



Recent Trends in Nevada's Trade With China

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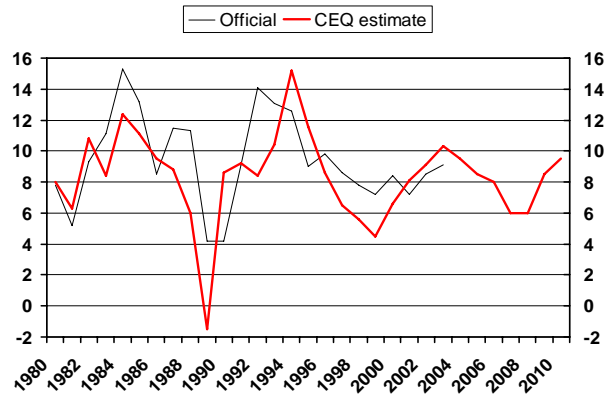


I. Chinese Economic Growth- An Overview

- 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

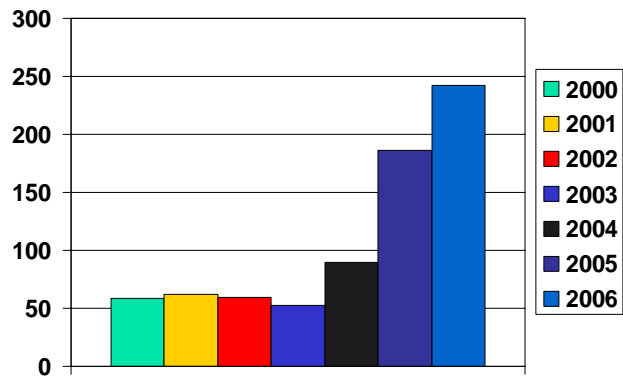
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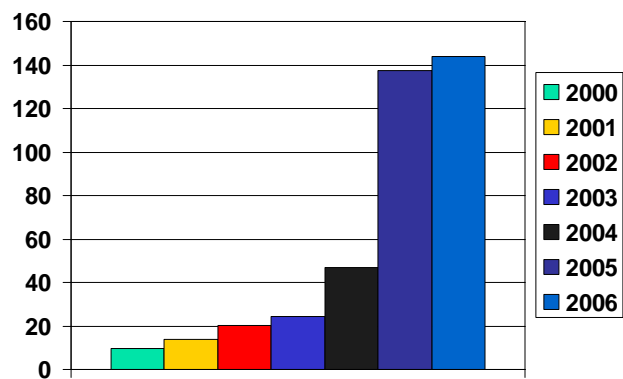
China Export Market

- 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

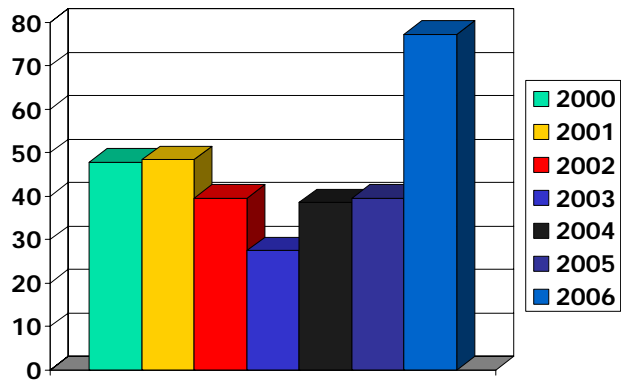
Nevada's Exports to Greater China (\$ million)



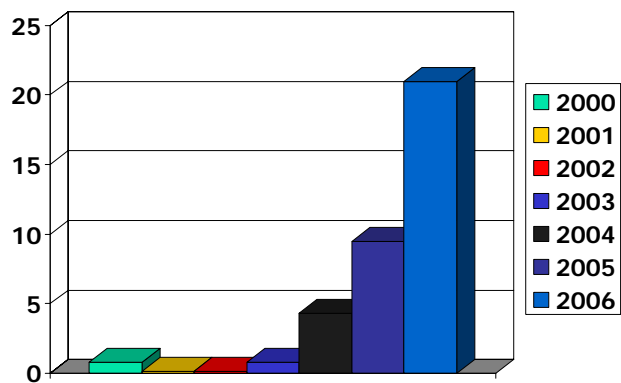
Nevada Exports to Mainland China (\$ million)



Nevada Exports to Hong Kong (\$ million)



Nevada Exports to Macau (\$ million)





China's Trading Partner Rank by Year for Nevada

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
■ Greater	6	5	5	5	5	3	3
■ Mainland	23	19	16	15	9	5	5



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**



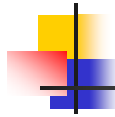
Economic Challenges

- **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
ccintl@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)