

COUNTRY REPORT ON CHINA

2019-2020

SINTESI2000 SHANGHAI OFFICE

PART A

REVIEW CHINA 2019

CHARTER A

A.THE ADMINISTRATIVE REGION OF CHINA

MAP OF CHINA



China has 34 provincial administrative regions, there are 23 provinces, 5 autonomous regions, 4 municipalities directly under the central government and 2 special administrative regions.

NORTH CHINA

BEIJING CITY/TIANJIN CITY/ HEBEI PROVINCE/ SHANXI PROVINCE/ INNER MONGOLIA AUTONOMOUS REGION

NORTH EAST CHINA

LIAONING PROVINCE/ JILIN PROVINCE/ HEILONGJIANG PROVINCE

EAST CHINA

SHANGHAI CITY/JIANGSU PROVINCE/ ZHEJIANG PROVINCE/ ANHUI PROVINCE/ FUJIAN PROVINCE/ JIANGXI PROVINCE/ SHANDONG PROVINCE

SOUTH CHINA

HENAN PROVINCE/ HUBEI PROVINCE/ HUNAN PROVINCE/ GUANGDONG PROVINCE/ GUANGXI ZHUANG AUTONOMOUS REGION/ HAINAN PROVINCE

SOUTH EAST CHINA

CHONGQING CITY/ SICHUAN PROVINCE/ GUIZHOU PROVINCE/ YUNNAN PROVINCE/ TIBET AUTONOMOUS REGION

NORTH WEST CHINA

SHANAN XI PROVINCE/ GANSU PROVINCE/ QINGHAI PROVINCE/ NINGXIA HUI AUTONOMOUS REGION/ XINJIANG UYGUR AUTONOMOUS REGION

HONGKONG SPECIAL ADMINISTRATIVE REGION

MACAO SPECIAL ADMINISTRATIVE REGION

TAIWAN PROVINCE

China covers an area of 9.634057 million square kilometers, with a territorial sea of about 4.7 million square kilometers.

B.中国的人口 ANALYSE OF POPULATION OF CHINA

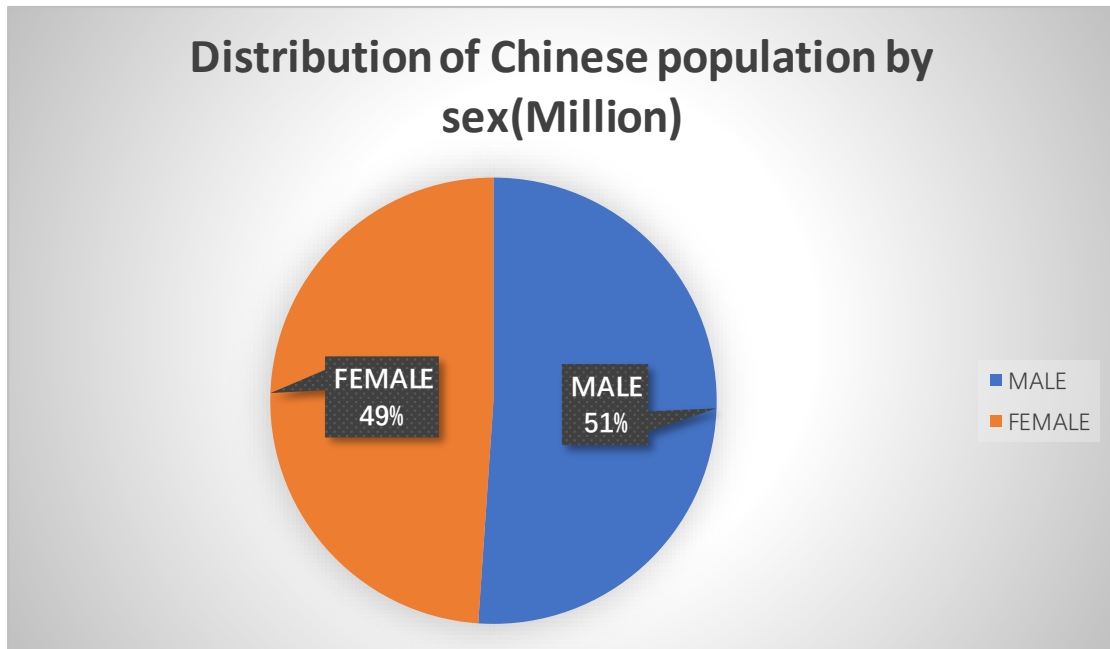
By end of 2019, the total of population (in mainland) reached to 1.4005billion, 4.67million more than at the end of 2018.

Distribution of Chinese population by sex:

Male:715.27million

Female:684.78million

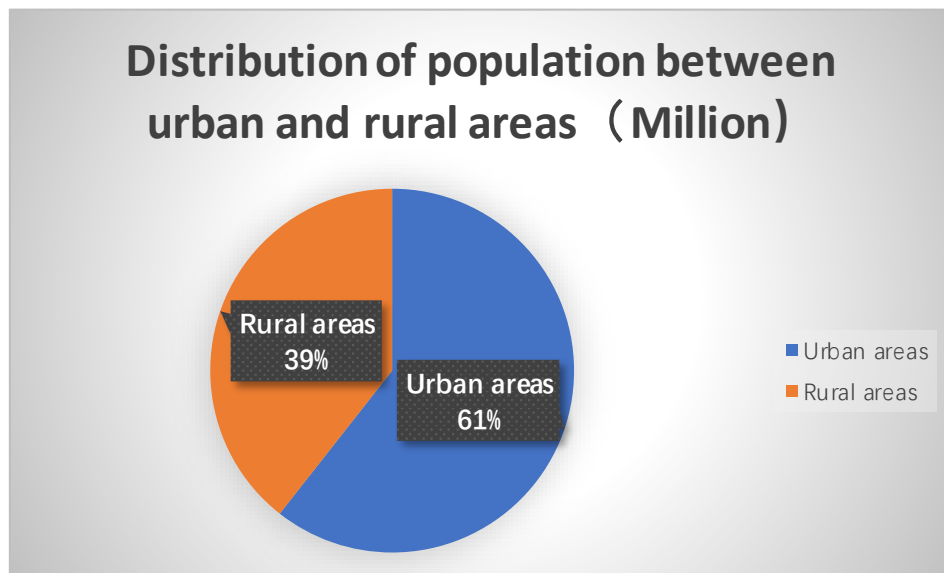
Male population exceeds female population 30.49 million.



Distribution of population between urban and rural areas:

Population in Urban areas is 848.43 million which accounts for 61%

Population in Rural areas is 551.62 million which accounts for 39%

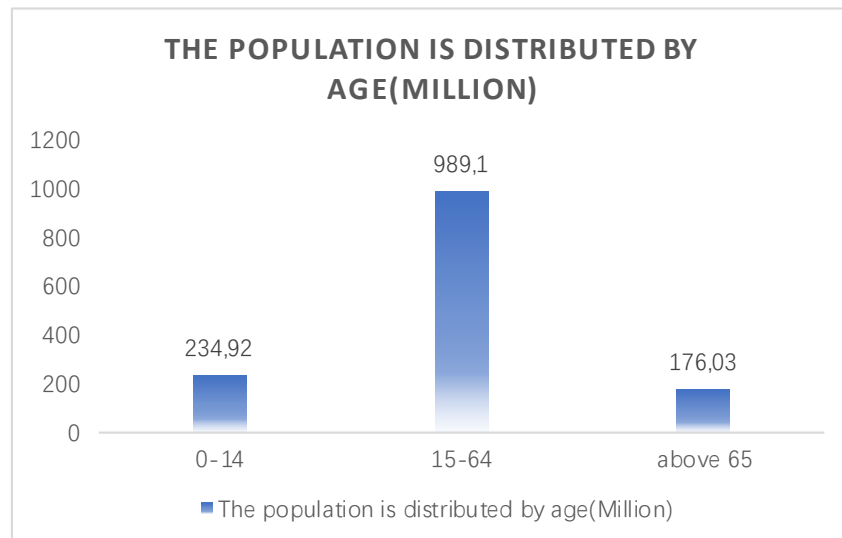


The population is distributed by age:

