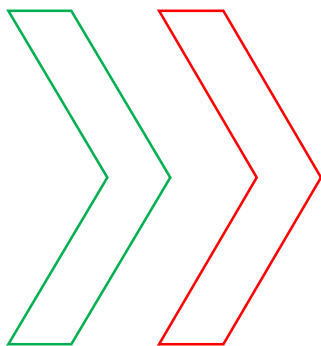


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PROMOS
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BE GLOBAL

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F O C U S C I N A

Economic and Digital Trends

Lorenzo Riccardi | RsA Asia e docente Shanghai Jiaotong University

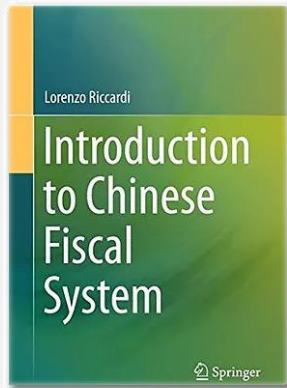
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Introduction to Chinese Fiscal System

Lorenzo Riccardi
Hardcover, 300 pages
Springer 2018
ISBN: 978-9811085598



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THE PEOPLE'S REPUBLIC OF CHINA



Anhui



Beijing



Chongqing



Fujian



Gansu



Guangdong



Guangxi



Guizhou



Hainan



Hebei



Heilongjiang



Henan



Hong Kong



Hubei



Hunan



Inner Mongolia



Jiangsu



Jiangxi



Jilin



Liaoning



Macao



Ningxia



Qinghai



Shaanxi



Shandong



Shanghai



Shanxi



Sichuan



Taiwan



Tianjin



Tibet



Xinjiang



Yunnan



Zhejiang

(34) ADMINISTRATIVE DIVISIONS OF CHINA



The **People's Republic of China** consists of **34 provincial – level administrative units**, among which

- **23 Provinces**

Anhui, Fujian, Gansu, Guangdong, Guizhou, Hainan, Hebei, Heilongjiang, Henan, Hubei, Hunan, Jiangsu, Jiangxi, Jilin, Liaoning, Qinghai, Shaanxi, Shandong, Shanxi, Sichuan, Taiwan, Yunnan, Zhejiang.

- **4 Municipalities**

Beijing, Chongqing, Shanghai, Tianjin.

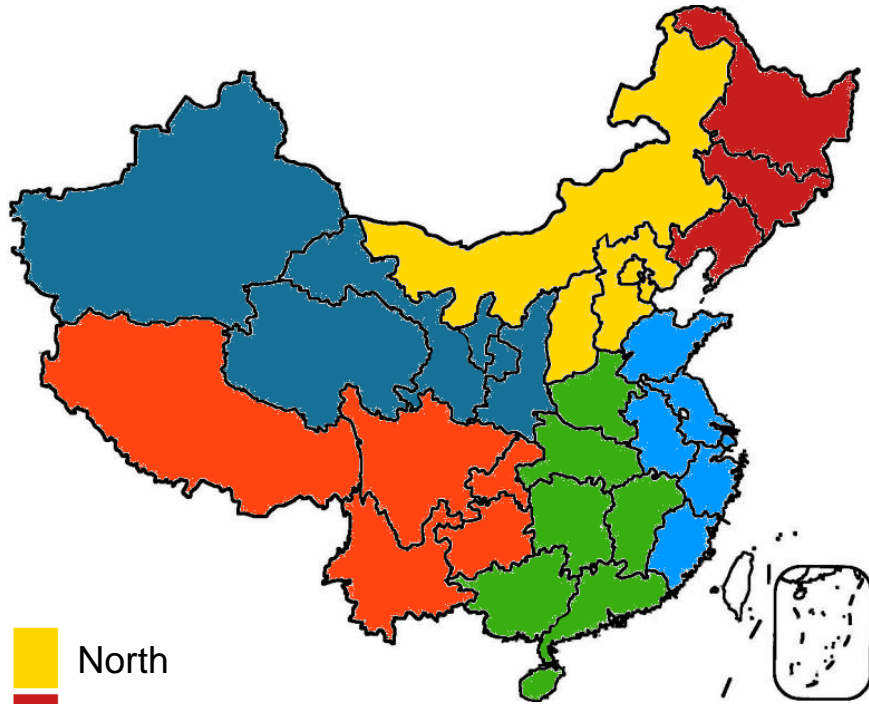
- **5 Autonomous Regions**

Guangxi, Inner Mongolia, Tibet, Ningxia, Xinjiang

- **2 Special Administrative Regions**

Hong Kong, Macau

MAINLAND CHINA (6) MACRO AREAS



Mainland China is divided into **six macro – areas** and includes 22 provinces, 5 autonomous regions and 4 municipalities.

North China

Beijing, Tianjin, Hebei, Shanxi, and Inner Mongolia.

North-East China

Liaoning, Jilin, and Heilongjiang.

North-West China

Shaanxi, Qinghai, Gansu, Ningxia, and Xinjiang.

Central-South China

Guangdong, Hubei, Hunan, Henan, Hainan, Jiangxi, and Guangxi.

