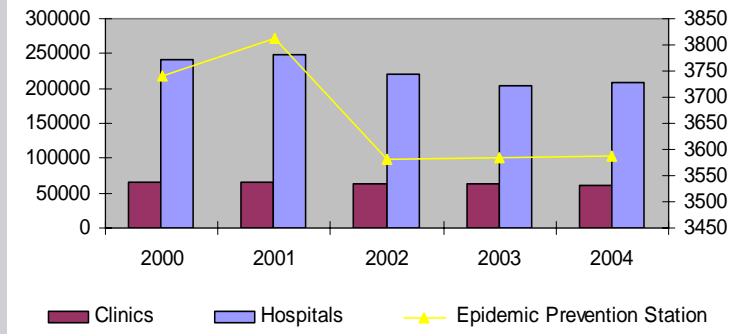
Who says all Chinese food tastes the same? Whether you are a food company looking to understand the various palates of China, or an executive looking to understand what may be served at dinner, this map is an interesting way to see just how wide the ranges of tastes in China really is.





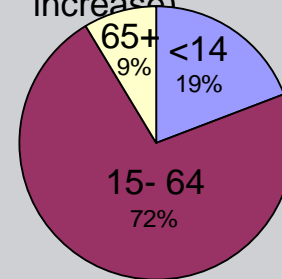
September 18 Map: The Graying of China

Lately there has been a lot of reports related to the graying of China. With the fear that in 20 years, China will be without a workforce, China SDP has put together the map below for you. Paying particular interest to the areas in Red and Dark Grey, some areas of China's east coast could see an impact from the graying of populations. However, as can be seen in the southwest and central provinces, other areas still have a young population with over 20% of the population still under the age of 14. In the future, the aging of China's society will be an important role in the decision process of companies (domestic and international) establishing manufacturing and retail operations. By knowing recognizing patterns, companies will be able to avoid the pitfalls and understand where future opportunities may lie.



By the Numbers: 2005 Healthcare Statistics

- 1.938 million doctors (3.3% increase)
- 1.308 million nurses (3.2% increase)
- 3.07 million hospital beds (2.3% increase)



Life Expectancy:

- National: 71.40 years
- Male: 69.93 years
- Female: 73.33 years

All data provided by Statistics Bureau



September 25 Map: Where is Your Target Market?

With \$1.3 billion consumers in China, many consider it to be potentially the market with the greatest future potential. However, many outside of China are unable to accurately assess the true market size and dynamics, and thus have a difficult time understanding why their particular product performs the way it does. An executive once said that to win the war, “you needed to capture the countryside” (Yellow), but for many MNCs the focus is on the East Coast (Red) as they have historically the highest disposable income and expenditure trends. Lately though, MNC firms have begun to enter into the grey area (Orange).



Quick Facts: China's Consumption (2005)

- Number of millionaires in China: 320,000
- Size of luxury car market: 150,000 units
- Tons of wine imported: 53,000
- Number of fans sold: 46.8 million
- Number of refrigerators sold: 10.5 million
- Number of laptops sold in 2004: 2.4 million
- Value of fast food market: \$21.7 billion USD