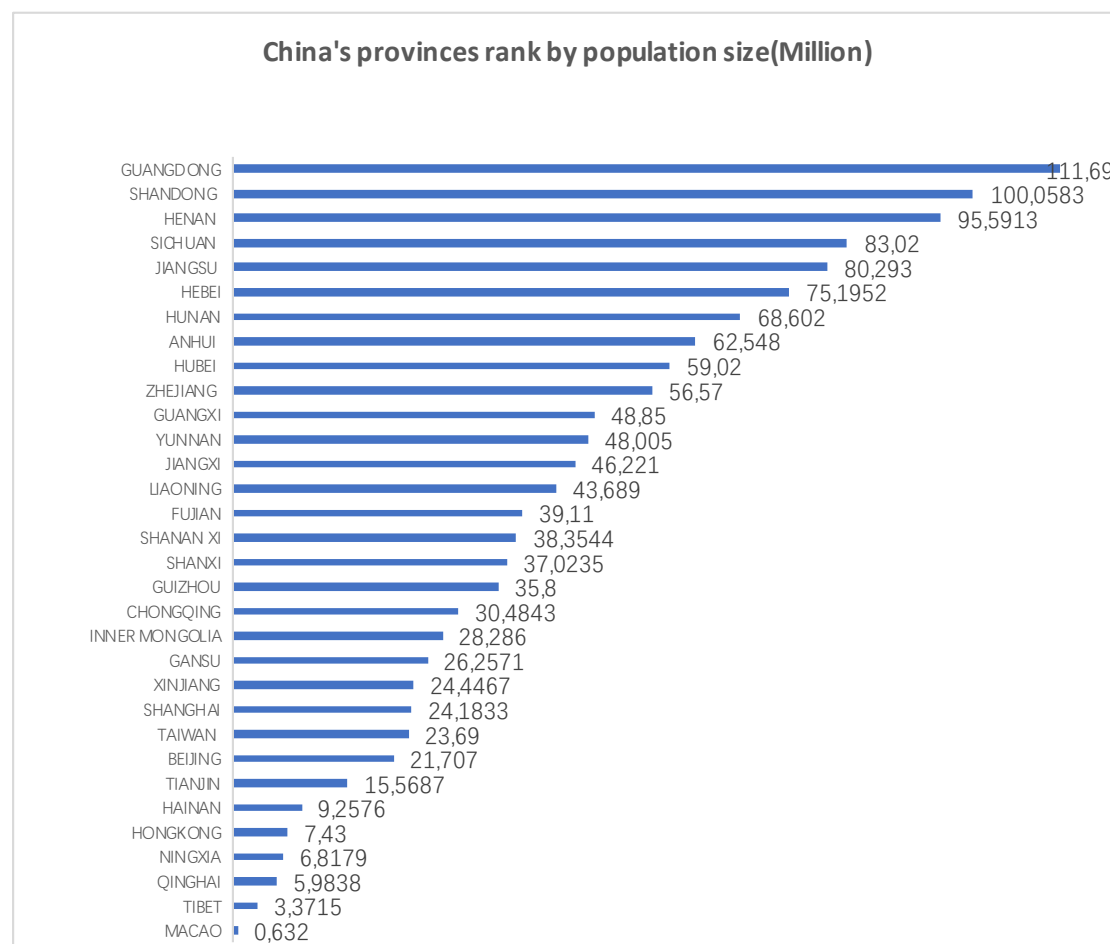
The population from 0 to 14 years old is 234.92 million account for 16.78%

The population from 15 to 64 years old is 989.10 million account for 70.65%

The population over 65 years old is 176.03 million account for 12.57%



China's provinces rank by population size



CHARTER B

ANALYSE OF MARCOECONOMIC DATE

A. GDP IN CHINA

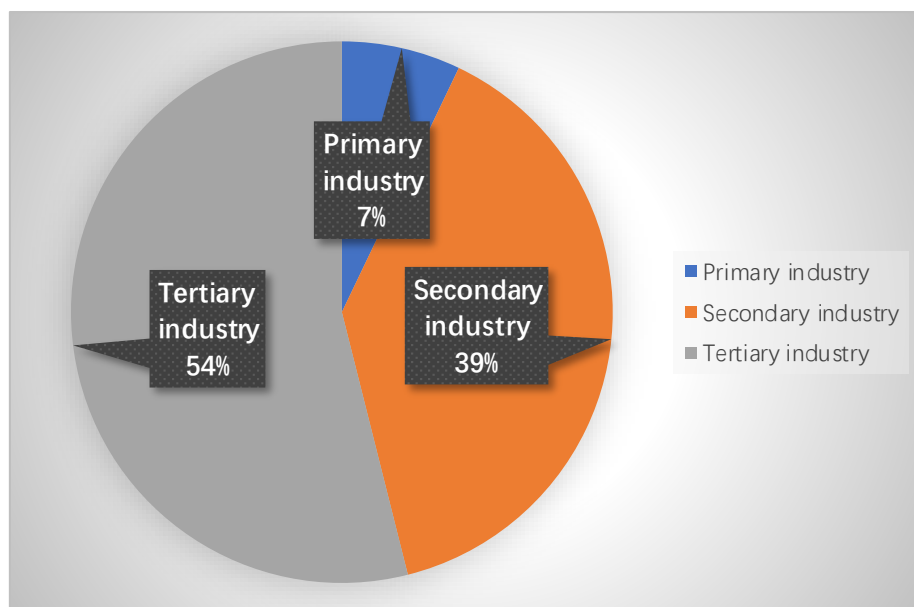
By the end of 2019, China's GDP reached to 99.08 trillion CNY close to 100 trillion CNY

Primary industry: 7046.7 billion yuan which account for 7.11%

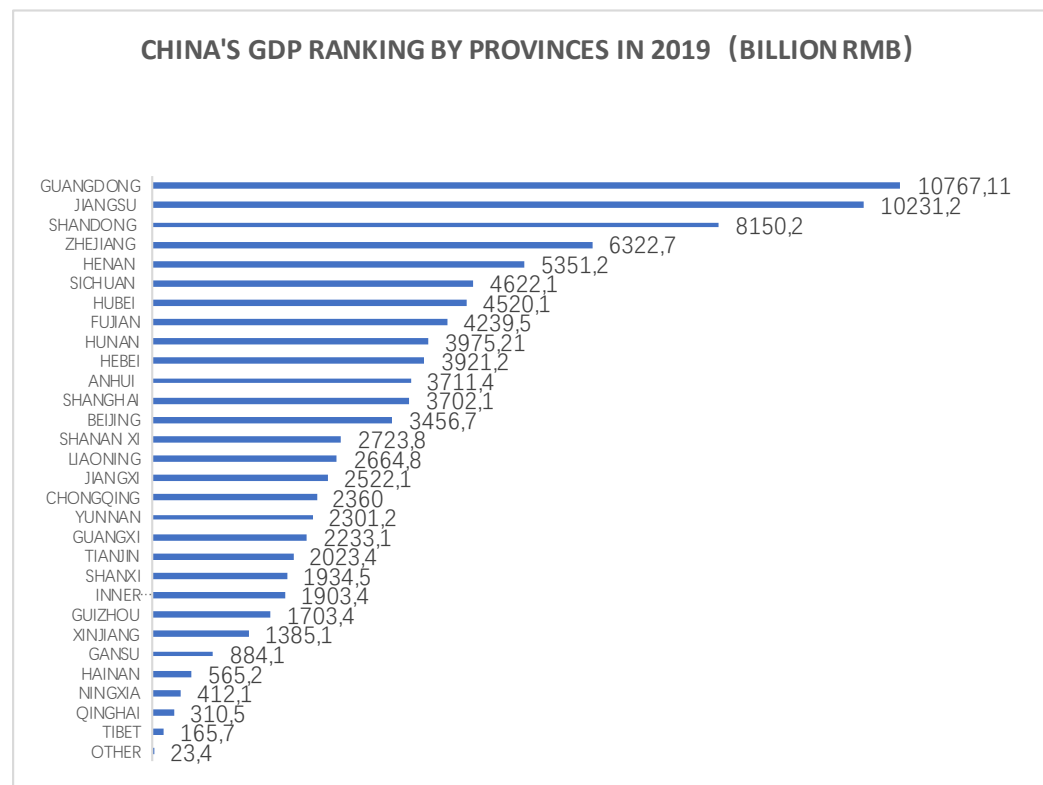
Secondary industry: 3,8616.5 billion yuan which account for 38.97%

Tertiary industry: 5.34233 trillion yuan which account for 53.92%

At year of 2019, Per capita GDP of 70,892 CNY exceeded \$10,000 for the first time in China.

