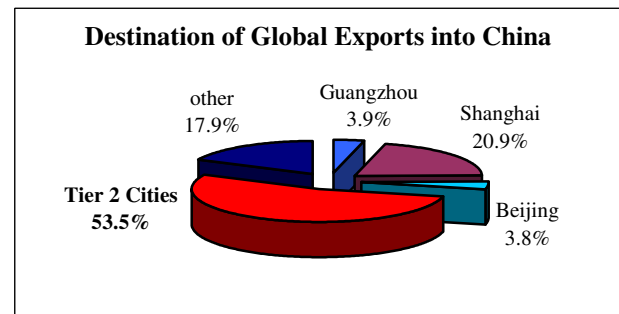


Fourteen of China's second-tier cities account for 8% of China's population but 53% of its total imports – which is why the untapped markets of China's emerging cities provide some of the most exciting and lucrative opportunities for U.S. exporters.

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.



Ningbo— Economic anchor of the Yangtze river delta

An ancient harbor on the East China Sea, Ningbo was one of the first cities to benefit from China's economic liberalization. In the two decades since its opening, Ningbo has emerged as China's fourth largest port and one of the key economic and industrial hubs of the Yangtze River delta. Ningbo is ranked by the World Bank as having the 18th best investment climate for foreign firms in China. US companies have already begun to catch on to the opportunities of exporting to Ningbo; almost 5% of the cities imports— over USD \$1.4 billion worth— originate from the United States.

Ningbo Economic Indicators

City Population: 5.4 Million
 Provincial GDP: USD 27 Billion
 Annual Avg. Per Capita GDP: USD 7,168
 Import Value: USD 36.88 Billion
 Imports from US: USD 1.42 Billion

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

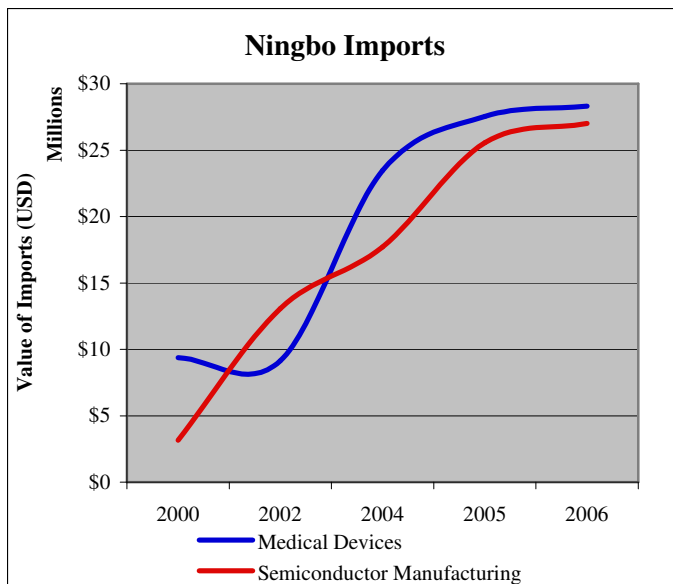
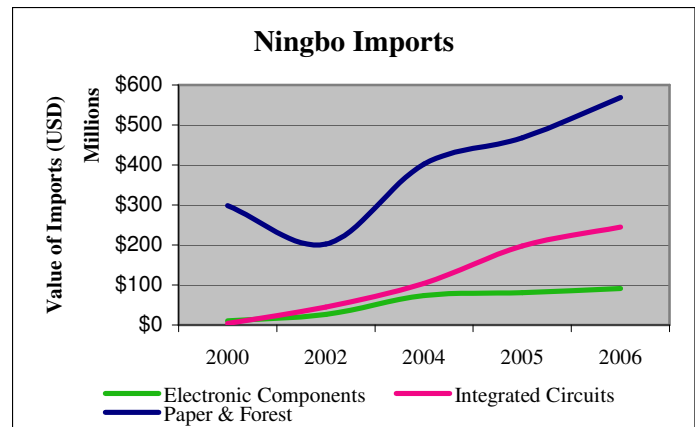
Ningbo's top imports for foreign goods:²

Electronic Components

Ningbo's imports of electrical components have been increasing steadily since 2000. The city now purchases over USD \$90 million worth of electronic components a year.

Integrated Circuits

Imports of integrated circuits in Ningbo have skyrocketed in the last six years. In 2000, the city only imported USD \$4 million worth of integrated circuits; six years later Ningbo was importing over USD \$244 million worth of foreign integrated circuits, nearly sixty times the city's 2000 import volume.



Paper & Forest Products

Ningbo's paper & forest product imports have increased by 19% a year over the last two years. During 2004-2006, the city purchased over USD \$1.4 billion worth of paper & forest products. Over the last four years, Ningbo has nearly tripled its imports of paper & forest products.

Semiconductor Manufacturing

Ningbo's imports of semiconductor manufacturing equipment have been steadily increasing since 2000. The city now purchases over USD \$27 million worth of semiconductor manufacturing equipment a year.

Medical Devices

Medical device imports in Ningbo have exhibited strong growth since 2002. The city purchased over USD \$28 million worth of medical devices last year.

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