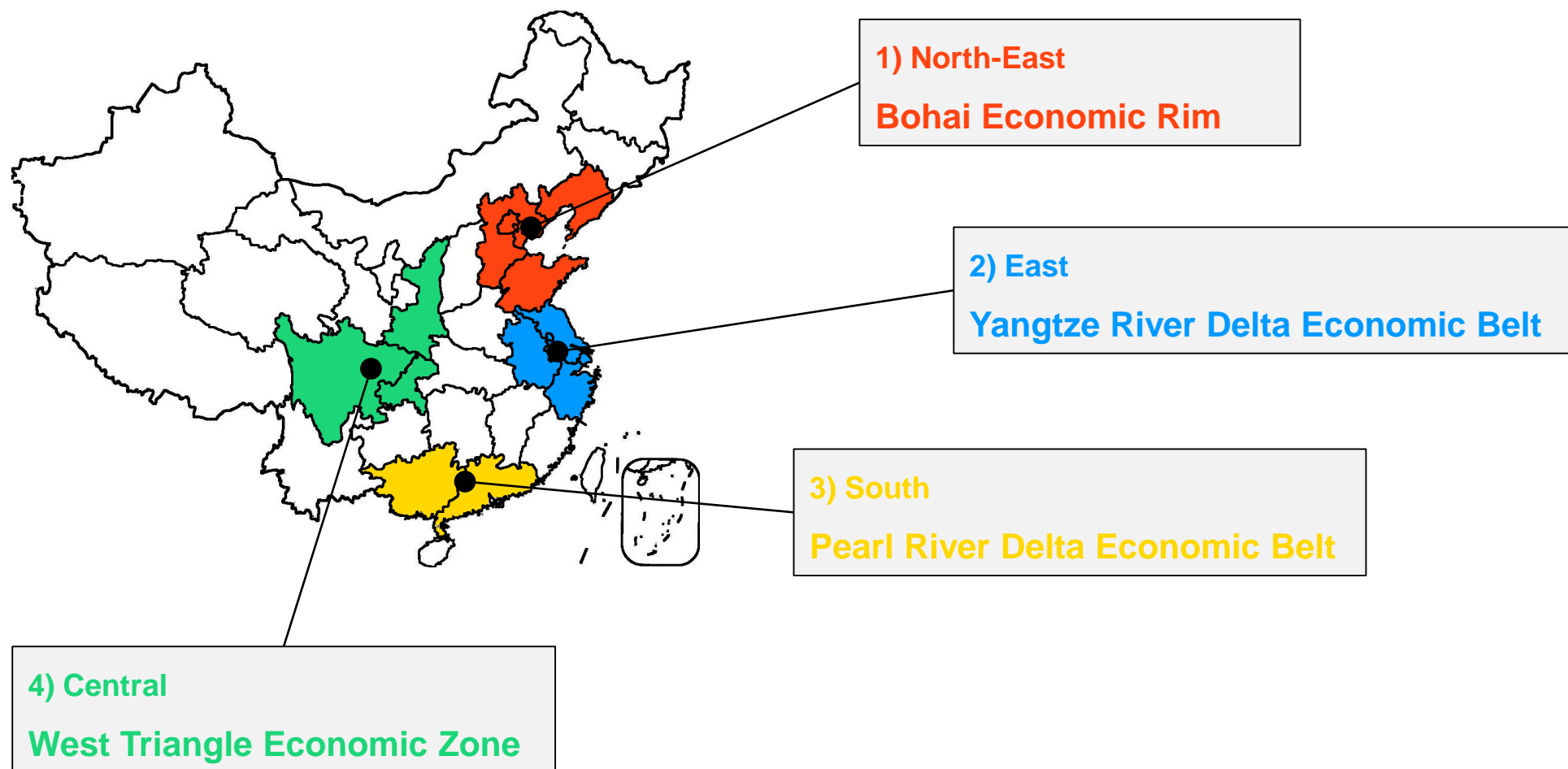
South-West China

Chongqing, Sichuan, Yunnan, Guizhou, and Tibet.

East China

Shanghai, Jiangsu, Fujian, Zhejiang, Shandong, and Anhui.

(4) MAIN ECONOMIC REGIONS: 40% GDP in 3 Regions

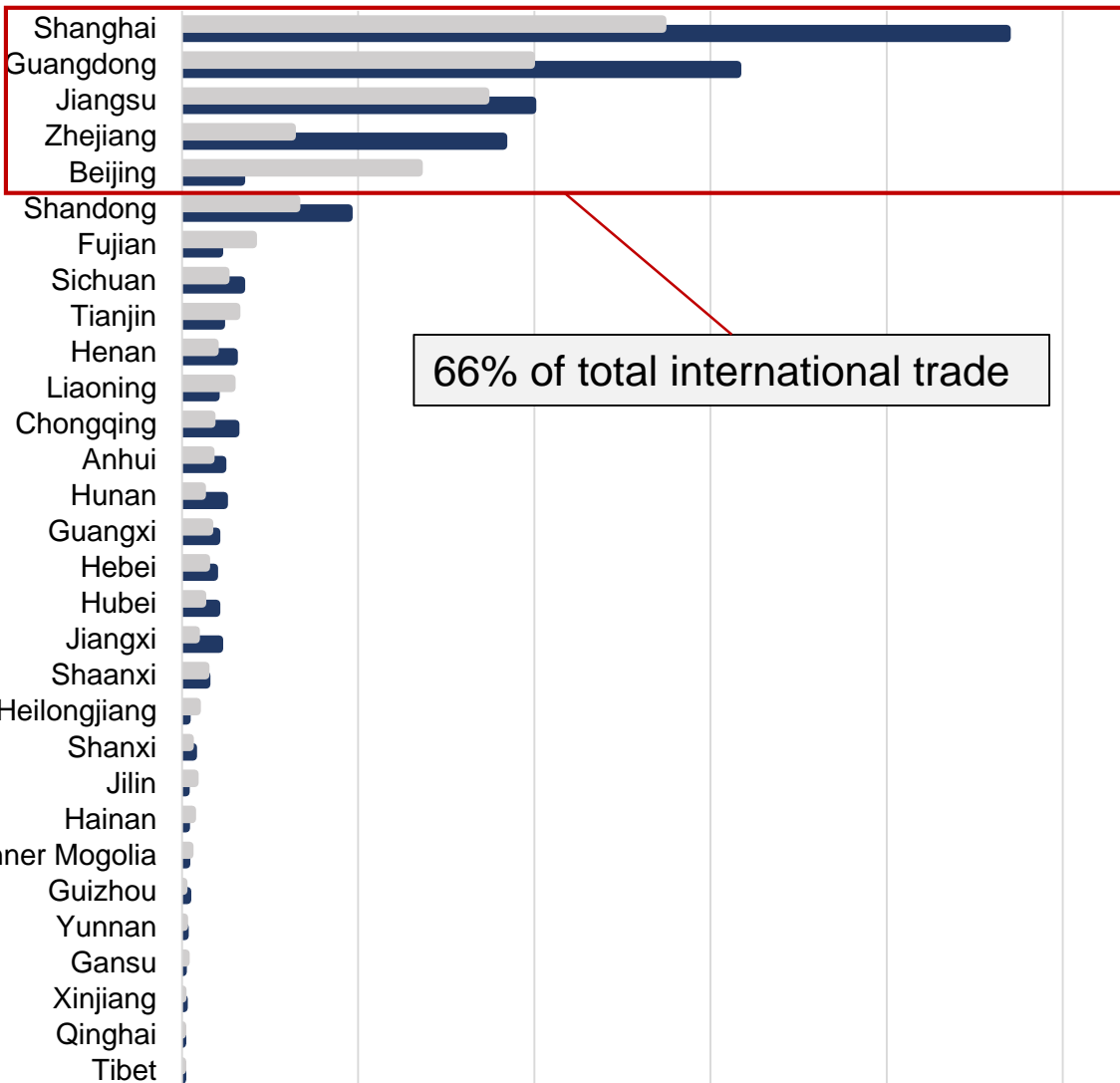


INTERNATIONAL TRADE

Imports Exports

USD bn

0 200 400 600 800 1000



66% of total international trade

- 2/3 of international trade passes through five regions.
- Guangdong, Jiangsu, Shanghai, Zhejiang, and Beijing are the main origin of Chinese exports, due to the high concentration of manufacturing companies.

