

# CHINA



Zhonghua Renmin Gonghe Guo  
(People's Republic of China)

*Capital:* Beijing (Peking)

*Population estimate, 2010:* 1,354-15m.

*GDP per capita, 2007:* (PPP\$) 5,383

*HDI/world rank:* 0.772/92

## KEY HISTORICAL EVENTS

An embryonic Chinese state emerged in the fertile Huang He (Yellow River) basin before 4000 BC. Chinese culture reached the Chang Jiang (Yangtze) basin by 2500 BC and within 500 years the far south was also within the Chinese orbit. Four thousand years ago the Xia dynasty ruled in the Huang He basin. About 1500 BC it was supplanted by the Shang dynasty, under which writing developed using recognizable Chinese characters. The remains of the Shang period show that their state was the cultural ancestor of modern China.

Shang civilization spread out from the Huang He region. In the west, the Shang state came into conflict with the Zhou state, whose rulers replaced the Shang dynasty around 1000 BC. Under the Zhou, a centralized administration developed. In about 500 BC one court official, Kongfuzi (Confucius), outlined his vision of

society. Confucianism, which introduced a system of civil service recruitment through examination, remained the principal Chinese belief system until the mid-20th century.

The Zhou expanded the Chinese state south beyond the Chang Jiang. There, dependent territories emerged which, by the 5th century, had become independent Warring States. These insubordinate kingdoms periodically rebelled against the central authority and fought one another. In 221 BC the ruler of the Warring State of Qin became the first emperor of China. He built an empire extending from the South China Sea to the edge of Central Asia, where work was begun on the Great Wall of China, a massive fortification to keep threatening nomads at bay. The Qin dynasty standardized laws, money and administration throughout the empire but it was short-lived. By 206 BC the state had divided into three.

Reunification came gradually under the Han dynasty (202 BC–AD 200). Han emperors ruled through an efficient, centralized bureaucracy. They established a state whose boundaries were similar to those of modern China. Some of the peripheral possessions proved too distant to hold and the Han empire collapsed through rebellion and invasion. It was followed by the Jin (265–316) and Sui (589–612) dynasties, interspersed by a period of inter-state war and anarchy. Reunification was achieved by the Tang dynasty, whose efficient reforming rule brought new

prosperity to China from 618–917. Eventually the Tang empire too collapsed as separatism grew.

Under the next dynasty, the Song (960–1127), the balance of power within China shifted south. Song China expanded trade with the rest of Asia. In 1126 nomads from Manchuria invaded the north. The Song state lost control of the area north of the Chang Jiang. A declining Song empire persisted in the south until 1279.

#### *Genghis Khan*

The northern invaders were overthrown by the Mongols, led by Genghis Khan (c. 1162–1227), who went on to claim the rest of China. In 1280 their ruler Kublai Khan (1251–94), who had founded the Yuan dynasty in 1271, swept into southern China. The Mongol Yuan dynasty adopted Chinese ways but was overthrown by a nationalist uprising in 1368, led by Hongwu (1328–98), a former beggar who established the Ming dynasty. Hongwu, and several later Ming emperors, made important reforms, resulting in increased levels of prosperity and extended borders.

The Ming empire collapsed in a peasants' revolt in 1644. The capital, Beijing (Peking), was only 64 km from the Great Wall and vulnerable to attack from nomads to the north. Within months the peasants' leader was swept aside by the invasion of the Manchus, whose Qing dynasty ruled China until 1911. Preoccupied with threats from the north, China neglected its southern coastal frontier where European traders were attempting to open up the country. The Portuguese, who landed on the Chinese coast in 1516, were followed by the Dutch in 1622 and the English in 1637.

Qing emperors initially ruled fairly and adopted Chinese ways and customs. The empire expanded into Mongolia, Tibet, Vietnam and Kazakhstan. By the 19th century imperial China was suffering from corruption. Under pressure from rural revolts, ignited by crippling taxation and poverty, the Qing empire started to collapse. Through the two Opium Wars (1838–42; 1856–58), Britain forced China to allow the import of opium from India into China, while Britain, France, Germany and other European states gained concessions in 'treaty ports' that virtually came under foreign rule.

The Taiping Rebellion (1851–64) set up a revolutionary egalitarian state in southern China. The European powers intervened to crush the rebellion, but in 1860 British and French forces invaded Beijing and burnt the imperial palace. The Europeans extracted further trading concessions from China. A weakened China was defeated by Japan in 1895 and lost both Taiwan and Korea.

The xenophobic Boxer Rebellion, led by members of a secret society called the Fists of Righteous Harmony, broke out in 1900. The Guangxu emperor (1875–1908) attempted modernization in the Hundred Days Reform, but was taken captive by the conservative dowager empress who harnessed the Boxer Rebellion to her own ends. The rebellion was put down by European troops in 1901. China was then divided into zones of influence between the major European states and Japan.

With imperial authority so weakened, much of the country was ungovernable and ripe for rebellion. The turning point came in 1911 when a revolution led by the Kuomintang (Guomintang or Nationalist movement) of Sun Yet-sen (Sun Zhong Shan; 1866–1925) overthrew the emperor and the imperial system. The revolution was followed by a period of anarchy, which included an attempted imperial restoration. The authoritarian Yuan Shih-kai ruled as president from 1913 to 1916. Following the overthrow of Yuan, China disintegrated at the hands of local warlords.

In 1916 Sun founded a republic in southern China. The north remained beyond his control. Sun reorganized the Nationalist party on Soviet lines. At this stage the Nationalists co-operated with the Communists to re-establish national unity, but rivalry between the two parties increased, particularly after the death of Sun in 1925.

#### *Nationalism and Communism*

After Sun's death the nationalist movement was taken over by his ally Chiang Kai-shek (Jiang Jie Shi; 1887–1976). As commander in chief of the Nationalist army from 1925, Chiang's power grew. In April 1927 he tried to suppress the Chinese Communist Party in a bloody campaign in which thousands of Communists were slaughtered. The remains of the party fled to the far western province of Jiangxi, beyond the reach of the Nationalists. In 1928 Chiang's army entered Beijing. With the greater part of the country reunited under Chiang's rule, he formed a government in Nanjing, which became the capital of China.

In 1934 the Communists were forced to retreat from Jiangxi province. Led by Mao Zedong (Mao Tse-tung; 1893–1976) they trekked for more than a year on the 5,600-mile Long March. Harried during their journey, they were besieged by the Nationalists when they eventually took refuge in Shaanxi province.

In 1931, against this backdrop of civil unrest, the Japanese had invaded Manchuria and set up the last emperor of China as puppet emperor of Manchukuo. By 1937 the Japanese had seized Beijing and most of coastal China. The Nationalists and Communists finally co-operated against the invader, although the Chinese were unable to achieve much against the superior Japanese forces.

During the Second World War (1939–45), a Nationalist government provided largely ineffectual rule of unoccupied China from a temporary capital in Chongqing. At the end of the war, Nationalist-Communist co-operation was short-lived. The Soviet Union sponsored the Communist Party, which marched into Manchuria in 1946. This action began the civil war which lasted until 1949. Although the Nationalist forces of Chiang Kai-shek received support from some western countries, particularly the United States, the Communists were victorious. On 1 Oct. 1949 Mao declared the People's Republic of China in Beijing.

Chiang fled with the remains of his Nationalist forces to the island of Taiwan, where he established a government that claimed to be a continuation of the Republic of China. At first, that administration was recognized as the government of China by most Western countries and Taiwan kept China's Security Council seat at the United Nations until 1971. Chiang's authoritarian regime was periodically challenged by Red China, which bombed Taiwan's small offshore islands near the mainland. But, supported by the United States, Taiwan endured. In the 1960s and 1970s, Taiwan gradually lost recognition as the legitimate government of China and in 1978 the USA recognized the People's Republic of China.

#### *Expansionism*

In 1950 China invaded Tibet, which had been independent in practice since 1916. Repressive Chinese rule quickly alienated the Tibetans, who rose in rebellion in 1959. The Tibetan religious leader, the Dalai Lama, was forced to flee to India. Since then, the settlement of large numbers of ethnic Chinese in the main cities of Tibet has threatened to swamp Tibetan culture.

During the 1950s and 1960s China was involved in a number of border disputes and wars in neighbouring states. The Communists posted 'volunteers' to fight alongside Communist North Korea during the Korean War (1950–53). There were clashes on the Soviet border in the 1950s and the Indian border in the 1960s, when China occupied some Indian territory.

From the establishment of the Peoples' Republic of China, Communist China and the Soviet Union were allies. Communist China initially depended upon Soviet assistance for economic development. A Soviet-style five-year plan was put into action in 1953, but the relationship with Moscow was already showing signs of strain. The two Communist powers fell out regarding their different interpretations of Marxist orthodoxy. By the end of the 1950s the Soviet Union and China were rivals, spurring the Chinese arms race. Chinese research into atomic weapons

culminated in the testing of the first Chinese atomic bomb in 1964.

Mao introduced rapid collectivization of farms in 1955. The countryside was to take the lead in implementing Communist economics. Mao's idea was not met with universal approval in the Communist Party but its implementation demonstrated his complete authority over the fortunes of the nation. In 1956 he launched the doctrine of letting a 'hundred flowers bloom', encouraging intellectual debate. However, the new freedoms took a turn Mao did not expect and led to the questioning of the role of the party. Strict controls were reimposed and free-thinkers were sent to work in the countryside to be 're-educated'.

In May 1958 Mao launched another ill-fated policy, the Great Leap Forward. To promote rapid industrialization and socialism, the collectives were reorganized into larger units. Neither the resources nor trained personnel were available for this huge task. Backyard blast furnaces were set up to increase production of iron and steel. The Great Leap Forward was a disaster. It is believed that 30m. died from famine. Soviet advice against the project was ignored and a complete rift in relations with Moscow came in 1963, when Soviet assistance was withdrawn. As relations between the former friends cooled, a rapprochement with the United States was achieved in the early 1970s.

### Cultural Revolution

Having published his 'Thoughts' in the 'Little Red Book' in 1964, Mao set the Cultural Revolution in motion. Militant students were organized into groups of Red Guards to attack the party hierarchy. Anyone perceived to lack enthusiasm for Mao Zedong Thought was denounced. Thousands died as the students lost control and the army was eventually called in to restore order.

After Mao's death in 1976 the Gang of Four, led by Mao's widow Jiang Qing, attempted to seize power. These hard-liners were denounced and arrested. China effectively came under the control of Deng Xiaoping, despite the fact that he held none of the great offices of state. Deng placed an emphasis on economic reform. The country was opened to Western investment. Special Economic Zones and 'open cities' were designated and private enterprise gradually returned, on a small scale at first.

Greatly improved standards of living and a thriving economy increased expectations for civil liberties. The demand for political change climaxed in demonstrations by workers and students in April 1989, following the funeral of Communist Party leader Hu Yaobang. Protests were held in several major cities. In Beijing where demonstrators peacefully occupied Tiananmen Square, they were evicted by the military who opened fire, killing more than 1,500. Hard-liners took control of the government, and martial law was imposed from May 1989 to Jan. 1990.

Since 1989 the leadership has concentrated on economic development. Hong Kong was returned to China from British rule in 1997 and Macao from Portuguese rule in 1999. The late 1990s saw a cautious extension of civil liberties, but the leadership still denies Chinese citizens most basic political rights.

Beijing was chosen for the 2008 Olympic Games. China's treatment of Tibet came under the international spotlight in the build-up to the games, following violent protests in Tibet's capital city, Lhasa.

For the background to the handover of Hong Kong in 1997, see page 328.

### TERRITORY AND POPULATION

China is bounded in the north by Russia and Mongolia; east by North Korea, the Yellow Sea and the East China Sea, with Hong Kong and Macao as enclaves on the southeast coast; south by Vietnam, Laos, Myanmar, India, Bhutan and Nepal; west by India, Pakistan, Afghanistan, Tajikistan, Kyrgyzstan and Kazakhstan. The total area (including Taiwan, Hong Kong and Macao) is estimated at 9,572,900 sq. km (3,696,100 sq. miles). A law of Feb. 1992 claimed the Spratly, Paracel and Diaoyutai

Islands. An agreement of 7 Sept. 1993 at prime ministerial level settled Sino-Indian border disputes which had first emerged in the war of 1962.

China's fifth national census was held on 1 Nov. 2000. The total population of the 31 provinces, autonomous regions and municipalities on the mainland was 1,242,612,226 (602,336,257 females, representing 48.47%); density, 130 per sq. km. The population rose by 111,789,233 (or 9.89%) since the census in 1990. There were 458,770,983 urban residents, accounting for 36.9% of the population. The proportion of the population living in urban areas has more than doubled since 1975. An estimated 300m. people have migrated from the countryside to cities since the economy was opened up in the late 1970s, and a further 300m. are expected to move to towns and cities by 2020. China has a fast-growing ageing population. Whereas in 1980 only 4.7% of the population was aged 65 or over and by 2005 this had increased to 7.6%, by 2030 it is expected to rise to 16.3%. Long-term projections suggest that in 2050 as much as 23.6% of the population will be 65 or older. The estimated population in 2006 was 1,314.48m. (nearly a fifth of the world's total population), with 577,060,000 urban residents (43.9% of the population).

The UN gives an estimated population for 2010 of 1,354.15m.

China is set to lose its status as the world's most populous country to India in about 2030, and according to UN projections its population will begin to decline around the same time.

1979 regulations restricting married couples to a single child, a policy enforced by compulsory abortions and economic sanctions, have been widely ignored, and it was admitted in 1988 that the population target of 1,200m. by 2000 would have to be revised to 1,270m. Since 1988 peasant couples have been permitted a second child after four years if the first born is a girl, a measure to combat infanticide. In 1999 China started to implement a more widespread gradual relaxation of the one-child policy.

An estimated 55m. persons of Chinese origin lived abroad in 2005.

A number of widely divergent varieties of Chinese are spoken. The official 'Modern Standard Chinese' is based on the dialect of North China. Mandarin in one form or another is spoken by 885m. people in China, or around 70% of the population of mainland China. The Wu language and its dialects has some 77m. native speakers and Cantonese 66m. The ideographic writing system of 'characters' is uniform throughout the country, and has undergone systematic simplification. In 1958 a phonetic alphabet (*Pinyin*) was devised to transcribe the characters, and in 1979 this was officially adopted for use in all texts in the Roman alphabet. The previous transcription scheme (Wade) is still used in Taiwan and Hong Kong.

Mainland China is administratively divided into 22 provinces, five autonomous regions (originally entirely or largely inhabited by ethnic minorities, though in some regions now outnumbered by Han immigrants) and four government-controlled municipalities. These are in turn divided into 332 prefectures, 658 cities (of which 265 are at prefecture level and 393 at county level), 2,053 counties and 808 urban districts.

Government-controlled municipalities	Area (in 1,000 sq. km)	Population (2000 census, in 1,000)	Density per sq. km (in 2000)	Capital
Beijing	16.8	13,569	808	—
Chongqing	82.0	30,512	372	—
Shanghai	6.2	16,407	2,646	—
Tianjin	11.3	9,849	872	—
<i>Provinces</i>				
Anhui	139.9	59,000	422	Hefei
Fujian	123.1	34,098	277	Fuzhou
Gansu <sup>1</sup>	366.5	25,124	69	Lanzhou
Guangdong <sup>1</sup>	197.1	85,225	432	Guangzhou
Guizhou <sup>1</sup>	174.0	35,248	203	Guiyang
Hainan <sup>1</sup>	34.3	7,559	220	Haikou
Hebei <sup>1</sup>	202.7	66,684	329	Shijiazhuang

Provinces	Area (in 1,000 sq. km)	Population (2000 census, in 1,000)	Density per sq. km (in 2000)	Capital
Heilongjiang <sup>1</sup>	463.6	36,238	78	Haerbin
Henan	167.0	91,237	546	Zhengzhou
Hubei <sup>1</sup>	187.5	59,509	317	Wuhan
Hunan <sup>1</sup>	210.5	63,274	301	Changsha
Jiangsu	102.6	73,044	712	Nanjing
Jiangxi	164.8	40,398	245	Nanchang
Jilin <sup>1</sup>	187.0	26,802	143	Changchun
Liaoning <sup>1</sup>	151.0	41,824	277	Shenyang
Qinghai <sup>1</sup>	721.0	4,823	7	Xining
Shaanxi	195.8	35,365	181	Xian
Shandong	153.3	89,972	587	Jinan
Shanxi	157.1	32,471	207	Taiyuan
Sichuan <sup>1</sup>	487.0	82,348	169	Chengdu
Yunnan <sup>1</sup>	436.2	42,360	97	Kunming
Zhejiang <sup>1</sup>	101.8	45,931	451	Hangzhou
<i>Autonomous regions</i>				
Guangxi Zhuang	220.4	43,855	199	Nanning
Inner Mongolia	1,177.5	23,323	20	Hohhot
Ningxia Hui	66.4	5,486	83	Yinchuan
Tibet <sup>2</sup>	1,221.6	2,616	2	Lhasa
Xinjiang Uighur	1,646.9	18,460	11	Urumqi

<sup>1</sup>Also designated minority nationality autonomous area.

<sup>2</sup>See also Tibet below.

Population of largest cities in 2000: Shanghai, 14.23m.; Beijing (Peking), 10.30m.; Guangzhou (Canton), 7.55m.; Tianjin, 6.84m.; Wuhan, 6.79m.; Shenzhen, 6.48m.; Chongqing, 5.09m.; Shenyang, 4.60m.; Chengdu, 4.27m.; Foshan, 4.01m.; Xian, 3.87m.; Dongguan, 3.87m.; Nanjing, 3.78m.; Haerbin, 3.63m.; Hangzhou, 3.24m.; Shantou, 3.07m.; Dalian, 2.87m.; Jinan, 2.80m.; Changchun, 2.75m.; Qingdao, 2.72m.; Kunming, 2.55m.; Taiyuan, 2.54m.; Zhengzhou, 2.50m.; Changsha, 2.12m.; Fuzhou, 2.03m.; Shijiazhuang, 1.94m.; Zibo, 1.93m.; Lanzhou, 1.91m.; Guiyang, 1.89m.; Wuxi, 1.87m.; Suzhou, 1.75m.; Urumqi (Wulumuqi), 1.73m.; Ningbo, 1.70m.; Nanchang, 1.68m.; Nanning, 1.67m.; Tangshan, 1.66m.; Wenzhou, 1.58m.; Hefei, 1.55m.; Changzhou, 1.51m.

