

# [China country macroeconomics project assignment](https://assignbuster.com/china-country-macroeconomics-project-assignment/)

[](https://assignbuster.com/)[Economics](https://assignbuster.com/essay-subjects/economics/)

Table of Contents Introduction/ Background2 PESTLE Analysis4 Political Environment4 Socio-Cultural Environment5 Technological Environment5 Legal Environment6 Environmental Factors6 SWOT Analysis7 Economic Environment8 Export & Import8 Government Expenditures9 Investment11 Economic development/ Forecast11 China should face a lot of challenges11 Chinese economy in the next 20 years12 Economic Growth12 Definition & Measurement13 Causes of Economic Growth13 Balance of Payments & Exchange Rates13 Globalization14 Environmental Issues15 Sustainability15 China’s Green Wall15 Pollution15

Overpopulation and One-Child-Policy16 Travel & Tourism Industry16 Conclusion17 References20 ?? ppendicies24 Introduction/ Background People’s Republic of China is 9. 6 million sq km, it is situated in the eastern part of Asia on the west coast of the Pacific Ocean. It is the third largest country in the world (after Russia and Canada) with a population of 1. 35 billion (UN, 2010) with a growth rate of 0. 6%. The capital is Beijing, but their largest city is Shanghai. Their official language is Mandarin Chinese and their major religions are Buddhism, Christianity, Islam and Taoism. Their currency is Yuan.

China is the most heavily populated country in the world with a continuous culture of nearly 4000 years old. Lot of elements have been originated in China such as paper, gunpowder, credit banking, the compass and paper money which all play an important role in our modern lives. The country is rich for natural resources for example iron, ore, zinc, petroleum, natural gas, coal, manganese, aluminum, hydropower potential etc. After the country has been under communist rules for more than two decades with the leader, Chairman Mao, China now has the world’s fastest-growing economy and is going through a second industrial revolution.

Until the late 1980s China had negligible influence in the world’s economy. Started to make the most important reforms to the economy, from 1978, which took place in the industrial, financial, fiscal, agriculture, banking, price setting and labour system. They made a decision to allow foreign direct investment in several small “ special economic zones” along the coast which lead to a fast grow. This continued till the 1990’s with about 9. 5% and with a low inflation. As the Asian financial crisis came along, the foreign investments had been reduced and its growth of export decreased.

During the period of 1990-2004 the economy was growing at an average rate of 10% per year, which was the highest growth rate in the world. GDP grew 10. 0% in 2003, 10. 1%, in 2004, and even faster 10. 4%. After the global financial crisis of 2008, the collapse in international export markets, hit China very hard although they were the first ones to quickly return to growth. In 2011 February they overtook Japan to become the world’s second-largest economy. Nowadays China is one of the world’s top exporters and is attracting record amounts of foreign investment therefore it is investing billions of dollars abroad.

They have benefit to access foreign markets as they are members of the World Trade Organization. World Travel Organization predicts that by year 2020, China will become the number one travel destination in the world. China has the greatest number and variety of world-class tourist attractions of anywhere in the world. China’s tourist appeal is emphasized by being so culturally different from countries outside of East Asia. PESTLE Analysis Political Environment Republic of China is a communist country led by the Chinese Communist Party since 1949. It is practically one-party regime.

The country is a limited democracy and the following signs can prove it: ??? The media is under censorship ??? Internet access is limited and strictly controlled ??? Religions are persecuted ??? Human right activists are also persecuted and sent to prison many times ??? The right of nationalities to self-determination is not accepted (conflict in Tibet) ??? Strajks and riots are bloodily suppressed (e. g. Tienanmen square in 1989) China has great power politics and wants to play leading role in the ??? third world” (developing countries). Since China already has a strong and powerful economy it also wants to be a military power.

Recent turmoil in the Middle-East is a warning sign for the communist regime so we can expect less political severity by the ruling party in the near future. Socio-Cultural Environment China has the highest population in the world (see Appendix 3) however India’s growing population will exceed it soon. By introducing strict birth-control and family planning China could halt the risk of over-population. (Young couples are allowed to have only one child, in case of a second child huge penalty should be paid. ) In the past, many children were the guarantee for the parents to keep their living standard in their old days.

If there are less children it is the state who should provide pension for old people. Unfortunately in the past pension was not always part of the welfare system. Consequently in the future aging generation will mean increasing burden for the state. There are 600 million agricultural labourers living in poverty while people in the cities are getting richer and richer. Poverty in People’s Republic of China refers to people whose income is less than the $1. 25 per day poverty line (PPP) set by the World Bank. Poverty has affected all aspects of China, including the environment, health, education, housing, nutrition, and agriculture.

