

THE RISE OF THE 'CHAMPS' - NEW REPORT MAPS BUSINESS OPPORTUNITY IN CHINA'S FASTEST GROWING CITIES

Submitted by: Grayling

Tuesday, 9 November 2010

Over the next decade, the population of the top 20 emerging cities in China will grow by approximately 30% to 85 million, making central China a global hotspot for business opportunity, according to the latest report from the Economist Intelligence Unit (<http://www.eiu.com>)'s (EIU) Access China service.

The report (<http://www.eiu.com/champs>) sends a clear message to international businesses looking at expansion opportunities in China, with the EIU identifying the top 20 fastest growing large cities in the world's most dynamic economy, represented by the 'CHAMPS' - Chongqing, Hefei, Anshan, Maanshan, Pingdingshan and Shenyang.

The six CHAMPS highlight the breadth of business opportunities available, fuelled by the on-going construction boom, rising home and vehicle ownership, and spending on personal appliances. The EIU's China experts have also ranked all 20 cities by specific factors, other than growth. These cover the level of economic development, consumer markets, logistics, IT, connectivity, education, average wages, healthcare and pollution.

Despite the global recession, China has continued to achieve year-on-year double-digit economic growth, presenting enormous opportunities for international businesses. However, the financial crisis has hit the income of the export centres, such as Beijing, Shanghai and Tianjin, based in the east of the country. The rise of the CHAMPS reflects growth moving away from the export-led east to China's inland.

Gareth Leather, EIU analyst and one of the report's authors, commented:

"This report gives a snapshot of China in the coming decades. It helps business to prepare for the opportunities that will emerge as the CHAMPS become central to the global economy.

Our report shows that China's urban population will continue to grow for the next 30 years. That's good news for economic growth. People in the fast-growing cities will have money to spend. The growth rate of disposable income per head in Hefei will be nearly seven times faster than London's in 2012. The cities themselves will have enormous economies with the city of Zhengzhou having an economy bigger than Hong Kong, Sweden or Israel."

The report also reveals:

- Growth in central China was 18.9% in the third quarter of 2010, compared to 15.6% in the eastern region.
- Over the next decade, the population of the CHAMPS will grow by 27%, compared to just 19% for the 20 current richest cities.
- The CHAMPS are closing the income gap: between 2009 and 2020, the gap between average incomes in the 20 richest cities and the CHAMPS will fall from 42% to 15%. This will translate into growth opportunities

for products targeted at high income earners.

- While consumer markets for numerous types of consumer goods are approaching saturation in wealthier cities, market uptake of these goods is still rapidly increasing in the CHAMPS. Mobile phones, air conditioners, and personal computers are expected to perform exceptionally well.

Ends