China has 56 ethnic groups. According to the 2000 census 1,159,400,000 people (91.6%) were of Han nationality and 106,430,000 (8.4%) were from national minorities (including Zhuang, Manchu, Hui, Miao, Uighur, Yi, Tujia, Mongolian and Tibetan). Compared with the 1990 census, the Han population increased by almost 116,920,000 (11.2%), while the ethnic minorities increased by 15,230,000 (16.7%). Non-Han populations predominate in the autonomous regions, most notably in Tibet where national minorities accounted for 96.8% of the population in 2006.

Li Chengrui, *The Population of China*. 1992

## Tibet

After the 1959 revolt was suppressed, the Preparatory Committee for the Autonomous Region of Tibet (set up in 1955) took over the functions of local government, led by its Vice-Chairman, the Panchen Lama, in the absence of its Chairman, the Dalai Lama, who had fled to India in 1959. In Dec. 1964 both the Dalai and Panchen Lamas were removed from their posts and on 9 Sept. 1965 Tibet became an Autonomous Region. 301 delegates were elected to the first People's Congress, of whom 226 were Tibetans. The senior spiritual leader, the Dalai Lama, is in exile. He was awarded the Nobel Peace Prize in 1989. Following the death of the 10th Panchen Lama (Tibet's second most important spiritual leader) in Jan. 1989, the Dalai Lama announced Gendun Choekyi Nyima (b. 1989) as the 11th Panchen Lama in May 1995. Beijing rejected the choice and appointed Gyaltzen Norbu (b. 1989) in his place. Gendun Choekyi Nyima has been missing since 1995. The borders were opened for trade with neighbouring countries in 1980. In July 1988 Tibetan was reinstated as a 'major official language', competence in which is required of all administrative

officials. Monasteries and shrines have been renovated and reopened. There were some 46,000 monks and nuns in 2004. In 1984 a Buddhist seminary in Lhasa opened with 200 students. A further softening of Beijing's attitude towards Tibet was shown during President Bill Clinton's visit to China in June 1998. Jiang Zemin, China's president, said he was prepared to meet the Dalai Lama provided he acknowledged Chinese sovereignty over Tibet and Taiwan. In Sept. 2002 direct contact between the exiled government and China was re-established after a nine-year gap.

In March 2008 anti-Chinese protests in Lhasa, the regional capital, ended in violence, with dozens reportedly killed by the Chinese authorities. The episode focused international attention on China's human rights record ahead of the 2008 Olympic Games in Beijing.

At the 2000 census Tibet had a population of 2.62m., of which 2.42m. were Tibetans and the remainder from other ethnic groups. The average population density was 2.02 persons per sq. km, although the majority of residents live in the southern and eastern parts of the region. The estimated population in 2006 was 2.69m. Birth rate (per 1,000), 2006, 17.4; death rate, 5.7. Population of the Lhasa (capital) region in 2000 was 403,700.

About 80% of the population is engaged in the dominant industries of farming and animal husbandry. In 2006 the total sown area was 233,000 ha. (including 171,700 ha. of grain crops). Output in 2006: total grain crops, 923,700 tonnes; vegetables, 450,000 tonnes. In 2005 there were 10.7m. sheep, 6.3m. cattle and buffaloes, 6.3m. goats and 0.4m. horses.

Tibet has over 2,000 mineral ore fields. Minerals output, 2006: copper, 1,260,000 tonnes; vanadium, 415,000 tonnes; chrome, 121,800 tonnes. Cement production, 2006: 1.66m. tonnes. Timber output, 2007: 356,800 cu. metres.

In 2006 there were 44,813 km of roads (21,842 km in 1990). There are airports at Lhasa, Bangda and (since 2006) Nyingchi providing external links. In 2006, 154,800 foreign tourists visited Tibet. In July 2006 a 1,142-km railway linking Lhasa with the town of Golmud opened. It is the highest railway in the world. Direct services have subsequently been introduced between Lhasa and a number of major Chinese cities, including Beijing and Shanghai.

In Dec. 2006 Tibet had 890 elementary schools and 1,568 teaching centres (with 329,500 pupils), 93 junior middle schools (127,900 pupils), 13 senior middle schools (37,700 pupils) and ten secondary vocational schools (14,775 pupils). There were also six higher education institutes (including Tibet University, Tibet Nationalities Institute, Tibet Agriculture and Animal Husbandry College, and Institute of Tibetan Medicines) with 23,327 enrolled students. The illiteracy rate of young and middle-aged people fell from 39% in 2000 to below 10% in 2006.

In 2006 there were 10,746 medical personnel (including 4,310 doctors and 2,000 registered nurses) and 1,349 medical institutions, with a total of 7,496 beds.

Barnett, R. and Akiner, S. (eds.) *Resistance and Reform in Tibet*. 1994  
Margolis, Eric, *War at the Top of the World: The Struggle for Afghanistan, Kashmir and Tibet*. 2001

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## SOCIAL STATISTICS

Births, 2005, 16,210,000; deaths, 8,510,000. 2005 birth rate (per 1,000 population), 12.40; death rate, 6.51. In 2005 the birth rate rose for the first time since 1987. There were 9,450,000 marriages and 1,893,000 divorces in 2006. In April 2001 parliament passed revisions to the marriage law prohibiting bigamy and cohabitation outside marriage. The World Health Organization estimated in 2005 that the suicide rate in China

was about 17.4 per 100,000 population. China is the only major country in which the suicide rate is higher among females—over half the world's female suicides occur in China. Life expectancy at birth, 2007, was 71.3 years for men and 74.7 years for women. Infant mortality, 2005, 23 per 1,000 live births. Fertility rate, 2004, 1.7 births per woman. Annual population growth rate, 2000–05, 0.6%. According to the World Bank, the number of people living in poverty (less than US\$1.25 a day) at purchasing power parity declined from 835m. in 1981 to 207m. in 2005.

### CLIMATE

Most of China has a temperate climate but, with such a large country, extending far inland and embracing a wide range of latitude as well as containing large areas at high altitude, many parts experience extremes of climate, especially in winter. Most rain falls during the summer, from May to Sept., though amounts decrease inland. Monthly average temperatures and annual rainfall (2006): Beijing (Peking), Jan. 28.6°F (–1.9°C), July 78.6°F (25.9°C). Annual rainfall 12.5" (318 mm). Chongqing, Jan. 46.0°F (7.8°C), July 87.8°F (31.0°C). Annual rainfall 33.1" (840 mm). Shanghai, Jan. 42.3°F (5.7°C), July 84.9°F (29.4°C). Annual rainfall 45.3" (1,150 mm). Tianjin, Jan. 27.1°F (–2.7°C), July 78.6°F (25.9°C). Annual rainfall 16.3" (415 mm).

### CONSTITUTION AND GOVERNMENT

On 21 Sept. 1949 the *Chinese People's Political Consultative Conference* met in Beijing, convened by the Chinese Communist Party. The Conference adopted a 'Common Programme' of 60 articles and the 'Organic Law of the Central People's Government' (31 articles). Both became the basis of the Constitution adopted on 20 Sept. 1954 by the 1st National People's Congress, the supreme legislative body. The Consultative Conference continued to exist after 1954 as an advisory body. Three further constitutions have been promulgated under Communist rule—in 1975, 1978 and 1982 (currently in force). The latter was partially amended in 1988, 1993 and 1999, endorsing the principles of a socialist market economy and of private ownership.

The unicameral *National People's Congress* is the highest organ of state power. Usually meeting for one session a year, it can amend the constitution and nominally elects and has power to remove from office the highest officers of state. There are 2,987 members of the Congress, who are elected to serve five-year terms by municipal, regional and provincial people's congresses. The Congress elects a *Standing Committee* (which supervises the *State Council*) and the *President* and *Vice-President* for a five-year term. When not in session, Congress business is carried on by the *Standing Committee*.

The *State Council* is the supreme executive organ and comprises the Prime Minister, Deputy Prime Ministers and State Councillors.

The *Central Military Commission* is the highest state military organ.

### National Anthem

'March of the Volunteers'; words by Tien Han, tune by Nie Er.

### GOVERNMENT CHRONOLOGY

Leaders of the Communist Party of China since 1935.

#### Chairmen

1935–76	Mao Zedong
1976–81	Hua Guofeng
1981–82	Hu Yaobang

#### General Secretaries

1956–57	Deng Xiaoping
1980–87	Hu Yaobang
1987–89	Zhao Ziyang
1989–2002	Jiang Zemin
2002–	Hu Jintao

#### De facto ruler

1978–97	Deng Xiaoping
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Heads of State since 1949.

#### Chairman of the Central People's Government

1949–54	Mao Zedong
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#### Chairmen (Presidents)

1954–59	Mao Zedong
1959–68	Liu Shaoqi
1968–75	Dong Biwu

#### Chairmen of the Standing Committee of the National People's Congress

1975–76	Zhu De
1978–83	Ye Jianying

#### Presidents of the Republic

1983–88	Li Xiannian
1988–93	Yang Shangkun
1993–2003	Jiang Zemin
2003–	Hu Jintao

#### Prime Ministers since 1949.

1949–76	Zhou Enlai
1976–80	Hua Guofeng
1980–87	Zhao Ziyang
1987–1998	Li Peng
1998–2003	Zhu Rongji
2003–	Wen Jiabao

### RECENT ELECTIONS

Elections of delegates to the 11th National People's Congress were held between Oct. 2007 and Feb. 2008 by municipal, regional and provincial people's congresses. At its annual session in March 2008 the Congress re-elected Hu Jintao as President and elected Xi Jinping as Vice-President.

### CURRENT ADMINISTRATION

*President and Chairman of Central Military Commission:* Hu Jintao; b. 1942 (Chinese Communist Party; elected 15 March 2003 and re-elected 15 March 2008).

*Deputy President:* Xi Jinping.

In March 2010 the government comprised:

*Prime Minister:* Wen Jiabao; b. 1942 (Chinese Communist Party; appointed 16 March 2003).

*Deputy Prime Ministers:* Li Keqiang; Zhang Dejiang; Wang Qishan; Hui Liangyu.

*Minister of Agriculture:* Han Changfu. *Civil Administration:* Li Xueju. *Commerce:* Chen Deming. *Culture:* Cai Wu. *Education:* Zhou Ji. *Environmental Protection:* Zhou Shengxian. *Finance:* Xie Xuren. *Foreign Affairs:* Yang Jiechi. *Health:* Chen Zhu. *Housing and Construction:* Jiang Weixin. *Human Resources and Social Security:* Yin Weimin. *Industry and Information:* Li Yizhong. *Justice:* Wu Aiyang. *Land and Resources:* Xu Shaoshi. *National Defence:* Liang Guanglie. *Public Security:* Meng Jianzhu. *Railways:* Liu Zhijun. *Science and Technology:* Wan Gang. *State Security:* Geng Huichang. *Supervision:* Ma Wen. *Transport:* Li Shenglin. *Water Resources:* Chen Lei.

Ministers heading State Commissions: *Ethnic Affairs,* Yang Jing. *National Development and Reform,* Zhang Ping. *National Population and Family Planning,* Li Bin.

*De facto* power is in the hands of the Communist Party of China, which had 66m. members in 2002. There are eight other parties, all members of the Chinese People's Political Consultative Conference.

The members of the Standing Committee of the Politburo in March 2010 were: Hu Jintao (*General Secretary*); Wu Bangguo; Wen Jiabao; Jia Qinglin; Li Changchun; Xi Jinping; Li Keqiang; He Guoqiang; Zhou Yongkang.

*Government Website:* <http://www.gov.cn>

## CURRENT LEADERS

### Hu Jintao

#### *Position*

President

#### *Introduction*

Hu Jintao was nominated general secretary of the Chinese Communist Party (CCP) in Nov. 2002, formally succeeding Jiang Zemin as head of state in March 2003 and as chairman of the Central Military Commission in Sept. 2004. Although widely perceived as a conservative—having supported the Tiananmen Square massacres in the late 1980s and cracked down on separatism in Tibet—he has continued Jiang's cautious reformist policies. He has maintained the drive for rapid industrial growth and also further developed China's international contacts, undertaking visits as state president to Latin America, Australia, Canada, Central Asia, the UK, USA and, in particular, Africa.

#### *Early Life*

Much of Hu's early history is disputed. He is believed to have been born in Dec. 1942 in Jixi, Anhui Province. His mother died when he was six and he was subsequently raised by an aunt. In 1959 he began engineering studies at Qinghua University and graduated in 1964, the same year in which he joined the CCP. He then held a variety of posts at the University and the ministry of water conservancy.

He is reported to have distanced himself from Mao's Cultural Revolution of the mid-1960s and was sentenced to two months of 'reform through labour'. Later, he worked on large-scale engineering projects in Gansu province. By the late 1970s Hu was a favourite of Deng Xiaoping, who became China's effective leader. He settled in Beijing in 1980, and within two years he was the youngest member of the party's central committee. Having risen through the ranks of the Communist Youth League, in 1985 he was appointed provincial party secretary for Guizhou. In 1988 he became party secretary in charge of Tibet and authorized the killing of several independence protesters in March 1989. Shortly afterwards he declared martial law and oversaw the introduction of 100,000 troops into the region. Later in the year he was among the first of the provincial party secretaries to express his support for those who took part in the Tiananmen Square massacres.

In 1992 Hu was responsible for organizing Jiang's first party congress as leader, and soon after was designated a member of the Politburo Standing Committee. In 1998 he was named vice-president, from which point on he was Jiang's acknowledged successor. The following year he was prominent in protests at the US and British embassies in Beijing over the accidental bombing of the Chinese embassy in Belgrade during NATO military action against Serbia. He was also named deputy chairman of the Central Military Commission at that time.

#### *Career in Office*

At the CCP congress of Nov. 2002, Hu replaced Jiang as party general secretary and then succeeded him as state president in March 2003. Hu expressed his commitment to Jiang's *Theory of Three Representations* (treatise on Chinese political thought), suggesting a continuity of government style.

Hu has nevertheless pursued an active foreign policy, breaking from the Deng model which proscribed taking the lead in diplomatic negotiations. He has sought to resolve the issue of North Korea's nuclear ambitions through the ongoing six-nations talks between North and South Korea, China, Japan, Russia and the USA. He has also developed relations with neighbouring India and Pakistan, establishing military links with both countries in Nov. 2003. Earlier, in June 2003, Hu received the visiting Indian prime minister who conceded recognition of Tibet as an autonomous region of the People's Republic of China. As president, Hu has travelled widely, visiting Australia, Africa, Latin America, Canada

and Central Asia in pursuit of closer economic and commercial links to supply the resources for China's industrial machine. In Nov. 2006 he hosted a Sino-African summit in Beijing attended by more than 40 African heads of state and government, and in 2007 undertook a tour of eight African countries to boost trade and investment. In July 2008 China and Russia finalized a treaty formally ending a 40-year-old border dispute that had provoked armed clashes during the Cold War.

Human rights, Taiwan and Tibet remain difficult issues in Sino-US relations. Perennial US accusations of 'backsliding' in human rights have been vigorously denied, and Hu's government has pointed to US foreign policy as aggressive and harmful to the rights of civilians. Former President George W. Bush's less conciliatory attitude towards China over Taiwan led to a more turbulent relationship between the two countries, although Hu made a seemingly successful first presidential visit to the USA in April 2006. In Nov. 2009 US President Obama made his first visit to China, heralding declarations of bilateral co-operation on trade, climate change and other issues. At the CCP congress in Oct. 2007, Hu offered a peace agreement with Taiwan as long as the territory did not explicitly renounce its links with mainland China, and in June 2008 the first formal bilateral talks since 1999 took place. In July 2009 Hu exchanged direct messages with the president of Taiwan, the first such exchange between the national leaders in more than 60 years.

In March 2008 the worst ethnic violence in two decades in Tibet against continuing Chinese rule prompted a security crackdown against separatist protesters and widespread international criticism of Hu's government ahead of the summer Olympic Games staged in Beijing in Aug. Further ethnic violence erupted in July 2009 in Urumqi, the capital of China's northwestern Xinjiang province, between indigenous Muslim Uighurs and Han Chinese settlers, which left around 200 people dead and 1,700 injured.

Hu's domestic agenda has focused on continuing China's rapid economic development and alleviating the poverty of the peasant population, while an anti-corruption drive has included the sacking and even execution of high-ranking state officials. His government has also pledged increases in agricultural subsidies and the eventual termination of agricultural taxes—a programme interpreted as an attempt to create a larger middle class, committed to the CCP hegemony.

Hu was re-elected for a further term in March 2008. In Oct. 2009 he oversaw the mass celebrations to mark the 60th anniversary of the Communist Party's assumption of power.

### Wen Jiabao

#### *Position*

Prime Minister

#### *Introduction*

Wen Jiabao was confirmed as China's prime minister in March 2003. Although relatively low-profile, he has established a reputation for reliability and durability. A leading figure in the liberalization of China's economic and environmental policies in the 1990s, he has promoted the development of the traditionally poorer and less urban west of the country.

#### *Early Life*

Wen Jiabao was born in Tianjin in the east of China in Sept. 1942. In 1965 he obtained a degree from the Beijing Institute of Geology and joined the Chinese Communist Party (CCP). In 1968 he received his master's degree and began working with the geomechanics survey team at the Gansu provincial geological bureau (until 1982).

Wen then moved to Beijing to work at the ministry of geology and mineral resources. After heading the policy and research section he was appointed vice-minister. In 1985 he was made deputy director of the general office of the CCP central committee, working closely with the party chairman, Hu Yaobang. Wen

emerged unscathed after Hu's 1987 purge and took over as director of the general office as well as becoming an alternate member of the Politburo of the CCP central committee and secretary of the central committee's work committee of departments.

In 1989 Wen was in attendance when General Secretary Zhao Ziyang visited Tiananmen Square during the student protests. Zhao was subsequently purged, but again Wen's position remained secure. In 1992 he took on additional roles within the CCP central committee. Having led the team responsible for drafting the national five-year plan in 1995, Wen won full membership of the Politburo of the central committee two years later.