Note: All Statistics are found on publicly accessible websites

Disposable Income

- > 15,000 RMB
- > 10,000 RMB
- < 10,000 RMB

Household Expenditure

- > 10,000 RMB
- > 6,500 RMB
- < 6,500 RMB

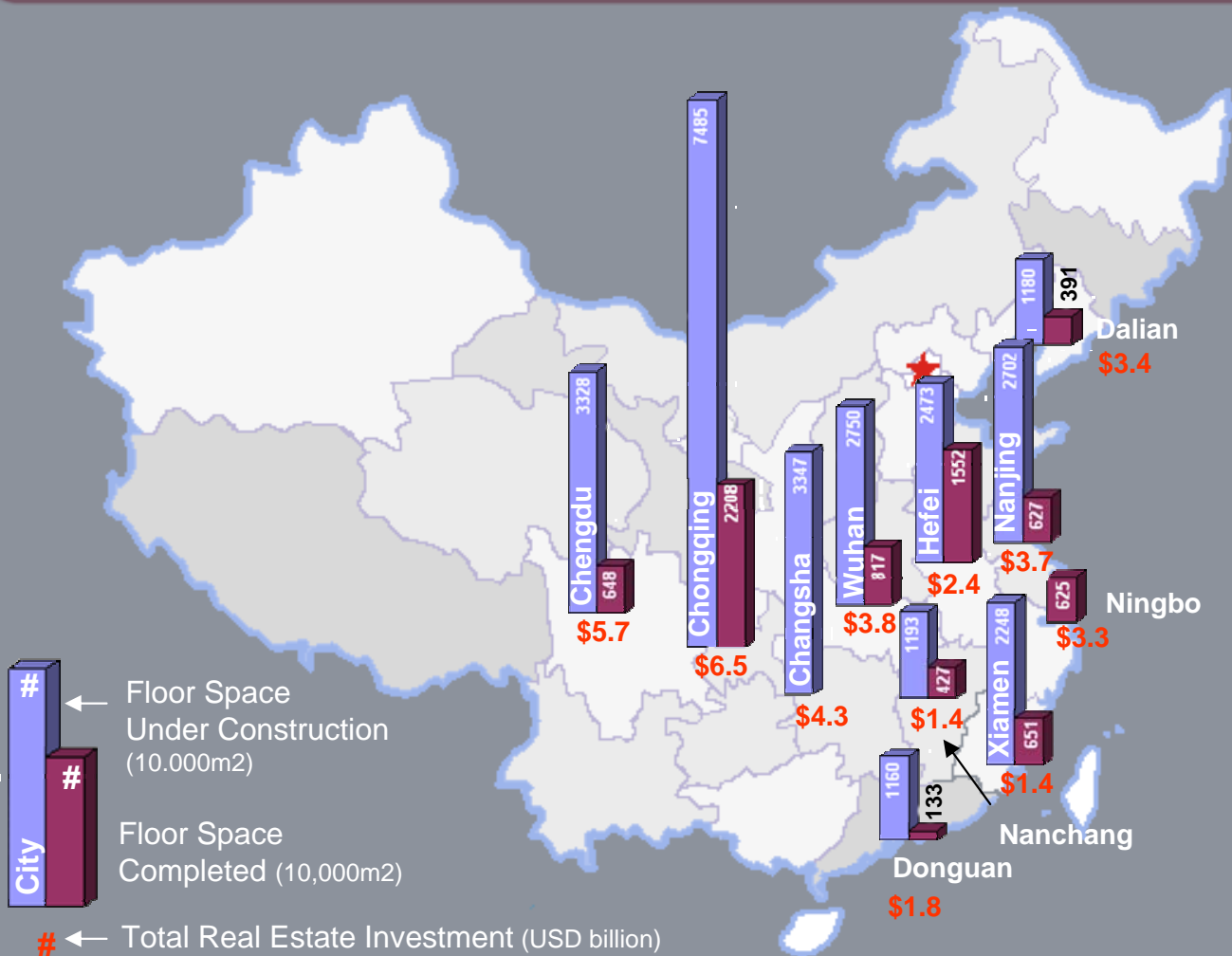
Population

- Rural >50%
- Urban >50%



October 9 Map: Provincial Capital Real Estate Investment

For the last 3 years, the real estate markets in Beijing, Shanghai, and Guangzhou have been the topic of discussion around nearly every dinner table. Whether it was the ability to make quick money, recent regulations preventing the ability to make quick money, or as seen recently, the scandals surrounding the ability to make quick money, these markets have held the attention of nearly everyone. However, as can be seen in the map below, China's second tier cities are also seeing large amounts of investment and construction as well, and some believe these markets are prime for investment as well. To give others an idea of the investment, and level development in these cities, we have constructed the map below.



