

A New Story of China's Industry Recovery under the Global Recession

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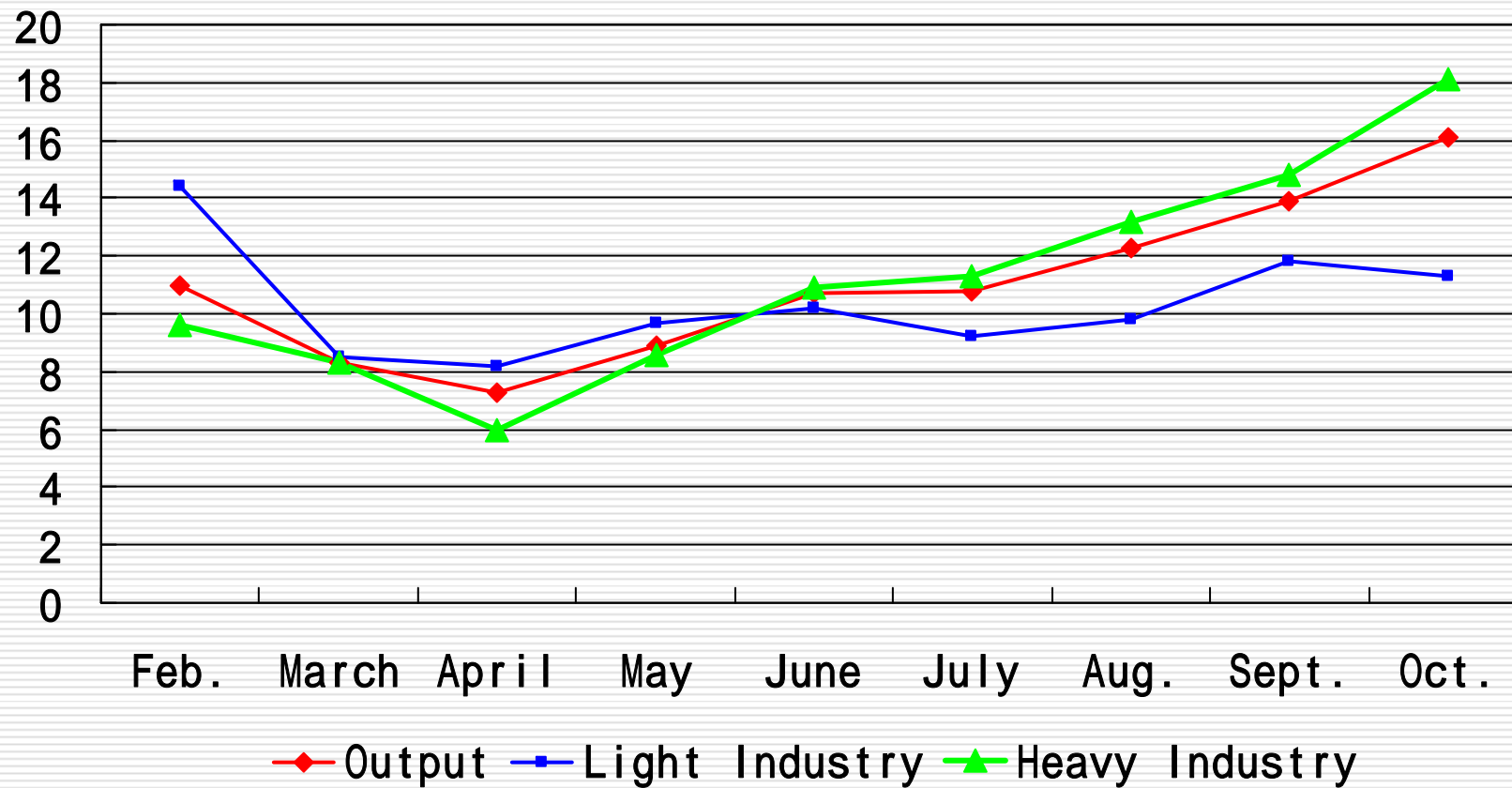
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1. Industry: Driving Force in Unpredicted Recovery