Throughout the 1990s Wen was a prominent figure in the formation of the party's economic policy. He was involved in banking reform and the restructuring of the finance ministry. By the late 1990s he was increasingly involved in environmental and rural affairs. In March 2003 Wen was confirmed as Zhu Rhongji's successor to the premiership with 99.3% support from the National People's Congress.

#### *Career in Office*

Although perceived as less charismatic than Zhu, Wen has won respect within the Chinese political establishment for his longevity and experience. His management style has traditionally been based on seeking consensus.

When he was in Gansu, Wen became one of the few leading Chinese politicians to work for an extended period in the economically less prosperous west of the country. He has stated that his aim is to narrow the prosperity gap between the east and west of China. In addition, many observers hope that he can confront the problems of China's economically weak agricultural sector. Under Jiang, Wen did much to promote the land rights of the rural peasant population. In addition, he has pushed for a reduction in the tax burden on rural communities and promoted freedom for farmers to sell their holdings.

Despite his contribution to banking reform in the 1990s, Wen was not expected to champion radical reforms to counter the crippling problem of bad debts. In 2002 he called for a 'gradual approach' to further deregulation and in 2003 he stated that China would not be pressured by the international community into a revaluation of the yuan (renminbi). Nevertheless, in July 2005 China did revalue the currency, abandoning its 11-year peg to the US dollar and linking it to a basket of currencies.

Wen's programme for assisting the rural poor took shape at the opening of the National People's Congress in March 2004. Stressing the importance of social development in poorer regions, he highlighted the damaging disparity in wealth between the rich, industrial coastal provinces and the poorer rural provinces of the interior. He promised investment in agriculture, emphasizing the need to increase overall grain production capability. His programme also included the recognition of private property, requiring an amendment to the constitution, designed to prevent the unlawful requisition of property by officials.

However, the government's slow reaction to SARS, originating in Guangdong in 2002 and 2003, was criticized by the international community as nearly 350 people died from the virus, despite quarantines and travel bans. Then the government was criticized for its attitude towards HIV/AIDS, prompting the health minister in 2004 to announce plans to combat the epidemic. Furthermore, in Sept. 2008 a scandal over tainted milk supplies, which caused around 50,000 children to fall ill, prompted a public apology by Wen.

In April 2007 Wen visited Japan and became the first Chinese premier to make a formal address to the Japanese legislature, in which he urged friendship and reconciliation after their countries' difficult shared history.

Wen was re-elected for a further term in March 2008. In Nov. he disclosed that the effects of the global financial crisis on China were worse than had been expected, prompting the government to announce a US\$586bn. spending stimulus to boost the economy.

In March 2009 China's central bank called for a new global reserve currency run by the International Monetary Fund to replace the US dollar and Wen, while voicing his confidence in the Chinese economy, expressed concern over China's significant holdings of US government bonds.

#### **DEFENCE**

The Chinese president is chairman of the State and Party's Military Commissions. China is divided into seven military regions. The military commander also commands the air, naval and civilian militia forces assigned to each region.

China's armed forces, totalling more than 2.2m. in 2006, are the largest of any country.

Conscription is compulsory, but for organizational reasons, is selective: only some 10% of potential recruits are called up. Service is for two years. A military academy to train senior officers in modern warfare was established in 1985.

Defence expenditure in 2008 was estimated at 590bn. yuan (US\$84,900m., equivalent to US\$63 per capita). Defence spending in 2007 represented an estimated 2.0% of GDP. Only the USA spent more on defence in 2008, but China's defence expenditure totalled around a seventh of that of the USA. In the period 2004-08 China's expenditure on major conventional weapons was the highest in the world at US\$13.0bn. In March 2007 it was announced that defence budget for the year would rise by 17.8%. Military spending rose by an estimated 194% in real terms between 1999 and 2008.

#### *Nuclear Weapons*

Having carried out its first test in 1964, there have been 45 tests in all at Lop Nur, in Xinjiang (the last in 1996). The nuclear arsenal consisted of approximately 186 warheads in Jan. 2009 according to the Stockholm International Peace Research Institute. China has been helping Pakistan with its nuclear efforts. Despite China's official position, *Deadly Arsenals*, published by the Carnegie Endowment for International Peace, alleges that the Chinese government is secretly pursuing chemical and biological weapons programmes.

#### **Army**

The Army (PLA: 'People's Liberation Army') is divided into main and local forces. Main forces, administered by the seven military regions in which they are stationed, but commanded by the Ministry of Defence, are available for operation anywhere and are better equipped. Local forces concentrate on the defence of their own regions. There are 18 Integrated Group Armies comprising 42 infantry divisions, nine armoured divisions, 12 armoured brigades, one mechanized infantry, 22 motorized infantry brigades, seven artillery divisions, 14 artillery brigades, one anti-tank brigade, nine surface-to-air missile brigades and 12 anti-aircraft artillery brigades. Total strength in 2006 was 1.60m. including some 800,000 conscripts. Reserve forces are undergoing major reorganization on a provincial basis but are estimated to number some 800,000.

In Sept. 2003 it was announced that the strength of the PLA was to be reduced by 200,000 as part of a move to modernize the military.

There is a paramilitary People's Armed Police force estimated at 1.5m. under PLA command.

#### **Navy**

The naval arm of the PLA comprises one nuclear-powered ballistic missile armed submarine, four nuclear-propelled fleet submarines, one diesel-powered cruise missile submarine and some 51 patrol submarines. Surface combatant forces include 27 missile-armed destroyers, 44 frigates and some 52 missile craft.

There is a land-based naval air force of about 792 combat aircraft, primarily for defensive and anti-submarine service. The force includes H-5 torpedo bombers, Q-5 fighter/ground attack aircraft, J-6 (MiG-19) and J-7 (MiG-21) fighters.

The naval arm is split into a North Sea Fleet, an East Sea Fleet and a South Sea Fleet.

In 2006 naval personnel were estimated at 255,000, including 26,000 in the naval air force and 40,000 conscripts.

#### Air Force

There are 32 air divisions. Up to four squadrons make up an air regiment and three air regiments form an air division. The Air Force has an estimated 2,600 combat aircraft.

Equipment includes J-7 (MiG-21) interceptors and fighter-bombers, H-5 (Il-28) jet bombers, H-6 Chinese-built copies of Tu-16 strategic bombers, Q-5 fighter-bombers (evolved from the MiG-19) and Su-27 fighters supplied by Russia. About 165 of a locally-developed fighter designated J-8 (known in the West as 'Finback') are in service.

Total strength (2006) was 400,000 (150,000 conscripts), including 210,000 in air defence organization. The Air Force headquarters are in Beijing.

#### INTERNATIONAL RELATIONS

The People's Republic of China is a member of the UN (and a permanent member of its Security Council), World Bank, IMF and several other UN specialized agencies, WTO, BIS, Inter-American Development Bank, Asian Development Bank, APEC, Mekong Group and Antarctic Treaty.

In 2005 China made the transition from receiver of foreign aid to donor as a consequence of several years of rapid economic growth.

#### ECONOMY

In 2006 agriculture accounted for 11.7% of GDP, industry 48.1% and services 40.2%.

#### Overview

China's economic performance has been marked by high rates of growth for over 25 years. GDP growth in the early 2000s consistently exceeded 10% until suffering a slump following the global financial crisis. China holds the world's largest foreign reserves, is among the top recipients of foreign direct investment and is the world's largest producer and consumer of coal. It is also a key player in Africa's development, having signed business deals worth US\$2bn. by 2006.

The first steps towards a more market-oriented economy were taken by Deng Xiaoping in the late 1970s. He opened the economy to foreign trade and investment, decentralized industrial management and allowed the private sector to flourish. In 2001 China became a member of the WTO, establishing trade relations with many countries. Much of China's recent dynamism has come from 'collective' enterprises, particularly those at township and village level run by managers under the auspices of local government. Local governments have an incentive to see enterprises run efficiently as officials are allowed to keep surplus revenues. Much of the productivity-enhancing competition that China has experienced is therefore competition between local or regional governments with direct interests in productive enterprise.

Private entrepreneurs and foreign investors have played an important role in manufacturing output. Even before 1978 the economy was heavily skewed towards manufacturing but thereafter output increased and there was a structural shift away from large state-owned enterprises (SOEs), although SOEs remain a significant part of the economy. Many new enterprises are labour-intensive industries as distinct from the capital-intensive SOEs. Estimates of the private sector's share of total economic activity differ significantly, with the Chinese government and some foreign banks putting it as low as a quarter while the OECD estimate is two-thirds. Growth has been fuelled by low added value, labour-intensive exports but the country has moved up the added value curve and Chinese firms are predicted to become

increasingly competitive with higher added value producers, such as South Korea.

There are several threats to continued growth. Inefficient production and outmoded equipment have led to a deterioration of the environment, especially in the north. Air pollution, soil erosion and a declining water table are particular problems, although under China's 11th Five Year Plan (2006–10) the government aims to reduce major pollutants by 10%.

The global economic crisis of 2008 reduced the rate of growth and the inflow of FDI but China's recovery was among the earliest and most spectacular. GDP growth was 7.9% in the second quarter of 2009, up from a two-decade low of 6.1% in the first quarter of that year. Recent growth has been rooted in a government stimulus package of 4trn. yuan (US\$586bn. or 13% of 2008 GDP), including fiscal spending and interest rate cuts, as well as expansionary monetary policy. The government committed 1.18trn. yuan with the rest of the package coming from local government, banks and SOEs. The Asian Development Bank forecasts GDP growth of 8.9% for 2010. The fiscal position remains strong with total government debt totalling 15.9% of GDP in 2008. Although exports declined by around 17% in 2009, other countries fared worse and China's share of world exports increased to nearly 10% (up from 3% in 1999), making it the world's largest exporter.

Efforts to restructure the economy away from investment and export-led growth towards more private consumption have been interrupted by the global crisis. Nonetheless, structural reforms to redirect the export-oriented economy include increased worker mobility and improved public sector efficiency. The economy's dynamism is handicapped by the heavy capitalization required for start-ups, bias against small private companies by state-controlled banks and a deficient stock market that makes family and friends a key source of financing. SOEs continue to dominate 'strategic' industries and remain burdened by excess labour. China also faces the growing burden of an ageing population.

The World Bank estimates that the number of people living on a dollar a day declined by 391m. between 1990 and 2005. However, the 204m. who still have consumption levels below one dollar a day are located mainly in remote and resource-poor regions, particularly in the west and the interior.

#### Currency

The currency is called Renminbi (i.e. People's Currency). The unit of currency is the *yuan* (CNY) which is divided into ten *jiao*, the *jiao* being divided into ten *fen*. The yuan was floated to reflect market forces on 1 Jan. 1994 while remaining state-controlled. For 11 years the People's Bank of China maintained the yuan at about 8.28 to the US dollar, allowing it to fluctuate but only by a fraction of 1% in closely supervised trading. However, on 21 July 2005 it was revalued and is now pegged against a 'market basket' of currencies the central parities of which are determined every night. The exchange rate was changed from 8.28 yuan to the dollar to 8.11 yuan to the dollar. Since July 2005 the yuan has been allowed to appreciate slowly, and the dollar to yuan exchange rate has gone from 8.11 to 6.83. In Aug. 2009 total money supply was 20,039.5bn. yuan, gold reserves were 33.89m. troy oz and foreign exchange reserves US\$2,210.8bn. (US\$75.4bn. in 1995). China's reserves are the highest of any country, having overtaken those of Japan in Feb. 2006.

Inflation rates (based on IMF statistics):

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
-1.4%	0.4%	0.7%	-0.8%	1.2%	3.9%	1.8%	1.5%	4.8%	5.9%

China's economy overheated in the early 1990s, leading to inflation rates of 14.7% in 1993, 24.1% in 1994 and 17.1% in 1995. The 2008 rate was the highest since 1996.

#### Budget

Total revenue and expenditure (in 1bn. yuan):

	2002	2003	2004	2005	2006
Revenue	1,890.4	2,171.5	2,639.6	3,164.9	3,876.0
Expenditure	2,205.3	2,465.0	2,848.7	3,393.0	4,042.3

Total revenue in the central budget for 2006 was 2,123.2bn. yuan, comprising 2,045.0bn. yuan in revenue collected by central government and 78.3bn. yuan transferred to central government from local authorities. Total expenditure in the central budget amounted to 2,348.2bn. yuan, of which 999.2bn. yuan of expenditure for the central government and 1,349.1bn. yuan in the form of subsidies for local authorities. Local government revenue in 2006 came to 3,177.2bn. yuan (1,828.1bn. yuan in revenue collected by local authorities and 1,349.1bn. yuan in central government subsidies) and expenditure amounted to 3,100.4bn. yuan (3,022.2bn. yuan of expenditure in local budgets and 78.3bn. yuan transferred to central government). The deficit in the central budget in 2006 was 275.0bn. yuan.

### Performance

GDP totalled US\$4,326.2bn. in 2008, the third highest behind the USA and Japan. It is forecast that by 2050 China will have overtaken the USA to become the world's largest economy. Real GDP growth rates (based on IMF statistics):

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
7.6%	8.4%	8.3%	9.1%	10.0%	10.1%	10.4%	11.6%	13.0%	9.0%

GDP growth in 2009 was 8.7% according to the National Bureau of Statistics. In spite of high growth in recent years, China's GDP per capita at purchasing power parity was \$5,383 in 2007 compared to the very high human development average of \$37,272.

### Banking and Finance

The People's Bank of China is the central bank and bank of issue (*Governor*, Zhou Xiaochuan). There are three state policy banks—the State Development Bank, Export and Import Bank of China and Agricultural Development Bank of China—and four national specialized banks (the Bank of China, Industrial and Commercial Bank of China, Agricultural Bank of China and China Construction Bank). The Bank of China, Industrial and Commercial Bank of China and China Construction Bank have all sold minority stakes to foreign investors. The Bank of China is responsible for foreign banking operations. In April 2003 the China Banking Regulatory Commission was launched, taking over the role of regulating and supervising the country's banks and other deposit-taking financial institutions from the central bank. Legislation of 1995 permitted the establishment of commercial banks; credit co-operatives may be transformed into banks, mainly to provide credit to small businesses. In Oct. 2005 there were 30,438 rural credit co-operatives and 626 urban credit co-operatives. In mid-2002 deposits in rural co-operatives amounted to 1,870bn. yuan and loans reached 1,360bn. yuan. Insurance is handled by the People's Insurance Company.

Savings deposits in various forms in all banking institutions totalled 30,020.9bn. yuan at the end of 2005; loans amounted to 20,683.8bn. yuan.

There are stock exchanges in the Shenzhen Special Economic Zone and in Shanghai. A securities trading system linking six cities (Securities Automated Quotations System) was inaugurated in 1990 for trading in government bonds.

China received US\$83.5bn. worth of foreign direct investment in 2007 and a record US\$108.3bn. in 2008.

### Weights and Measures

The metric system is in general use alongside traditional units of measurement.

## ENERGY AND NATURAL RESOURCES

### Environment

China's carbon dioxide emissions from the consumption and flaring of fossil fuels in 2008 accounted for 21.5% of the world total (the biggest emissions producer having overtaken the USA in 2007) and were equivalent to 4.9 tonnes per capita. An *Environmental Performance Index* compiled in 2008 ranked China 105th in the world out of 149 countries analysed, with 65.1%. The index examined various factors in six areas—air pollution, biodiversity and habitat, climate change, environmental health, productive natural resources and water resources. Pollution is estimated to cost China about 10% of GDP annually.

### Electricity

Installed generating capacity in 2005 was 510m. kW, compared with 254m. kW in 1997. In 2005 electricity output was 2,474,700 GWh, a 12.8% increase over 2004. Consumption per capita was 1,684 kWh in 2004. Rapidly increasing demand has meant that more than half of China's provinces have had to ration power. Sources of electricity in 2005 as percentage of total production: coal, 81.5%; hydro-electric power, 16.0%; nuclear, 2.1%; others, 0.4%. In 2003 there were eight nuclear reactors in use with a further three under construction. Generating electricity is not centralized; local units range between 30 and 60 MW of output. In Dec. 2002 China formally broke up its state power monopoly, creating instead five generating and two transmission firms. The Three Gorges dam project on the Yangtze river was launched in 1993 and is intended to produce abundant hydro-electricity (as well as helping flood control). The first three 700,000-kW generators in service at the project's hydro-power station began commercial operation in July 2003. The original specification was completed in Oct. 2008, although six more generators are to be added (bringing the total to 32) that are not scheduled for completion until 2011. When the project is completed, it will have an overall capacity of 18.9 GW.

### Oil and Gas

On-shore oil reserves are found mainly in the northeast (particularly the Daqing and Liaohe fields) and northwest. There are off-shore fields in the continental shelves of east China. Oil production was 189.7m. tonnes in 2008. China is the second largest consumer of oil after the USA. Ever-growing demand has meant that increasing amounts of oil are having to be imported. Domestic production now accounts for only 55% of consumption, compared to nearly 85% in 1998. Proven reserves in 2008 were 15.5bn. bbls, but they are expected to be exhausted by 2019.

The largest natural gas reserves are located in the western and north-central regions. Production was 76.1bn. cu. metres in 2008, with proven reserves of 2,460bn. cu. metres.

### Minerals

In 2006 there were 158 varieties of proven mineral deposits in China, making it the third richest in the world in total reserves. Recoverable deposits of coal totalled 3,334.8bn. tonnes, mainly distributed in north China (particularly Shanxi province and the Inner Mongolia Autonomous Region). Coal production was 2,320m. tonnes in 2006. Annual coal production has increased every year since 2000. Growing domestic demand meant that China became a net importer of coal in 2007.

The iron ore reserve base was 46bn. tonnes in 2005. Deposits are abundant in the anthracite field of Shanxi, in Hebei and in Shandong, and are found in conjunction with coal and worked in the northeast. Production in 2006 was 601m. tonnes, making China the world's leading iron ore producer.

Tin ore is plentiful in Yunnan, where the tin-mining industry has long existed. Tin production was 126,000 tonnes in 2006.

China is a major producer of wolfram (tungsten ore). There is mining of wolfram in Hunan, Guangdong and Yunnan.