	Imports (USD bn)	Exports (USD bn)	Total (USD bn)
Shanghai	546	936	1,482
Guangdong	396	630	1,027
Jiangsu	345	398	742
Zhejiang	125	365	490
Beijing	269	67	336

China's main regions by international trade (2020, USD bn)

Exports and imports, by province (2021, USD bn)

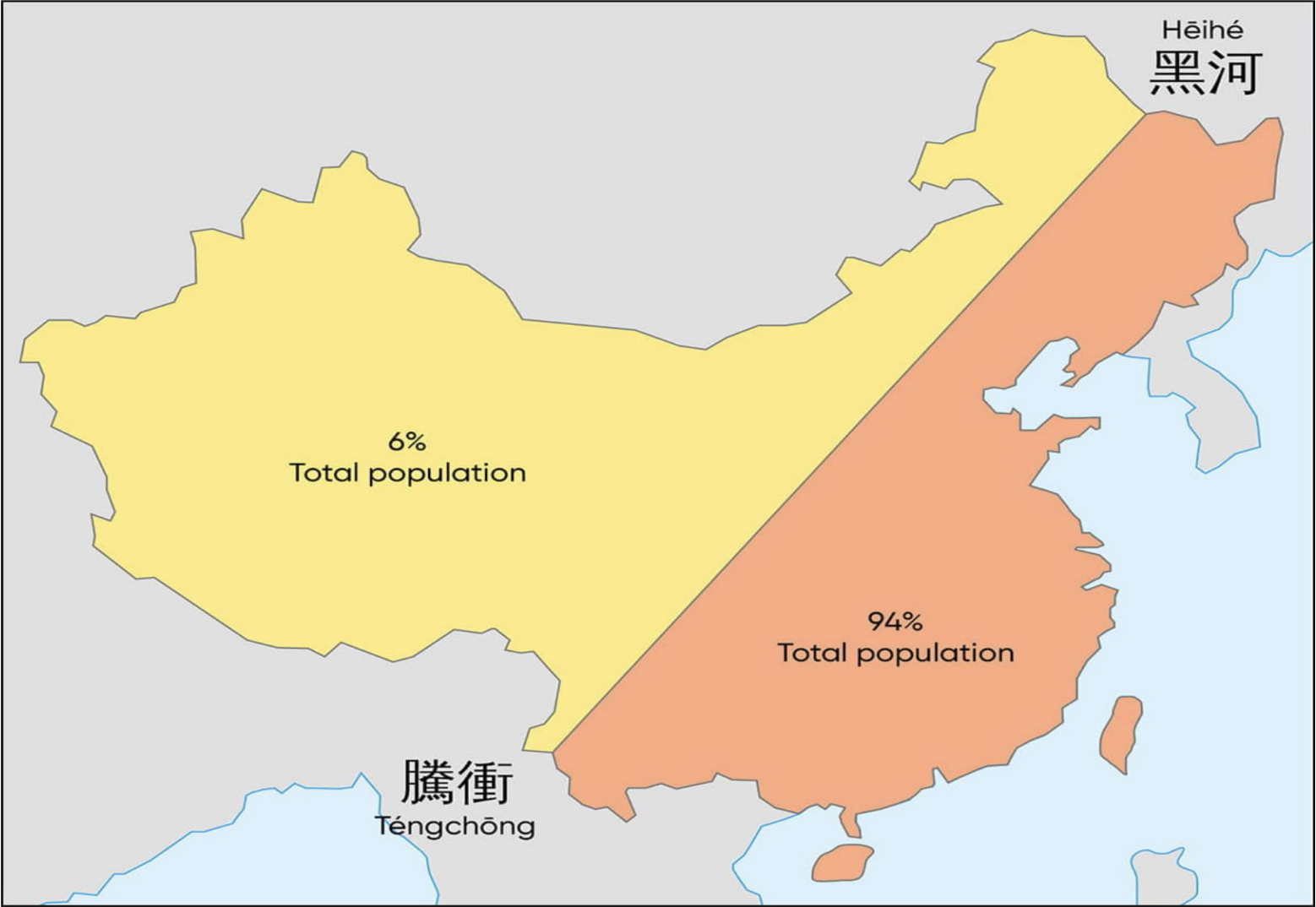
China GDP H1 2022 2.5%	Geographical Division	Regional capital	Population (M)	CHINA STATISTIC BUREAU JUNE 2022 H1 GDP %
Ningxia	Northwest China	Yinchuan	7.2	5.3
Shanxi	North China	Taiyuan	34.9	5.2
Jiangxi	Central South China	Nanchang	45.2	4.9
Xinjiang	Northwest China	Urumqi	25.9	4.9
Tibet	Southwest China	Lhasa	3.7	4.8
Fujian	East China	Fuzhou	41.6	4.6
Guizhou	Southwest China	Guiyang	38.6	4.5
Hubei	Central South China	Wuhan	57.5	4.5
Hunan	Central South China	Changsha	66.5	4.3
Zhejiang	East China	Hangzhou	64.7	2.5
Guangdong	Central South China	Guangzhou	126.2	2.0
Hainan	Central South China	Haikou	10.1	1.6
Jiangsu	East China	Nanjing	84.8	1.6
Liaoning	Northeast China	Shenyang	42.6	1.5
Beijing	North China	Beijing	21.9	0.7
Tianjin	North China	Tianjin	13.9	0.4
Shanghai	East China	Shanghai	24.9	(5.7)
Jilin	Northeast China	Changchun	24.0	(6.0)

TRADE CHINA-WORLD AUGUST 2022

(Source China Customs August 2022 figures in USD Million)

Import Source	Export & Import		1-to-8 Total Year-on-Year (±%)		
Export Destination	8	1-to-8	Export & Import	Export	Import
Total	550447.7	4191415.7	9.5	13.5	4.6
European Union	77404.7	575223.5	8.8	18.4	-6.2
Germany	20935.5	154997.2	2.0	10.5	-5.7
Netherlands	12102.2	86601.5	20.1	24.5	-10.0
France	7366.6	54940.9	1.4	10.4	-8.8
Italy	6709.6	54369.7	13.8	32.1	-10.3
United States (US)	62776.9	514958.9	9.5	12.2	1.3
ASEAN	83895.3	627579.0	13.3	19.4	5.8
Vietnam	20248.5	149792.5	0.8	4.8	-5.6
Malaysia	17298.8	131206.8	21.2	30.8	14.0
Thailand	11064.1	91159.5	6.0	17.2	-5.8
Singapore	10104.8	69986.8	16.8	35.5	-7.9
Indonesia	13572.3	95695.5	28.6	26.2	31.1
Philippines	7775.0	57746.4	11.2	15.4	1.5
Japan	30438.3	238985.4	-1.3	6.6	-7.5
South Korea	30871.2	245476.9	7.2	16.2	1.0
Australia	19556.0	148014.9	-3.8	23.6	-13.7
Russian Federation	19210.3	117205.6	31.4	8.5	50.7
India	11445.2	91195.8	16.0	33.9	-36.7
United Kingdom (UK)	9749.9	69503.4	-2.5	-0.8	-8.3
Canada	10138.2	60954.4	18.0	18.6	16.9
Latin America	46408.3	329251.4	13.1	20.1	6.5
Africa	25403.6	189706.1	16.1	13.5	19.8

