

China on the move

The business world turns towards East Asia as China's economic growth continues.

1 Work with a partner to complete the fact file about China.

Fact file: China	
Capital	Beijing
Population	
Life expectancy	69 years (men), 73 years (women)
Currency	
Main exports	

2 Read the article and check your answers in 1.

China's economic growth

China's economic growth accelerated to 9.1% in the third quarter of this year. Currently the sixth-largest in the world, the Chinese economy is now also the world's fastest in terms of growth. This has largely been driven by increased foreign investment, led by companies such as Sony, Ford, General Motors and BASF. Sony has announced an investment of \$8 billion and Ford has just revealed plans for a new \$1.5 billion plant in Chongqing. Many factories are now foreign-owned as multinational firms take advantage of the enormous volume of cheap labour available. As foreign investment pours in, Chinese factories are producing more cars, computers and clothes to meet rising demand at home and abroad.

With neighbouring countries increasing sales of raw materials to factories in China, imports jumped by 40.5% in the first nine months of the year, higher than the 31 per cent gain in exports. 'China's imports are growing faster than exports because of rising domestic demand,' a government economic minister said. China

mainly exports manufactured goods, as well as textiles and electronic products.

The government announced that it had created 6.25 million jobs in the first nine months of the year, reducing the urban unemployment rate to 4.2%. Much of the new work was created through construction projects in Shanghai and other cities, as well as huge public works such as the Three Gorges dam – the world's biggest engineering project. Another result of the increase in employment is that the average disposable income in towns and cities – which are home to two-fifths of China's 1.3 billion people – rose 9% to \$770 in the first nine months of this year.

If the country maintains this pace, it will overtake Britain and France before the end of 2005. However, some US business analysts maintain that the currency, the Renminbi (yuan), is kept artificially weak, helping China attract investment and sell its products overseas at lower prices. Even once this situation is resolved, there is no doubt that China's industrial strength will have a major impact on the shape of the world economy in the future.

3 Match the following words to make collocations from the article.

- | | |
|-----------------|------------|
| a multinational | investment |
| b foreign | rate |
| c raw | impact |
| d unemployment | income |
| e disposable | materials |
| f major | firms |

4 Discuss the following questions in small groups and report your ideas to the class.

- Do you think western companies will continue to invest in East Asia?
- Do you think China will continue to grow at the same pace?
- What impact do you think such growth will have on the economies of other countries?