Salt production was 56.6m. tonnes in 2006; gold production was 245 tonnes. Output of other minerals (in 1,000 tonnes) in

2006: bauxite, 21,000; aluminium, 13,700; zinc, 2,840; lead, 1,330; copper, 873. Estimated diamond production in 2005, 1,060,000 carats. Other minerals produced: nickel, barite, bismuth, graphite, gypsum, mercury, molybdenum, silver. Reserves (in tonnes) of salt, 402,400m.; phosphate ore, 15,766m.; sylvite, 458m. China's gold production rose to 276 tonnes in 2007, in the process surpassing South Africa as the world's leading gold producer.

### Agriculture

Agriculture accounted for approximately 15.4% of GDP in 2002, compared to over 50% in 1949 at the time of the birth of the People's Republic of China and over 30% in 1980. In 2003 areas harvested for major crops were (in 1m. ha.): rice, 27.40; maize, 23.52; wheat, 22.04; soybeans, 9.50; rapeseed, 7.20; sweet potatoes, 5.31. Intensive agriculture and horticulture have been practised for millennia. Present-day policy aims to avert the traditional threats from floods and droughts by soil conservancy, afforestation, irrigation and drainage projects, and to increase the 'high stable yields' areas by introducing fertilizers, pesticides and improved crops. In Aug. 1998 more than 21m. ha., notably in the Yangtze valley, were under water as China experienced its worst flooding since the 1950s. The 1998 flood season claimed over 4,100 lives.

'Township and village enterprises' in agriculture comprise enterprises previously run by the communes of the Maoist era, co-operatives run by rural labourers and individual firms of a certain size. Such enterprises employed 146.8m. people in 2006. There were 1,896 state farms in 2006 with 3.29m. employees. In 2005 there were 252.22m. rural households. The rural workforce in 2005 was 503.87m., of whom 299.76m. were employed in agriculture, fishing or land management. Net per capita annual peasant income, 2006: 3,587 yuan. Around 40% of the total workforce is engaged in agriculture, down from 68% in 1980. In 2006 rural residents accounted for 56.1% of the population (1996, 69.5%).

In 2002 there were 142,621,000 ha. of arable land and 11,335,000 ha. of permanent cropland; 54.9m. ha. were irrigated. There were 926,031 tractors in 2002 and 197,000 harvester-threshers.

Agricultural production of main crops (in 1m. tonnes), 2003: rice, 166.42; maize, 114.18; sweet potatoes, 100.19; sugarcane, 92.37; wheat, 86.10; melons and watermelons, 80.19; potatoes, 66.82; cabbage, 30.68; tomatoes, 28.85; cucumbers and gherkins, 25.07; onions, 17.55; soybeans, 16.50; aubergines, 16.03; seed cotton, 15.60; groundnuts, 13.45; chillies and green peppers, 11.54; rapeseeds, 11.41; cottonseed, 10.40; garlic, 10.08; pears, 9.42; tangerines and mandarins, 9.00. Tea production in 2003 was just 800,000 tonnes. China is the world's leading producer of a number of agricultural crops, including rice, sweet potatoes, wheat, potatoes, watermelons, groundnuts and honey. The gross value of agricultural output in 2006 was 4,242,400m. yuan.

Livestock, 2003: pigs, 469,804,000; goats, 172,921,000; sheep, 143,793,000; cattle, 103,470,000; buffaloes, 22,733,000; horses, 8,090,000; chickens, 3.98bn.; ducks, 660m. China has more sheep, goats, pigs, horses and chickens than any other country. China also has nearly two-thirds of the world's ducks. Meat production in 2003 was 71.04m. tonnes; milk, 14.34m. tonnes; eggs, 22.33m. tonnes; honey, 273,000 tonnes. China is the world's leading producer of meat and eggs.

Powell, S. G., *Agricultural Reform in China: from Communes to Commodity Economy, 1978-1990*. 1992

### Forestry

In 2005 the area under forests was 197.29m. ha., or 21.2% of the total land area. The average annual increase in forest cover of 4,058,000 ha. between 2000 and 2005 was the highest of any country in the world. Total roundwood production in 2007 was 294.40m. cu. metres, making China the world's third largest timber producer (8.2% of the world total in 2007). It is the world's leading importer of roundwood, accounting for 28.2% of world timber imports in 2007.

### Fisheries

Total catch, 2005: 17,053,191 tonnes, of which 14,502,515 tonnes were from marine waters. China's annual catch is the largest in the world, and currently accounts for approximately 18% of the world total. In 1989 the annual catch had been just 5.3m. tonnes.

### INDUSTRY

The leading companies by market capitalization in China in April 2009 were PetroChina (US\$270.6bn.); China Mobile (Hong Kong), a telecommunications company (US\$175.9bn.); and Industrial and the Commercial Bank of China (US\$170.8bn.). In Nov. 2007 PetroChina was briefly the world's largest company after its flotation on the Shanghai stock market, with a market capitalization in excess of US\$1trn.; in April 2009 it ranked second after the USA's Exxon Mobil.

Industry accounted for 52.9% of GDP in 2004, up from 21% in 1949 when the People's Republic of China came into existence. Cottage industries persist into the 21st century. Industrial output grew by 11.1% in 2004. Modern industrial development began with the manufacture of cotton textiles and the establishment of silk filatures, steel plants, flour mills and match factories. In 2006 there were 287,406 non-state-owned industrial enterprises with an annual revenue of more than 5m. yuan, and a combined gross industrial output value of 28,586.1bn. yuan. Of these enterprises, 226,534 were domestically funded, 31,691 were foreign funded and 29,181 were dependent on funds from Hong Kong, Macao and Taiwan. There were 14,555 state-owned industrial enterprises in total, with a gross output value of 3,072.8bn. yuan.

Output of major products, 2004 (in tonnes): cement, 970.0m. (nearly half of the world total); rolled steel, 297.2m.; crude steel, 272.8m.; pig iron, 251.9m.; distillate fuel oil, 98.4m.; petrol, 52.2m.; chemical fertilizers (2002), 37.9m.; paper and paperboard (2003), 37.9m.; sulphuric acid (2002), 30.5m.; residual fuel oil, 20.3m.; sugar (2002), 9.26m.; cotton yarn (2002), 8.50m. Also produced in 2002: cloth, 3,220m. metres; woollen fabrics, 326.9m. metres; beer (2003), 25,404.8m. litres; 181m. watches (2003); 303.5m. mobile telephones (2005); 81.99m. cameras (2005); 69m. bicycles (2005); 51.55m. TV sets; 31.55m. air conditioners; 30.36m. washing machines (2005); 15.99m. refrigerators; 14.64m. micro-computers; 14.61m. motorcycles and scooters (2003); 5.71m. motor vehicles (2005); 2,207 ships. China is the world's leading cement, steel and pig iron manufacturer (producing 47% of the world's cement, 36% of crude steel and 47% of pig iron); output of cement has doubled and of rolled steel, crude steel and pig iron trebled since 2000.

### Labour

The employed population at the 1990 census was 647.2m. (291.1m. female). By 2005 it had risen to 758.3m. (6.3m. more than in 2004), of whom 484.9m. worked in rural areas (2.3m. fewer than in 2004) and 273.3m. in urban areas (8.6m. more than in 2004). By 2015 China's working age population will begin to decline as a consequence of the country's one-child policy. In Sept. 2005 China's registered urban jobless was 4.2%, with 8.35m. registered unemployed in the country's cities. Between 1995 and 2002, 15m. jobs were lost owing to the closure of state-owned factories. The number of state-controlled companies has halved since 1995. In 2005 there were 312.06m. people working in agriculture, forestry and fisheries; 80.80m. in manufacturing; 49.66m. in wholesale and retail trade, restaurants and hotels; 45.22m. in community, social and personal services; and 40.77m. in construction.

In 2006 China had 149,736 private industrial enterprises employing almost 20m. people. It was not until the late 1970s that the private sector even came into existence in China.

The average non-agricultural annual wage in 2005 was 18,364 yuan: 11,283 yuan, urban collectives; 19,313 yuan, state-owned enterprises; 18,244 yuan, other enterprises. There is a 6-day 48-hour working week. Minimum working age was fixed at 16 in 1991. There were 260,000 labour disputes in 2004, up from 8,000 in 1989.

### Trade Unions

The All-China Federation of Trade Unions, founded in 1925, is headed by Wang Zhaoguo. In 2003 there were 134m. members. It consists of 31 federations of trade unions. Its National Congress convenes every five years.

### INTERNATIONAL TRADE

Foreign debt was US\$281,612m. in 2005.

There are five Special Economic Zones at Shenzhen, Xiamen, Zhuhai, Shantou and Hainan in which concessions are made to foreign businessmen. The Pudong New Area in Shanghai is also designated a special development area. Since 1979 joint ventures with foreign firms have been permitted. A law of April 1991 reduced taxation on joint ventures to 33%. There is no maximum limit on the foreign share of the holdings; the minimum limit is 25%.

In May 2000 the USA granted normal trade relations to China, a progression after a number of years when China was accorded 'most favoured nation' status. China subsequently joined the World Trade Organization on 11 Dec. 2001.

Pearson, M. M., *Joint Ventures in the People's Republic of China: the Control of Foreign Direct Investment under Socialism*. 1991

### Imports and Exports

Trade in US\$1m.:

	2001	2002	2003	2004	2005	2006
Imports	243,553	295,170	412,760	561,229	659,953	791,461
Exports	266,098	325,596	438,228	593,326	761,953	968,936

China is the third largest trading nation in the world after the USA and Germany, in 2008 accounting for 6.9% of global imports by value and 8.9% of global exports. Provisional figures indicate that it overtook Germany as the largest exporter in 2009.

Main imports in 2004 (in US\$1bn.): electrical machinery and parts, 110.7; petroleum and petroleum products, 44.5; industrial machinery, 26.3; organic chemicals, 23.7; iron and steel, 23.4; plastics, 22.0. Major exports in 2004 (in US\$1bn.): office machinery and computers, 87.1; telecommunications equipment, 68.5; clothing, 61.9; electrical machinery and appliances, 59.5; textile yarn and fabrics, 33.4; industrial machinery, 25.5. Chinese exports trebled between 2001 and 2006, largely thanks to foreign investment.

Main import suppliers, 2004: Japan, 16.8%; South Korea, 11.1%; USA, 8.0%; Germany, 5.4%. Main export markets in 2004: USA, 21.1%; Hong Kong, 17.0%; Japan, 12.4%; South Korea, 4.7%. Customs duties with Taiwan were abolished in 1980. Trade with the European Union is fast expanding, having more than trebled since 2000.

### COMMUNICATIONS

#### Roads

The total road length in 2005 was 1,931,000 km, including 41,000 km of motorways (there had not been any motorways as recently as the mid-1980s). 14,663m. tonnes of freight and 18,605m. persons were transported by road in 2006. The number of civil motor vehicles was 31.60m. in 2005, including 21.32m. buses and cars and 9.56m. trucks. China is the world's fastest-growing car market. There were 378,871 traffic accidents in 2006, with 89,455 fatalities.

#### Rail

In 2006 there were 77,100 km of railway including 23,400 km electrified. Gauge is standard except for some 600 mm track in Yunnan. Passenger-km travelled in 2006 came to 662.2bn. and freight tonne-km to 2,195.4bn. China's railways are the busiest in the world, carrying 24% of global rail traffic. There are metro systems in Beijing, Dalian, Guangzhou, Nanjing, Shanghai, Shenzhen, Tianjin and Wuhan.

### Civil Aviation

There are major international airports at Beijing (Capital), Guangzhou (Baiyun), Hong Kong (Chek Lap Kok) and Shanghai (Hongqiao and Pudong). In 2006 there were 142 civil airports for regular flights. The national and major airlines are state-owned, except Shanghai Airlines (75% municipality-owned, 25% private) and Shenzhen Airlines (private). The leading Chinese airlines operating scheduled services in 2006 were China Southern Airlines (49.2m. passengers), China Eastern Airlines (35.0m.) and Air China (34.0m.). Other Chinese airlines include Changan Airlines, Hainan Airlines, Shandong Airlines, Shanghai Airlines, Shanxi Airlines, Shenzhen Airlines, Sichuan Airlines and Xiamen Airlines.

In 2007 the busiest airport was Beijing (Capital), with 53,611,747 passengers; followed by Hong Kong International (Chek Lap Kok), with 47,042,419 passengers; Guangzhou (Baiyun), with 30,958,467 passengers; and Shanghai (Pudong), with 28,920,432 passengers. Shanghai (Pudong) is the busiest airport for freight, with 2,559,246 tonnes of cargo handled in 2007. In 2006 China had a total of 1,336 scheduled flight routes, of which 1,068 were domestic air routes and 268 were international air routes. Total passenger traffic in 2006 reached 159.68m.; freight traffic totalled 3.49m. tonnes.

Regular direct flights between mainland China and Taiwan resumed in July 2008 for the first time since 1949.

### Shipping

In Jan. 2003 the merchant fleet consisted of 2,136 vessels of 300 GRT and over (including 410 oil tankers), totalling 16.09m. GRT (oil tankers, 2.53m. GRT).

In 2003, 2,011m. tonnes of freight were handled in major coastal ports, including: Shanghai, 316.2m. tonnes; Ningbo, 185.4m.; Guangzhou (Canton), 171.9m.; Tianjin, 161.8m.; Qingdao, 140.9m.; Dalian, 126.0m.; Qinhuangdao, 125.6m. Cargo traffic at Tianjin grew at an average annual rate of 17.3% between 1998 and 2002, the highest rate of growth of any port in the world over the same period. In 2005 Shanghai replaced Singapore as the largest cargo port in the world as its turnover reached 443m. tonnes; in 2006 it handled 217m. 20-ft equivalent units (TEUs), making it the world's third busiest container port in terms of number of containers handled. Construction began in 2002 on the 14.31bn. yuan Yangshan deep-water port to the south of Shanghai that should make Shanghai the world's third busiest port. On completion in 2020 it is estimated that it will have a capacity of 13m. TEUs.

In Jan. 2001 the first legal direct shipping links between the Chinese mainland and Taiwanese islands in more than 50 years were inaugurated.

Inland waterways totalled 123,400 km in 2006; 2,487.0m. tonnes of freight and 220.47m. passengers were carried. In June 2003 the Three Gorges Reservoir on the Chang Jiang River, the largest water control project in the world, reached sufficient depth to support the resumption of passenger and cargo shipping.

### Telecommunications

In 2008 there were 340,810,000 main (fixed) telephone lines. In the same year mobile phone subscribers numbered 641,230,000 (479.5 per 1,000 persons), making China the biggest market for mobile phones in the world. The two main mobile operators are China Mobile and China Unicom. The main landline operators are China Telecom and China Netcom. In 1998 there were around 500,000 internet users, but by 2008 this had risen to 298.0m. China has by far the most internet users of any country. In 2006, 74.1m. PCs were in use.

### Postal Services

There were 63,555 post offices in 2003. The use of *Pinyin* transcription of place names has been requested for mail to addresses in China (e.g. 'Beijing' not 'Peking').

## SOCIAL INSTITUTIONS

### Justice

Six new codes of law (including criminal and electoral) came into force in 1980, to regularize the legal unorthodoxy of previous years. There is no provision for *habeas corpus*. The death penalty has been extended from treason and murder to include rape, embezzlement, smuggling, fraud, theft, drug-dealing, bribery and robbery with violence. China does not divulge figures on its use of the death penalty; however, Amnesty International reported that there were at least 1,718 executions in 2008, representing more than 70% of the world's total. 'People's courts' are divided into some 30 higher, 200 intermediate and 2,000 basic-level courts, and headed by the Supreme People's Court. The latter, the highest state judicial organ, tries cases, hears appeals and supervises the people's courts. It is responsible to the National People's Congress and its Standing Committee. People's courts are composed of a president, vice-presidents, judges and 'people's assessors' who are the equivalent of jurors. 'People's conciliation committees' are charged with settling minor disputes. There are also special military courts. Procuratorial powers and functions are exercised by the Supreme People's Procuracy and local procuracies.

The number of sentenced prisoners in Dec. 2005 was 1,565,771 (119 per 100,000 of national population).

### Education

An educational reform of 1985 brought in compulsory nine-year education consisting of six years of primary schooling and three years of secondary schooling, to replace a previous five-year system.

In mainland China the 2000 population census revealed the following levels of educational attainment: 45.71m. people had finished university education; 141.09m. had received senior secondary education; 429.89m. had received junior secondary education; and 451.91m. had had primary education. 85.07m. people over 15 years of age or 6.72% of the population were illiterate, although this compared favourably with a 15.88% rate of illiteracy recorded in the 1990 census. In 2006 there were 130,495 kindergartens with 22.64m. children and 776,500 teachers; 396,567 primary schools with 109.77m. pupils and 5.63m. teachers; 94,116 secondary schools (of which: 16,992 senior secondary; 62,431 junior secondary; 6,048 specialized; 5,765 vocational; and 2,880 technical) with 103.50m. pupils and 5.67m. teachers. There were also 363,000 children at 1,605 special education schools. Institutes of higher education, including universities, numbered 1,867 in 2006, with 17.39m. undergraduates and 1.10m. postgraduate level students, and 1.08m. teaching staff. In 2003, 17% of school-leavers went to university, compared to fewer than 3% in the 1980s. A national system of student loans was established in 1999. The number of Chinese students studying abroad has exceeded 100,000 annually since 2002 (making the country the largest exporter of students in the world); in 2006 the figure was 134,000.

There are more than 1,300 non-governmental private higher education institutions (including 12 private universities) with 1.5m. students, or 39% of the total college and university students nationwide.

There is an Academy of Sciences with provincial branches. An Academy of Social Sciences was established in 1977.

In 2005 total expenditure on education came to 841,884m. yuan; government appropriation was 516,108m. yuan.

### Health

Medical treatment is free only for certain groups of employees, but where costs are incurred they are partly borne by the patient's employing organization.

In 2006 there were 308,969 health institutions throughout China, comprising 60,037 hospitals and health centres, 264 sanatoriums, 212,243 clinics, 1,402 specialized prevention and treatment centres, 3,548 centres for disease control and prevention, 3,003 maternity and child care centres, 248 medical

research institutions and 28,224 other institutions; the number of beds totalled 3.51m.

China's first AIDS case was reported in 1985. Approximately 700,000 Chinese were HIV-infected in 2007.