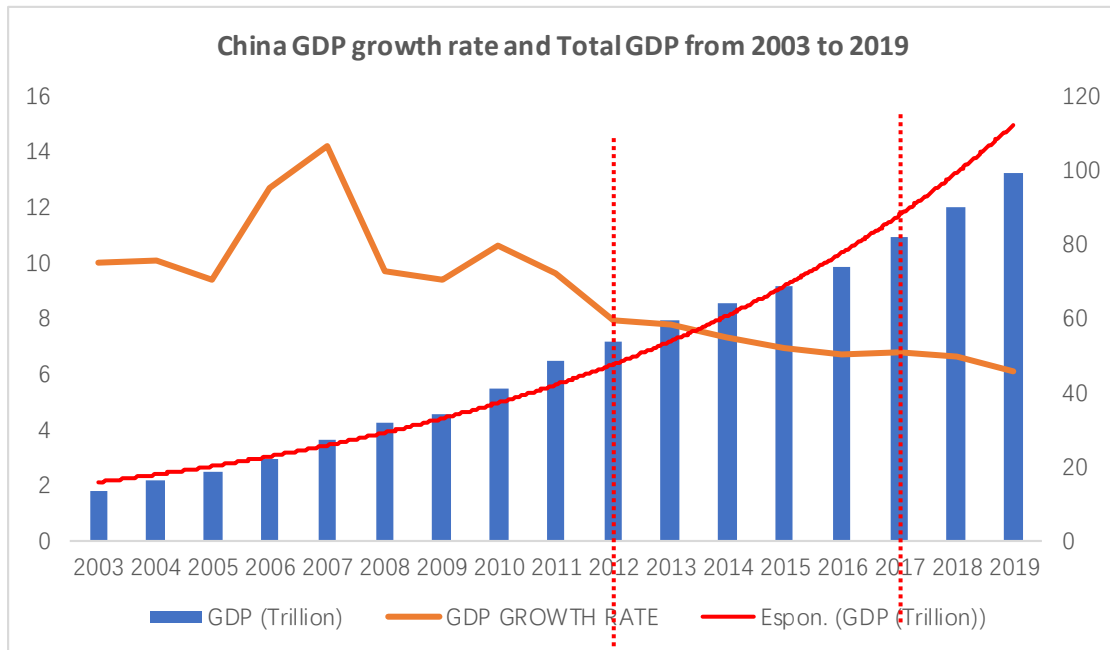


China's GDP ranking by provinces in 2019



China GDP growth rate and Total GDP from 2003 to 2019

YEAR	GDP GROWTH RATE (%)	GDP (Trillion)
2003	10	13.74
2004	10.1	16.18
2005	9.4	18.73
2006	12.7	21.94
2007	14.2	27.01
2008	9.7	31.92
2009	9.4	34.35
2010	10.6	41.21
2011	9.6	48.79
2012	7.9	53.86
2013	7.8	59.3
2014	7.3	64.13
2015	6.9	68.6
2016	6.7	74.01
2017	6.8	82.08
2018	6.6	90.03
2019	6.1	99.08



China economy enters into new cycle

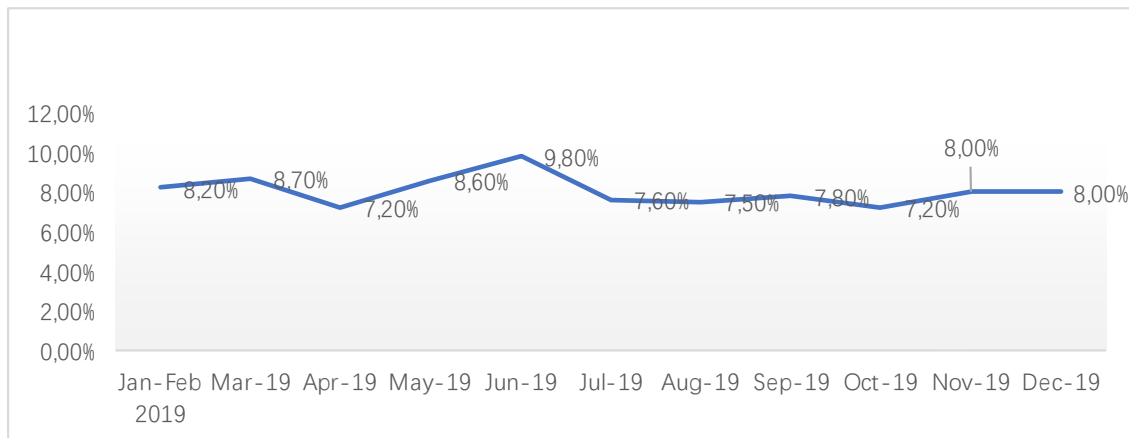
From 2012, GDP entered the 7th era, the central government of China change old economic development into high quality economic development.

In 2017 The central government no longer uses GDP as the sole assessment target for local governments, but pursues high quality, high efficiency, and green as economic development goals.

B. The retail sales of social consumer goods

By the end of 2019, the retail sales of social consumer goods have exceeded to 40 trillion reached to 41.1649trillion increased 8.0% than 2018 at the prior time.

The total retail sales of social consumer goods increased month-on-month



Major date of the total retail sales of social consumer goods from Jan to Dec 2019		
Indicator	Jan to Dec 2019	
	Absolute number (Billion)	Month on month growth (%)
Retail sales of commodities of units above the quota	13856.5	3.7
Grain and oil, food	1452.5	10.2
Beverages	209.9	10.4
Tobacco and alcohol	391.3	7.4
Clothing, shoes, hats, needles, textiles	1351.7	2.9
Cosmetics	299.2	12.6
Gold and silver jewelry	260.6	0.4
Daily necessities	611.1	13.9
Household appliances and audio-visual equipment	913.9	5.6
Chinese and Western medicines	590.7	9.0
Cultural office supplies	322.8	3.3
Furniture	197	5.1
Communication equipment	483.9	8.5
Petroleum and product	2004.2	1.2
Car	3938.9	-0.8
Construction and decoration materials	206.1	2.8

In 2019, the retail sales of consumer goods in cities and towns reach 3.51317 trillion yuan, up 7.9% over the previous year.

