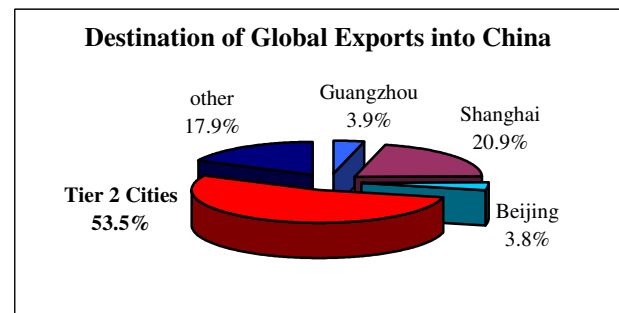


Fourteen of China's second-tier cities account for 8% of China's population but 53% of its total imports – which is why the untapped markets of China's emerging cities provide some of the most exciting and lucrative opportunities for U.S. exporters.

China's Real Economic Engine....

China's unprecedented growth and the opportunities it presents are no longer a secret to anyone in the business world. While megacities such as Beijing and Shanghai have long captured much of the spotlight, it is behind the scenes in second-tier cities where one can witness the *real* source of China's economic growth. Unlike what one might expect, the majority of China's imports are *not* ending up in Shanghai, Beijing, or Guangzhou. Rather, a select group of fourteen second-tier cities¹ account for an astonishing 53% of China's total imports, almost double the amount of the three megacities combined.

Local entrepreneurs in these emerging cities are not the only ones reaping the benefits. These cities have become importing havens and present lucrative opportunities, especially for US companies. Perhaps the critical question for American firms is not *whether* there is a second-tier city market, but *which* region is best for a particular industry or product.



Harbin— Manchuria's Industrial Giant



Located on the banks of the Songhua River in central Manchuria, Harbin is the industrial and economic center of Northeastern China. Since launch of the "Northeast Revitalization" initiative, Harbin has been the recipient of hundreds of millions of dollars of Central government aid aimed at enhancing the industrial strength of China's Northeast. As a result of state-owned enterprise reforms and renewed political initiatives, demand for a variety of foreign equipment and techniques has increased as the region endeavors to modernize its manufacturing base. The United

States is Harbin's second largest trading partner (after Russia), providing 5.5% of the city's foreign imports. Harbin's leading imports from the U.S. include electromechanical, high-tech and agricultural products.

Harbin Economic Indicators

City Population: 4 Million
 Provincial GDP: USD 68 Billion
 Annual Avg. Per Capita GDP: USD 3,812
 Import Value: USD 1.57 Billion
 Imports from US: USD 86 Million

¹ Harbin, Dalian, Qingdao, Tianjin, Xian, Wuhan, Hangzhou, Ningbo, Nanjing, Chongqing, Kunming, Zhuhai, Shenzhen, and Xiamen

Harbin's top imports for foreign goods:²

Oil & Gas

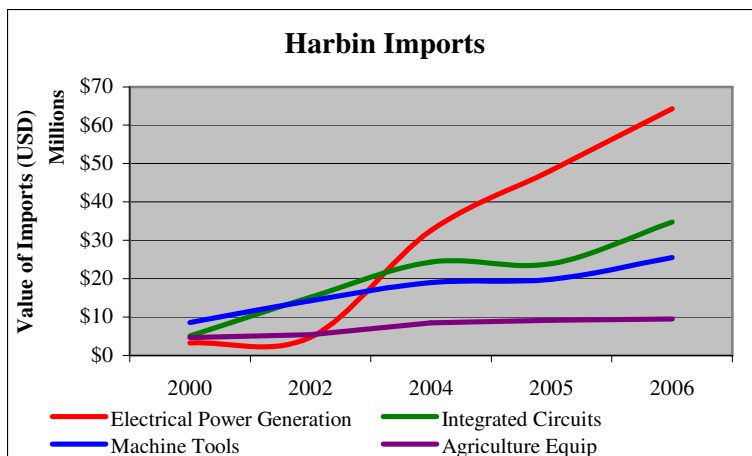
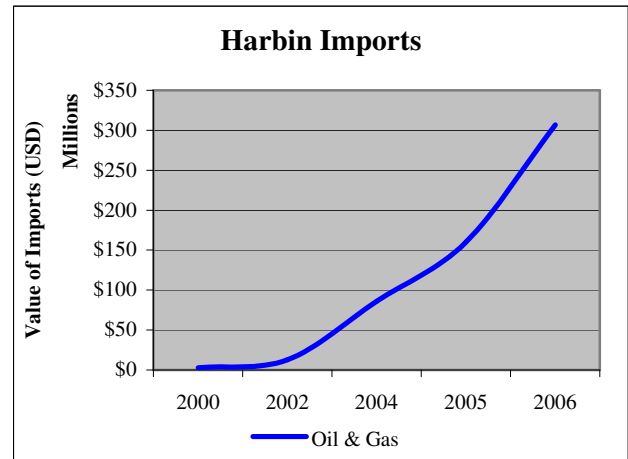
Harbin's imports of oil & gas have been increasing at near exponential rates in the recent years. Since 2000, the city's imports of oil & gas have increased well over one hundred-fold. Harbin now imports over USD \$300 worth of oil & gas equipment a year.

Integrated Circuits

While the volume of Harbin's IT imports is relatively small compared to that of coastal cities, the city's integrated circuit imports have increased seven-fold since 2000. The city purchased over USD \$34 million worth of integrated circuits in 2006.

Electrical Power Generation

Harbin's demand for foreign electrical power generation equipment has increased considerably in recent years. Since 2000, Harbin's imports of power generation equipment have increased by twenty-fold—the city now imports over USD \$60 million worth a year.



Machine Tools

Harbin's machine tools imports have grown steadily over the last several years. In 2005-6, the city's machine tool imports grow by almost 30%.

Agricultural Equipment

Harbin accounts for almost 4% of China's agricultural equipment imports and has been steadily increasing its demand in recent years. The city has doubled its imports of agricultural equipment since 2000.

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² Note: 2001 & 2003 data is not reflected in graphs