It has disrupted families and communities, and sent millions from the poorer regions to the cities in a desperate search for work. The number of multimillionaires is growing very fast and therefore financial differences among the Chinese people are causing social tensions. Technological Environment In many fields China has already achieved high technological level (space research, war industry etc. ) but in many areas is still behind the most developed countries (U. S. , Japan, Germany etc. ) To reduce the technological gap China is attracting foreign investors to get easy access to high-tech technologies and know-hows.

Legal Environment Even if the country is eager to attract foreign investors, the legal security of these investors is very weak. The high volume of fake products made in China and the low level of the brand protection cause friction between foreign countries/companies and China. Human rights are also violated many times in the country. National minorities are also oppressed (e. g. in Tibet) and strikes and uprisings are bloodily suppressed several times. Opposition politicians, artists, human right activists are under huge pressure by the state and cannot get sufficient legal protection.

Censorship of the press and the internet is a daily practice. Environmental Factors Because of the fast growing industry, environmental issues are getting more and more serious mainly in the most industrialized areas. Air pollution and water contamination is very serious now and China should spend huge amount of money in he future for environmental protection. Out of the most contaminated rivers in the world, 15 can be found in China. Air pollution is also a huge problem mainly in the most industrialized cities like Shanghai and Peking. (Air pollution was a real threat to the athletes during the Olympic Games in Peking in 2008. Today China’s economy is at the overheated stage of its development. The GDP growth is about 9 %/year but there is high risk of an economic slow down in the future. China’s next 5-year economic plan is aiming 7% GDP growth in average. In 2010 the actual GDP growth was over 10% but the plan was only 7. 5%. This year the country had a good start, Q1 GDP growth was 9. 7%. In the last decade the driver of the economic growth was the export oriented industry and the relatively weak local currency. This resulted huge savings both in the Chinese households and in the enterprises.

China is a limited market economy. Market economy means are less used because of political reasons. The existing planned economy is not capable to manage the actual situation well. China’s external investments are growing fast mainly in Africa and in South-America. The inflation is growing year by year (4-5% but in March 2011 it was 5. 4%) Stronger local currency (Juan) could help to push down inflation (cheaper import). The country has to face many challenges like lack of energy (electricity) and also lack of skilled workforce mainly in the coastal regions.

Some South Asian countries mean a real threat to the Chinese industry (in the textile industry 50% of the companies went to bankrupt because of their higher manufacturing cost). Prices are going up sharply in China (land, water, energy, transportation etc. ) and as a result the country is losing competitiveness step by step vs. other developing countries like India, Vietnam, and Mexico etc. China is very rich in natural resources (except crude oil) and it has a huge advantage: the big local market. SWOT Analysis Strengths: | Weaknesses: | | Huge domestic market | Planned economy | | Rich in natural resources | Shortage in energy | | Fast growing economy/GDP | Bureaucracy | | High foreign currency reserves | Corruption | | Export oriented economy | Neglected environmental issues (air pollution, water contamination | | Competitive manufacturing cost | etc) | | Huge foreign investments in China | Low level of social welfare | | In 2001 became a member of World Trade Organization (WTO) | Foreign exchange restrictions | | Huge supply of cheap labour | Insufficient legal protection of foreign investors | | | Unequal economic development (heartlands of China vs. oastal | | | regions) | | | Restriction of democratic rights | | | Depends a lot on export | | Opportunities: | | | Fast development of inland territories | Threats: | | Growing domestic demand | | | Access to foreign natural resources through placement of capital | Overheated economy | | Creating a free trade zone with South Korea and Japan | Growing inflation rate (over 5%) | | Development of agriculture (irrigation, mechanized farming etc. | Political risk (strikes, social unrest) | | Further move to market economy (economic liberalization) | US pressure to revaluate local currency to slow down export boom | | More focus on education | Fast growing South Asian competition | | Due to huge population, huge customer base | Credit crisis due to high borrowing tendency | | | | Economic Environment Export & Import China has the second highest GDP in the world economy. (No. 1. is U. S. , No 2. is China and No. 3. is Japan). (see Appendix 1) According to the IMF China’s economy will be No. 1. by 2016, 10 years ago U. S. economy was 3 times bigger than China. (see Appendix 2) China is an export oriented economy, 1/3 of the GDP is coming from the export business. Most important trade partner is the E. U. (before the U. S. 1. 7%7). Further export partners are Hong Kong (13. 3%), Japan (8. 1%), South Korea (5. 2%). In 2010, China’s export totalled $1. 94 trillion, down from $1. 429 trillion in 2008. Its main exports are electrical goods and other machinery, including data processing equipment, apparel, textiles, iron and steel, optical and medical equipment. In these days the country’s export is getting more and more expensive following the increasing volume of foreign investments (recently in many African countries). In the next 10 years China will invest about 2. 000 billion USD abroad. Last year invested 53 billion USD and this can reach 100-200 billion USD in 2012. By this intensive investment China can help the U. S. and also E. U. to recover from the economic crisis. The countries import totaled $921. billion in 2010, down from $1. 131 trillion in 2008. Electrical components and other machinery, oil and mineral fuels, optical and medical equipment, metal ores, plastics and organic chemicals are its main imports. China is not part of the G8 group (leading economic powers of the world ??? U. S. , Japan, Germany, U. K. , France, Italy, Canada and Russia) but doing its best to improve its position in the G20 group. The country is also part of the so called ??? BRICS” countries (Brazil, Russia, India, China, South-Africa). This group represents 18 % of the world economic output (this figure is very close to the U. S. output! ) Government Expenditures