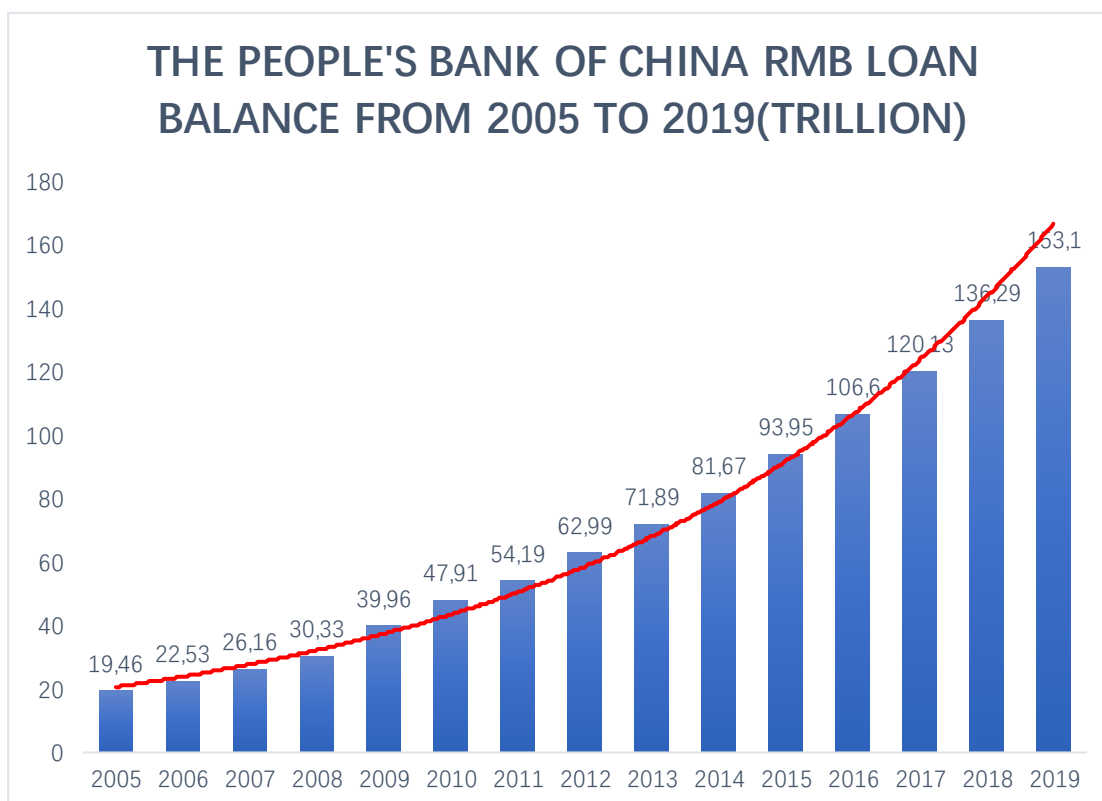
In 2019, China's online retail sales reached 1.06324 trillion yuan, up 16.5 percent from the previous year. Among them, the online retail sales of physical goods reached 8523.9 billion yuan, up 19.5%, accounting for 20.7% of the total retail sales of consumer goods.

The total retail sales of Car increased -0.8% in 2019 amount of 3938.9 billion.

The central government has taken active measures to cope with the decline in car sales growth: tax incentives, trade-in old cars for new ones, subsidies for new energy vehicles, etc.

C. Financial data from the People's Bank of China

The People's Bank of China RMB loan balance from 2005 to 2019



By the end of 2019, the People's Bank of China RMB loan balance is 153.1 trillion increased 12.3% over 2018.

Dec 2019, the foreign currency reserves is 31079.24 million US DOLLARS from State Administration of Foreign Exchange report.

中国人民银行存款基准利率

The benchmark deposit rate of the People's Bank of China

整存整取 Lump-sum deposit and withdrawal					
3 Months	6 Months	1 Year	2 years	3 Years	5 Years
1.35%	1.55%	1.75%	2.25%	2.75%	2.75%

零存整取 Installment Time Deposit		
整存零取 Deposit in lump sum and withdraw in installments		
存本取息 Deposit in lump sum and withdraw the interest periodically		
1 Year	3 Years	5 Years
1.35%	1.55%	1.55%

中国人民银行贷款基准利率

Benchmark interest rate of loan of the People's Bank of China

≤ 1 Year	From 1Year to 5Years (include 5 Years)	> 5Years
4.35%	4.75%	4.95%

D. Industrial electricity consumption in 2019 released by National

Energy Administration

Name of Indicator	Unit	2019	
		Absolute value	Rate of Increase (%)
Industrial electricity consumption	TWH	48473	2.9

In 2019, industrial electricity consumption absolute value is 48473 TWH increased 2.9% then 2018 at prior time.

CHARTER C

Further opening up in 2019

A. The banking and insurance sectors were further opening up

measures

1. Allow foreign institutions to conduct various bond rating business in bank bond market and exchange bond market.
2. Encourage overseas financial institutions to participate in the establishment and investment of financial subsidiaries of commercial Banks.
3. The overseas asset management institution is allowed to establish a joint venture with a subsidiary of a Chinese bank or insurance company to establish a wealth management company controlled by a foreign party.
4. Allow overseas financial institutions to invest in the establishment and participation of pension management companies.
5. Support foreign investment to establish or participate in currency brokerage companies.
6. The limit on foreign investment in personal insurance will be raised from 51% to 100% in the transitional period, which will be brought forward from 2021 to 2020.
7. Cancellation of domestic insurance companies holding a total of not less than 75% of the shares of the insurance asset management company, allowing foreign investors hold more than 25% of the shares.

8. Relax the conditions for entry of foreign-invested insurance companies and cancel the 30-year business life requirement.
9. It will bring forward to 2020 the time when the limit on foreign share ratio of securities companies, fund management companies and futures companies was originally scheduled to be lifted in 2021.
10. Foreign institutions are allowed to obtain a Class A lead underwriting license for the inter-bank bond market.
11. Further facilitating foreign institutional investors to invest in the inter-bank bond market.



SWIFT established wholly foreign owned enterprises in China



China's first wholly foreign-owned insurance holding company Allianz (China) officially opens in Shanghai

B. China expands Shanghai FTZ for further opening-up, globalization

---Lingang New Area



Accelerate the construction of next-generation information infrastructure such as 5G.

Exploring the free flow of capital inflows and free exchanges in the new area of the Shanghai Free Trade Zone

Support domestic and foreign investors to set up joint innovation special funds in new areas.

Support domestic and foreign investors to set up joint innovation special funds in the new area, carry out cooperation on major scientific research projects, and allow relevant funds to be freely used in the Yangtze River Delta region.

Support the new area's advantageous industries to expand into the Yangtze River Delta region to form industrial clusters.



In July 2018, TESLA established a wholly-owned enterprise in Lingang New Area Shanghai.