2006 Real Estate Regulatory Changes:

- 20% Capital gain tax applied if sold within 5 years
- 5.5% Gross tax applied if sold within 5 years
- Foreigners prohibited from buying multiple properties
- 70% of new flats built must be under 90m²
- 30% deposits are required for properties over 90m²
- Foreign developers must invest 35% of project (50% if the project is over 10M USD)

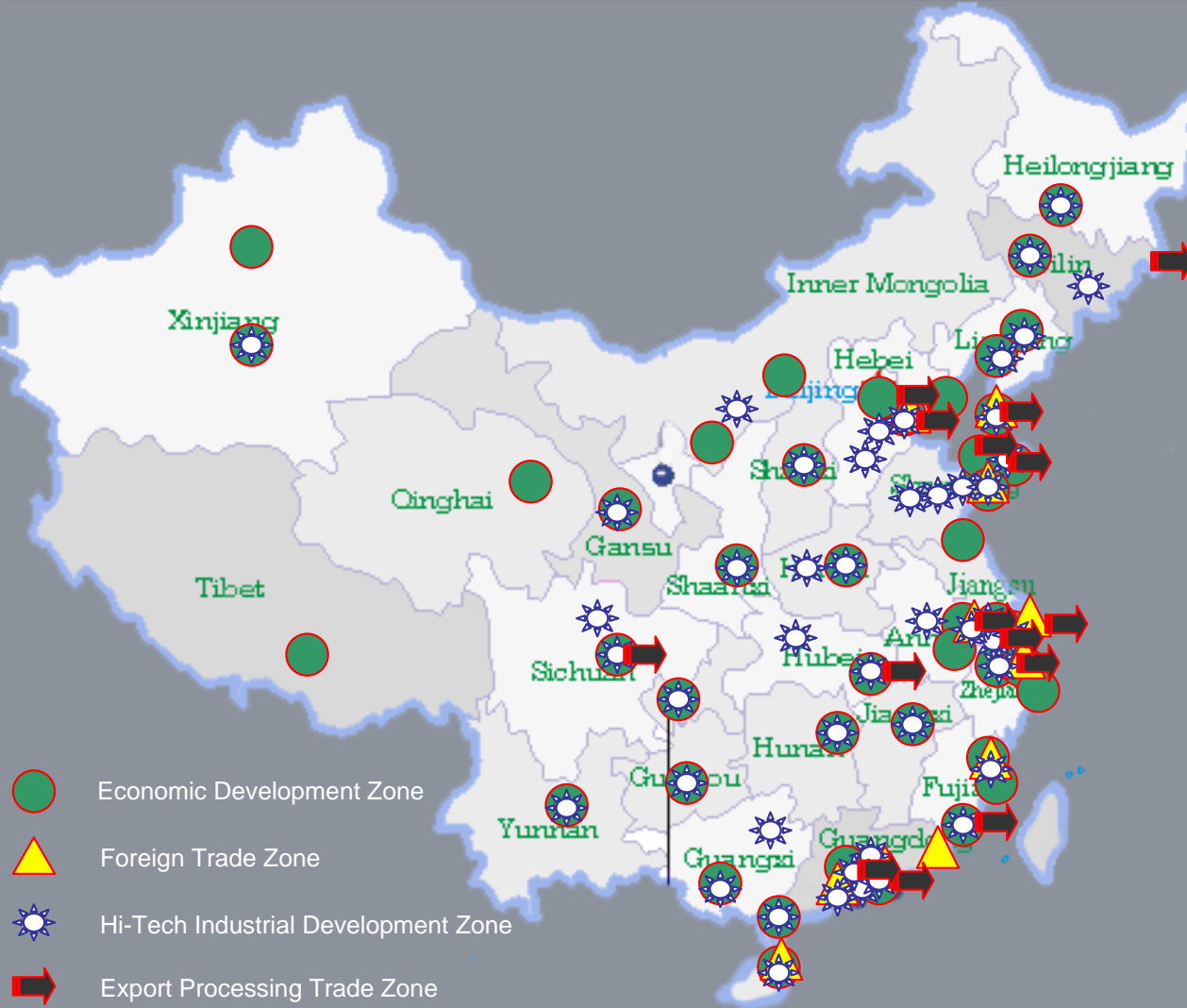
Selected Real Estate Transactions

- 10/05 Shui On Invests 1.2billion USD in Chongqing
- 10/05 CapitalLand invests 108M USD in Ningbo
- 05/06 Capitaland invests in 70M USD Hangzhou
- 05/06 Prologis to invest in Qingdao, Hangzhou, & Ningbo
- 06/06 Hutchinson Whampoa invests 280M USD in Qingdao