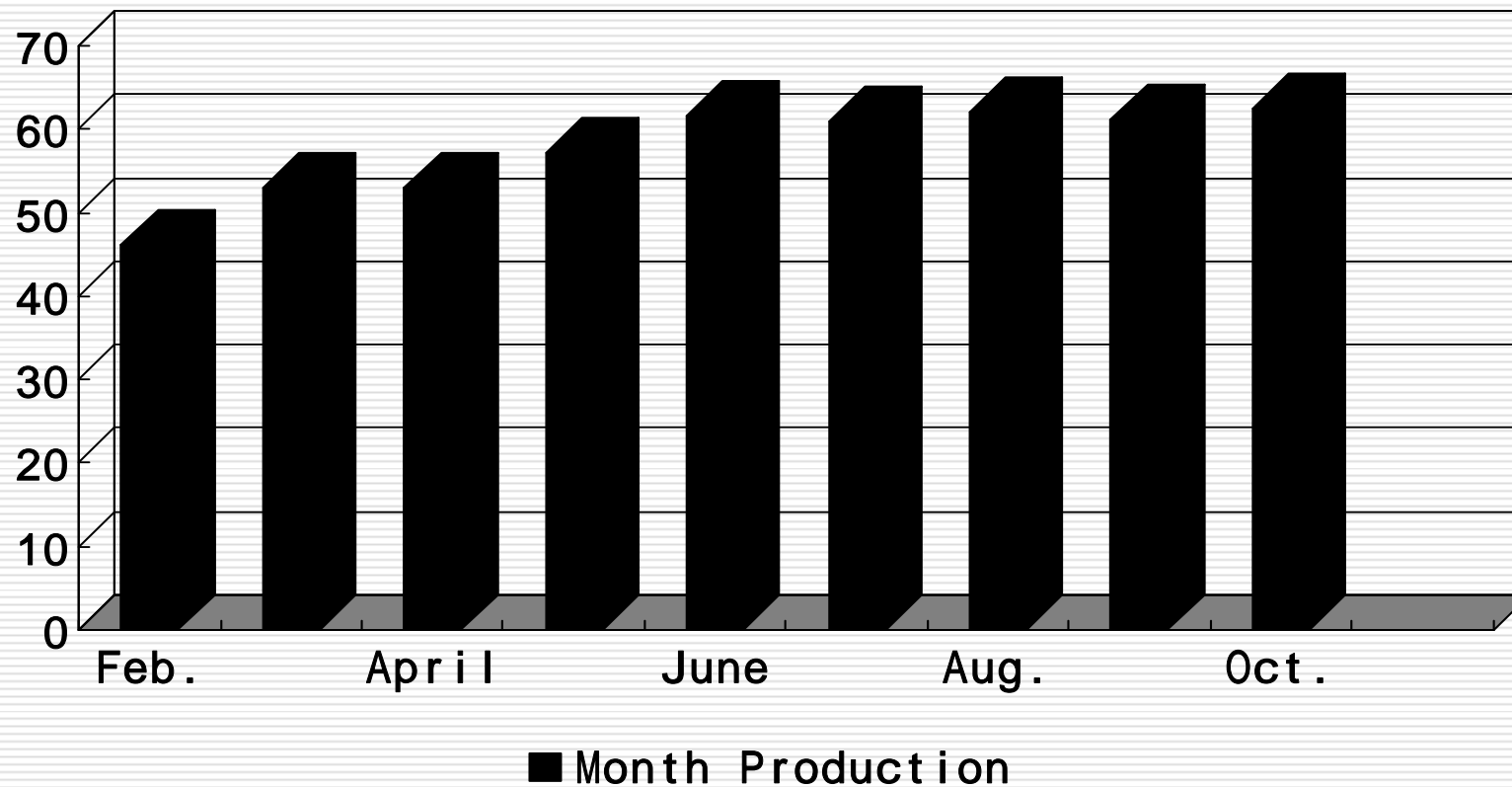
- ❑ It is astonishing fact that China has kept growing over 2009.
- ❑ Industrialization remains the most driving force for China.
- ❑ Growth rate for industry output is 9.4%, and 9.0% for light industry, 9.6% for heavy industry over the period from January to October of this year.
- ❑ What kind of comments can we make?