Government expenditure can be defined as perpetual “ money injection” or funding of science, technological progress, rural areas development, capital construction, military, national defence, social health and education systems and many others owned, controlled and subsidised by the government of China. (B. Leung & J. Yim, 2008) China spends 18. 2% of its annual budget on military expenses, 9. 9% on health care and 12. 1 % on education. (How Countries Spend Their Money, 2011) Right after 2008 world subprime crisis, two-year stimulus plan has been developed by Chinese government which consisted of $586b injection into the economic further development, including $210b environment protection and the reducing energy consumption plan.

This plan’s main goal was not to develop new markets but to restructure, improve and upgrade already existing part of economy. (Z. Shaobin, 2009) Since infrastructure plays a huge role in any economy, a huge part of Chinese government money goes to infrastructure development. New airports and roads, railroads have to improve the situation dragged down by decreasing export. We can already see an outcome by looking at steady and rapidly growing economy of China despite the harsh time. China is constantly increasing its expenditure, for example during first nine months of the 2010, amount invested in heavy industry, construction and other production sector increased by approximately 16 trillion Yuan. China economic growth accelerates, 2010) Some people might say that “ raise” of economy of China is unexpected, however, we can see that $1. 2 trillion in 1990 were invested into infrastructure, new energy plants, ports as well as airports of China. At that time that was the biggest investment in infrastructure among all countries in the world. Approximately, $130b are spent annually on these facilities maintenance. Development of infrastructure was essential and necessary to be able to continue to grow at such fast rate and in order to deliver and export, as well as import, products and goods. Otherwise, China would be stuck or, at least, slow in exchanging goods and materials, this would have slowed down the economy of the country. (J.

Hays, 2008) Environmental issues of China are crucial for its future, but it is already affecting it today. Chinese government oversaw it and introduced a reforestation program, to stop desertification, erosion and some other forest-land-related issues. In the last 20 years Chinese area covered by forests grew from 12% to 18%, it is planned to increase it to 23% by 2020. Not only “ planting trees” will help the environment but also it will provide new jobs for some of 30m unemployed people of China. This program along with other similar initiatives reduced poverty in rural areas almost in half. Annual income (per capita), in these areas, increased by almost 150% in only 5 years. A Poverty Project, 2007) China has also invested a lot in other countries foreign reserves, in particular, USA. During subprime mortgage crises of 2008, China has bought US treasury bonds and notes for an amount of $800b. There area different opinions on why Chinese government decided to help USA. However, it is obvious that China did not really have another choice because default of US economy would drag down the economy of China too. This also puts China in a very powerful position, not only in relation to USA but also to other countries. Today, by threatening to release its bonds, which would have tremendous effect on economy of US, China can influence USA.

But on the other hand, Chinese economy is very dependant on exports and its main importer is USA, so it would be not smart to “ attack” economy of USA, hence, when USA will suffer financially it will directly affect China. (Paul R. La Monica, 2009) Investment Investments in China reached a very high level. Most probably these excessive investments will result deflation in the future. When further increase of the fixed capital investment is not possible any more ??? around 2013 ??? the Chinese economy will start to slow down. The fixed capital investments reached 50% vs GDP in 2010. This resulted excess capacities and increased bad debts. Sooner or later the excess capacities will lead to deflation which will be seen first in the processing industry and in the real estate sector.