October 16 Map: China's Zones Defined

For many entering China to establish manufacturing operations, site visits to various economic, trade, and hi-technology zone occur. There are many reasons why one would look to these areas: tax benefits, quality of infrastructure, concentration of services, proximity to suppliers/ customers, and so on. For many parks though, it is the ability to attract investment and provide the critical mass of employees for a sector that leads to the success of the park.



Economic and Technological Development Zones (55)

are relatively small piece of land carved up in the coastal cities and other open cities attract investment for developing the high-tech industry, focusing on industrial projects and building up export-oriented economy" to strive for a fast and sound development.

Hi-Tech Industrial Development Zones (54)

are zones established for purposes of transforming achievements of science and technology into practical productive force to the maximum extent through local optimization of soft and hard environments, orienting to both domestic and overseas markets and developing China's new/high tech industries.

Foreign Trade Zones (12)

are specialized areas for international trade and bonded operations within the area, activities of foreign investment, international trade, bonded warehouses and processing for re-export are allowed

Export Processing Trade Zones (15)

are intended to be a special enclosed area supervised by the Customs.



October 23 Map: Mainland China's Regions

If bigger were better, than the outer provinces of China would be in a much better position. As it stands though, and as many know, location is everything, and location in this case is the advantage of the East coast. Breaking China into regional components, we can see that there are very distinct differences between the areas economically in terms of output, and in terms of investment. The East is the clear winner as they have been able to capture the gains from the export market. However, with 60% of China living outside of the East coast, there are opportunities that have yet to be fully developed in the Northeast, Central, Southwest, and Outer provinces.



Northeast:

Heilongjiang, Jinan, Liaoning
Population: 107.25 Million Size: 801,700 km²
Regional GDP: \$184.3 Billion FDI: \$1.505 Billion

East Coast:

Jiangsu, Zhejiang, Fujian, Guangzhou, Hebei, Beijing, Tianjin, Shanghai, Shandong, Anhui, Jiangxi
Population: 537.23 Million Size: 1.25M km²
Regional GDP: \$1.2Trillion FDI: \$8.595 Billion

Central:

Shanxi, Shaanxi, Henan, Hunan, Hubei
Population: 293.36 Million Size: 925,000 km²
Regional GDP: \$330.3 Billion FDI: \$1.182 Billion

Southwest:

Sichuan, Chongqing, Kunming, Guizhou, Guangxi
Population: 223.03 Million Size: 1.37M km²
Regional GDP: 211.8 Billion FDI: \$332.68 Million

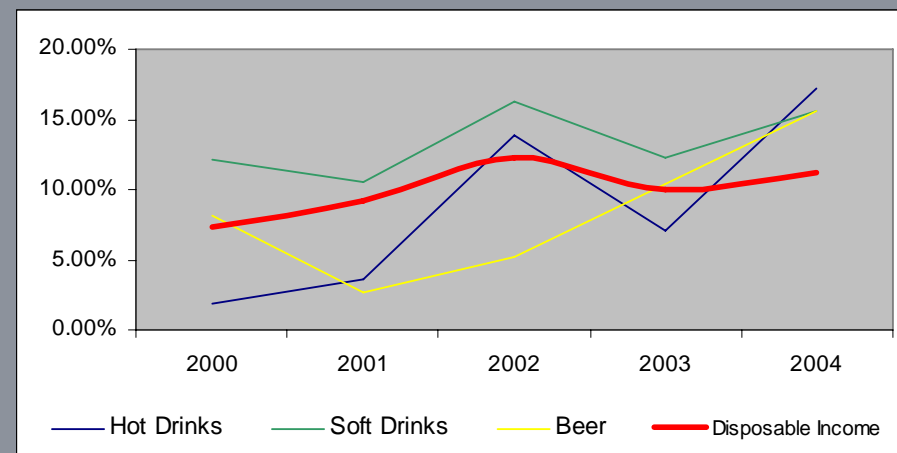
Outer Provinces:

Inner Mongolia, Gansu, Tibet, Ningxia, Qinghai, & Xinjiang
Population: 83.01 Million Size: 5.3M km²
Regional GDP: \$91.2 Billion FDI: \$136.2 Million



October 30 Map: China Drinks it Up

The competition to quench the thirst of China's 1.3 billion people is in full gear. Multinationals like Coke, Pepsi, Heineken, and Starbucks are all investing heavily to create brand loyalty. What are they up against? According to a Gallup study release in late 2004, The Wahaha group held the #1 brand spot in China, ahead of China Post and Bank of China. As disposable incomes levels rise, and consumer patterns mature, multinational groups hope that they will be the ones to knock Wahaha from the top spot. To do so, they will need to sell more than a billion units a year.



Source: National Bureau of Statistics



October 23 Map: Multi-million USD Donations in China

Lately there

Toyota Motor Co. Ltd. on March 21 donated 20 million yuan (around 2.4 million U.S. dollars) to the Soong Ching-ling Foundation (SCLF), to support a number of poor Chinese college students for the next five years.

SHANGHAI Accor Hotel and Services Group has donated 43,000 yuan (US\$5,375) to the Yanqing Charity Fund

United Technologies Corporation says it is supporting Conservation International's efforts to restore critically endangered forests within the mountains of southwest China through a US\$200,000 grant stretching over two years - September 18, 2006

February 14, 2006
Starbucks has pledged US\$1.5 million to train schoolteachers in China

September 20, 2005, Starbucks Coffee Company announced the establishment of the Starbucks China Education Project, a US\$5 million commitment to support educational programs in China.

2006-04-28 Beijing Time
[Metro](#) | [Charity and civil affairs](#)
THE Irish Consulate General in Shanghai has donated 70,000 yuan (US\$8,731) to the Shanghai Social Welfare Business Association to help train 100 people as professional caretakers of seniors.

July 18 /PRNewswire/ -- Bank of America Corporation today announced an expansion of its partnership with The Nature Conservancy through a \$500,000 contribution to fund alternative energy use in China.

In 2005, the Medtronic Foundation gave a grant of \$225,000 payable over 3 years to Children's HeartLink (Medtronic Foundation has supported Children's HeartLink since 1999) to support its "Advancing Pediatric Cardiac Services in China" program

China Youth Development Foundation (CYDF) \$800,000 USD over 3 years (2005, 2006, 2007)

2006-03-15 Beijing Time
[Metro](#) | [Charity and civil affairs](#)
IN the runup to St. Patrick's Day on Friday, the Shanghai Gaelic Football Club of the city's Irish community donated 30,000 yuan (US\$3,728) to the Boai Children's Rehabilitation Center yesterday.