In the first half of 2003 China was struck by an epidemic of a pneumonia-type virus identified as SARS (severe acute respiratory syndrome). The virus was first detected in southern China and was subsequently reported in over 30 other countries. According to the Ministry of Health, by the time the outbreak had been contained a total of 5,327 cases had been reported on the Chinese mainland; 4,959 patients were cured and discharged from hospital, and 349 died.

In 2002 some 61% of males smoked, but fewer than 4% of females; 30% of the world's smokers are in China.

In the period 2001-03, 12% of the population were undernourished compared to 22% in 1979.

### Welfare

In 2006 there were 30,199 social welfare enterprises with 1,512,000 inmates. Numbers (in 1,000) of beneficiaries of relief funds: persons receiving minimum living allowance and traditional relief in rural areas, 29,878; persons receiving minimum living allowance in urban areas, 22,401; persons receiving temporary relief in poor rural households, 9,638; persons receiving temporary relief in poor urban households, 1,230; persons in rural households entitled to 'the five guarantees' (food, clothing, medical care, housing, education for children or funeral expenses), 5,033.

## RELIGION

Non-religious persons account for 52% of the population. The government accords legality to five religions only: Buddhism, Islam, Protestantism, Roman Catholicism and Taoism. Confucianism, Buddhism and Taoism have long been practised. Confucianism has no ecclesiastical organization and appears rather as a philosophy of ethics and government. Taoism—of Chinese origin—copied Buddhist ceremonial soon after the arrival of Buddhism two millennia ago. Buddhism in return adopted many Taoist beliefs and practices. A more tolerant attitude towards religion had emerged by 1979, and the government's Bureau of Religious Affairs was reactivated.

Ceremonies of reverence to ancestors have been observed by the whole population regardless of philosophical or religious beliefs.

A new quasi-religious movement, Falun Gong, was founded in 1992, but has since been banned by the authorities. The movement claims it has some 100m. adherents, although the Chinese government has maintained the real number is closer to 2m.

Muslims are found in every province of China, being most numerous in the Ningxia-Hui Autonomous Region, Yunnan, Shaanxi, Gansu, Hebei, Henan, Shandong, Sichuan, Xinjiang and Shanxi. They totalled 18.4m. in 2001.

Roman Catholicism has had a footing in China for more than three centuries. In 2002 there were an estimated 4m. Catholic believers, 4,000 clergy and 4,600 churches and meeting places. Catholics are members of the Patriotic Catholic Association, which declared its independence from Rome in 1958. Protestants are members of the All-China Conference of Protestant Churches. In 2002 they numbered 10m. There were an estimated 76.5m. Christians in total in 2001.

In 2001 there were also estimated to be 256.3m. Chinese folk-religionists, 153.0m. atheists, 108.1m. Buddhists and 1.3m. advocates of traditional beliefs.

Legislation of 1994 prohibits foreign nationals from setting up religious organizations.

## CULTURE

### World Heritage Sites

There are 38 sites in the People's Republic of China that appear on the UNESCO World Heritage List. They are (with year entered on list): the Great Wall of China (1987), Zhoukoudian, the Peking

Man site (1987), Imperial Palaces of the Ming and Qing Dynasties in Beijing and Shenyang (1987 and 2004), mausoleum of first Qing dynasty emperor, Beijing (1987), Taishan mountain (1987), Mogao Caves (1987), Mount Huangshan (1990), Huanglong Scenic Reserve (1992), Jiuzhaigou National Reserve (1992), Wulingyuan Scenic Reserve (1992), Chengde mountain resort and temples (1994), Potala palace, Lhasa (1994, 2000 and 2001), ancient building complex in the Wudang Mountains (1994), Qufu temple, cemetery and mansion of Confucius (1994), Mount Emei Scenic Reserve, including the Leshan Buddha (1996), Lushan National Park (1996), Lijiang old town (1997), Ping Yao old town (1997), Suzhou classical gardens (1997 and 2000), Summer Palace, Beijing (1998), Temple of Heaven, Beijing (1998), Mount Wuyi (1999), Dazu rock carvings (1999), Mount Qincheng and Dujiangyan irrigation system (2000), Xidi and Hongcun ancient villages, Anhui (2000), Longmen grottoes (2000), Ming and Qing dynasty tombs (2000, 2003 and 2004), the Yungang Grottoes (2001), the Three Parallel Rivers of Yunnan Protected Areas (2003), the Capital Cities and Tombs of the Ancient Koguryo Kingdom (2004), the historic centre of Macao (2005), the Sichuan Giant Panda sanctuaries (2006), Yin Xu (2006), Kaiping Diaolou and villages (2007), South China Karst (2007), Fujian Tulou (2008), Mount Sanqingshan National Park (2008) and Mount Wutai (2009).

### Broadcasting

Broadcasting is tightly controlled by the Communist authorities through the State Administration for Radio, Film and Television. The availability of foreign services is limited. By 2003 there were 494m. television receivers in China, the greatest number in any country in the world and an increase of 485m. since 1980. In 2006 there were 296 local and regional TV stations, offering programmes to 96.2% of the total population. China Central Television is the largest national station. Cable TV subscribers numbered 139.9m. by the end of 2006 (compared to 50m. in 1997). China National Radio operates the national radio network, with six nationwide services (including services to Taiwan). China Radio International is the external broadcaster, with programmes in more than 40 languages. There were 267 local and regional radio broadcasting stations and 800 medium- and short-wave transmitting and relaying stations throughout China in 2006, reaching 95.0% of the population.

### Cinema

There were 39,425 cinema screens in 2005. A total of 330 feature films and 62 scientific, documentary and cartoon films were produced in 2006.

### Press

China has two news agencies: Xinhua (New China) News Agency (the nation's official agency) and China News Service. In 2006 there were 1,938 newspapers and 9,468 magazines; 42,500m. copies of newspapers and 2,850m. copies of magazines were published. In 1980 there were fewer than 400 newspapers. The Communist Party newspaper is Renmin Ribao (People's Daily), which had a daily circulation of 2.8m. in 2006. The most widely read newspaper is Cankao Xiaoxi, with a daily circulation of 3.2m. in 2006. China has the highest circulation of daily newspapers in the world, with an average daily total of 99.04m. in 2005. In July 2003 the State Administration of Press and Publication abolished compulsory subscription to state newspapers and magazines and funding for subscription-dependent publications, which amount to 40% of the press. By Nov. 2003, 673 newspapers had ceased publication.

In 2006, 6,410m. volumes of books were produced.

### Tourism

In 2005 tourist numbers totalled 46.8m. The World Tourism Organization predicts that China will overtake France as the world's most visited destination by 2020. It is currently the fourth

most visited destination after France, Spain and the USA. More than 31m. Chinese travelled outside mainland China in 2005, up from under 5m. in 1995. Income from tourists in 2005 was US\$29.3bn., ranking it fifth behind the USA, Spain, France and Italy.

### Festivals

The lunar New Year, also known as the 'Spring Festival', is a time of great excitement for the Chinese people. The festivities get under way 22 days prior to the New Year date and continue for 15 days afterwards. Dates of the lunar New Year: Year of the Tiger, 14 Feb. 2010; Year of the Rabbit, 3 Feb. 2011. Lantern Festival, or Yuanxiao Jie, is an important, traditional Chinese festival, which is on the 15th of the first month of the Chinese New Year. Guanyin's Birthday is on the 19th day of the second month of the Chinese lunar calendar. Guanyin is the Chinese goddess of mercy. Tomb Sweeping Day, as the name implies, is a day for visiting and cleaning the ancestral tomb and usually falls on 5 April. Dragon Boat Festival is called Duan Wu Jie in Chinese. The festival is celebrated on the 5th of the 5th month of the Chinese lunar calendar. The Moon Festival is on the 15th of the 8th lunar month. It is sometimes called Mid-Autumn Festival. The Moon Festival is an occasion for family reunion.

### Libraries

In 2006 there were 2,778 public libraries. The National Library of China, with 23.7m. items, is the largest library in Asia and fifth largest in the world. Shanghai library is China's biggest provincial-level library.

### Museums and Galleries

There were 1,617 museums in 2006, of which 33 were in Beijing.

### DIPLOMATIC REPRESENTATIVES

Of China in the United Kingdom (49–51 Portland Pl., London, W1B 1JL)

*Ambassador:* Fu Ying.

Of the United Kingdom in China (11 Guang Hua Lu, Jian Guo Men Wai, Beijing 100600)

*Ambassador:* Sebastian Wood, CMG.

Of China in the USA (2300 Connecticut Ave., NW, Washington, D.C. 20008)

*Ambassador:* Zhou Wenzhong.

Of the USA in China (55 An Jia Lou Lu, 100600 Beijing)

*Ambassador:* Jon M. Huntsman, Jr.

Of China to the United Nations

*Ambassador:* Li Baodong.

Of China to the European Union

*Ambassador:* Song Zhe.

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- National Statistical Office: National Bureau of Statistics, 57 Yuetan Nanjie, Beijing 100826.  
Website: <http://www.stats.gov.cn>

## Hong Kong

### Xianggang

Population estimate, 2010: 7.07m.

GDP per capita, 2007: (PPP\$) 43,306

HDI/world rank: 0.944/24

### KEY HISTORICAL EVENTS

Hong Kong island and the southern tip of the Kowloon peninsula were ceded in perpetuity to the British Crown in 1841 and 1860 respectively. The area lying immediately to the north of Kowloon known as the New Territories was leased to Britain for 99 years

in 1898. Talks began in Sept. 1982 between Britain and China over the future of Hong Kong after the lease expiry in 1997. On 19 Dec. 1984 the two countries signed a Joint Declaration by which Hong Kong became, with effect from 1 July 1997, a Special Administrative Region of the People's Republic of China, enjoying a high degree of autonomy and vested with executive, legislative and independent judicial power, including that of final adjudication. The existing social and economic systems were to remain unchanged for another 50 years. This 'one country, two systems' principle, embodied in the Basic Law, became the constitution for the Hong Kong Special Administrative Region of the People's Republic of China.

### TERRITORY AND POPULATION

Hong Kong ('Xianggang' in Mandarin *Pinyin*) island is situated off the southern coast of the Chinese mainland 32 km east of the mouth of the Pearl River. The area of the island is 80 sq. km. It is separated from the mainland by a fine natural harbour. On the opposite side is the peninsula of Kowloon (47 sq. km). The 'New Territories' include the mainland area lying to the north of Kowloon together with over 200 offshore islands (974 sq. km). Total area of the Territory is 1,101 sq. km, a large part of it being steep and unproductive hillside. Country parks and special areas cover over 40% of the land area. Since 1945 the government has reclaimed over 5,400 ha. from the sea, principally from the seafronts of Hong Kong and Kowloon, facing the harbour.

Based on the results of the 2006 population census Hong Kong's resident population in March 2006 was 6,864,346 and the population density 6,235 per sq. km. 60.3% of the population was born in Hong Kong, 33.5% in other parts of China and 6.2% in the rest of the world.

In 2005, 100% of the population lived in urban areas. Some 9,800 persons emigrated in 2005. The British Nationality Scheme enables persons to acquire citizenship without leaving Hong Kong. There were 38,100 legal entrants (one-way permit holders) from the mainland of China in 2003–04.

The UN gives an estimated population for 2010 of 7.07m.

The official languages are Chinese and English.

### SOCIAL STATISTICS

Annual population growth rate, 2000–05, 0.4%. Vital statistics, 2001: known births, 48,200; known deaths, 33,400; registered marriages, 32,800. Rates (per 1,000): birth, 7.2; death, 5.0; marriage, 4.8; infant mortality, 2001, 2.6 per 1,000 live births (one of the lowest rates in the world). Expectation of life at birth, 2007: males, 79.3 years; females, 85.1. The median age for marrying in 2001 was 31.3 years for males and 28.1 for females. Total fertility rate, 2001, 0.9 child per woman.

### CLIMATE

The climate is sub-tropical, tending towards temperate for nearly half the year, the winter being cool and dry and the summer hot and humid, May to Sept. being the wettest months. Normal temperatures are Jan. 60°F (15.8°C), July 84°F (28.8°C). Annual rainfall 87" (2,214.3 mm).

### THE BRITISH ADMINISTRATION

Hong Kong used to be administered by the Hong Kong government. The Governor was the head of government and presided over the *Executive Council*, which advised the Governor on all important matters. The last British Governor was Chris Patten. In Oct. 1996 the Executive Council consisted of three *ex officio* members and ten appointed members, of whom one was an official member. The chief functions of the *Legislative Council* were to enact laws, control public expenditure and put questions to the administration on matters of public interest. The Legislative Council elected in Sept. 1995 was, for the first time, constituted solely by election. It comprised 60 members, of

whom 20 were elected from geographical constituencies, 30 from functional constituencies encompassing all eligible persons in a workforce of 2.9m., and ten from an election committee formed by members of 18 district boards. A president was elected from and by the members.

At the elections on 17 Sept. 1995 turnout for the geographical seats was 35.79%, and for the functional seats (21 of which were contested), 40.42%. The Democratic Party and its allies gained 29 seats, the Liberal Party 10 and the pro-Beijing Democratic Alliance 6. The remaining seats went to independents.

## CONSTITUTION AND GOVERNMENT

In Dec. 1995 the Standing Committee of China's National People's Congress set up a Preparatory Committee of 150 members (including 94 from Hong Kong) to oversee the retrocession of Hong Kong to China on 1 July 1997. In Nov. 1996 the Preparatory Committee nominated a 400-member Selection Committee to select the *Chief Executive of Hong Kong* and a provisional legislature to replace the Legislative Council. The Selection Committee was composed of Hong Kong residents, with 60 seats reserved for delegates to the National People's Congress and appointees of the People's Political Consultative Conference. On 11 Dec. 1996 Tung Chee Hwa was elected Chief Executive by 80% of the Selection Committee's votes.

On 21 Dec. 1996 the Selection Committee selected a provisional legislature which began its activities in Jan. 1997 while the Legislative Council was still functioning. In Jan. 1997 the provisional legislature started its work by enacting legislation which would be applicable to the Hong Kong Special Administrative Region and compatible with the Basic Law.

Constitutionally Hong Kong is a Special Administrative Region of the People's Republic of China. The Basic Law enables Hong Kong to retain a high degree of autonomy. It provides that the legislative, judicial and administrative systems which were previously in operation are to remain in place. The Special Administrative Region Government is also empowered to decide on Hong Kong's monetary and economic policies independent of China.

In July 1997 the first-past-the-post system of returning members from geographical constituencies to the Legislative Council was replaced by proportional representation. There were 20 directly elected seats out of 60 for the first elections to the Legislative Council following Hong Kong's return to Chinese sovereignty, increasing in accordance with the Basic Law to 24 for the 2000 election with 36 indirectly elected. In the Sept. 2004 Legislative Council election (and that of Sept. 2008) 30 of the 60 seats were directly elected. The Chief Executive is chosen by a Beijing-backed 796-member election committee, although it has been stated that universal suffrage is the ultimate aim—potentially in 2017 for the Chief Executive and 2020 for all Legislative Council seats.

In July 2002 a new accountability or 'ministerial' system was introduced, under which the Chief Executive nominates for appointment 14 policy secretaries, who report directly to the Chief Executive. The Chief Executive is aided by the *Executive Council*, consisting of the three senior Secretaries of Department (the Chief Secretary, the Financial Secretary and the Secretary for Justice) and eleven other secretaries plus five non-officials.

## RECENT ELECTIONS

In the Legislative Council election held on 7 Sept. 2008 turnout was 45%, down from 56% at the 2004 vote. 30 of the 60 seats were directly elected, the other 30 being returned by committees and professional associations. Pro-Beijing parties won 35 of the 60 seats (34 in 2004) including 11 of the 30 that were directly elected; pro-democracy parties won 23 (25 in 2004), including 19 of the 30 that were directly elected. Independents won the remaining two seats (an independent took one seat in 2004).

## CURRENT ADMINISTRATION

In March 2010 the government of the Hong Kong Special Administrative Region comprised:

*Chief Executive:* Donald Tsang, OBE; b. 1944 (since 24 June 2005, having previously been acting Chief Executive from 12 March 2005–1 June 2005; re-elected on 25 March 2007).

*Chief Secretary for Administration:* Henry Tang Ying-yen. *Financial Secretary:* John Tsang Chun-wah. *Secretary for Justice:* Wong Yan Lung. *Education:* Michael Suen Ming-yeung. *Commerce and Economic Development:* Rita Lau Ng Wai-lan. *Constitutional and Mainland Affairs:* Stephen Lam Sui-lung. *Security:* Ambrose Lee Siu-kwong. *Food and Health:* Dr York Chow. *Civil Service:* Denise Yue Chung-ye. *Home Affairs:* Tsang Tak-sing. *Labour and Welfare:* Matthew Cheung Kin-chung. *Financial Services and the Treasury:* Prof. K. C. Chan. *Development:* Carrie Lam Cheng Yuet-ngor. *Environment:* Edward Yau Tang-wah. *Transport and Housing:* Eva Cheng.

*Government Website:* <http://www.gov.hk>

## ECONOMY

Trade accounted for 27.8% of GDP in 2005; finance, insurance and real estate 22.2%; public administration, defence and services 16.6%; and transport and communications 10.4%.

According to the anti-corruption organization *Transparency International*, Hong Kong ranked equal 12th in the world in a 2009 survey of the countries and regions with the least corruption in business and government. It received 8.2 out of 10 in the annual index.

Hong Kong adopted a flat tax rate in 1948. Income tax is a flat 16% and only 25% of the population pay any tax at all. 6% of the population pays 80% of the total income tax bill. Hong Kong represents 20% of China's total worth.

## Overview

Hong Kong has a per capita GDP that compares favourably with other OECD countries. Its economic rise was founded on its position as an international trade emporium. After developing as a successful low-cost, labour-intensive manufacturing centre, the structure of the economy has now shifted towards services. The island is dependant on trade for food and other resources. In 1998 and the first quarter of 1999 Hong Kong sank into recession as a result of the Asian financial crisis. Later in 1999 the economy bounced back and in 2000 grew by 10.2%, the highest rate since 1987. In the second quarter of 2001 the economy sank back into recession for three consecutive quarters as a result of the slowdown in the US and global economy. After briefly rebounding, the economy shrank again for one quarter in 2003 following the SARS outbreak. However, the economy again proved resilient and in 2004 and 2005 grew strongly on the back of a rise in Chinese tourism, strong global demand for its exports and growing domestic consumer confidence. Growth moderated in 2006 and 2007 but remains strong, whilst job creation continues to rise at all levels, with unemployment in 2007 at 4.0%.