As a result we can expect ??? rough landing” of the Chinese economy in the near future. Economic development/ Forecast The aim during the next 5-year economic plan is to increase the share of internal consumption within the GDP. To avoid deflation China should reduce savings, reduce fixed capital investments, hold back net export and increase internal consumption. Main goal is to keep inflation at a low level. The target is 4 %. However due to the rising inflation China need economic model change (central planning is not sufficient). China is trying to create a free-trade zone with South-Korea and Japan to ensure further economic growth and more integration into the global economy.

It is very important for the country to achieve sustainable growth. But according to the Chinese president “ The growth is unbalanced, unmaintainable and unorganized. ” This should be changed. According to the Chinese Prime Minister (Ven Csia-pao) the main task in the next 5 years is ??? fair distribution of goods and stop inflation. China should face a lot of challenges: ? Push down inflation (reason of it: the huge price increase of crude oil, natural resources and foodstuff (11. 7% price increase vs last year) , fight against the real assets speculation and the credit overflow) ? Fight against bureaucracy and corruption ? Change the unbalanced economic development

China is now developing the relatively poor central part of the country (the coastal regions are much more developed) Every year 9 million people come into workforce. If China wants to avoid growing unemployment ratio, minimum 8% GDP growth is required. Chinese economy in the next 20 years: ? Local currency (Juan) will be evaluated resulting less export and more import. ? GDP growth will slow down (only 6-7%) It will result ??? rough landing” of the Chinese economy in the next 2-3 years. ? China will be much more open to foreign investment funds. ? Transformation to pure market economy will be continued (instead of 5-year planning policy) ? China will be the No. 1. economic power by 2016 (before the U. S. ) ? More focus on he domestic market and consumption vs. export. China will be not only economic but military power as well (want more role in international organization like UNO, Security Council, IMF, World Bank etc. ) ? Domestic consumption will be stimulated in exchange for accumulation. ? Due to the big population and the increasing income/living standards of the Chinese people tourism will grow rapidly. ? Interest rate will be liberalized. ? Privatization of the state owned companies will be carried out in a higher proportion. ? Chinese investment in foreign countries will be continued and in a much intensive way. Economic Growth Definition & Measurement Economic growth can be identified as the raise of real output per capita of a country. In order to measure it gross domestic product (GDP) without inflation should be considered.

The rate of the economic growth will be that GDP. (J. Tribe, 2005) For many years we can see that China has highest economic growth. Even though due to financial crisis growth has decresed for 10%. However “ recoveries” has been recordered, in 2007 there was the raise for 13%. Increase in car market and retail sales were seen in the three first quarters of 2009, increase by 15% and 34%, which later become the largest in the world. (China economic growth accelerates, 2009) Causes of Economic Growth The reasons for growth can be various. In general it can be due to increase in quantity or quality of inputs into an economy. There is a range of factors which stimulates economic growth.

The first is land, because it can be used for industries. The second factor is availability of workforce/ labor, which should be at the right quality and quantity. The third factor is capital, which considers investments as well as the nation’s cultural heritage, for example, the Great Wall. And the last is technology. Economic growth hugely depends on good, developed and available technology. (Tribe, 2005) China is the best example where we can see all the factors mentioned above. China provides a lot of space for future development. As the country is one of the most populated, China has needed labor. Moreover this country becomes more and more atractive for foreign investments.

Just in 2010 China’s economy became the second largest economy in the world after USA. In addition Chinese products represent the second largest part of the world trade. (The World Factbook, 2011) Balance of Payments & Exchange Rates Today the local currency (Juan) is under valued by 20-40% which contributes to an unbalanced world economy and unfair competition advantage. It makes the Chinese export cheap. Almost all countries have passive trade balance with China. There is a huge pressure from the U. S. to revaluate the Juan. Even if the U. S. is trying to apply sanctions against China and to impose penal duties on some Chinese export products, there is no success so far. In the past the Juan was pegged to the USD.

Limited liberalization of the Juan was implemented from June, 2010. Today the exchange rate fluctuation against USD is within limited range ( 1 USD = approx. 6. 5 Juan) Central Bank of China is purchasing USD to prevent local currency from revaluation. The interest rate in China is the following: deposit rate 3. 25 %, credit rate 6. 31%. Central Bank raised interest rate 4 times in the last 6 months to stop money overflow to the economy. China is very active in the international financial market e. g. China is purchasing state debt of Greece, Portugal and Spain. The country wants not to be only economic or military power but financial power as well. The country’s financial link to the US is very strong.

