Recent Trends in Nevada’s Trade With China

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I. Chinese Economic Growth- An Overview

- China GDP in 2006 rose 10.7% to $2+ trillion
- 320 million (out of 1.3 billion) live in urban areas; nearly half of China’s population is expected to live in cities by 2010. This “Middle Class” has annual average income >$3,500.
- China’s growth has been 4X since 1978 and is expected to grow 4X again by 2025
- China had a $200+ billion trade surplus with the U.S. in 2006
- New FDI in China growing at $60+ billion per year
- China is the third largest economic force behind the U.S. and Japan; currently $2 trillion in wealth
China GDP Growth 1980-2010

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China Export Market

- U.S. exported $41.8 billion to China in 2005, a 19% increase over 2004; 25% increase in agricultural goods. This is more than double 2001 exports. Total U.S. exports in 2005 were $927.5 billion, 13% increase over 2004.
- From 1992-2004 U.S. exports to China increased 10X faster than to the rest of the world.
- China is the 5th largest export market for the U.S. and is the fastest growing market for U.S. businesses in the world.
- Worldwide, oil exports to China rose 35% in 2004.
- Greater China made up of: Mainland China, Hong Kong and Macau.
Nevada’s Exports to Greater China ($ million)

Nevada Exports to Mainland China ($ million)
Nevada Exports to Hong Kong
($ million)

Nevada Exports to Macau
($ million)
China’s Trading Partner Rank by Year for Nevada

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<td>6</td>
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Top Nevada Exports to Mainland China-2006 (estimated in $ million)

- Copper ore & concentrates- $77.6
- Measuring & Checking Instruments- $20.6
- Parts for elec. apparatus & elec. circuits- $6.8
- Parts & Accessories for ADP machines- $3.5
- Digital Monolithic integrated circuits- $3.4
- Bars, rods and other Nickel alloys- $2
- X-ray/ Hi tension generating controls- $1.78
- Insulated electrical conductors- $1.67
- Monolithic Integrated Circuits- $1.48
- Coated electrodes- $1.45
Business Challenges with China

- Everything is possible in China, nothing is easy - McDonalds’ Theorem.
- Many U.S. companies have failed; over USD $2 billion in trade complaints. Why?
  - Failure to recognize Chinese competition
  - Intellectual Property Rights issues
  - Late payment or non-payment

Legal Problems
- Contract enforcement
- Lack of effective dispute resolution mechanisms
- Inconsistent (unfair) application of law; Beijing versus local government

Economic Challenges

- Corruption
- Inconsistent Energy Supply
- Over supply/capacity
- Poor legal environment
- Over-investment in some sectors
- Non-Performing Loans in the financial system
- Unemployment, rural to urban migration
- Pollution control and lack of clean water
V. Resources for Assistance-China

- The U.S. Commercial Service (CS) field team in China has over 100 dedicated trade specialists in 6 offices in China (Beijing, Hong Kong, Shanghai, Shenyang, Chengdu, Guangzhou)
- Trade promotion activities in China
- Customized market research; Gold Key and Platinum services; International Partner Search & Profiles
- Advocacy and compliance
- Contact them on how to take advantage of their activities: www.buyusa.gov/china/en
- Dezan Shira & Associates: www.dezhira.com
- King & Wood: www.kingandwood.com
- Get other references through U.S. Embassy/Consulates

Resources for Assistance- Nevada

1. U.S Commercial Service Export Assistance Centers
   - Reno: Bill Cline, (775) 784-5343; Bill.Cline@mail.doc.gov
   - Las Vegas: Tony Michalski, (702) 336-9406 tony.michalski@mail.doc.gov
2. Nevada Commission on Economic Development
   - Carson City: Al Di Stefano, (775) 687-4325, Ext. 227 ccinti@bizopp.state.nv.us
   - Las Vegas: Gayle Anderson, (702) 486-2721 gaylea@bizopp.state.nv.us
3. NCED Representatives in China (Beijing, Shanghai, Hong Kong): www.expand2nevada.com/comm_opps/global (Click on “International Representatives” at bottom of page)