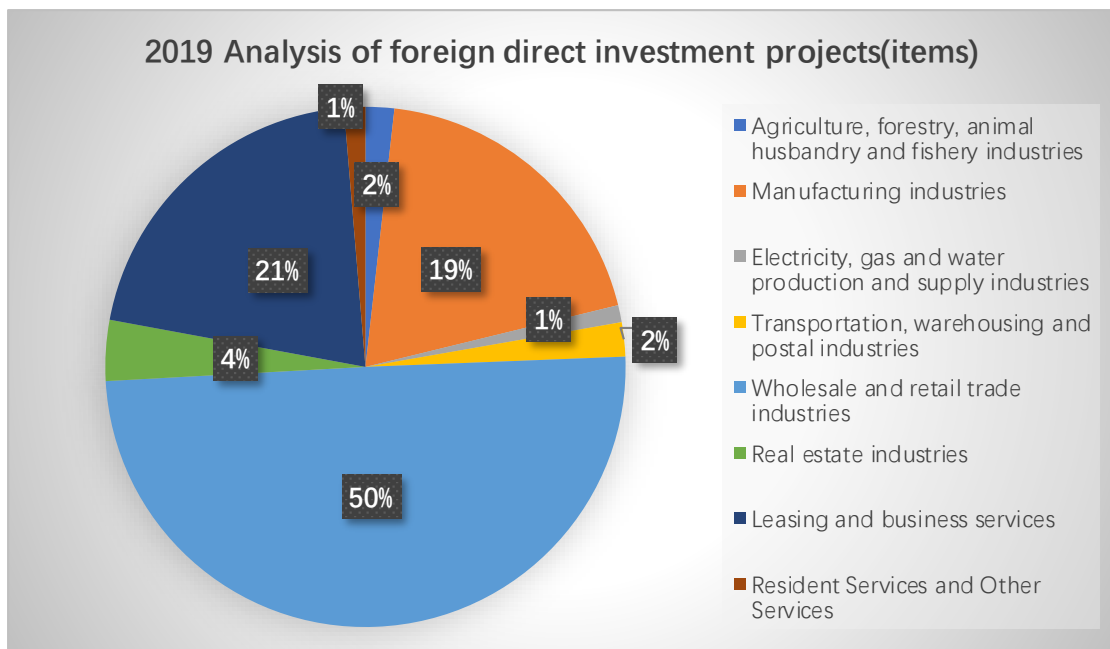
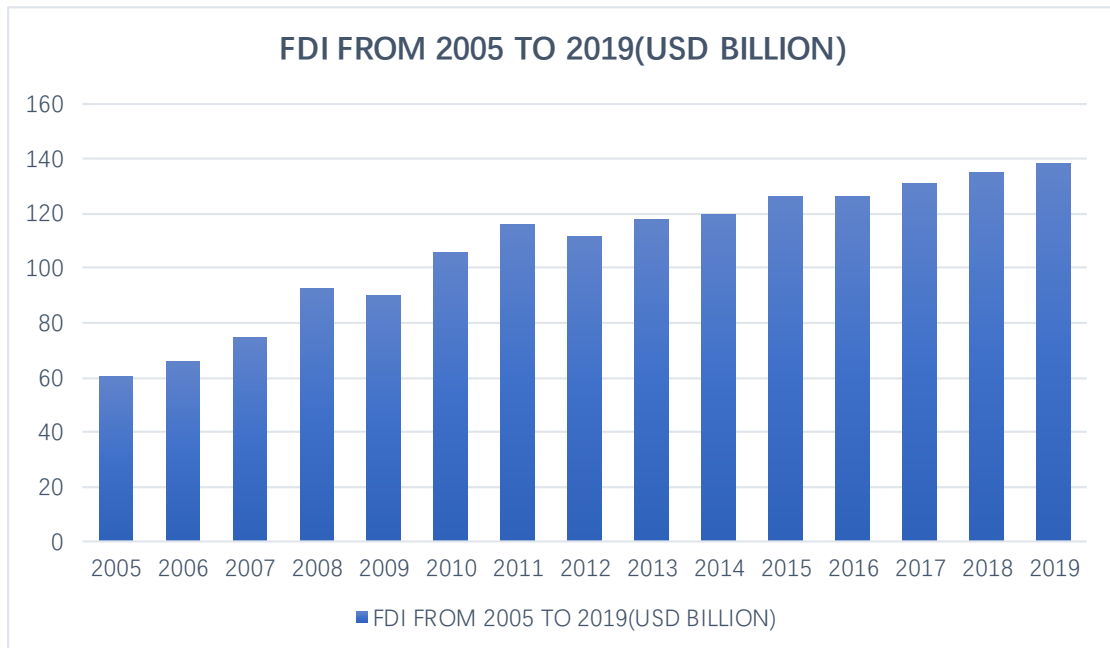
On January 7, 2019, Tesla held groundbreaking ceremony in Lingang New Area Shanghai.



On January 7, 2020, during the whole year of construction, Tesla announced the official delivery of the Model 3 which was made in China.

CHARTER D

ANALYSIS OF FDI (FOREIGN DIRECT INVESTMENT) 2019



In the whole of 2019, about 41,000 new foreign-invested enterprises were set up in China, and the actual use of foreign direct investment reached 941.52 billion yuan, up 5.8 percent year-on-year.

Foreign investment in the service sector reached 681.77 billion yuan, up 12.5%. Among them, information transmission, software and information technology services grew by 29.4 percent, and foreign direct investment in leasing and business services increased by 20.6 percent.

Among the manufacturing industries, the pharmaceutical manufacturing industry grew by 61.3%, the electrical machinery and equipment manufacturing industry by 41.2%, and the instrumentation manufacturing industry by 48.2%

Foreign investment in high-tech industries grew by 25.6%, of which the high-tech service sector grew by 44.3%. Services such as scientific research and technology grew by 68.4 per cent.

CHARTER E

THE TRADE BETWEEN CHINA AND ITALY

A. Bilateral trade between China and Italy

Bilateral trade between China and Italy reached \$54.9 billion in 2019, up 1.2% year-on-year.

China exports to Italy is \$ 33.49 billion increased 1% than 2018.

China imports from Italy is \$ 21.41 billion up 1.7% than 2018.

China-Italy trade volume 2019			
Export to Italy (Billion US Dollars)	Export growth rate	Import from Italy (Billion US Dollars)	Import growth rate
33.49	1%	21.41	1.7%

B. Analyze of exhibitors from Italy in CIIE 2019

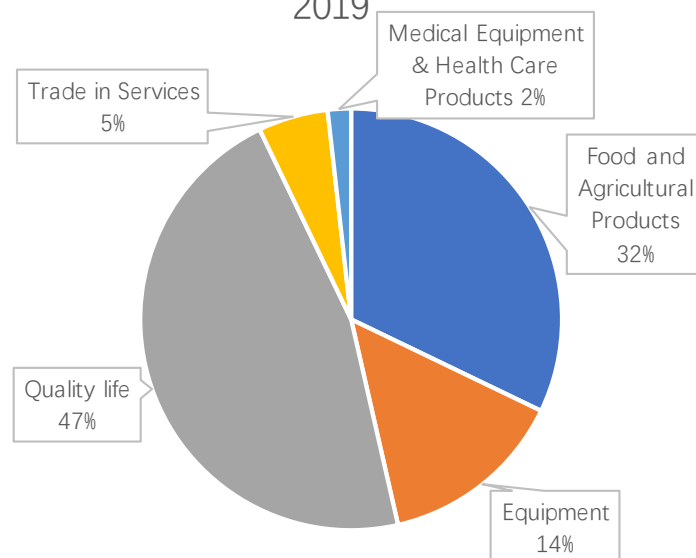
The second China international import expo was attended by 181 countries, regions and international organizations, more than 3,800 enterprises and more than 500,000 domestic and foreign professional buyers. The exhibition covered an area of 360,000 square meters. The cumulative transaction volume of the second China international import expo was US \$71.13 billion, an increase of 23% over the first China international import expo.

In 2019, Italy participated in the second China International Import Expo as a guest country, and more than 170 Italian companies from various fields such as automotive, food, and fashion signed up for the exhibition.

Italian exhibitors expressed that China has a very rich and segmented huge market, and the consumption models and supply-demand relationships are constantly changing, which means huge development potential for all industries. Italian companies hope that Chinese consumers “love and enthusiasm” for Italian products will continue in the future. From this perspective, the Expo is a rare opportunity not to be missed by Italian companies.