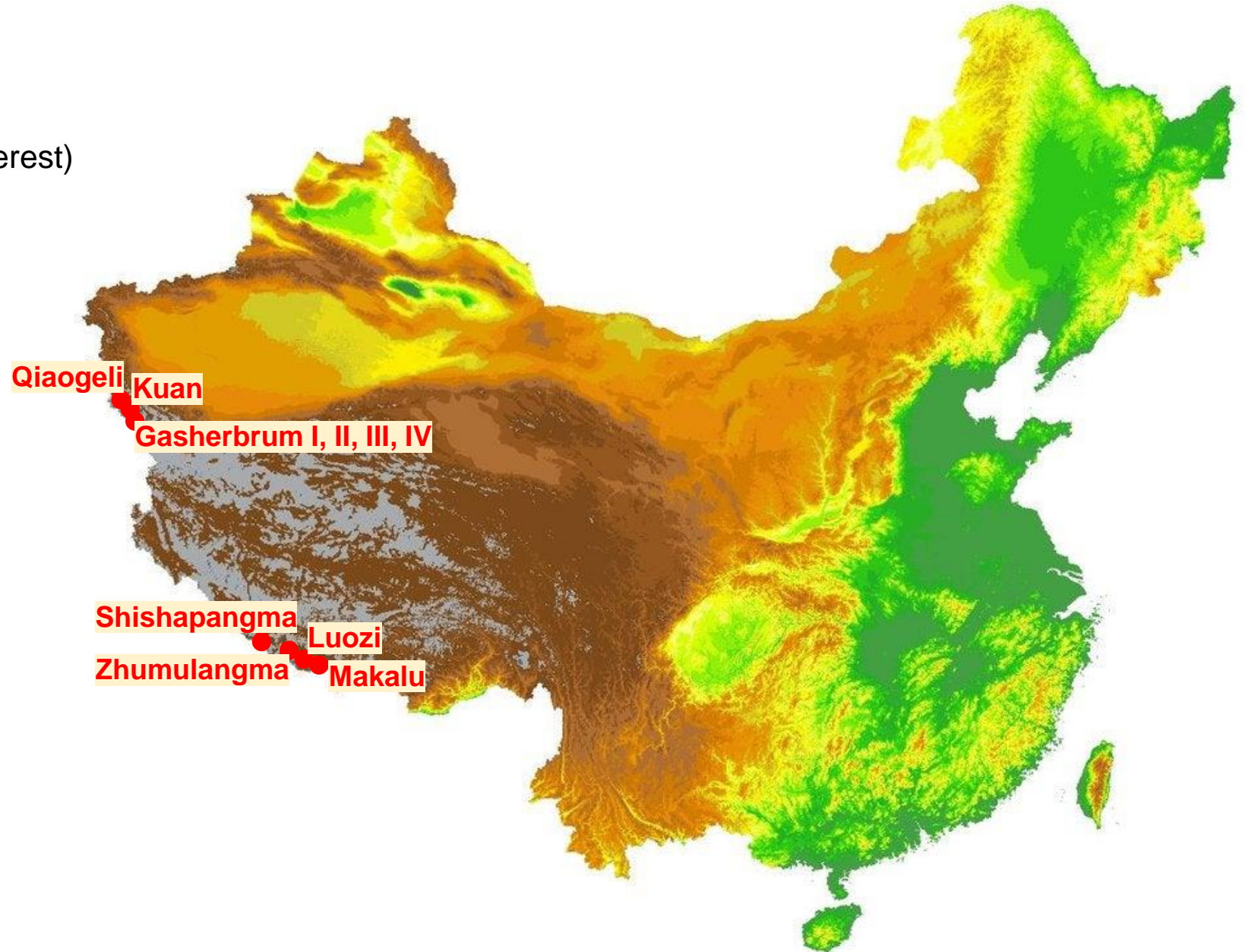
DEMOGRAPHIC DATA



GEOGRAPHY

Mountains:

- Zhumulangma Peak (Everest)
- Qiaogeli Peak (K2)
- Luozi Peak (Lhotse)
- Makalu Peak
- Gasherbrum Peak I
- Kuan Peak (Broad Peak)
- Gasherbrum Peak II
- Shishapangma Peak
- Gasherbrum Peak III
- Gasherbrum Peak IV