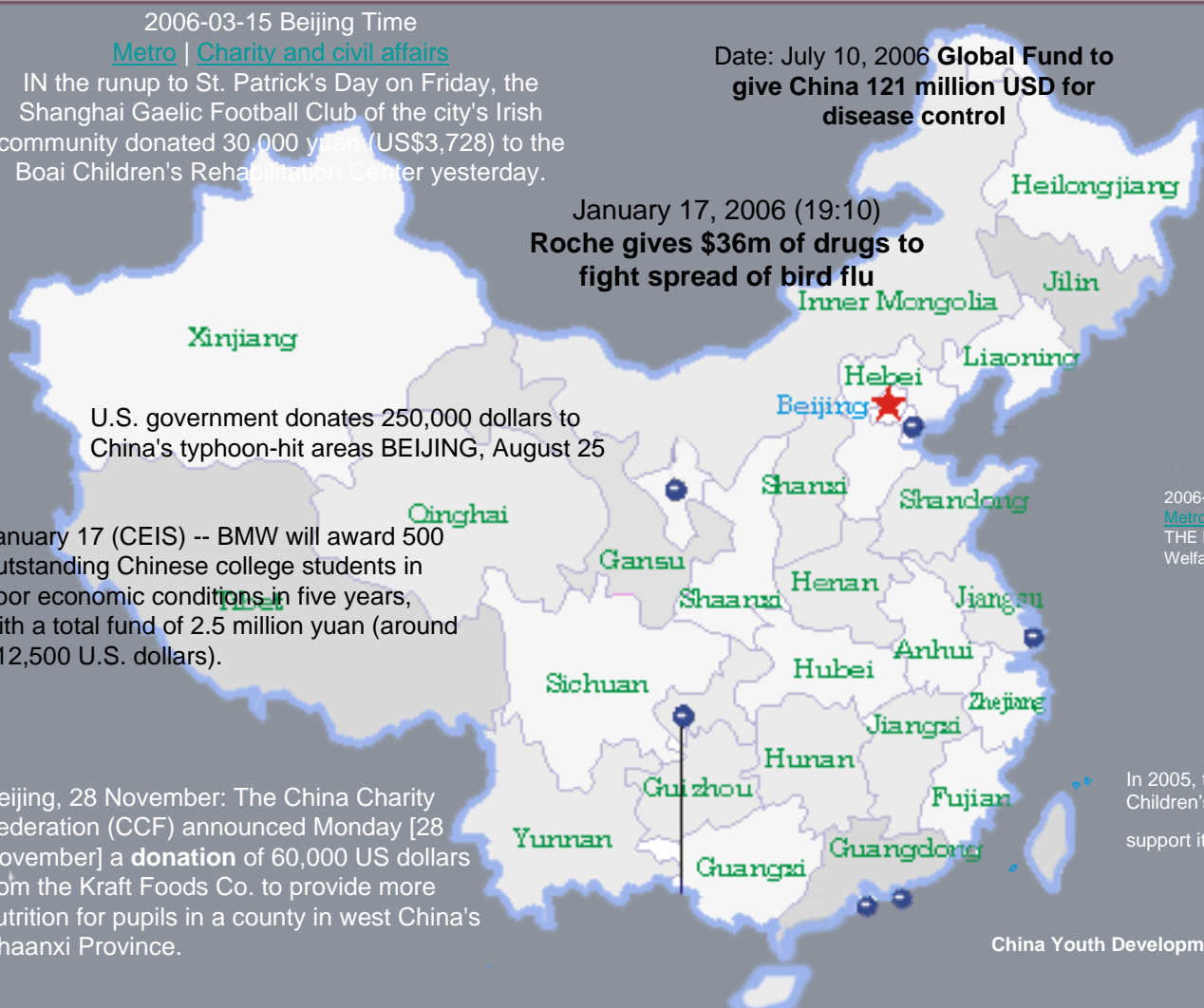
Date: July 10, 2006 **Global Fund to give China 121 million USD for disease control**

January 17, 2006 (19:10)
Roche gives \$36m of drugs to fight spread of bird flu

U.S. government donates 250,000 dollars to China's typhoon-hit areas BEIJING, August 25

January 17 (CEIS) -- BMW will award 500 outstanding Chinese college students in poor economic conditions in five years, with a total fund of 2.5 million yuan (around 312,500 U.S. dollars).

Beijing, 28 November: The China Charity Federation (CCF) announced Monday [28 November] a **donation** of 60,000 US dollars from the Kraft Foods Co. to provide more nutrition for pupils in a county in west China's Shaanxi Province.





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Building Relationships; East and West

November 6 Map: China Ports

Lately there



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Building Relationships; East and West

November 20 Map: China's Home Finishing

Lately there



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Building Relationships; East and West

November 27 Map: China's White Good Manufacturing

Lately there



China Strategic Development Partners LLC

Building Relationships; East and West

November 27 Map: White Goods

Lately there