Type analysis of Italian companies participating in CIIE

2019



PART B

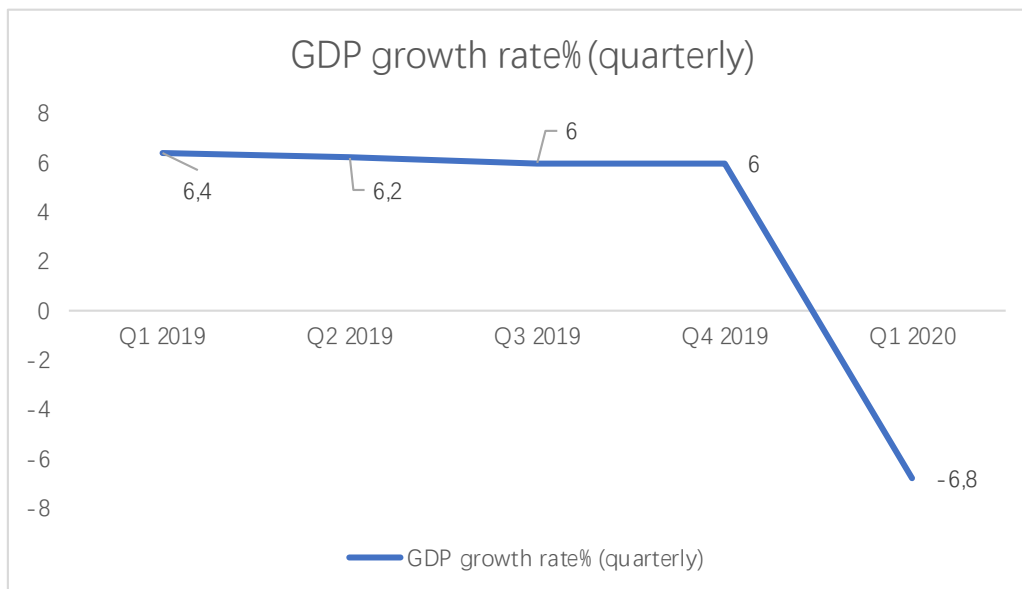
The special year of 2020

The epidemic gripped in China from Jan to Mar 2020

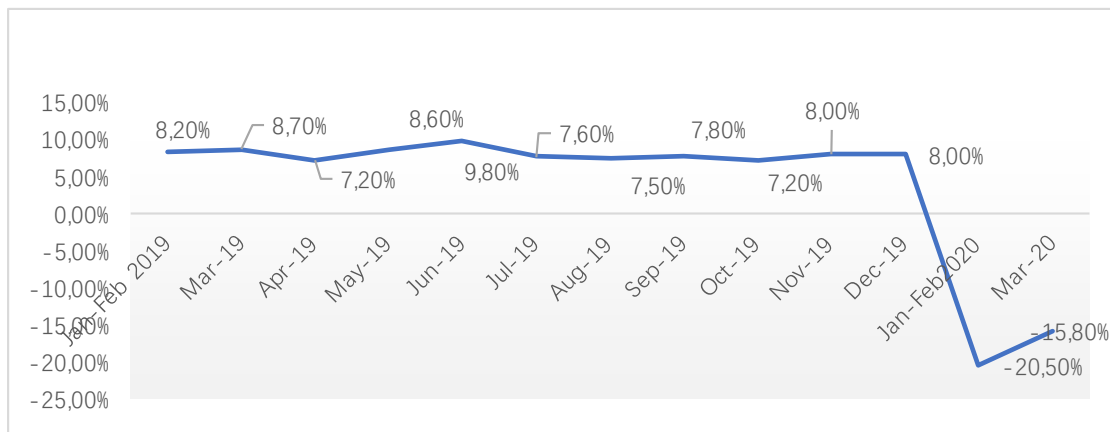


31st DEC 2019, it has a CORONAVIRUS cause in Wuhan City Hubei province China;
23rd Jan 2020, Wuhan began to close city;
23rd Jan 2020, first level response in all Chinese cities to cancel some flights and trains, closed schools and place of business, everyone should stay at home and forbid outdoor activities;
10th Feb 2020, The Central Government calls for strengthening epidemic prevention and orderly promoting resumption of work;
25th Feb 2020, the number of newly diagnosed patients in 26 places in China was 0;
19th Mar 2020, the number of newly confirmed cases in Wuhan was 0;
25th Mar 2020, second level response in all Chinese cities except Hubei province;
8th April 2020, Wuhan begins to open city, Wuhan Railway Station reopens.

China's first quarter economy was affected by the epidemic



China's GDP in the first quarter was 2.6554 trillion yuan, down 6.8% year on year.
The total retail sales of social consumer goods increased month-on-month



In the first quarter, the total retail sales of consumer goods reached 785.8 billion yuan, down 19.0% year-on-year. Among them, the total retail sales of consumer goods in March was 264.5 billion yuan, a decrease of 15.8%, and retail sales of commodities decreased by 12.0%.

PART C

Everything is back to normal

If winter comes, can spring be far behind? —P. B. Shelley, British



A. Restart, New development, new infrastructure

China 2020

a. Restart: Get nation back to work

The Political Bureau of the Communist Party of China Central Committee underlined the importance of preventing a possible domestic rebound of the outbreak and stabilizing economic fundamentals while ensuring the people's basic living needs are met in 17th April 2020.

The meeting presided over by Xi Jinping, general secretary of the CPC Central Committee, called for efforts to help businesses get back to work and production at full capacity, restore the normal economic and social order and foster new growth points while continuing epidemic containment measures on a regular basis.

It is important to unleash the potential of consumption, enable businesses to resume operations, boost consumer buying and appropriately raise public spending, said a statement released after the meeting.



To bolster investment, the country will carry out renovations of old residential communities, ramp up investment in traditional and new types of infrastructure, spur the upgrading of traditional sectors and boost investment into emerging strategic sectors, the statement said. More work must be done to spur private investment and encourage exporters to explore the domestic market.

The meeting called for quicker steps to carry out measures such as tax cuts, fee

reductions and lowering of financing costs and rents to boost SMEs, which account for about 80 percent of urban employment. The country must maintain the stability and competitiveness of its industry and supply chains with efforts to coordinate the resumption of business operations at full capacity within industry chains, the statement said.



Meeting participants noted that the first quarter has been highly unusual, given the sudden outbreak of COVID-19 causing unprecedented disruptions to social and economic development.

However, the Chinese economy has shown great resilience, with business operations now approaching or reaching normal levels and the pandemic spawning new sectors and business models and pushing the growth of other sectors, the statement said.

The meeting also highlighted the unprecedented challenges in economic growth, saying that difficulties, risks and uncertainties must be fully reckoned with.



It reiterated the importance of staying committed to the general principle of pursuing progress while ensuring stability, sticking to the new development philosophy, focusing on supply-side structural reform as the main task and seeking high-quality growth powered by reform and opening-up.

Authorities must scale up efforts to stabilize the job market, ensure the public's well-being, protect market entities, guarantee the security of food and energy, stabilize industry and supply chains and ensure normal operations at the primary level, the statement said. The goals of poverty alleviation and building a moderately prosperous society in all respects must be met, it added.

The meeting stressed the necessity of making proactive fiscal policy more effective, with steps to raise the budget deficit ratio, issue special sovereign bonds and increase the scale of local government bonds. Prudent monetary policy must be more flexible and accommodating to maintain adequate liquidity with the use of tools such as relending and cuts in reserve requirement ratios and interest rates.

To consolidate sustained momentum in epidemic containment, the meeting urged more tightened, concrete and detailed measures to carry out containment measures on a regular basis.

b. New development, new infrastructure

Growth of latest digital infrastructure underway

China is actively accelerating the construction of a new round of digital infrastructure in an effort to offset economic sluggishness and foster high-quality development, new infrastructure construction — such as 5G and data centers will be a key step to inject new impetus into the economy.



New infrastructure construction will help offset short-term downside pressure and this considerable increase in investment will play a prominent role in fueling economic growth, In the long run, new infrastructure construction will foster new growth drivers to develop the digital economy and promote high-quality development.

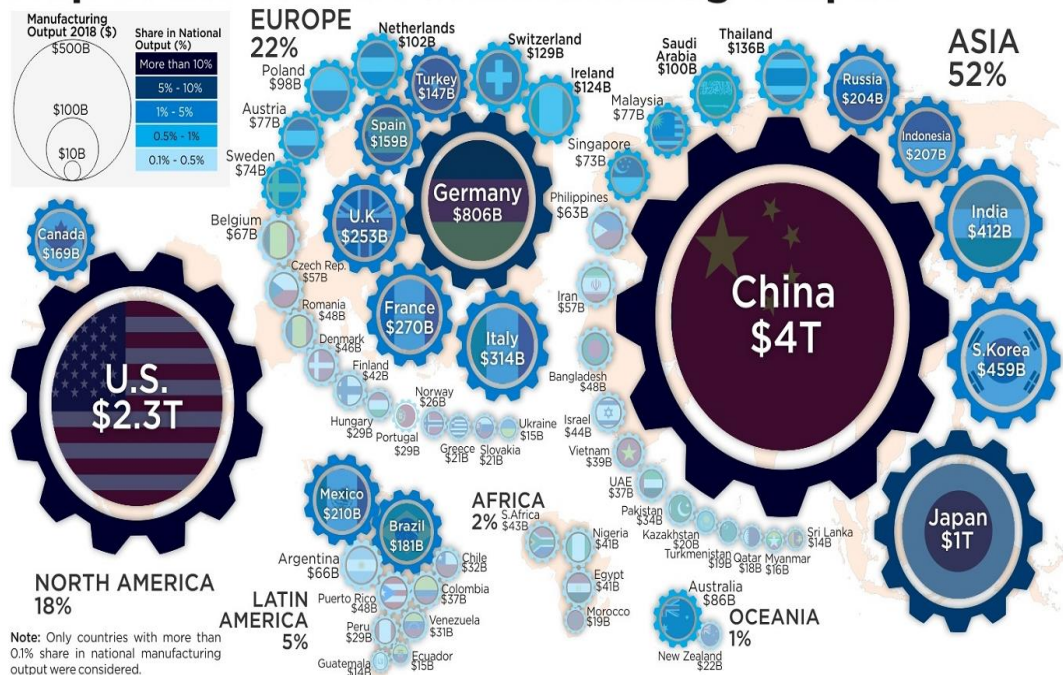
At this critical stage, Chinese government will speed up construction of new infrastructure in key areas such as 5G networks, industrial internet, data centers and basic software in order to accelerate the push for digital transformation and foster new growth drivers, more effort will also be made to improve the development of cloud computing and other cloud services and encourage more small and medium-sized companies, large firms, government agencies and financial institutions to use cloud services.