GEOGRAPHY – TAX INCENTIVES

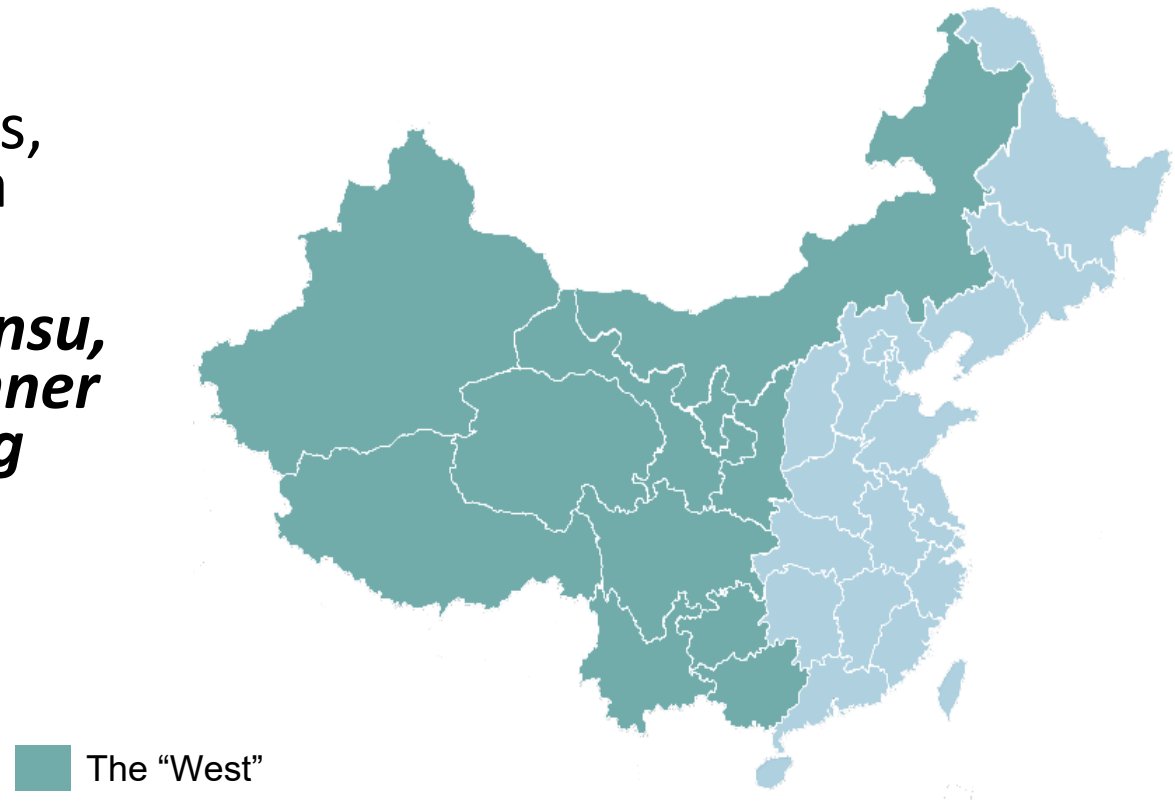
West China, GBA, Hainan

- 15% CIT rate (2021-2030)

Covering 12 provinces and cities, less developed regions of China

- ***Chongqing, Sichuan, Guangxi, Guizhou, Tibet, Gansu, Qinghai, Ningxia, Shaanxi, Inner Mongolia, Tibet, and Xinjiang***

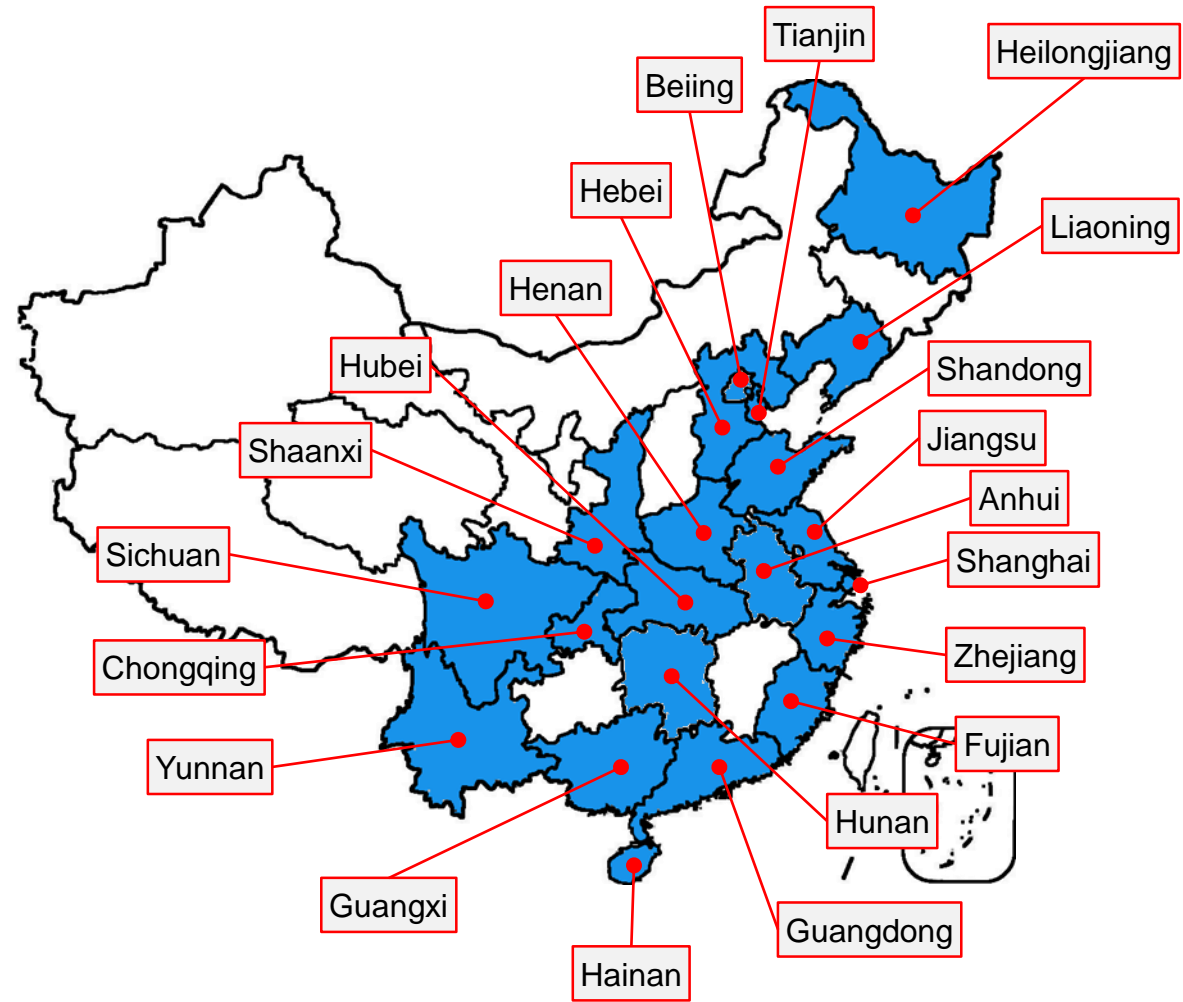
- 70%+ of total revenue should derive from operations specified in the “Catalog of Encouraged Industries of the West China”



(21) FREE TRADE ZONES

21 Free Trade Zones

- Special economic areas to promote economic reforms and facilitate openness to foreign investment
- Companies can benefit from more favorable tax rates and treatments, more relaxed currency control, and faster administrative procedures
- FTZs generally consist of **different areas within the region**, including **existing special zones** (i.e., bonded port, economic development zone, etc....). For instance, *China (Fujian) Pilot Free Trade Zone*, which consists of three areas in Fuzhou, Xiamen, and Pingtan, includes *Xiangyu Bonded Zone*, *Xiangyu Bonded Logistics Park*, and *Fuzhou Export Processing Zone*.