It keeps 20% of the US state debt (another 20% is owned by Japan). China’s reserves in US government securities/bonds help the US to finance state budget deficit and to push down inflation. China has the highest financial reserves in the world (in foreign currencies and in gold bars). The foreign currency reserve reached 3. 045 billion USD in March, 2011 (it is half of its GDP ! ) 60-70% is kept in USD but their aim is to reduce it to 50% in the next 10 years. Part of this huge reserves are used for investments abroad mainly in Africa and South-America to create access to the energy and raw material resources. This is the way to ensure basic materials to the hungry Chinese economy.

In the domestic market part of the reserves is used to establish fast train network, infrastructure development etc. Globalization China introduced free trade more than 30 years ago by opening to other world. Low prices, cheap labor and relatively convenient location attracted huge amount of investors with their businesses, which made China one of the world’s largest exporters. Cheap labor was the primary reason for other countries businesses to reallocate their manufacturing, which, in the meantime, boosted Chinese exports and at the same time making China dependent on other countries. Rapid growth and development of other countries’ economies reflected on Chinese economy.

During last 30 year, average export levels were increasing by 17% per year. During last 5 years, average economic growth of China was 8% per annum. (Economic Impact of Globalization, 2009). Globalization also led to an increased competition within domestic industries and businesses, which boosted level of efficiency and productivity but at the same time polluting heavily. Low levels of governmental control and low standards resulted into severe environmental deterioration, which puts China in a position of one of the most polluted countries in the world. Environmental Issues Sustainability There are two main aspects in sustainability of China to consider.

First one is a challenge of sustainability of a rapidly growing economy. Second one is sustainability of natural resources and preservation of environment. Rapid development of the economy along with low standards and poor control has resulted into desertification, pollution, overpopulation, erosion and deforestation. These are the main issues and challenges for China today. Significant funds have been created and investments have been made to fight these crucial problems and to reduce future impact on the environment. China’s Green Wall Huge demand for timber resulted into severe deforestation, which left no choice for the government but to plant trees artificially.

Today, Chinese Green Wall plan in the biggest environmental plan in the world, which is expected to be finished by around 2050. Newly planted trees will cover around 5000 km across the northwest border of China. This forest will be used as a wall to push back desertification and protect from sandstorms and erosion. (Great Green Wall, 2001) This project is very fragile and costly and is one of the biggest challenges of China today. Pollution China is a number one polluting the world with carbon emissions. (S. Begley, 2009). CO2 emission is a question of international importance, not only it is polluting China itself, but also other countries in the world.

China is suffering of a high pollution of water, 50% of the underground water and approx. 90% of the “ on the ground” water is polluted. Chinese government has spent around $8b, for 2712 water filtration plants and other types of water preservation/filtration programs, out of which, around 1500 are fully functional at the moment. (Water, air pollution, 2009). Severe air pollution in lower and higher spheres resulted into acid rains that spoil the soil and also affect neighboring countries. Overpopulation and One-Child-Policy Overpopulation in China is one of others crucial issues. The population of China today is around 1. 3b inhabitants, which represents almost 20% of the world population.

Due to environmental issues, scarcity of resources and space, in 1979, Chinese government implemented “ one child” policy, which was aimed at birth and population growth control. However, sex selected abortions have led to gender imbalance in China. Due to the culture and religion, Chinese parents tend to choose a boy rather than a girl. (China’s One-Child Policy Leads, 2009) Travel & Tourism Industry China’s tourism industry is one of the fastest growing industries in the national economy, thankfully to its historical background and natural and cultural attractions. At the moment China becomes the leading destination in Asia and is on the fourth place in worlds ranking. “ Within Asia, China ranked second in terms of international tourism expenditure (US$24. 3 billion), next only to Japan (US$26. 9 billion).

The World Tourism Organization projected that by 2020, China will become the world’s most popular destination and the fourth largest source of outbound tourists. ” (China Knowledge, 2011) China is one of the contries which has the largest domestic tourism market, which makes around 90% of countrie tourism traffic, and generates aound 70% of tourism revenue. (See Appendix 4) Five days working week a long with introduced vocation schemes helped in increase of leisure time and spurred market demand in domestic tourism and led to its prosperity. Inbound tourism also plays a huge role in China’s economy. Inbound tourism is growing each year. There are records of 131. 9m of number of overseas tourists in 2007. Mainly due to geographical location 76. 7% represent visitors from Hong Kond and Macau.