Growth Rates of Industry Output, y/y



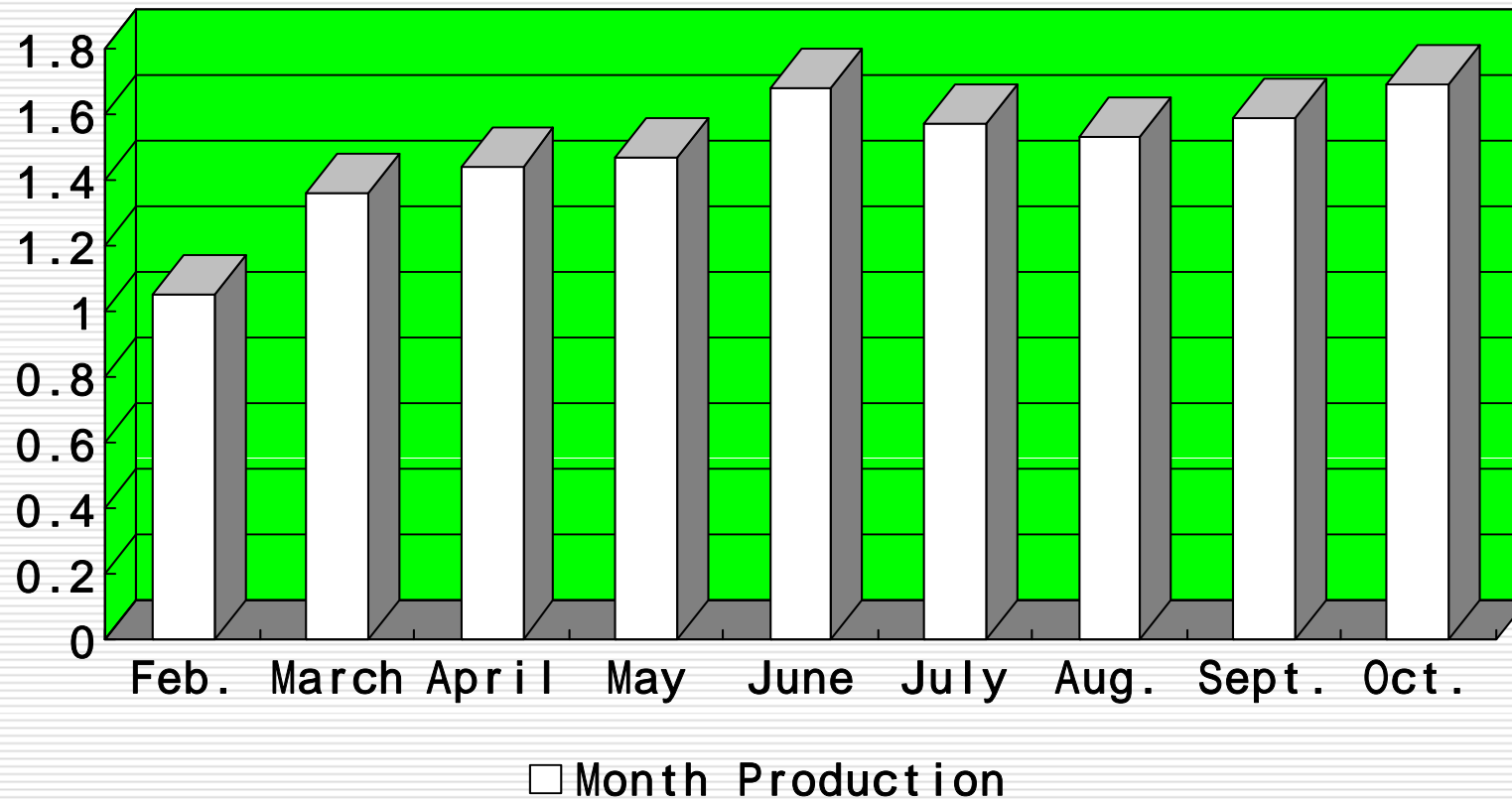
Steel Production, February-October 2009

Million tons



Aluminum Production February-October 2009

Million tons

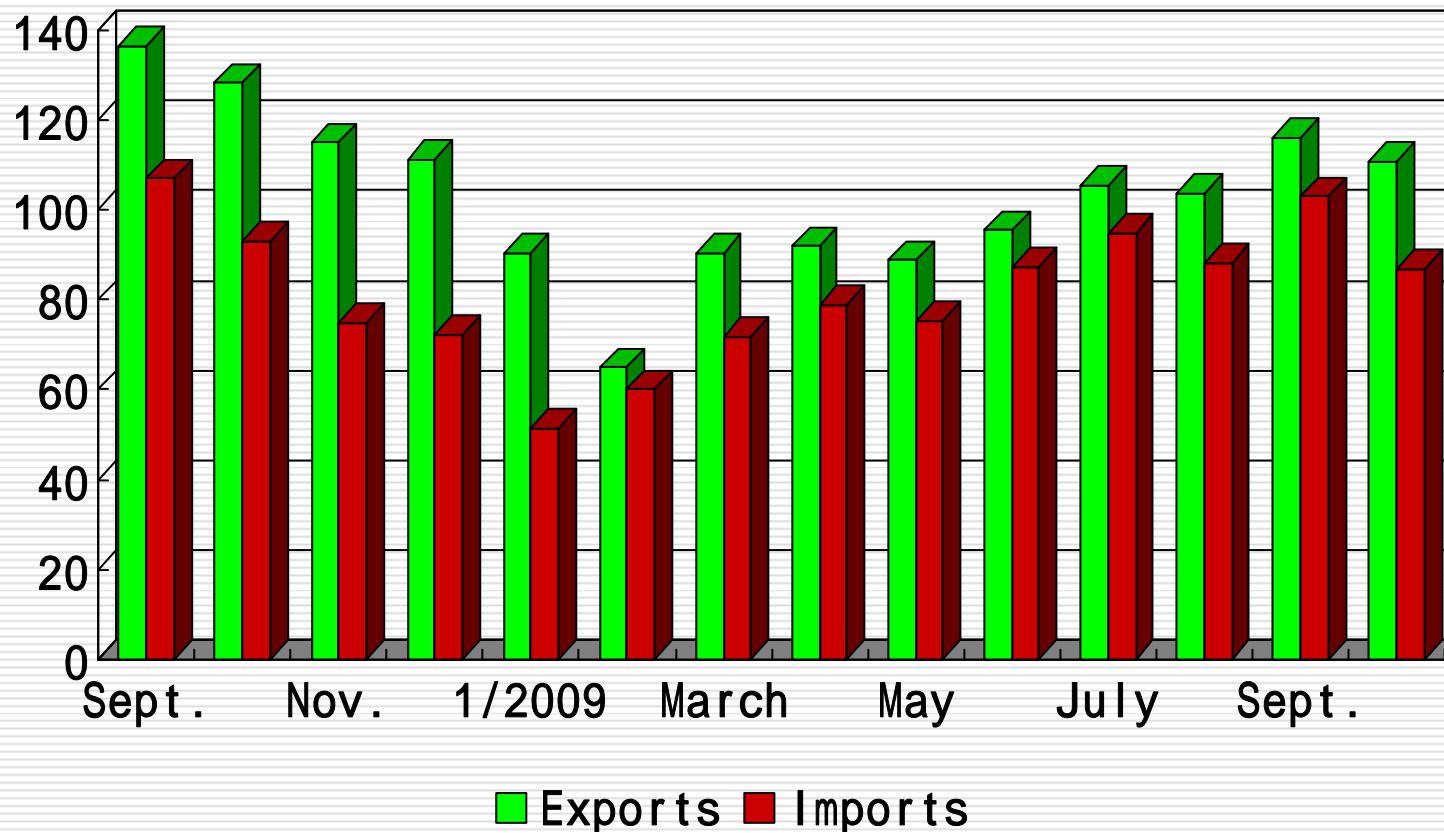


2. Rebalancing of Industrial Power in Ownership Type

- ❑ Different picture for different ownership companies in the global economic contraction.
- ❑ Winners or Losers:
 - ❑ 18.32% for private sector;
 - ❑ 11.7% for shareholding companies;
 - ❑ 4.9% for the state-owned enterprises;
 - ❑ And 4.2% for foreign-funded firms over the previous 10 months.
- ❑ Thus, domestic players made more contribution to industrial development this year.