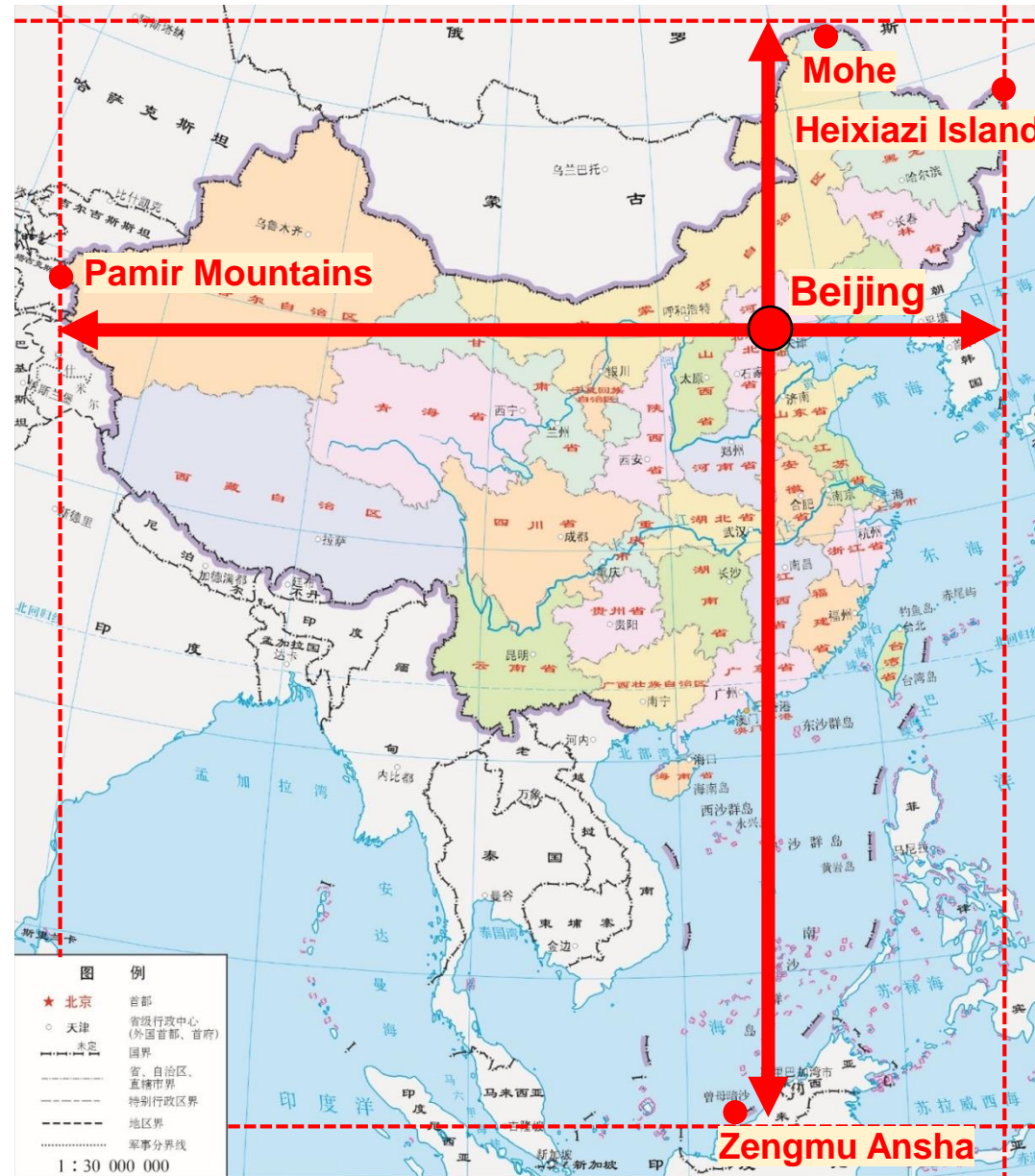
GEOGRAPHY - BORDERS AND EXTREME POINTS

Borders:

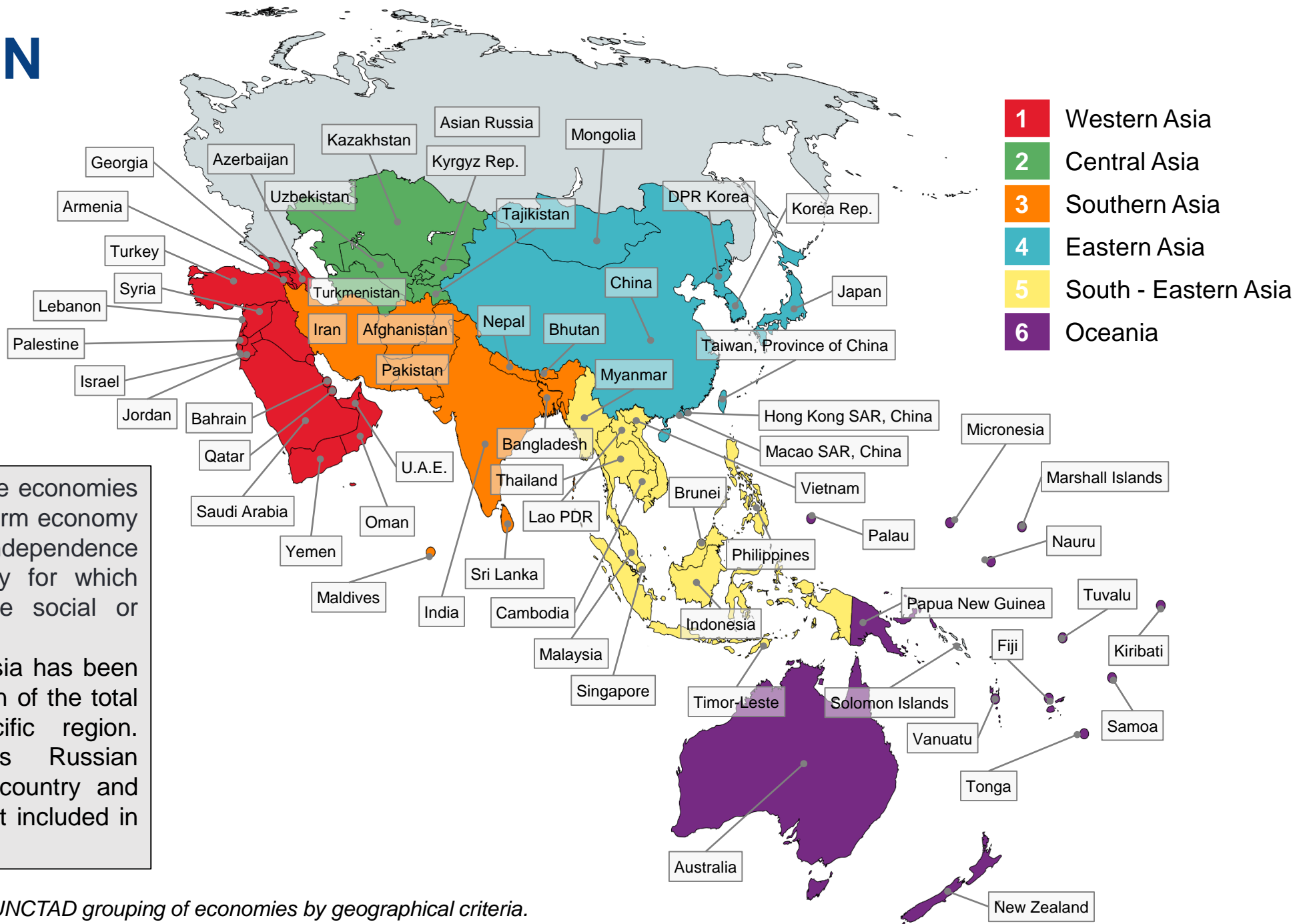
- Afghanistan
- Bhutan
- India
- Kazakhstan
- Kyrgyzstan
- Mongolia
- Myanmar
- Nepal
- North Korea
- Pakistan
- Russia
- Tajikistan
- Vietnam