Hong Kong's main engine of growth is its re-export business to and from China. Despite the overwhelming importance of China to Hong Kong's economy, the USA plays an important role as the second most important export destination. Near-term risks include a downturn in global demand (particularly from the USA) and an increase in protectionist sentiments against China. Continued financial integration with Mainland China is key to strong growth in the medium-term.

## Currency

The unit of currency is the *Hong Kong dollar* (HKD) of 100 cents. It is pegged at a rate of HK\$7.8 to the US dollar. Banknotes are issued by the Hongkong and Shanghai Banking Corporation and the Standard Chartered Bank, and, from May 1994, the Bank of China. Total money supply was HK\$529,161m. in July 2009. In

Aug. 2009 gold reserves were 67,000 troy oz and foreign exchange reserves were US\$223,211m.

Inflation rates (based on IMF statistics):

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
-3.9%	-3.7%	-1.6%	-3.0%	-2.6%	-0.4%	0.9%	2.0%	2.0%	4.3%

### Budget

In 2005–06 revenue totalled HK\$247.0bn. and expenditure HK\$245.0bn. Earnings and profits taxes accounted for 45.6% of revenues in 2005–06 and indirect taxes 20.4%; education accounted for 22.0% of expenditures and social welfare 13.6%.

### Performance

Total GDP was US\$215.4bn. in 2008. Real GDP growth rates (based on IMF statistics):

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
2.6%	8.0%	0.5%	1.8%	3.0%	8.5%	7.1%	7.0%	6.4%	2.4%

The economy contracted by 6.0% in 1998, representing Hong Kong's most severe recession since the 1970s. In the 2009 *World Competitiveness Yearbook*, compiled by the International Institute for Management Development, Hong Kong came second in the world ranking.

### Banking and Finance

The Hong Kong Monetary Authority acts as a central bank. The *Chief Executive* is Norman Chan. As at Dec. 2003 there were 133 banks licensed under the Banking Ordinance, of which 26 were locally incorporated, 46 restricted licence banks, 45 deposit-taking companies and 94 representative offices of foreign banks. Licensed bank deposits were HK\$5,193,003m. in July 2007; restricted licence bank deposits were HK\$22,065m. There are three banks of issue: Bank of China (Hong Kong); The Hong Kong and Shanghai Banking Corporation; and Standard Chartered Bank.

In March 2000 the stock exchange, the futures exchange and the clearing settlement merged into Hong Kong Exchanges and Clearing (HKEx).

### Weights and Measures

The metric system is standard but British Imperial and traditional Chinese measurements are still in use.

## ENERGY AND NATURAL RESOURCES

### Environment

Hong Kong's carbon dioxide emissions from the consumption and flaring of fossil fuels in 2008 were the equivalent of 12.0 tonnes per capita.

### Electricity

Installed capacity was 11.7m. kW in 2004. Production in 2004 was 37.13bn. kWh. Hong Kong is a net importer of electricity. Consumption in 2004 was 43.88bn. kWh.

### Agriculture

The local agricultural industry is directed towards the production of high quality fresh food through intensive land use and modern farming techniques. Out of the territory's total land area of 1,103 sq. km, only 60 sq. km is currently farmed. In 2006 local production accounted for 55% of live poultry consumed, 23% of live pigs and 4% of fresh vegetables. The gross value of local agricultural production totalled HK\$1,184m. in 2006, with pig production valued at HK\$585m., poultry production (including eggs) at HK\$340m., and vegetable and flower production at HK\$254m.

### Fisheries

In 2006 the capture and mariculture fisheries supplied about 21% of seafood consumed in Hong Kong and pond fish farms produced

about 5% of the freshwater fish consumed. The capture fishing fleet comprises some 3,900 fishing vessels, almost all mechanized. In 2006 the industry produced 155,000 tonnes of fisheries produce, valued at HK\$1.6bn. There are 26 fish culture zones occupying a total sea area of 209 ha. with some 1,080 licensed operators. The estimated production in 2006 was 1,488 tonnes. The inland fish ponds, covering a total of 1,024 ha., produced 1,943 tonnes of freshwater fish in 2006.

## INDUSTRY

The leading companies by market capitalization in Hong Kong in March 2009 were: China Mobile (Hong Kong), a mobile telecommunications company (US\$174.7bn.); CNOOC, an oil and natural gas company (US\$44.3bn.); and China Unicom (Hong Kong), a mobile telecommunications company (US\$25.4bn.).

Industry is mainly export-oriented. In Sept. 2001 there were 19,801 manufacturing establishments employing 209,329 persons. Other establishment statistics by product type (and persons engaged) were: printing, publishing and allied industries, 4,778 (42,963); textiles and clothing, 3,696 (58,821); plastics, 973 (5,938); electronics, 748 (20,939); watches and clocks, 347 (2,945); shipbuilding, 325 (3,173); electrical appliances, 49 (390).

### Labour

In 2001 the size of the labour force (synonymous with the economically active population) was 3,427,100 (1,461,900 females). The persons engaged in Sept. 2001 included 1,027,000 people in wholesale, retail and import/export trades, restaurants and hotels, 437,000 in finance, insurance, real estate and business services, 209,000 in manufacturing, 177,000 in the civil service and 77,000 in construction sites (manual workers only).

Unemployment stood at 4.0% in 2007.

## EXTERNAL ECONOMIC RELATIONS

### Imports and Exports

In 2006 the total value of imports (f.o.b.) was US\$331,634m. and total exports (f.o.b.) US\$317,600m. The main suppliers of imports in 2003 were mainland China (43.5%), Japan (11.9%), Taiwan (6.9%), USA (5.5%) and Singapore (5.0%). In 2003, 42.6% of total exports went to mainland China, 18.6% to the USA, 5.2% to Japan, 3.3% to the United Kingdom and 3.2% to Germany.

The chief import items in 2004 were: electrical machinery, apparatus and appliances, etc. (21.6%); telecommunications, sound recording and reproducing equipment (12.4%); office machines and automatic data processing machines (9.8%); articles of apparel and clothing accessories (6.3%). The main exports in 2004 were: electrical machinery, apparatus and appliances, etc. (19.2%); telecommunications, sound recording and reproducing equipment (13.9%); office machines and automatic data processing machines (10.7%); articles of apparel and clothing accessories (9.5%).

Hong Kong has a free exchange market. Foreign merchants may remit profits or repatriate capital. Import and export controls are kept to the minimum, consistent with strategic requirements.

## COMMUNICATIONS

### Roads

In 2005 there were 1,955 km of roads, around 50% of which were in the New Territories. There are 12 road tunnels, including three under Victoria Harbour. In 2005 there were 351,000 private cars, 111,000 goods vehicles, 19,000 buses and coaches, and 34,000 motorcycles and mopeds. There were 15,062 road accidents in 2005, 135 fatal. A total of 18.3m. tonnes of cargo were transported by road in 2005.

Hong Kong was ranked third for its road infrastructure in the World Economic Forum's *Global Competitiveness Report 2009–2010*.

## Rail

The railway network covers around 229 km. The electrified Kowloon-Canton Railway, East Rail, runs for 53.9 km from the terminus at East Tsim Sha Tsui in Kowloon to border points at Lo Wu and Lok Ma Chau. Ma On Shan Rail branches off the main East Rail at Tai Wai and runs to Wu Kai Sha. East Rail and Ma On Shan Rail together carried 337m. passenger in 2006; cargo transported in 2006 totalled 184,000 tonnes. Another passenger rail service, West Rail, runs for 30.5 km from Tuen Mun in the New Territories to Nam Cheong in West Kowloon. It carried 72m. passengers in 2006. A light rail system (36 km and 58 stops) is operated by the Kowloon-Canton Railway Corporation in Tuen Mun, Yuen Long and Tin Shui Wai; it carried 136m. passengers in 2006.

The electric tramway on the northern shore of Hong Kong Island commenced operating in 1904 and has a total track length of 16 km. The Peak Tram, a funicular railway connecting the Peak district with the lower levels in Victoria, has a track length of 1.4 km and two tramcars (each with a capacity of 120 passengers per trip).

A metro, the Mass Transit Railway system, comprises 91 km with 53 stations and carried 867m. passengers in 2006.

The Airport Express Line (35 km) opened in 1998 and carried a total of 9.6m. passengers in 2006.

In 2006 a total of 4.1bn. passenger journeys were made on public transport (including local railways, buses, etc.).

In the World Economic Forum's *Global Competitiveness Report 2009–2010* Hong Kong ranked third for quality of rail infrastructure.

## Civil Aviation

The new Hong Kong International Airport (generally known as Chek Lap Kok), built on reclaimed land off Lantau Island to the west of Hong Kong, was opened on 6 July 1998 to replace the old Hong Kong International Airport at Kai Tak, which was situated on the north shore of Kowloon Bay. More than 85 airlines now operate scheduled services to and from Hong Kong. In 2006 Cathay Pacific Airways, the largest Hong Kong-based airline, operated approximately 1,250 passenger and cargo services weekly to 96 destinations in Europe, the Far and Middle East, South Africa, Australasia and North America. Cathay Pacific carried 15,438,243 passengers and 1.12m. tonnes of cargo in 2005. Dragonair, a Cathay Pacific subsidiary, provided scheduled services to 21 cities in Mainland China and ten other destinations in Asia in 2006, plus about 70 cargo services per week to Anchorage, New York, Osaka, Shanghai, Taipei and Xiamen. In 2006 Air Hong Kong, an all-cargo operator, provided scheduled services to and from Bangkok, Osaka, Penang, Seoul, Shanghai, Singapore, Taipei and Tokyo. Hong Kong International Airport handled more international freight in 2001 than any other airport. In 2006, 280,490 aircraft arrived and departed and 44.5m. passengers and 3.58m. tonnes of freight were carried on aircraft.

Hong Kong was second, behind only Singapore, in the rankings for air transport infrastructure in the World Economic Forum's *Global Competitiveness Report 2009–2010*.

## Shipping

The port of Hong Kong handled 23.5m. 20-ft equivalent units (TEUs) in 2006, making it the world's second busiest container port after Singapore. The Kwai Chung Container Port has 24 berths with 7,694 metres of quay backed by 275 ha. of cargo handling area. Merchant shipping in 2004 totalled 25,562,000 GRT, including oil tankers 5,416,000 GRT. In 2004, 35,900 ocean-going vessels, 117,540 river cargo vessels and 71,980 river passenger vessels called at Hong Kong. In 2004, 221m. tonnes of freight were handled. In 2004 vessels totalling 399,031,000 NRT entered ports and vessels totalling 399,025,000 NRT cleared.

Only Singapore ranked ahead of Hong Kong for quality of port facilities in the World Economic Forum's *Global Competitiveness Report 2009–2010*.

## Telecommunications

In 2008 there were 4,099,900 main (fixed) telephone lines. The local fixed telecommunications network services (FTNS) market in Hong Kong was liberalized in 1995. In Oct. 2007 there were five mobile network operators in Hong Kong. There were ten wireline-based local FTNS operators in Oct. 2007 and one wireless-based FTNS operator. There were only 687,600 mobile phone subscribers in 1995, since when the sector has expanded substantially. In 2008 there were 11,580,100 mobile phone subscribers (1,658.5 per 1,000 population). The internet market has also seen considerable growth. In 2008 there were 4.7m. internet users, up from 1.9m. in 2000. There were 26.1 broadband subscribers per 100 inhabitants in June 2007. In 2006 there were 4.5m. PCs in use.

The external telecommunications services market has been fully liberalized since 1 Jan. 1999.

## Postal Services

In Dec. 2002 there were 131 post offices. In 2006 Hongkong Post handled 1,322m. letters and 929,000 parcels.

## SOCIAL INSTITUTIONS

### Justice

The Hong Kong Act of 1985 provided for Hong Kong ordinances to replace English laws in specified fields.

The courts of justice comprise the Court of Final Appeal (inaugurated 1 July 1997) which hears appeals on civil and criminal matters from the High Court; the High Court (consisting of the Court of Appeal and the Court of First Instance); the Lands Tribunal which determines on statutory claims for compensation over land and certain landlord and tenant matters; the District Court (which includes the Family Court); the Magistracies (including the Juvenile Court); the Coroner's Court; the Labour Tribunal, which provides a quick and inexpensive method of settling disputes between employers and employees; the Small Claims Tribunal, which deals with monetary claims involving amounts not exceeding HK\$50,000; and the Obscene Articles Tribunal.

While the High Court has unlimited jurisdiction in both civil and criminal matters, the District Court has limited jurisdiction. The maximum term of imprisonment it may impose is seven years. Magistracies exercise criminal jurisdiction over a wide range of offences, and the powers of punishment are generally restricted to a maximum of two years' imprisonment or a fine of HK\$100,000.

After being in abeyance for 25 years, the death penalty was abolished in 1992.

77,437 crimes were reported in 2005, of which 13,890 were violent crimes. 40,804 people were arrested in 2005, of whom 9,339 were for violent crimes. The prison population was 11,580 in Oct. 2006 (168 per 100,000 of national population).

### Education

Adult literacy was 93.5% in 2001 (96.9% among males and 89.6% among females). Universal basic education is available to all children aged from six to 15 years. In around three-quarters of the ordinary secondary day schools teaching has been in Cantonese since 1998–99, with about a quarter of ordinary secondary day schools still using English. In 2005 there were 149,141 pupils in 1,062 kindergartens, 425,864 full-time students in 720 ordinary primary day schools (26,958 in private schools) and 478,440 in 37 government, 375 aided and 89 private ordinary secondary day schools.

The Hong Kong Technical Institutes and the Hong Kong Technical Colleges were renamed the Hong Kong Institutes of Vocational Education in 1999. In the academic year 2005–06 there were 55,531 students enrolled in Hong Kong Institutes of Vocational Education.

The University of Hong Kong (founded 1911) had 11,377 full-time and 1,114 part-time students in 2005–06; the Chinese

University of Hong Kong (founded 1963), 11,605 full-time and 931 part-time students; the Hong Kong University of Science and Technology (founded 1991), 6,598 full-time and 211 part-time students; the Hong Kong Polytechnic University (founded 1972 as the Hong Kong Polytechnic), 12,282 full-time and 3,241 part-time students; the City University of Hong Kong (founded 1984 as the City Polytechnic of Hong Kong), 11,334 full-time and 1,418 part-time students; the Hong Kong Baptist University (founded 1956 as the Hong Kong Baptist College), 4,894 full-time and 637 part-time students; the Lingnan University (founded 1967 as the Lingnan College), 2,288 full-time and ten part-time students; and the Hong Kong Institute of Education (founded 1994), 2,666 full-time and 4,153 part-time students.

Estimated total government expenditure on education in 2005–06 was HK\$55.6bn. (24.0% of total government spending; 3.9% of GDP). In 2004–05: 22.9% of total government spending; 4.1% of GDP.

According to the OECD's 2006 PISA (Programme for International Student Assessment) study, 15-year-olds in Hong Kong rank second in science and third in mathematics and reading. The three-yearly study compares educational achievement of pupils in the major industrialized countries.

### Health

The Department of Health (DH) is the Government's health adviser and regulatory authority. The Hospital Authority (HA) is an independent body responsible for the management of all public hospitals. In 2002 there were 9,021 doctors on the local list, equivalent to 1.5 doctors per 1,000 population. In 2001 there were 1,900 dentists, 42,000 nurses and 136 midwives. In 2002 the total number of hospital beds was 35,100, including 29,432 beds in 41 public hospitals under the HA and 2,928 beds in 12 private hospitals. The bed-population ratio was 5.2 beds per thousand population.

The Chinese Medicine Ordinance was passed by the Legislative Council in July 1999 to establish a statutory framework to control the practice, use, manufacture and trading of Chinese medicine.

Recurrent spending on health amounts to US\$4.15bn. (HK\$324bn.), an increase of 4% in real terms over the latest estimated spending for 2001–02.

### Welfare

Social welfare programmes include social security, family services, child care, services for the elderly, medical social services, youth and community work, probation, and corrections and rehabilitation. 181 non-governmental organizations are subsidized by public funds.

The government gives non-contributory cash assistance to needy families, unemployed able-bodied adults, the severely disabled and the elderly. Caseload as at 31 Dec. 2004 totalled 295,694. Victims of natural disasters, crimes of violence and traffic accidents are financially assisted. Estimated total government expenditure on social welfare for 2004–05 was HK\$33.7bn.

### RELIGION

In 2001 there were 4,970,000 Buddhists and Taoists, 290,000 Protestants and 280,000 Roman Catholics. The remainder of the population are followers of other religions. Joseph Zen Ze-kiun became Hong Kong's first cardinal in 2006.

### CULTURE

#### Broadcasting

Broadcasting is regulated by the Broadcasting Authority, a statutory body comprising three government officers and nine non-official members.

There is a public broadcasting station, Radio Television Hong Kong (colour by PAL), which broadcasts seven channels (three Chinese, one English, one bilingual and one Putonhua service, and one for the relay of the BBC World Service), six of which

provide a 24-hour service. Hong Kong Commercial Broadcasting Co. Ltd and Metro Broadcast Co. Ltd transmit commercial sound programmes on six channels. Television Broadcasts Ltd and Asia Television Ltd transmit domestic free television programme services in English and Chinese on four channels. Hong Kong Cable Television Ltd offers over 30 TV channels on a subscription basis.

In 2006 TV receivers numbered 3.47m.

#### Press

In 2006 there were 48 newspapers of which 21 were Chinese-language dailies, 14 English dailies, eight bilingual dailies and five Japanese dailies. The newspapers with the highest circulation figures are all Chinese-language papers—*Oriental Daily News*, *Apple Daily* and *The Sun*. Circulation of dailies (including free papers) in 2006 was 3.2m. (2.0m. paid-for and 1.2m. free). Daily newspapers reached 75% of the population in 2005. A number of news agency bulletins are registered as newspapers.

#### Tourism

There were a record 21,811,000 visitor arrivals in 2004. Tourism receipts totalled HK\$91,850.0m. in 2004.