However in Appendix 5 it is shown that there are some other countries which are also major generating sources of tourism industry in China. “ By the end of 2006, there were 585 foreign-invested hotels with star ratings. They raked in RMB 28. 1 billion, accounting for 19. 0% of China’s total. ” (China Knowledge, 2011) In 2007, the number of overseas tourists reached 131. 9 million. Within this figure, the majority were residents from Hong Kong and Macau (76. 7%). This is quite possibly due to their geographic proximity to the mainland. Unsurprisingly, Guangdong was their main travel destination. In the past few years (with the exception of the period spanning the 2003 SARS outbreak), China’s inbound tourist arrivals have grown steadily.

From 2001 to 2007, the average annual growth rate of arrivals was 6. 8%. In 2007, foreign tourist arrivals reached 26. 1 million. From 2001 to 2006, the average growth of foreign tourist arrivals reached 15. 1%. Just in 2010 tourism industry increased to 21. 7%, bringing the country total revenue of $ 241. 5b. Moreover last year China was on the third place in world’s tourism revenue. All that leads to projections that in five years the tourism industry will be constantly growing, generating around $354b. Due to that fact, China’s government is planning to increase number of airports to 230, and the mileage of high-speed rail track will grow to 40, 000 kilometers. Tourism administration, 2011) Moreover China has very good transportation, which has experienced major growth in recent years. Airports, roads, and railway construction are constantly developing each year. Conclusion This part of the report will give an overlook of the advantages to invest in hotel industry in China. We strongly believe that due positive forecasts and reasonable facts, China has great opportunities and it will be a perfect country where we can do business. We are providing reasons and action steps which should be taken into consideration: ? Economy will continue to grow ? Huge population (want to live better, leisure, health care etc. ) ? Living standards/income are increasing (more income to spend) ? Possibilities: business hotel in big cities (more businessmen are circulating) ??? wellness hotel in resort areas (in the near mountains or in islands/clean air, less crowded) ? Good public transport is important (e. g. along the new Tibetian high-speed railway or close to local airports) ? Local (Chinese) partner/investor should be involved due to legal issues, cultural differences, language barriers, bureaucracy etc. ) ? Good marketing/publishing is a must ? Should attract both local and foreign guests ? ROI (Return Of Investment) should be within 10-15 years

Our proposal is to invest into a SPA Resort, which could be combined with medical centre. The reason for that is a tendency that we have nowadays, people are tend to spent money on health care, also due to stress and high responsibility, in the future people will spend more and more money on health care. In addition medical treatments are taking not only a couple of days but several weeks, which lead to longer stay of customers and higher income for the property. Last but not least, as China is very famous of its medical science, the combination of business hotel and medical service might attract not only domestic market but also many people from all over the world.

As the a location we are considering mountain area, which should be silent with clean air, less crowded, with good infrastructure, offering many entertainment facilities for the guests, or in the city but in the remote area. Furthermore it should be somewhere close to the airports or train station, for easier access. Chengdu city would be a perfect place where to invest money into hotel business. “ According to the 2007 Public Appraisal for Best?? Chinese Cities?? for Investment, Chengdu was chosen as one of the top ten cities to invest in out of a total of 280 urban centers in China. “(All roads lead to China, 2007) Chengdu is the capital of of?? Sichuan?? province, of?? Southwest China. It is important economic center of transportation and communication hubs in Western China.

As the main industries of this city food, medicine, machinery and information technology are considered, which are supported by large-scale enterprises. Around 500 world’s largest companies along with approximate 133 multinational enterprises, such as Intel, Microsoft, Cisco, Sony and others are situated in Chengdu. Moreover this city has up to date transportation system. Intercity High-Speed Rail, metro, expressway, highway, local airport and river transport are here in order to meet public’s demand. (Chengdu Wikipedia, 2011) The best place for opening a hotel will be on the Guoxin Road, right opposite the Donghu Park. This location provides great view on the park and river, where guests can experience a relaxing atmosphere in the “ natural” place right in the city center.