Amid the coronavirus outbreak, the country has also seen a growth opportunity for new types of consumption in fields such as online shopping, 5G, virtual reality-powered online shopping platforms, smart education and telemedicine. It will take targeted measures to cultivate new consumption and foster consumption upgrades in an effort to develop new growth drivers.

c. China is the only country with all industrial categories

Map of the World's Manufacturing Output



In 2010, China surpassed the United States to become the world's largest manufacturing country. In 2017, China's manufacturing scale was 1.7 times that

of the United States. Among the more than 500 major industrial products in the world, China has more than 220 products with the highest output in the world and is the most important "world factory" in the world. Chinese products are distributed in more than 230 countries and regions in the world.

China has 39 major categories, 191 medium categories, and 525 subcategories stipulated by the UN Industrial Classification. On the other hand, China also has the richest and most complex industrial chain in the world. Light industry, textile, petrochemical, coal, steel, nonferrous metals, automobiles, ships, transportation, logistics, wholesale and retail, e-commerce, etc.

B. The New opportunities for China and Italy

a. The year 2020 marks the 50th anniversary of the establishment of diplomatic ties between China and Italy

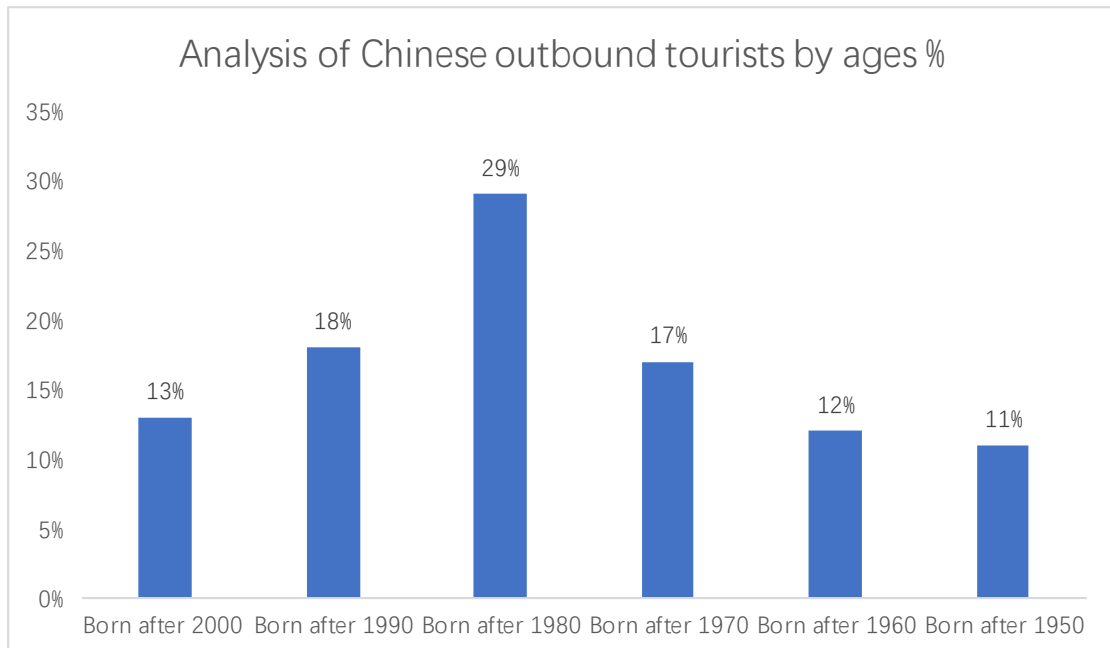


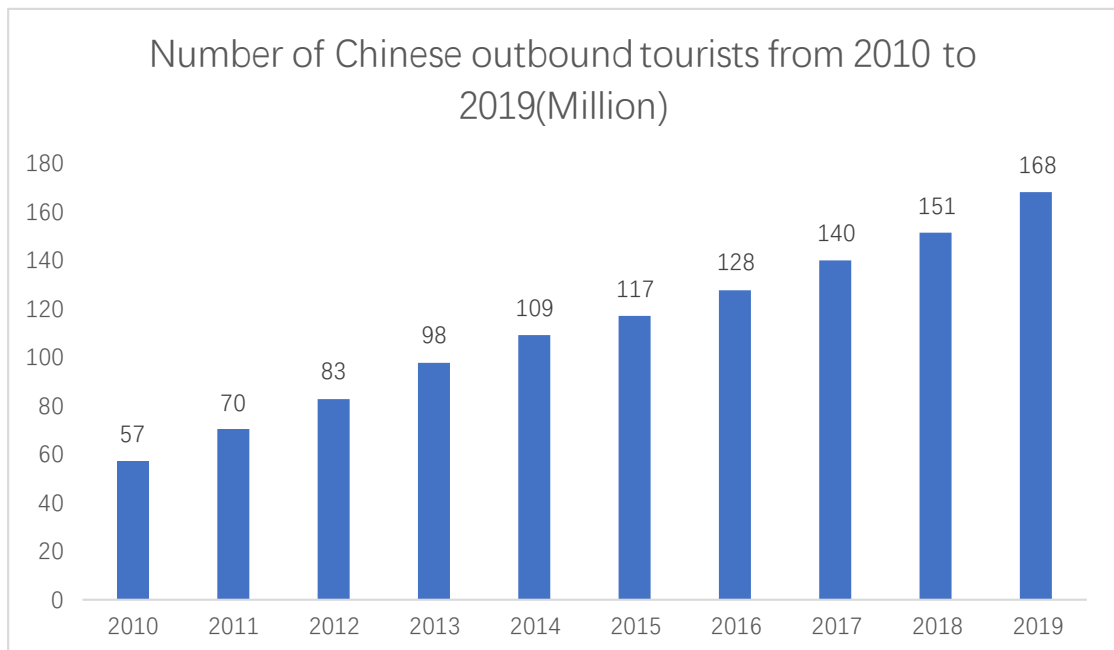
Xi Jinping emphasized that 2020 is the 50th anniversary of the establishment of diplomatic relations between China and Italy. The two countries will hold a cultural tourism year, and cooperation in various fields will usher in new opportunities. China is willing to work with all circles in Italy to promote the stability of the relationship between the two countries on the road of mutual benefit and win-win and make new contributions to the promotion of China-EU interconnection and even the development and prosperity of the world.



In 2019, the number of domestic tourists in China is expected to reach 5.5 billion, of which the proportion of users aged 35 and below reaches 70.2%, and the proportion of tourist users under 19 (below 00) is the fastest.

These 00s after the birth of the millennium grew up in the information age, full of curiosity about the unknown, coupled with good material conditions, so that they not only have the will and ability to go out of the house to explore the unknown world outside, so 00 will become well deserved New tourism forces.





China's outbound tourists reached 168 million in 2019, the overseas consumption of outbound tourists exceeded 180 billion US dollars, an increase of more than 13%.