### FURTHER READING

*Statistical Information:* The Census and Statistics Department is responsible for the preparation and collation of government statistics. These statistics are published mainly in the *Hong Kong Monthly Digest of Statistics*. The Department also publishes monthly trade statistics, economic indicators and an annual review of overseas trade, etc. Website: <http://www.info.gov.hk/censtatd>

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## Macao

Região Administrativa Especial de Macau  
(Macao Special Administrative Region)

*Population estimate, 2010:* 548,000

*GDP per capita:* not available

*GNI per capita, 2007:* US\$39,336

### KEY HISTORICAL EVENTS

Macao was visited by Portuguese traders from 1513 and became a Portuguese colony in 1557. Initially sovereignty remained vested in China, with the Portuguese paying an annual rent. In 1848–

49 the Portuguese declared Macao a free port and established jurisdiction over the territory. On 6 Jan. 1987 Portugal agreed to return Macao to China on 20 Dec. 1999 under a plan in which it would become a special administrative zone of China, with considerable autonomy.

### TERRITORY AND POPULATION

The Macao Special Administrative Region, which lies at the mouth of the Pearl River, comprises a peninsula (8.8 sq. km) connected by a narrow isthmus to the People's Republic of China, on which is built the city of Santa Nome de Deus de Macao, the islands of Taipa (6.4 sq. km), linked to Macao by a 2-km bridge, and Colôane (7.6 sq. km) linked to Taipa by a 2-km causeway, and Cotai, a strip of reclaimed land between Colôane and Taipa (4.7 km). The total area of Macao is 27.5 sq. km. Additional land continues to be reclaimed from the sea. The population (2001 census) was 435,235 (266,370 females). Population on 31 Dec. 2006, 513,427 (260,952 females); density, 18,670 people per sq. km. The population increased by 6.0% in 2006. An estimated 99.5% of the population lived in urban areas in 2004. The official languages are Chinese and Portuguese, with the majority speaking the Cantonese dialect. Only about 2,000 people speak Portuguese as their first language.

The UN gives an estimated population for 2010 of 548,000.

In Dec. 2003, 32,167 foreigners were legally registered for residency in Macao. There were 2,451 legal immigrants from mainland China.

### SOCIAL STATISTICS

2003: births, 3,212 (7.2 per 1,000 population); deaths, 1,474 (3.3); marriages, 1,309 (2.9); divorces, 440 (1.0). Infant mortality, 2001, 4.3 per 1,000 live births. Life expectancy at birth (1998–2001), 78.9 years.

### CLIMATE

Sub-tropical tending towards temperate, with an average temperature of 23.0°C. The number of rainy days is around a third of the year. Average annual rainfall varies from 47–87" (1,200–2,200 mm). It is very humid from May to Sept.

### CONSTITUTION AND GOVERNMENT

Macao's constitution is the 'Basic Law', promulgated by China's National People's Congress on 31 March 1993 and in effect since 20 Dec. 1999. It is a Special Administrative Region (SAR) of the People's Republic of China, and is directly under the Central People's Government while enjoying a high degree of autonomy.

### RECENT ELECTIONS

At the elections held on 20 Sept. 2009 the Union for Development won two of 12 elected seats with 14.9% of votes cast, the Association of United Citizens of Macau two with 12.0% and the Democratic Prosperous Macau Association two with 11.6%. Six other parties won a single seat each. Turnout was 59.9%.

Fernando Chui Sai-on was elected chief executive on 26 July 2009, receiving 282 out of 296 votes in the Election Committee.

### CURRENT ADMINISTRATION

*Chief Executive:* Fernando Chui Sai-on; b. 1957 (sworn in 20 Dec. 2009).

*Government Website:* <http://www.gov.mo>

### ECONOMY

Gaming is of major importance to the economy of Macao, accounting for around one third of total GDP (2002) and providing billions of dollars in taxes. In 2003, 7.5% of the workforce was directly employed by the casinos. In 2006 Macao overtook Las Vegas as the world's largest gaming market.

### Overview

Since its transfer of sovereignty to the People's Republic of China in 1999, Macao has achieved high growth as a result of expansion in the tourism and gaming sectors. China's relaxation of travel restrictions since 1999 has resulted in a large increase in mainland visitors, with the total number of visitors reaching nearly 27m. in 2007 (up from 7m. in 1999) according to the public administration of Macao. The cessation of Stanley Ho's monopoly of the local gaming industry in 2001 and its opening up to foreign competition has led to an influx of foreign investment that saw Macao become the world's biggest gaming centre in 2006.

The economy grew an average 13.1% per year from 2001–06, with gaming, tourism and hospitality contributing an estimated 50% of GDP. Dependence on one service industry leaves the economy susceptible to shock, as does the slow decline of traditional manufacturing industries and the transfer of much of the textile industry to the Chinese mainland following the 2005 termination of the Multi-Fibre Agreement that provided a near-guarantee of export markets.

### Currency

The unit of currency is the *pataca* (MOP) of 100 *avos* which is tied to the Hong Kong dollar at parity. Inflation was –2.6% in 2002 and –1.6% in 2003. Foreign exchange reserves were US\$4,343m. in 2003. Total money supply was 8,790m. patacas in 2003.

### Budget

Final budget figures for 2003 were: revenue, 15,578.0m. patacas; expenditure, 15,578.0m. patacas. Actual figures were: revenue, 18,370.6m. patacas; expenditure, 15,713.0m. patacas.

### Performance

Real GDP growth was 6.9% in 2005, rising to 16.6% in 2006. Total GDP in 2006 was US\$14.2bn.

### Banking and Finance

There are two note-issuing banks in Macao—the Macao branch of the Bank of China and the Macao branch of the Banco Nacional Ultramarino. The Monetary Authority of Macao functions as a central bank (*Director*, Teng Lin Seng). Commercial business is handled (2003) by 23 banks, ten of which are local and 13 foreign. Total deposits, 2003 (including non-resident deposits), 124,977.4m. patacas. There are no foreign-exchange controls within Macao.

### ENERGY AND NATURAL RESOURCES

#### Environment

Macao's carbon dioxide emissions from the consumption and flaring of fossil fuels in 2008 were the equivalent of 4.4 tonnes per capita.

#### Electricity

Installed capacity was 0.49m. kW in 2004; production, 1.97bn. kWh. Macao imported 151m. kWh of electricity in 2004.

#### Oil and Gas

311,324,000 litres of fuel oil were imported in 2003.

#### Fisheries

The catch in 2005 was approximately 1,500 tonnes.

### INDUSTRY

Although the economy is based on gaming and tourism there is a light industrial base of textiles and garments. In 2002 the number of manufacturing establishments was 1,162 (textiles and clothing, 500; metal products, 138; foods, 119; publishing and printing, 117).

#### Labour

In 2003 a total of 202,588 people were in employment, including 37,077 (18.3%) in manufacturing; 32,824 (16.2%), wholesale and

retail trade, repair of motor vehicles, motorcycles and personal and household goods; 23,469 (11.6%), community, social and other personal services; 22,114 (10.9%), hotels, restaurants and similar activities; 17,812 (8.8%), public administration, defence and compulsory social security; 16,283 (8.0%), construction. Employment in 2003 was 60.9% of the labour force (62.3% in 2002); unemployment rate stood at 6.0% (6.3% in 2002).

## INTERNATIONAL TRADE

### Imports and Exports

In 2006 imports were valued at US\$5,271m., of which the main products were textile yarn, fabrics and finished articles; clothing and apparel; telecommunications, sound recording and reproducing equipment; and petroleum and petroleum products. Main import suppliers in 2004: mainland China, 44.4%; Hong Kong, 10.6%; Japan, 9.6%.

2006 exports were valued at US\$2,478m., of which the leading products were clothing and apparel; textile yarn, fabrics and finished articles; footwear; and petroleum and related products. Main export markets in 2004: USA, 48.7%; mainland China, 13.9%; Germany, 8.3%.

## COMMUNICATIONS

### Roads

In 2007 there were 401 km of roads. In 2007 there were 68,800 passenger cars in use (143 cars per 1,000 inhabitants), 2,100 buses and coaches, 4,600 lorries and vans, and 85,400 motorcycles and mopeds. There were 17 fatalities in road accidents in 2007.

### Civil Aviation

An international airport opened in Dec. 1995. In 2003 Macau International Airport handled 2,904,118 passengers and 141,223 tonnes of freight (including transit cargo). In 2003 Air Macau flew to Bangkok, Beijing, Chengdu, Guilin, Haikou, Kaohsiung, Kota Kinabalu, Kuala Lumpur, Kunming, Manila, Nanjing, Ningbo, Shanghai, Singapore, Taipei and Xiamen. In 2003 scheduled airline traffic of Macao-based carriers flew a total of 15m. km, carrying 1,212,000 passengers.

### Shipping

Regular services connect Macao with Hong Kong, 65 km to the northeast. In 2002 merchant shipping totalled 4,000 GRT. In 2003 cargo vessel departures by flag totalled 2,451,106 NRT.

### Telecommunications

In 2005 there were 707,100 telephone subscribers (1,537.3 per 1,000 inhabitants), including 532,800 mobile phone subscribers. There were 35,000 PCs in use (290.1 for every 1,000 persons) in 2004 and 170,000 internet users in 2005. In June 2007 there were 23.0 broadband subscribers per 100 inhabitants.

### Postal Services

21,076,438 letters and parcels were posted in 2003.

## SOCIAL INSTITUTIONS

### Justice

There is a judicial district court, a criminal court and an administrative court with 24 magistrates in all.

In 2003 there were 9,920 crimes, of which 5,445 were against property. There were 928 persons in prison in 2003.

### Education

There are three types of schools: public, church-run and private. In 2002–03 there were 142 schools and colleges with 110,266 students and 5,324 teachers. Numbers of schools and colleges by category (number of students at the end of the 2002–03 academic year): pre-primary, 62 (12,737); primary, 83 (41,535); secondary, 56 (41,551); technical/professional secondary, 4 (2,448); higher, 12

(11,995). In 2002–03 there were 132 adult education institutions with a total of 86,578 students enrolled.

In 2003 total expenditure on education came to 2.9% of GNP and 15.2% of total government spending.

### Health

In 2003 there were 986 doctors, 91 dentists and 1,010 nurses. In 2003 there were 444 inhabitants per doctor and 447 per hospital bed.

## RELIGION

Non-religious persons account for 62% of the population. About 17% are Buddhists and 7% Roman Catholics.

## CULTURE

### Broadcasting

One government and one private commercial radio station are in operation on medium wave broadcasting in Portuguese and Chinese. Macao receives television broadcasts from Hong Kong and in 1984 a public bilingual TV station began operating. There were, in 2006, 130,000 TV-equipped households (colour by PAL).

### Press

In 2003 there were 11 daily newspapers (three in Portuguese and eight in Chinese) and six weekly newspapers (one in Portuguese and five in Chinese), plus four Chinese periodicals.

### Tourism

Tourism is one of the mainstays of the economy. In 2006 there were 22.0m. tourists (of which 12.0m. were from mainland China, 6.9m. from Hong Kong and 1.4m. from Taiwan), up 17% on the 2005 total and more than double the 2001 total. Receipts in 2003 totalled US\$4,836m.

## FURTHER READING

Direcção dos Serviços de Estatística e Censos. *Anuário Estatístico/Yearbook of Statistics Macau in Figures*. Annual  
Porter, J., *Macao, the Imaginary City: Culture and Society, 1557 to the Present*. 1996  
Roberts, E. V., *Historical Dictionary of Hong Kong and Macau*. 1993  
*Statistics and Census Service Website: <http://www.dsec.gov.mo>*

## Taiwan<sup>1</sup>

Zhonghua Minguo  
(‘Republic of China’)

*Capital:* Taipei

*Population, 2007:* 23.0m.

*GDP per capita:* not available

## KEY HISTORICAL EVENTS

Taiwan, christened Ilha Formosa (‘beautiful island’) by the Portuguese, was ceded to Japan by China by the Treaty of Shimonoseki in 1895. After the Second World War the island was surrendered to Gen. Chiang Kai-shek who made it the headquarters for his crumbling Nationalist Government. Until 1970 the USA supported Taiwan’s claims to represent all of China. Only in 1971 did the government of the People’s Republic of China manage to replace that of Chiang Kai-shek at the UN. In Jan. 1979 the UN established formal diplomatic relations with the People’s Republic of China, breaking off all formal ties with Taiwan. Taiwan itself has continued to reject all attempts at reunification, and although there have been frequent threats from mainland China to precipitate direct action (including military manoeuvres

<sup>1</sup>See note on transcription of names in CHINA: Territory and Population.

off the Taiwanese coast) the prospect of confrontation with the USA supports the status quo.

In July 1999 President Lee Teng-hui repudiated Taiwan's 50-year-old One China policy—the pretence of a common goal of unification—arguing that Taiwan and China should maintain equal 'state to state' relations. This was a rejection of Beijing's view that Taiwan is no more than a renegade Chinese province which must be reunited with the mainland, by force if necessary. In the presidential election of 18 March 2000 Chen Shui-bian, leader of the Democratic Progressive Party, was elected, together with Annette Lu Hsiu-lien as his Vice President. Both support independence although Chen Shui-bian has made friendly gestures towards China and has distanced himself from colleagues who want an immediate declaration of independence. Following his wife's indictment on embezzlement charges in Nov. 2006, President Chen survived three parliamentary attempts to impeach him.

### TERRITORY AND POPULATION

Taiwan lies between the East and South China Seas about 160 km from the coast of Fujian. The territories currently under the control of the Republic of China include Taiwan, Penghu (the Pescadores), Kinmen (Quemoy) and Lienchiang (the Matsu Islands), as well as the archipelagos in the South China Sea. Off the Pacific coast of Taiwan are Green Island and Orchid Island. To the northeast of Taiwan are the Tiaoyutai Islets. The total area of Taiwan Island, the Penghu Archipelago and the Kinmen area (including the fortified offshore islands of Quemoy and Matsu) is 36,188 sq. km (13,973 sq. miles). Population (2008), 23,037,031. The ethnic composition is 84% native Taiwanese (including 15% of Hakka), 14% of Mainland Chinese, and 2% aborigine of Malayo-Polynesian origin. There were also 494,107 aboriginals of Malay origin in Dec. 2008. Population density: 637 per sq. km.

Taiwan's administrative units comprise (with 2008 populations): two special municipalities: Taipei, the capital (2,622,923) and Kaohsiung (1,525,642); five cities outside the county structure: Chiayi (273,793), Hsinchu (405,371), Keelung (388,979), Taichung (1,066,128), Tainan (768,453); 16 counties (*hsien*) in Taiwan Province: Changhwa (1,312,935), Chiayi (548,731), Hsinchu (503,273), Hualien (341,433), Ilan (460,902), Kaohsiung (1,243,412), Miaoli (560,397), Nantou (531,753), Penghu (93,308), Pingtung (884,838), Taichung (1,557,944), Tainan (1,104,552), Taipei (3,833,730), Taitung (231,849), Taoyuan (1,958,686), Yunlin (723,674); two counties in Fujian Province: Kinmen (84,570), Lienchiang (9,755).

### SOCIAL STATISTICS

In 2006 the birth rate was 9.0 per 1,000 population; death rate, 6.0 per 1,000. Population growth rate, 2006, 0.5%. Life expectancy, 2006: males, 74.1 years; females, 80.2 years. Infant mortality, 2006, 5.8 per 1,000 live births.

### CLIMATE

The climate is subtropical in the north and tropical in the south. The typhoon season extends from July to Sept. The average monthly temperatures of Jan. and July in Taipei are 59.5°F (15.3°C) and 83.3°F (28.5°C) respectively, and average annual rainfall is 84.99" (2,158.8 mm). Kaohsiung's average monthly temperatures of Jan. and July are 65.66°F (18.9°C) and 83.3°F (28.5°C) respectively, and average annual rainfall is 69.65" (1,769.2 mm).

### CONSTITUTION AND GOVERNMENT

The ROC Constitution is based on the Principles of Nationalism, Democracy and Social Wellbeing formulated by Dr Sun Yat-sen, the founding father of the Republic of China. The ROC government is divided into three main levels: central, provincial/municipal and county/city, each of which has well-defined powers.

The central government consists of the Office of the President, the National Assembly, which is specially elected only for constitutional amendment, and five governing branches called 'yuan', namely the Executive Yuan, the Legislative Yuan, the Judicial Yuan, the Examination Yuan and the Control Yuan. Beginning with the elections to the seventh Legislative Yuan held on 12 Jan. 2008 the Legislative Yuan has 113 members (formerly 225).

From 5 May to 23 July 1997 the *Additional Articles of the Constitution of the Republic of China* underwent yet another amendment. As a result a resolution on the impeachment of the President or Vice President is no longer to be instituted by the Control Yuan but rather by the Legislative Yuan. The Legislative Yuan has the power to pass a no-confidence vote against the premier of the Executive Yuan, while the president of the Republic has the power to dissolve the Legislative Yuan. The premier of the Executive Yuan is now directly appointed by the president of the Republic. Hence the consent of the Legislative Yuan is no longer needed.

In Dec. 2003 a law came into effect allowing for referendums to be held.

### National Anthem

'San Min Chu I'; words by Dr Sun Yat-sen, tune by Cheng Mao-yun.

### RECENT ELECTIONS

Presidential elections took place on 22 March 2008. Ma Ying-jeou (Nationalist Party/Kuomintang) won 58.4% of the vote and Frank Hsieh (Democratic Progressive Party) 41.6%.

Elections to the Legislative Yuan were held on 13 Jan. 2008. The Nationalist Party won 81 seats with 71.7% of votes cast; the Democratic Progressive Party, 27 seats (23.9%); the Non-Partisan Solidarity Union, 3 seats (2.7%); the People First Party, 1 seat (0.9%); ind., 1 seat (0.9%).

Elections for an *ad hoc* National Assembly charged with amending the constitution were held on 14 May 2005. The Democratic Progressive Party took 127 of 300 seats (with 42.5% of the vote), the Nationalist Party 117 (38.9%), the Taiwan Solidarity Union 21 (7.1%), the People First Party 18 (6.1%) and the Jhang Ya Jhong Union 5 (1.7%). Turnout was 23.4%.