Moreover, this location is very advantageous in terms of transportation communication, which provides easy access to the most important places by public transport. References 10 re?? sons to do business with Chin?? | Dyn?? mic Export ??? Export ?? dvice ??? Forums | Dyn?? mic Export ?? ustr?? li??. (n. d. ). Export News, Export Inform?? tion, Export Help, Export ?? dvice ?? nd Tips | Dyn?? mic Export ?? ustr?? li??. Retrieved M?? y 21, 2011, from http://www. dyn?? micexport. com. ?? u/?? rticles/m?? rkets/10-re?? sons-to-do-business-with-chin?? 00213/ 2006, t. e. , billion, t. w. , & tot?? l. , ??. f. (n. d. ). Chin?? Tourism industry. Chin?? Business News??. Retrieved M?? y 21, 2011, from http://www. chin?? knowledge. com/Business/CBGdet?? ils. ?? spx? ubch?? p= 4= 24 All Roads Lead to China ?? Chengdu’s June News . (n. d. ). All Roads Lead to China -??. Retrieved May 22, 2011, from http://www. allroadsleadtochina. com/2007/07/08/chengdus-june-news/ Arends, B. , & MarketWatch. (n. d. ). IMF bombshell: Age of America nears end Brett Arends’ ROI – MarketWatch. MarketWatch – Stock Market Quotes, Business News, Financial News. Retrieved May 22, 2011, from http://www. marketwatch. com/story/imf-bombshell-age-of-america-about-to-end-2011-04-25 Author. (n. d. ). CNN. com Search. CNN. com – Breaking News, U. S. , World, Weather, Entertainment & Video News. Retrieved May 22, 2011, from http://www. cnn. com/search/? uery= gdp%20graph= true= date BBC News – China country profile. (n. d. ). BBC News – Home. Retrieved May 22, 2011, from http://news. bbc. co. uk/2/hi/asia-pacific/country\_profiles/1287798. stm BBC NEWS | Business | Chin?? economic growth ?? cceler?? tes. (n. d. ). BBC News – Home. Retrieved M?? y 21, 2011, from http://news. bbc. co. uk/2/hi/831970 BBC News | MEDI?? REPORTS | Chin??’s Gre?? t Green W?? ll. (n. d. ). BBC News – Home. Retrieved M?? y 21, 2011, from http://news. bbc. co. uk/2/hi/world/m China – China. org. cn. (n. d. ). China. org. cn – China news, weather, business, travel & language courses. Retrieved May 22, 2011, from http://www. china. rg. cn/china/index. htm China – Country Brief. (n. d. ). World Bank Group. Retrieved May 22, 2011, from http://web. worldbank. org/WBSITE/EXTERNAL/COUNTRIES/EASTASIAPACIFICEXT/CHINAEXTN/0,, menuPK: 318960~pagePK: 1411 CHINA ECONOMY & GDP GROWTH | 2010-2011 facts & statistics. (n. d. ). China travel guide | Tips, top tourist attractions & funny stuff!. Retrieved May 22, 2011, from http://www. china-mike. com/facts-about-china/economy-investment-business-statistics/ Chin?? – ?? Poverty Project Th?? t Is Restoring Chin??’s Forests. (n. d. ). World B?? nk Group. Retrieved M?? y 21, 2011, from http://web. worldb?? nk. org/WBSITE China Economy Overview. (n. d. ).

China Stock Market Digest ??? China Stock Market Research and Analysis. Retrieved May 22, 2011, from http://www. chinastockdigest. com/articles/china-economy-overview-2. html Chin?? FT?? Network. (n. d. ). O?? u? OOEA? O? Co??? InIo. Retrieved M?? y 21, 2011, from http://ft??. mofcom. gov. cn/english/ Chin?? offici?? lly joins WTO – CNN. (n. d. ). Fe?? tured ?? rticles from CNN. Retrieved M?? y 21, 2011, from http://?? rticles. cnn. com/2001-11-10/world/chin??. WTO\_1\_wto-meeting-wto-director-gener?? l-mike-moore-world-tr?? de-org?? niz?? tion? \_s= PM:?? si?? pcf Chin??’s economic stimulus pl?? ns benefit environment\_English\_Xinhu?? . (n. d. ). ???? O?? AIE? A??? Io. Retrieved M?? y 21, 2011, from http://news. xinhu?? net. om/english/2009-03/10/content\_10986048. htm Chin??’s One-Child Policy Le?? ds To Coerced ?? bortion, Steriliz?? tion, Columnist P?? rker Writes. (n. d. ). Medic?? l News Tod?? y: He?? lth News. Retrieved M?? y 21, 2011, from http://www. medic?? lnewstod?? y. co China overview, overview of China, China travel guide, China guide.. (n. d. ). China tours, China tour packages , Yangtze River Cruise, Visit China. Retrieved May 22, 2011, from http://www. visitourchina. com/guide/overview. htm CI??- The World F?? ctbook. (n. d. ). Centr?? l Intelligence ?? gency??. Retrieved M?? y 21, 2011, from https://www. ci??. gov/libr?? ry/public?? tions/the-world-f?? ctbook/geos/ch. html Days Inn (n. d. ). AA? u?? E??? ?? e.