Extreme points:

- **North:** Heilongjiang, Mohe
- **East:** Heilongjiang, Heixiazi Island
- **South:** Nansha Islands (Spratly Islands), Zengmu Ansha
- **West:** Xinjiang, Pamir Mountains



THE REGION



Regions in this map include economies at all income levels. The term economy does not imply political independence but refers to any territory for which authorities report separate social or economic statistics.

The Russian territory in Asia has been included in the computation of the total area of the Asia Pacific region. However, UN classifies Russian Federation as European country and therefore its figures are not included in this document.

Source: G200 economies and UNCTAD grouping of economies by geographical criteria.

TRADE CHINA - WORLD 2021 (1. ASEAN, 2. EU, 3. US)

Unit: USD 1,000

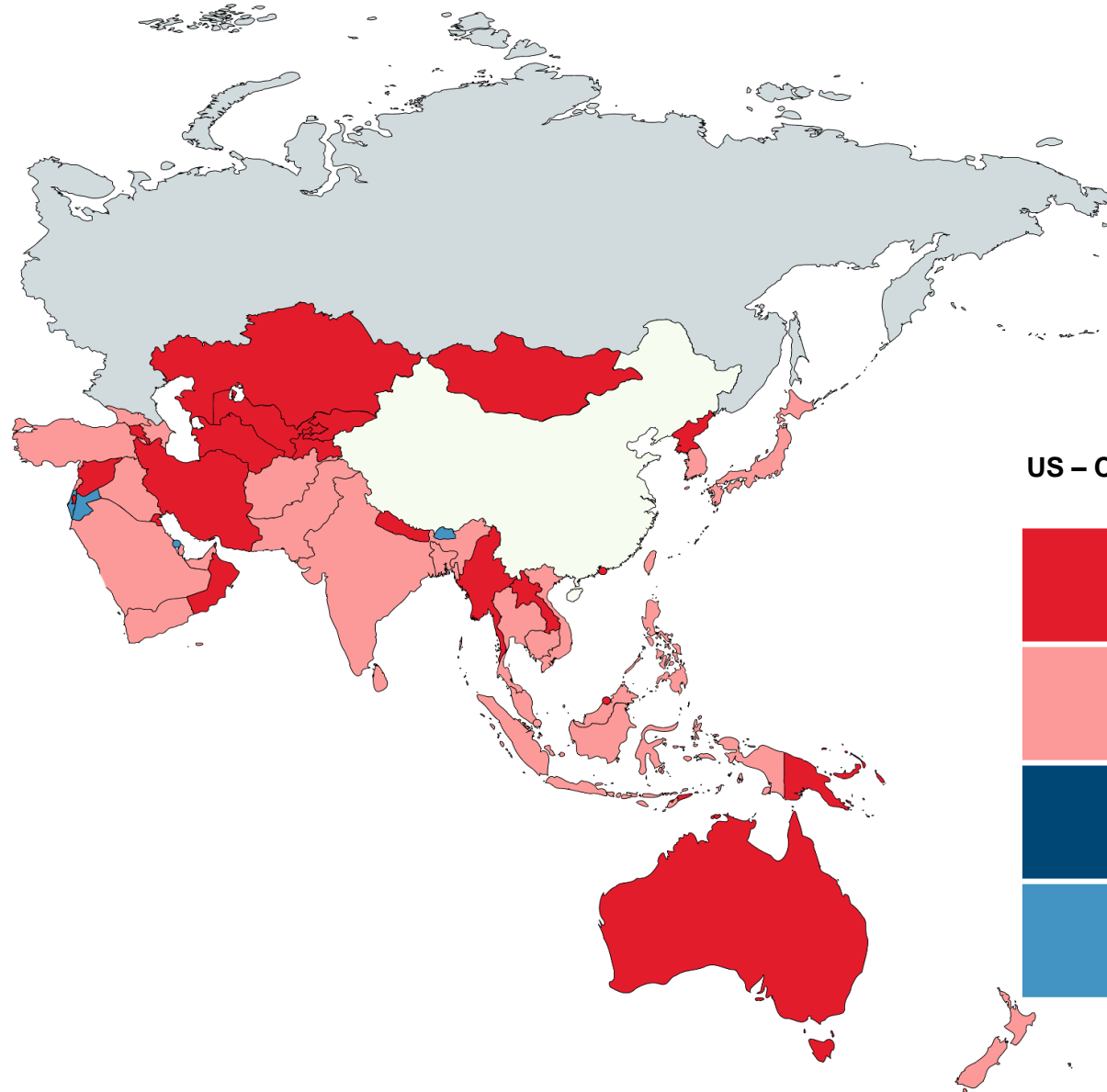
CHINA'S TRADE: ASIA 3 x EUROPE

Country (Region)	Total	Exports	Imports	Percentage Change		
	1to12	1to12	1to12	Total	Exports	Imports
TOTAL	6,051,488,832	3,363,959,427	2,687,529,404	30.0	29.9	30.1
Asia	3,060,742,995	1,577,408,810	1,483,334,185	28.2	28.2	28.2
Africa	254,289,117	148,366,844	105,922,273	35.3	29.9	43.7
Europe	1,178,926,942	700,890,750	478,036,192	29.8	30.8	28.3
Latin America	451,590,620	229,008,932	222,581,688	41.1	52.0	31.4
North America	837,863,964	627,713,927	210,150,037	28.6	27.1	33.4
United States	755,645,018	576,114,268	179,530,749	28.7	27.5	32.7
Oceania:	266,015,274	80,570,134	185,445,140	34.1	24.5	38.8
ASEAN	878,207,057	483,694,635	394,512,422	28.1	26.1	30.8
EU	828,112,218	518,246,783	309,865,435	27.5	32.6	19.9