### CURRENT ADMINISTRATION

*President*: Ma Ying-jeou; b. 1950 (Nationalist Party/Kuomintang; sworn in 20 May 2008).

*Vice President*: Vincent Siew.

*Prime Minister and President of the Executive Yuan*: Wu Den-yih; b. 1948 (Nationalist Party/Kuomintang; sworn in 10 Sept. 2009). There are eight ministries under the Executive Yuan: Interior; Foreign Affairs; National Defence; Finance; Education; Justice; Economic Affairs; Transport and Communications.

*Vice President of the Executive Yuan (Deputy Premier) and Minister for the Consumer Protection Commission*: Eric Liluan Chu. *President, Control Yuan*: Wang Chien-shien. *President, Examination Yuan*: Kuan John Chung. *President, Judicial Yuan*: Lai In-jaw. *President, Legislative Yuan*: Wang Jin-ping. *Secretary General, Executive Yuan*: Lin Join-sane. *Minister of Interior*: Jiang Yi-huah. *Foreign Affairs*: Timothy Yang. *National Defence*: Kao Hua-chu. *Finance*: Li Sush-der. *Education*: Wu Ching-chi. *Justice*: Wang Ching-feng. *Economic Affairs*: Shih Yen-shiang. *Transport and Communications*: Mao Chi-kuo. *Ministers without Portfolio*: Tsai Hsung-hsiung (also Chair of the *Council for Economic Planning and Development*); Chang Jin-fu; Fan Liang-shiow; James Cherng-Tay Hsueh; Ovid Tzeng; Yiin Chii-ming; Liang Chi-yuan.

A number of commissions and subordinate organizations have been formed with the resolution of the Executive Yuan Council and the Legislature to meet new demands and handle new affairs. Examples include the Mongolian and Tibetan Affairs

Commission; the Mainland Affairs Council; the Fair Trade Commission; the Public Construction Commission; and the Financial Supervisory Commission. These commissions, councils and agencies are headed by:

*Council of Agriculture:* Chen Wu-hsiung. *Atomic Energy Council:* Tsai Chuen-horng. *Aviation Safety Council:* Wu Jing-shown. *Directorate General of Budget, Accounting and Statistics:* Shih Su-mei. *Central Election Commission:* Lai Hau-min. *Central Personnel Administration:* Wu Tai-cheng. *Coast Guard Administration:* Wang Ginn-wang. *Council for Cultural Affairs:* Emile Chih-jen Sheng. *Environmental Protection Administration:* Stephen Shu-hung Shen. *Fair Trade Commission (acting):* Wu Shioh-ming. *Financial Supervisory Commission:* Sean Chen. *Government Information Office:* Su Jun-pin. *Council for Hakka Affairs:* Huang Yu-cheng. *Department of Health:* Yaung Chih-liang. *Council of Indigenous Peoples:* Sun Ta-chuan. *Council of Labour Affairs:* Wang Ju-hsuan. *Mainland Affairs Council:* Lai Shin-yuan. *Mongolian and Tibetan Affairs Commission:* Kao Su-po. *National Communications Commission:* Bonnie Peng. *National Science Council:* Lee Lou-chuang. *National Youth Commission:* Wang Yu-ting. *Overseas Compatriot Affairs Commission:* Wu Ying-yih. *Public Construction Commission:* Fan Liang-shioh. *Research, Development and Evaluation Commission:* Chu Chin-peng. *Sports Affairs Council:* Tai Hsia-ling. *Veterans' Affairs Commission:* Tseng Jing-ling.

*Government Website:* <http://www.gio.gov.tw>

## DEFENCE

Conscription was reduced from 16 months to 14 months in July 2007. Defence expenditure in 2006 totalled US\$7,738m. (US\$336 per capita), representing 2.2% of GDP.

### Army

The Army was estimated to number about 190,000 in 2000, including military police. Army reserves numbered 2.7m. In addition the Ministry of Justice, Ministry of Interior and the Ministry of Defence each command paramilitary forces totalling 25,000 personnel in all. The Army consists of Army Corps, Defence Commands, Airborne Cavalry Brigades, Armoured Brigades, Motorized Rifle Brigades, Infantry Brigades, Special Warfare Brigades and Missile Command.

### Navy

Active personnel in the Navy in 2000 totalled 50,000. There are 425,000 naval reservists. The operational and land-based forces consist of four submarines, 16 destroyers and 21 frigates. There is a naval air wing operating 31 combat aircraft and 21 armed helicopters.

### Air Force

Units in the operational system are equipped with aircraft that include locally developed IDF, F-16, Mirage 2000-5 and F-5E fighter-interceptors. There were 50,000 Air Force personnel in 2000 and 334,000 reservists.

## INTERNATIONAL RELATIONS

By a treaty of 2 Dec. 1954 the USA pledged to defend Taiwan, but this treaty lapsed one year after the USA established diplomatic relations with the People's Republic of China on 1 Jan. 1979. In April 1979 the Taiwan Relations Act was passed by the US Congress to maintain commercial, cultural and other relations between USA and Taiwan through the American Institute in Taiwan and its Taiwan counterpart, the Co-ordination Council for North American Affairs in the USA, which were accorded quasi-diplomatic status in 1980. The People's Republic took over the China seat in the UN from Taiwan on 25 Oct. 1971. In May 1991 Taiwan ended its formal state of war with the People's Republic. Taiwan became a member of the World Trade Organization on 1 Jan. 2002.

In Jan. 2008 Taiwan had formal diplomatic ties with 23 countries after Malawi agreed to recognize the People's Republic of China instead. In Aug. 2007, 15 of the diplomatic allies sponsored an unsuccessful proposal for Taiwan to join the UN.

## ECONOMY

### Overview

Taiwan has made a successful transition from an agricultural economy to one based on high-tech electronics. The agricultural, industrial and service sectors account for approximately 2%, 20% and 68% of GDP respectively. Taiwan has experienced average economic growth of 8% during the last three decades, driven primarily by high value added manufacturing and exports, especially in electronics and computers.

In 1989 the government began to privatize government-owned enterprises, including banks, telecommunication firms and industrial firms. Though largely escaping the effects of the 1997 Asian financial crisis, the economy has suffered recent setbacks, partly owing to policy co-ordination problems and bad debts in the banking system. The economy went into recession in 2001 when the first year of negative growth ever was recorded and unemployment reached record highs. Strong export performance has subsequently stimulated a recovery, with annual GDP growth above 3% since 2004, unemployment falling below 4% in 2007 and inflation consistently low. Taiwan has successfully diversified its trade, with China overtaking the USA as the prime export market. It ranks among the world's most export-dependent economies. China is also the main destination for Taiwan's foreign direct investment.

### Currency

The unit of currency is the *New Taiwan dollar* (TWD) of 100 cents. Gold reserves were 13.61m. oz in Sept. 2005. There was inflation of 1.8% in 2007 and 3.5% in 2008. Foreign exchange reserves were US\$241.7bn. in Dec. 2004.

### Budget

As a result of the constitutional amendment to abolish the provincial government, the central government budget has been enlarged to include the former provincial government since the fiscal year 2000. The central government's general budget for the fiscal year 2002 (beginning on 1 Jan.) was NT\$1,518,724m. Expenditure planned: 18.1% on education, science and culture; 17.6% on economic development; 17.5% on social security; 15% on defence.

### Performance

Taiwan sustained rapid economic growth at an annual rate of 9.2% from 1960 up to 1990. The rate slipped to 6.4% in the 1990s and 5.9% in 2000; Taiwan suffered from the Asian financial crisis, though less than its neighbours. Consumer prices showed increasing stability, rising at an average annual rate of 6.3% from 1960 to 1989, 2.9% in the 1990s and 1.3% in 2000. In 2001 global economic sluggishness and the events of 11 Sept. in the USA severely affected Taiwan's economy, which contracted by 2.2%. Per capita GNP stood at US\$12,876, while consumer prices remained almost unchanged. Subsequent economic recovery led to growth of 4.8% in 2006 and 5.7% in 2007, although growth was just 0.1% in 2008.

### Banking and Finance

The Central Bank of The Republic of China (Taiwan), reactivated in 1961, regulates the money supply, manages foreign exchange and issues currency. The *Governor* is Perng Fai-nan. The Bank of Taiwan is the largest commercial bank and the fiscal agent of the government. There are seven domestic banks, 38 commercial banks and 36 foreign banks.

There are two stock exchanges in Taipei.

## ENERGY AND NATURAL RESOURCES

### Environment

Taiwan's carbon dioxide emissions from the consumption and flaring of fossil fuels in 2008 were the equivalent of 13.3 tonnes per capita.

### Electricity

Output of electricity in 2001 was 188.5m. MWh; total installed capacity was 35,568 MW, of which 77.1% is held by the Taiwan Power Company. There were six units in three nuclear power stations in 2003. Consumption per capita stood at 4,257 litres of oil equivalent in 2001.

### Oil and Gas

Crude oil production in 2004 was 2.8m. bbls; natural gas, 850m. cu. metres.

### Minerals

Coal production ceased by 2001 because of competitive imports and increasing local production costs.

### Agriculture

In 2001 the cultivated area was 848,743 ha., of which 438,974 ha. were paddy fields. Rice production totalled 1,396,274 tonnes. Livestock production was valued at more than NT\$101,205m., accounting for 28.67% of Taiwan's total agricultural production value.

### Forestry

Forest area, 2001: 2,101,719 ha. Forest reserves: trees, 357,492,423 cu. metres; bamboo, 1,109m. poles. Timber production, 26,401 cu. metres.

### Fisheries

The catch in 2005 was 1,017,243 tonnes, almost exclusively from sea fishing.

## INDUSTRY

The largest companies in Taiwan by market capitalization in March 2009 were: Taiwan Semicon. Mnfg (US\$38.8bn.), Formosa Petrochemical (US\$18.3bn.) and Chunghwa Telecom (US\$17.7bn.).

Output (in tonnes) in 2005: cement, 19.9m.; crude steel, 18.6m.; sugar (2002), 0.2m.; cotton fabrics (1999), 1,061m. sq. metres; portable computers (1999), 9.95m. units; desktop computers (1999), 3.01m. units. Taiwan is the third largest information technology producer after the USA and Japan. The IT sector has replaced traditional industries as the engine for growth.

### Labour

In Sept. 2002 the total labour force was 9.97m., of whom 9.44m. were employed. Of the employed population, 55.09% worked in the service sector (including 22.70% in trade and 16.11% in accommodation and eating and drinking establishments); 37.28% in industry (including 27.05% in manufacturing and 7.64% in construction); and 7.63% in agriculture, forestry and fisheries. The unemployment rate was 5.32%.

## INTERNATIONAL TRADE

Restrictions on the repatriation of investment earnings by foreign nationals were removed in 1994.

### Imports and Exports

Imports in 2007 totalled US\$219,252m. and exports US\$246,677m.

In 2001 the main import suppliers were Japan (24.1%), USA (17.0%), South Korea (6.3%) and Germany (4.0%). The main export markets were the USA (22.5%), Hong Kong (21.9%), Japan (10.4%) and Germany (3.6%).

Principal imports (2001), in US\$1bn.: machinery and electrical equipment, 47.55; minerals, 12.76; chemicals, 10.23; basic metals

and articles, 7.78; precision instruments, clocks and watches, and musical instruments, 6.21; vehicles and transport equipment, 4.24; textile products, 2.36.

Principal exports (2001), in US\$1bn.: machinery and electrical equipment, 66.85; textiles, 12.63; basic metals and articles, 11.33; plastic and rubber products, 7.99; vehicles and transport equipment, 4.44; toys, games and sports equipment, 1.79; footwear, headwear and umbrellas, 0.79. By 2001 high-tech products were responsible for more than 54% of exports.

## COMMUNICATIONS

### Roads

In 2006 there were 39,286 km of roads. In 2007, 5.7m. passenger cars, 117,100 buses and coaches, 1.0m. lorries and vans, and 13.9m. motorcycles and mopeds were in use. 1,007m. passengers and 594m. tonnes of freight were transported in 2006. There were 3,140 fatalities in road accidents in 2006.

### Rail

In 2005 freight traffic amounted to 13m. tonnes and passenger traffic to 169m. Total route length was 1,450 km. There are metro systems in Taipei (opened in 1996) and in Kaohsiung (opened in 2008).

### Civil Aviation

There are currently two international airports: Chiang Kai-shek International at Taoyuan near Taipei, and Kaohsiung International in the south. In addition there are 14 domestic airports: Taipei, Hualien, Taitung, Taichung, Tainan, Chiayi, Pingtung, Makung, Chimei, Orchid Island, Green Island, Wangan, Kinmen and Matsu (Peikan). A second passenger terminal at Chiang Kai-shek International Airport opened in July 2000 as part of a US\$800m. expansion project, which included aircraft bays, airport connection roads, a rapid transit link with Taipei, car parks and the expansion of air freight facilities, begun in 1989. The planned facilities are designed to allow the airport to handle an additional 14m. passengers annually by the year 2010.

In June 2002, 38 airlines including code-share airlines provided flights to destinations in Taiwan, of which 32 foreign and six Taiwanese carriers—China Airlines (CAL), EVA Airways, Mandarin Airlines (MDA; CAL's subsidiary), Trans Asia Airways (TNA), UNI Airways and the now defunct Far Eastern Air Transport Corp.—operated international services. In 2001, 44.1m. passengers and 1.3m. tonnes of freight were flown.

Regular direct flights between Taiwan and mainland China resumed in July 2008 for the first time since 1949.

### Shipping

Maritime transportation is vital to the trade-oriented economy of Taiwan. At the end of 2001 Taiwan's shipping fleet totalled 249 national-flagged ships (over 100 GRT), amounting to 4.7m. GRT and 7.4m. DWT. There are six international ports: Kaohsiung, Keelung, Hualien, Taichung, Anping and Suao. The first two are container centres, Kaohsiung handling 7.54m. 20-ft equivalent units in 2001, making it the world's fourth busiest container port in terms of number of containers handled. Suao port is an auxiliary port to Keelung. In Jan. 2001 the first legal direct shipping links between Taiwanese islands and the Chinese mainland in more than 50 years were inaugurated.

### Telecommunications

In Sept. 2006 there were 36,491,200 telephone subscribers (1,597.8 per 1,000 inhabitants) and PCs numbered 13.1m. (575.2 per 1,000 inhabitants). Taiwan's biggest telecommunications firm, the state-owned Chunghwa Telecom, lost its fixed-line monopoly in Aug. 2001. In Sept. 2006 there were 22,978,100 mobile phone subscribers, equivalent to 1,006.1 per 1,000 persons. There were approximately 13.21m. internet users in 2005. There were 20.9 broadband subscribers per 100 inhabitants in June 2007.

## SOCIAL INSTITUTIONS

### Justice

The Judicial Yuan is the supreme judicial organ of state. Comprising 15 grand justices, since 2003 these have been nominated and, with the consent of the Legislative Yuan, appointed by the President of the Republic. The grand justices hold meetings to interpret the Constitution and unify the interpretation of laws and orders. There are three levels of judiciary: district courts and their branches deal with civil and criminal cases in the first instance; high courts and their branches deal with appeals against judgments of district courts; the Supreme Court reviews judgments by the lower courts. There is also the Supreme Administrative Court, high administrative courts and a Commission on the Disciplinary Sanctions of Public Functionaries. Criminal cases relating to rebellion, treason and offences against friendly relations with foreign states are handled by high courts as the courts of first instance.

The death penalty is still in force. There were three confirmed executions in 2005, but none since. The population in penal institutions in Oct. 2008 was 63,370 (276 per 100,000 of national population).

### Education

Since 1968 there has been compulsory education for six to 15-year-olds with free tuition. The illiteracy rate dropped from 7.1% in 1989 to 2.5% by 2006. There were 2,654 primary schools, 1,061 secondary schools and 156 vocational schools in 2008; and 102 universities, 45 colleges and 15 junior colleges. In 2005–06 there were 1,831,913 pupils with 101,682 teaching staff at elementary schools; 951,236 pupils and 48,816 teaching staff at junior high schools; 420,608 pupils and 34,112 teaching staff at senior high schools; and 331,604 students and 15,590 teaching staff at senior vocational schools. There were 1,259,490 students in universities and colleges in 2005–06 with 48,047 academic staff.

According to the OECD's 2006 PISA (Programme for International Student Assessment) study, 15-year-olds in Taiwan rank first in mathematics and fourth in science. The three-yearly study compares educational achievement of pupils in the major industrialized countries.

### Health

In 2001 there was one physician serving every 733 persons, one doctor of Chinese medicine per 5,631 persons and one dentist per 2,505 persons. Some 114,179 beds were provided by the 92 public and 501 private hospitals, averaging nearly 57 beds per 10,000 persons. In addition to the 492 public and 17,136 private clinics, there were 369 health stations and 503 health rooms serving residents in the sparsely populated areas. In 2001 acute infectious diseases were no longer the number one killer. Malignant neoplasms, cerebrovascular diseases, heart diseases and accidents and adverse effects were the first four leading causes of death.

### Welfare

A universal health insurance scheme came into force in March 1995 as an extension to 13 social insurance plans which cover only 59% of Taiwan's population. Premium shares among the government, employer and insured are varied according to the insured statuses. By the end of 2001 about 21.65m. people or 96% of the population were covered by the National Health Insurance programme.

### RELIGION

According to the registered statistics of Municipality, County and City Government there were 827,135 Taoists in 2001 (and 7,714 temples), 382,437 Protestants (and 2,387 churches), 216,495 Buddhists (and 1,966 temples) and 182,814 Catholics (and 728 churches). In Feb. 2010 there was one cardinal.

### CULTURE

#### Broadcasting

At Oct. 2002 there were 174 radio stations, one public and four commercial terrestrial TV services and 65 cable systems. The Public Television Service (PTS) is the public broadcaster. The commercial networks tend to be politically partisan. Cable TV services reach about 85% of the population. In 2006 there were 9.8m. TV receivers. The Broadcasting Corporation of China operates national and regional radio networks; CBS-Radio Taiwan is also a national broadcaster. There are around 170 local radio stations. TV colour is by NTSC.

#### Press

There were 267 domestic news agencies, 454 newspapers and 7,236 periodicals in 2001.

#### Tourism

In 2006, 3,520,000 international tourists visited Taiwan. Receipts totalled US\$5,136m.

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