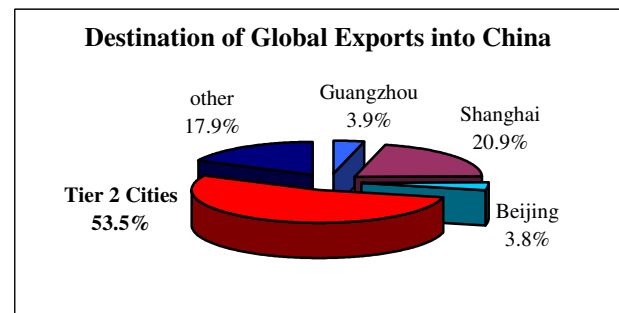


Fourteen of China's second-tier cities account for 8% of China's population but 53% of its total imports – which is why the untapped markets of China's emerging cities provide some of the most exciting and lucrative opportunities for U.S. exporters.

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.



Zhuhai— Pearl of Southern China

Located adjacent to Macau at the southern end of Guangdong province, Zhuhai was one of the first cities designated by the Chinese central government as a Special Economic Zone (SEZ). Since that time, Zhuhai has become an important manufacturing base and deep-water port.

Logistics is one of Zhuhai's service industry priorities due to close trading ties with Hong Kong and Macao. The city is the only deep harbor in the west end of the Pearl River Delta, making it a crucial transportation hub. After completion of the Hong Kong-Zhuhai-Macao Bridge, industry experts predict that ground, sea and air transport will increase significantly because the bridge will connect these ports with ground cargo arriving from the Beijing-Zhuhai Highway.

Zhuhai's major trading partners include the U.S., Hong Kong, Japan, Germany and Macau. The United States has become Zhuhai's sixth-highest import source.

Zhuhai Economic Indicators

City Population: **1.4 Million**
 Provincial GDP: **USD 42 Billion**
 Annual Avg. Per Capita GDP: **USD 8,532**
 Import Value: **USD 17.97 Billion**
 Imports from US: **USD 670.91 Million**

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

Zhuhai's top imports for foreign goods:²

Electronic Components

Zhuhai purchased nearly USD \$1.2 billion worth of electrical components in 2006, over six times the volume imported in 2000. The city's imports of electrical components nearly doubled over the last two years.

Integrated Circuits

Zhuhai purchased over USD \$3 billion worth of integrated circuits in 2006, more than ten times the amount that it imported only six year earlier.

Construction Equipment

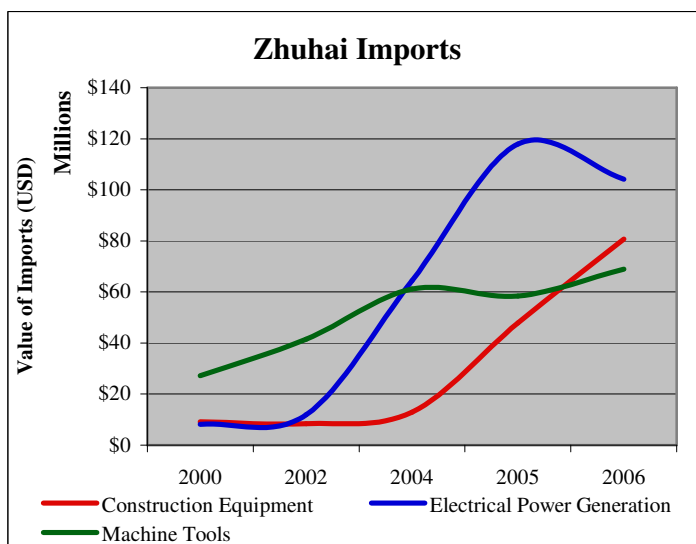
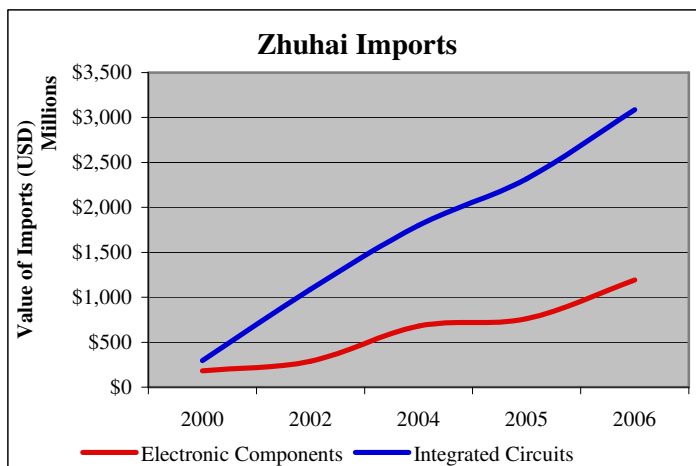
Zhuhai's rapid growth has fueled a growing demand for foreign construction equipment. Zhuhai imported over USD \$80 million worth of construction equipment in 2006, increasing its imports by nearly ten-fold since 2002.

Electrical Power Generation

While Zhuhai's imports of electrical power generation equipment dropped off in 2005-6, the city has still greatly increased its imports of power generation equipment in recent years. Zhuhai's imported over USD \$104 million worth of power generation equipment in 2006, over ten times the amount the city imported only six years earlier.

Machine Tools

Although Zhuhai's imports of machine tools have fluctuated in recent years, they have nevertheless exhibited strong growth, more than doubling since 2000.



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