

People's republic of china

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The People's Republic of China (PRC) commonly known as China, is the most populous state in the world with over 1.3 billion people. China is a single-party state governed by the Communist Party of China (CPC). Its capital city is Beijing. The People's Republic of China is the world's second largest economy after the United States by purchasing power parity (\$9.05 trillion in 2009) and the world's fastest-growing major economy, with average growth rates of 10% for the past 30 years. It is also the second largest trading nation in the world and the largest exporter and second largest importer of goods. Factors like these make it imperative for any MNE to invest in this country.

China has history of nearly 4000 years and is one of the world's oldest civilization. China possessed one of the most advanced societies and economies in the world prior to 19th century ; but through successive dynasties it then missed the industrial revolution and began to decline. In 1949, after a major combat ended in the Chinese Civil War, two states calling themselves " China" emerged. By 2001, China became a member of the World Trade Organization, which has boosted its overall trade in exports/imports estimated at \$851 billion in 2003 by an additional \$170billion a year.

Annual inflows of foreign direct investment rose to nearly \$108 billion in 2008. The restructuring of the economy and resulting efficiency gains have contributed to a more than tenfold increase in GDP since 1978. China in 2009 stood as the second-largest economy in the world after the US, although in per capita terms the country is still lower middle-income. China emerged as one of the world's super power in this decade. The most significant evolution of the early 2000s in the economic landscape was the

long-time predicted breakthrough of economic giant China that had a double-digit growth during nearly the whole decade. China (U. S. \$4. 98 trillion) went from being the sixth largest to the third largest economy, and in 2009 contributed to 8. 6% of the world's economy, up from 3. 3% in 1999 by nominal price or a rise from 6. 9% to 12. 6% adjusted for purchasing power.

In China it is the rule of man that rules the land; initially it was the rule of the king which later became the rule of communist party of China. No political party exists in the country other than the ruling communist and hence there is no democratic election in country. It was in late 90's that the government started privatization of badly performing SOEs. This decade showed China consolidating its position as an attractive destination for MNEs, an attractive market and tremendous scope of profits for MNE's .

Major 5 year economic plan was launched in 2005. China grew by approximately 10% through out. Post recession, the world sees China as one of the engine that will pull the world out of recession. The most significant evolution of the early 2000s in the economic landscape was the long-time predicted breakthrough of economic giant China that had a double-digit growth during nearly the whole decade. The People's Republic of China claims to have succeeded the Republic of China as the sole legitimate governing authority of all of China, which, from the official viewpoint of the People's Republic of China, includes the island of Taiwan.

China launched one of the biggest legal reforms in history in 1978. China is fast becoming the global investment hotspot and more and more foreign investors are expanding their business operations into the country. This situation may be attributed to China's competitive production cost, sound

macro-economic policies, strong economic growth, and favourable business environment. The key aspects of China's legal environment and its implications for the MNE's are : 1) The Legal Environment for Foreign Investment in China. 2) Difference between State and Central Legal System 3) Bureaucratic Society 4) Local Interest 5) High Legal Business Cost 6) Hidden Rules and Creditability Gap

ECONOMIC SITUATION China changed a lot in terms of economy in the past century. to the pioneering work and arduous efforts by the People's Republic of China over the past 50 years, especially over the last 30 years or so since the beginning of reform and opening-up of the economy, the overall national strength and the living standards of the people have been improved in no small ways .