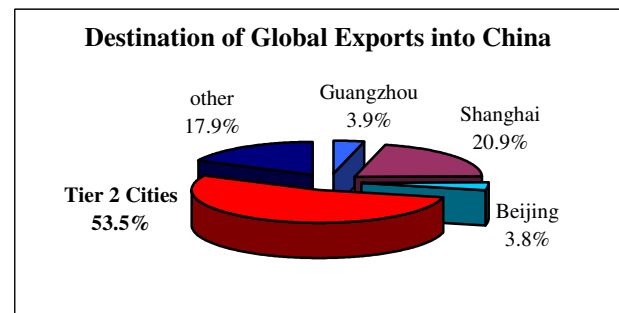


Fourteen of China's second-tier cities account for 8% of China's population but 53% of its total imports – which is why the untapped markets of China's emerging cities provide some of the most exciting and lucrative opportunities for U.S. exporters.

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 emerging 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.



Xi'an— Ancient Capital and Modern Hub

Located in the Wei River Valley at the foot of the Qinling mountain range, Xi'an is the capital of Shaanxi Province. Once considered one of the four great ancient capitals of China, modern Xi'an is the most industrialized and developed city in northwestern China and is one of the country's most popular tourist destinations. Xi'an is one of the PRC's ten largest cities and has the 39th highest per capita GDP in the country.² Xi'an imports more goods from the United States than any other country— 29% of the city's imports come from the United States.

In the last five years, Shaanxi Province's transportation infrastructure has been upgraded to improve transport flow and distribution logistics. These upgrades have led Shaanxi to become one of central China's key transportation hubs. As a result of these improvements, Shaanxi has become the largest hub on the new Europe-Asia land route.

Xi'an Economic Indicators

City Population: 7.14 Million
 Provincial GDP: USD 45.9 Billion
 Annual Avg. Per Capita GDP: USD 2,025
 Import Value: USD 1.5 Billion
 Imports from US: USD 422 Million

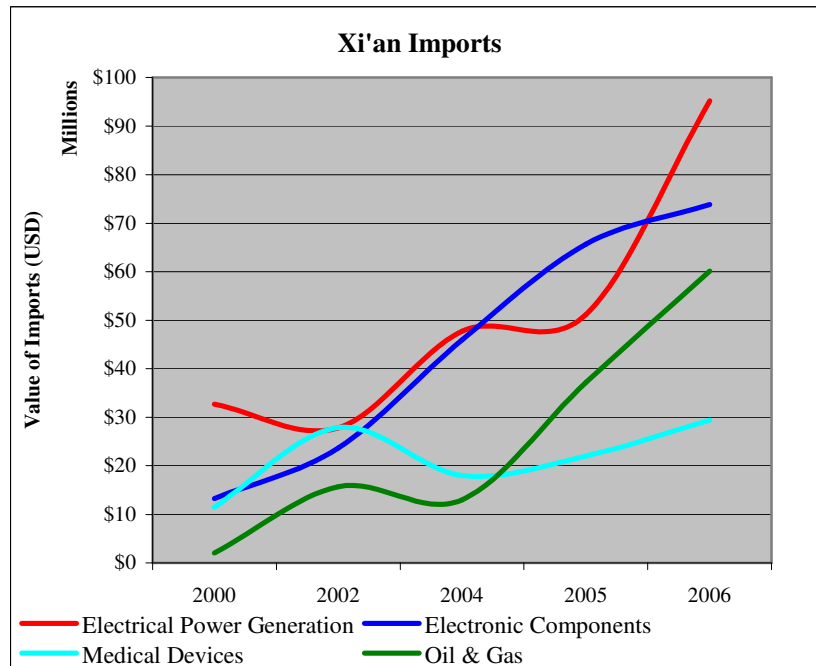
¹ Harbin, Dalian, Qingdao, Tianjin, Xian, Wuhan, Hangzhou, Ningbo, Nanjing, Chongqing, Kunming, Zhuhai, Shenzhen, and Xiamen

² Source: Wikipedia

Xi'an's top imports for foreign goods:

Electronic Components

Xi'an's imports of electrical components have grown rapidly over the last seven years. In 2000, the city only purchased USD \$13 million worth of foreign electrical components— by 2006 the city's electrical component imports had increased to USD \$75 million per annum. For the last two years, the Xi'an's imports of electrical components increased by an average of 20% a year.



Electrical Power Generation

Since 2000, Xi'an has almost tripled its imports of Electrical Power Generation equipment. In 2000, Xi'an purchased USD \$32 million worth of foreign produced electrical power equipment— last year the city imported over USD \$95 million worth, an 86% increase over the previous year.

Oil & Gas

Xi'an has dramatically increased its imports of Oil & Gas equipment in recent years. In 2000, Xi'an purchased just over USD \$2 million worth of foreign Oil & Gas products— by 2006 the city was importing thirty times the 2000 figure, over USD \$60 million dollars worth a year.

Medical Devices

Xi'an has considerably increased its demand for foreign medical devices in recent years. Over the last two years, the city's imports of medical devices have grown by an average of 28% per year.

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