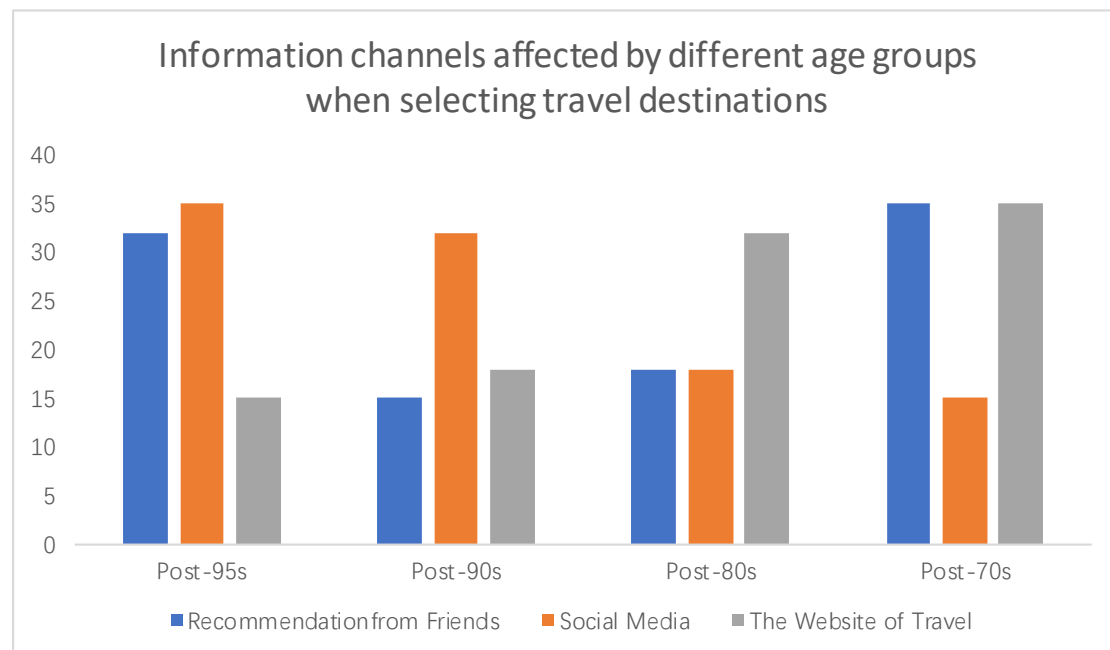


Sales channels for outbound travel products

Traditional travel agency	 CAISSA TRAVEL
	  CHINA TOURISM GROUP
	  UZAI

Online travel agency	  CTRIP
	  UZAI

Social media has a huge impact on the new generation of young consumers



The data shows that after 90s and 95s, it is relatively more susceptible to social media. In their overseas destinations, it is not difficult to find the same type of INS, the same voice of the same type of red card, and the amount of online hot goods. It increased by 722% year-on-year. Whether exploring the polar regions or deep into the jungle, young people are keen on “land-opening” niche-stimulated tourist routes. Short video has become an important means of tourism marketing in China.

C. Expanding domestic market demand in China

The Chinese government has adopted a series of measures to expand China's domestic demand market.

Shanghai government has pushed “55 Shopping day” during Labors’ day 1st May to 5th May also Shanghai city launches night economy to create consumption in night Shanghai, Shanghai government encourage merchants to combine online and offline to create buying opportunities for consumers.

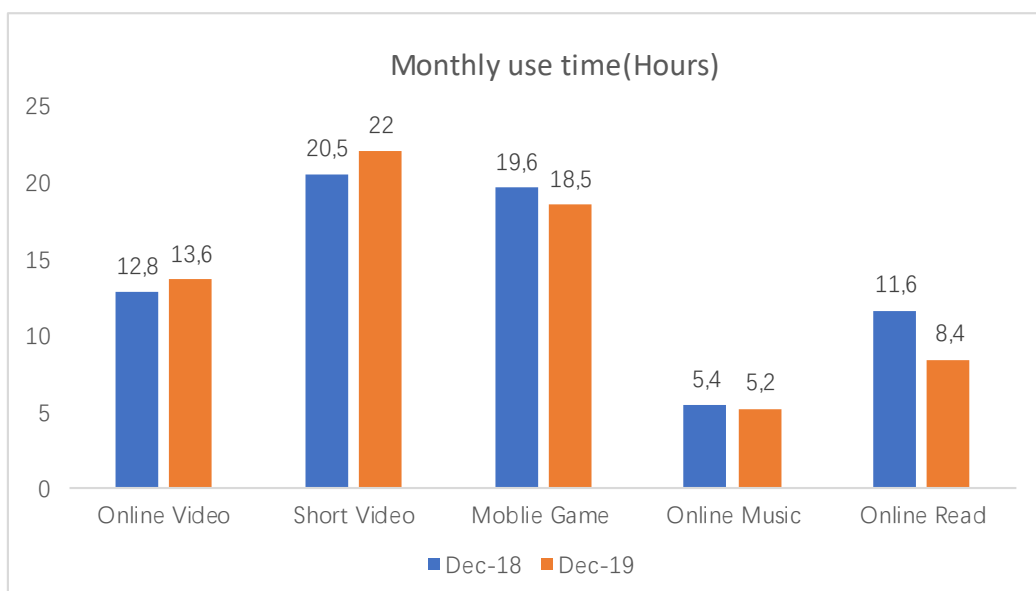
In China 16 provinces (municipalities) issued consumer coupons totaling more than 4.273 billion yuan to boost the consumer market.

The Chinese government encourages enterprises to make full use of **Short video and livestream platform like TIKTOK (抖音) and KUAISHOU (快手)**



There are Chinese most popular short video and livestream platform TIKTOK (抖音) and KUAISHOU (快手)

The scale of short video active users reached 807 million in December 2019 and it means that 7.2 out of 10 mobile internet users are using short video products.



The duration of short video is also growing explosively. The monthly per capita usage time exceeds 22 hours, up 8.6% year-on-year. The monthly per capita duration of pan-entertainment industries such as online video, online reading, and mobile games has decreased to varying degrees year-on-year. Also, the central government support short video and live stream development and encourage businesses to use short videos, live broadcasts, etc. to promote brands and sell products



This is Chinese President Xi Jinping and Prime minister Li Keqiang in short video to help business promote their products as sign of supporting Short video and livestream development.

SINTESI2000 SHANGHAI OFFICE

SINTESI2000 SHANGHAI OFFICE, belonging to BANCA POPOLARE DI SONDRIO, has been focusing on Chinese market for the last 15 years.

As bridge between China and Italy, our office introduces Italian brands and products to Chinese clients, meanwhile we provide business opportunities from China and Italy with clients to promote trade development between China and Italy.

We offer a wide range of services to support clients to make them better understand Chinese market, we will be the first time to provide solutions with clients when they encounter problems.

UFFICIO DI SHANGHAI: PRINCIPALI SERVIZI OFFERTI

Informazioni commerciali e finanziarie su aziende cinesi:

- . Verifica dell'esistenza
- . Informazioni sulla credibilità
- . Contatto diretto con i clienti locali

Segnalazione di opportunità commerciali:

- . Informazioni sulla Cina
- . Organizzazione di incontri B2B in loco

Promozione commerciale di prodotti italiani da esportare:

- . Visita a fiere e manifestazioni in loco
- . Partecipazione ad importanti eventi organizzati dal governo cinese

Ricerca di nuove fonti di approvvigionamento per aziende italiane:

- . Raccolta del maggior numero di informazioni possibili sulle società cinesi interessate a lavorare con il mercato italiano
- . Organizzazione di incontri per valutare l'avvio di relazioni con i nostri clienti

Risoluzione di problemi logistici:

- . Offre alla clientela meeting room per ricevere i propri ospiti
- . Assistenza alla clientela interessata alla China International Import Expo: gestione pratiche di registrazione, ricerca interpreti e hostess, supporto durante i giorni della manifestazione ad iscrizione conclusa, ricerca clientela cinese suddivisa in base al settore di attività con successivo invio degli inviti a visitare gli stand dei nostri clienti.

Organizzazione, di concerto con la banca, di missioni economiche per conto di Associazioni di categoria, Enti e Consorzi