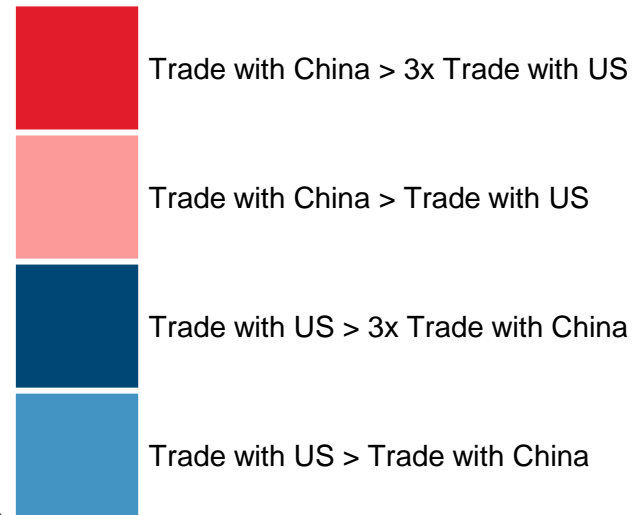
TRADING WITH CHINA AND US

China is the main trading partner of most of the economies in the Asia Pacific region.

In some economies located in the Central Asia or in Oceania, the total trading with China exceeds three times the amount of trading with the United States (opposite for Bhutan, Israel, Jordan, Bahrain).



US – China trade comparison



CHINA FTA NETWORK

Currently China signed several FTA with a number of Partners, located in Asia Pacific, America, Europe and Africa. Many others are under negotiation.

Signed Bilateral FTA

ASIA

- Cambodia
- Georgia
- Hong Kong SAR China (CEPA)
- Macao SAR China (CEPA)
- Maldives
- Pakistan
- Pakistan (*upgrade*)

- Singapore

- Singapore (*upgrade*)

- South Korea

AFRICA

- Mauritius

OCEANIA

- Australia
- New Zealand

EUROPE

- Iceland
- Switzerland

AMERICA

- Chile
- Chile (*upgrade*)
- Costa Rica
- Peru

Signed Multilateral FTA

- ASEAN

- Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam

- ASEAN (*upgrade*)

- Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam

- RCEP

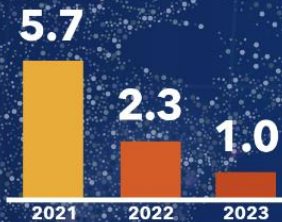
- Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam, Australia, New Zealand, Japan, and South Korea

GROWTH PROJECTIONS BY REGION

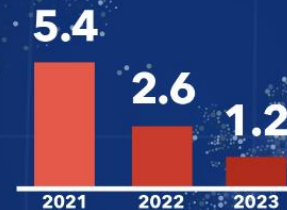
(PERCENT CHANGE)



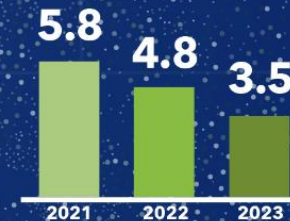
UNITED STATES



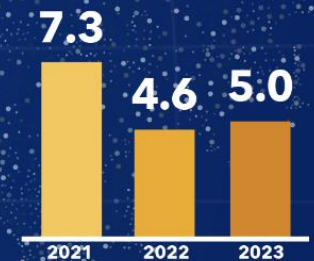
EURO AREA



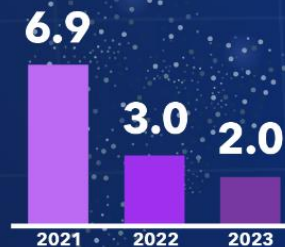
MIDDLE EAST AND CENTRAL ASIA



EMERGING AND DEVELOPING ASIA



LATIN AMERICA AND THE CARIBBEAN



SUB-SAHARAN AFRICA



Source: IMF, *World Economic Outlook Update*, July 2022.

Note: Order of bars for each group indicates (left to right): 2021, 2022 projections, and 2023 projections.

LARGEST FTA

Aggregated GDP
of the Parties **26**
USD T



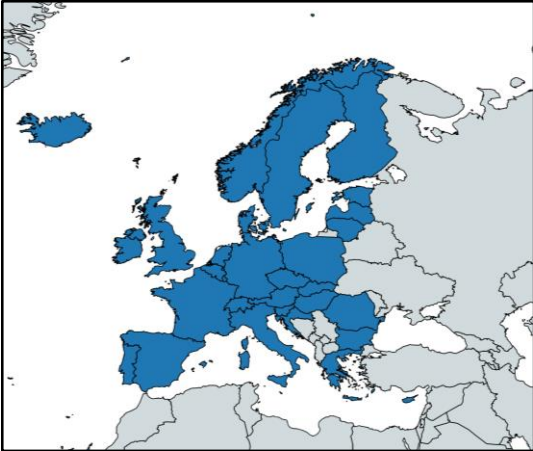
RCEP
*Regional
Comprehensive
Economic
Partnership*

Aggregated GDP
of the Parties **24**
USD T



USMCA
*United States
Mexico
Canada
Agreement*

Aggregated GDP
of the Parties **20**
USD T



ESM
*European
Single
Market*

Aggregated GDP
of the Parties **11**
USD T



CPTPP
*Comprehensive
and Progressive
Agreement for
Trans-Pacific
Partnership*

Source: International Monetary Fund, World Economic Outlook Oct 2020



ECONOMIC AND DIGITAL TRENDS

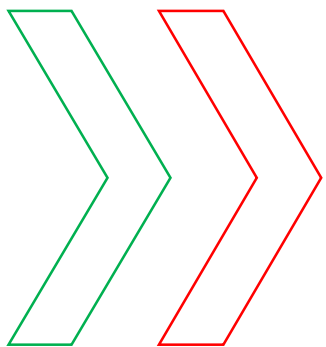
- Decoupling, Far East Focus, BRI Focus
- ASEAN, RCEP, Belt Road, SCO (Eurasia)
- Largest FTA, new FTA and FTZ to promote trade (and e-commerce)
 - Digital CNY, and increased role of Yuan in the region
 - DTA and tax incentive to promote FDI
 - New DTA China-Italy signed in 2019 to be ratified
- Size: top FDI, top exporter, top trader, top e-commerce mkt, top mkt
 - West, South GBA, Hainan 15% CIT, 15% IIT
- Opportunities: Shanghai “V” effect, new open policy
 - 2022 CIT 2.5% and 5% small profit
 - New incentives 2023

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Q&A

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