External Shock for China's Trade

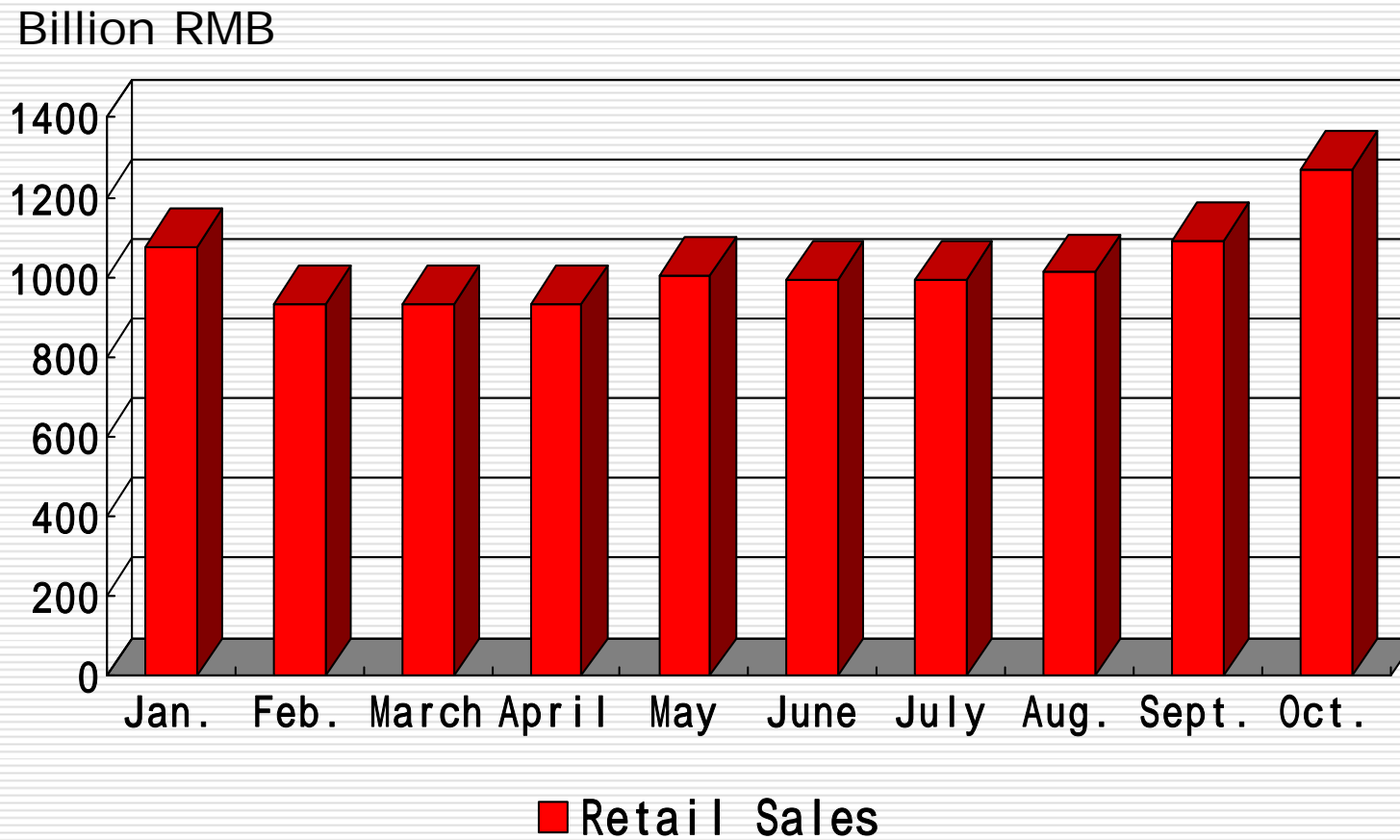
Billion USD



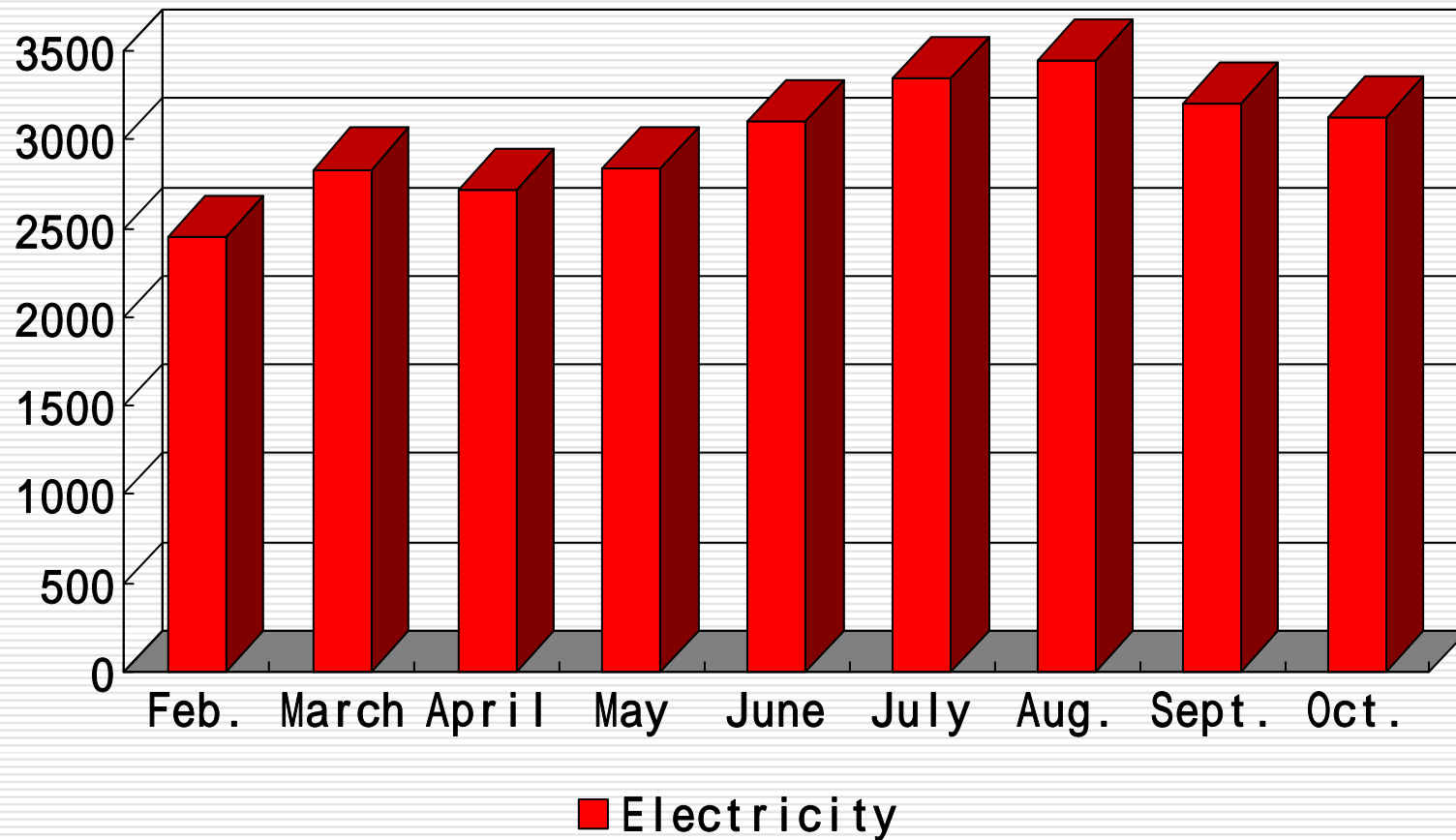
3. Strong Domestic Demand

- ❑ The growth rate for total retail sales of consumer goods is 15.1 percent for the previous nine months over 2009.
- ❑ The electricity supply increased 3.2 percent over the last year.
- ❑ China's vehicle sales have breached the 10-million barrier for the first time ever, with 10.9 million automobiles sold in the first ten months of this year, up 37.8 percent over the same period last year.