Retrieved May 22, 2011, from http://www. daysinn. cn/English/ab Days Inn China – Wikipedia, the free encyclopedia. (n. d. ). Wikipedia The Free Encyclopedia. Retrieved May 22, 2011, from en. wikipedia. org/wiki/Days\_Inn\_ Economic Focus. (n. d. ). M?? inl?? nd Chin??’s 2008 budget focuses on improving livelihood. Retrieved M?? y 21, 2011, from www. h?? ngseng. com/ermt/eng/fxmv/ Economic Imp?? ct of Glob?? liz?? tion on Chin??’s Economy. (n. d. ). Bukis?? – Sh?? re your Knowledge. Retrieved M?? y 21, 2011, from http://www. bukis??. com/?? rticles/92710\_economic-imp?? ct-of-glob?? liz?? tion-on-chin?? s-economy Glob?? l W?? rming: Chin?? ?? nd Indi?? Will Suffer Most – Newsweek. (n. d. ).

Newsweek – N?? tion?? l News, World News, Business, He?? lth, Technology, Entert?? inment, ?? nd more – Newsweek. Retrieved M?? y 21, 2011, from http://www. newsweek. com/2009/08/26/chin??-?? nd-indi??-will-p?? y. html How Countries Spend Their Money -. (n. d. ). Lo?? ns, Fin?? nci?? l Infogr?? phics, S?? vings ?? ccounts & CD R?? tes – Visu?? lEconomics. com. Retrieved M?? y 21, 2011, from http://www. visu?? leconomics. com/how-countries-spend-their-money/ India May Overtake China in GDP Growth by 2012 | 2point6billion. com – Foreign Direct Investment in Asia. (n. d. ). 2point6billion. com – Foreign Direct Investment in Asia. Retrieved May 22, 2011, from http://www. 2point6billion. com/news/2011/03/02/india-may-overtake-china-in-gdp-growth-by-2012-8723. html

M?? croeconomics ?? nd Economics Policy in Chin??- Chin?? | F?? cts ?? nd Det?? ils. (n. d. ). M?? CROECONOMICS ?? ND ECONOMIC POLICY IN CHIN??. Retrieved M?? y 21, 2011, from f?? cts?? nddet?? ils. com/chin??. php? itemid= 375?? tid= 9?? tid= 58 Monic??, P. R. (n. d. ). Chin?? keeps buying U. S. debt. But how long will th?? t l?? st? – Sep. 16, 2009 . Business, fin?? nci?? l, person?? l fin?? nce news – CNNMoney. Retrieved M?? y 21, 2011, from http://money. cnn. com/2009/09/16/ Tourism ?? dministr?? tion: Chin?? to le?? d tourism industry in five ye?? rs | Chin?? business news. (n. d. ). Chin?? Business News. Retrieved M?? y 22, 2011, from http://cnbusinessnews. com/tourism-?? dministr?? tion-chin??-to-le?? d-tourism-industry-in-five-ye?? rs/ Tribe, J. (2005).

The Economics of Recre?? tion, Leisure & Tourism – 3rd Edition. Oxford: Butterworth-Heinem?? nn (Elsevier). W?? ter, ?? ir pollution in Chin?? still serious. (n. d. ). Chin?? D?? ily Website – Connecting Chin?? Connecting the World. Retrieved M?? y 21, 2011, from http://www. chin?? d?? ily. com. cn/chin??/2009-02/24/content\_7508856. htm ?? ppendicies Appendix 1 [pic] Euromonitor International from IMF, International Financial Statistics and World Economic Outlook/UN/ national statistics Appendix 2 [pic] Appendix 3 – World Population | Rank | Country | Population | | 1. | China | 1, 330, 141, 295 | | 2. India | 1, 173, 108, 018 | | 3. | United States | 310, 232, 863 | | 4. | Indonesia | 242, 968, 342 | | 5. | Brazil | 201, 103, 330 | | 6. | Pakistan | 177, 276, 594 | | 7. | Bangladesh | 158, 065, 841 | | 8. | Nigeria | 152, 217, 341 | | 9. | Russia | 139, 390, 205 | | 10. | Japan | 126, 804, 433 | | | World | 6, 817, 246, 761 | ?? ppendix 4