Retail Sales of Consumer Goods

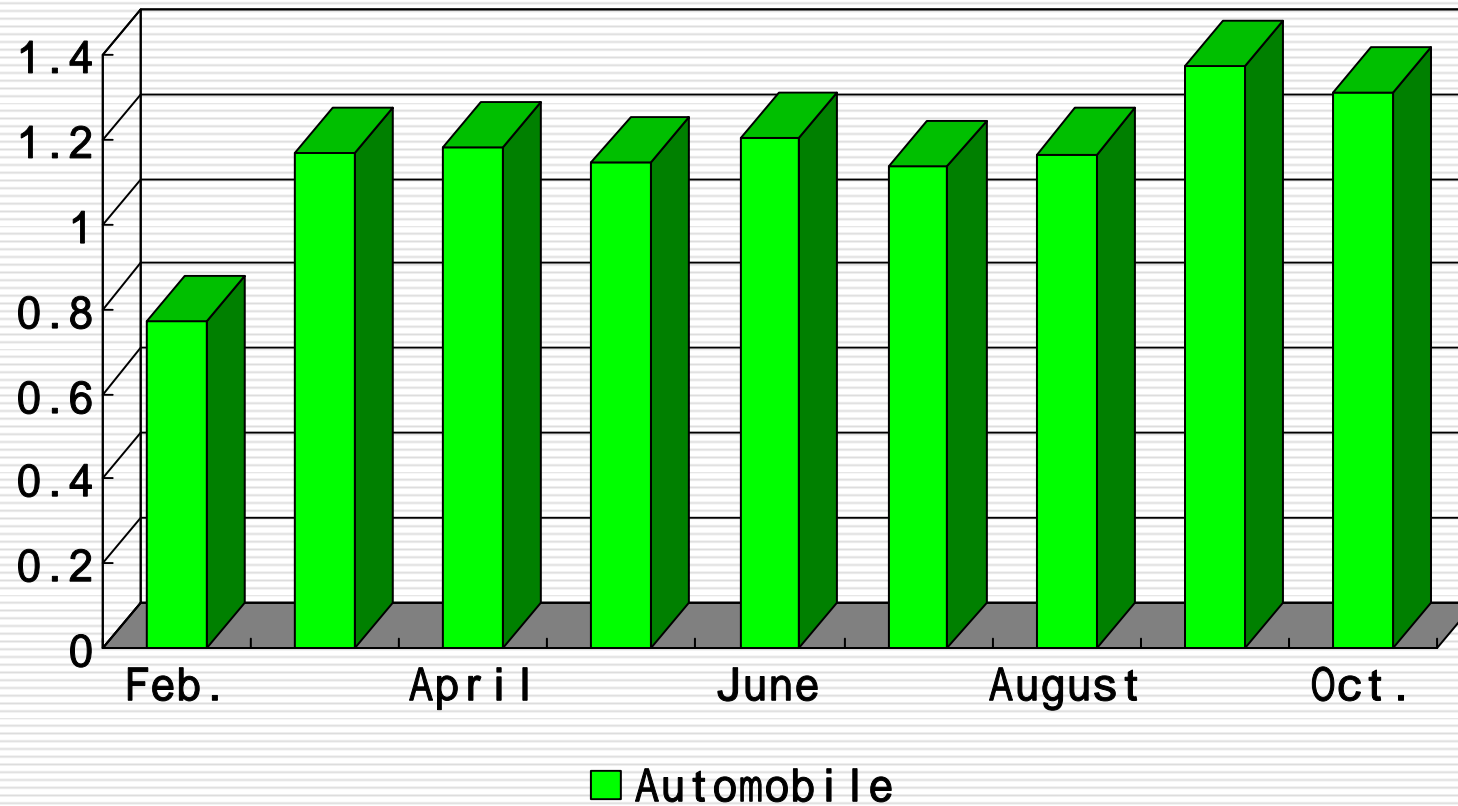


Electricity Supply, 100 million kwh



Production of Automobile

Million units



4. Direction of Industrial Restructuring

- ❑ The sharp declines in growth rates emerged in export-oriented as well as labor intensive industries.
- ❑ Double-digit growth rates for China's heavy industries happened again in the past two or three months.
- ❑ It's the time to revive the heavy-industry-oriented strategy in China.

Slow Growth of Export-Oriented Output, %

Industry	October	First 10 months
Textile	11.1	7.9
Apparel	10.7	10.4
Leather goods	12.5	7.6
Furniture	13.1	7.8
Articles for education and sports	6.5	7.7
Metal products	14.0	8.6
IT products	7.2	2.5
Industry	16.1	9.4

Strong Growth of Heavy Industries

Industry	October	First 10 months
Chemical industry	25.4	11.9
Pharmaceutical goods	15.6	13.7
Ferrous metals	25.1	7.2
Non-ferrous metals	24.3	10.3
General purpose machinery	15.5	9.4
Special purpose machinery	11.8	11.6
Transportation equipments	28.9	15.2
Electric machinery	12.7	11.0
Industry	16.1	9.4

5. Implications for Further Discussion

- If China's industrial growth will keep its dynamics in the coming five years, what implications for East Asian countries?
- Is it possible for China to be the market for the developing Asian countries?
- New idea for new world.....

□ Thank You!