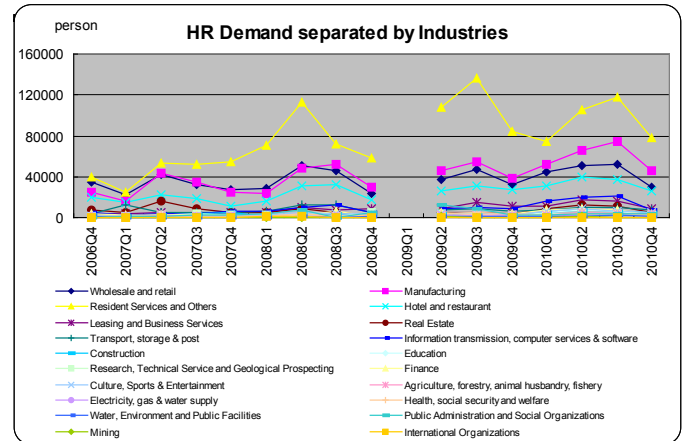
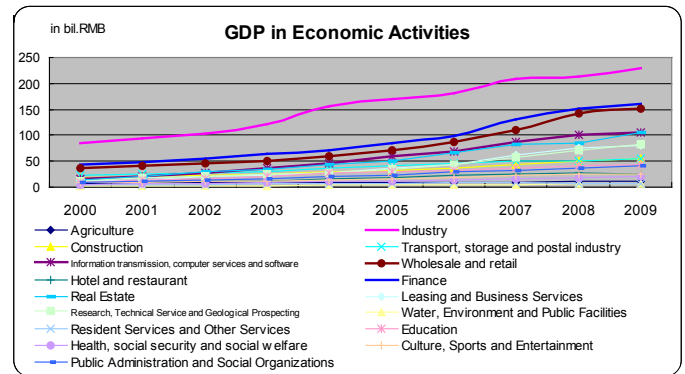
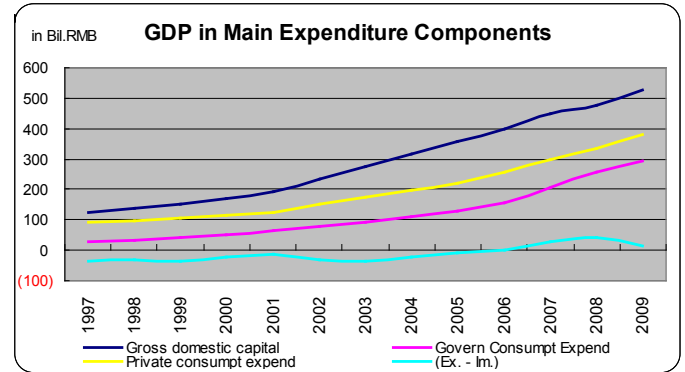
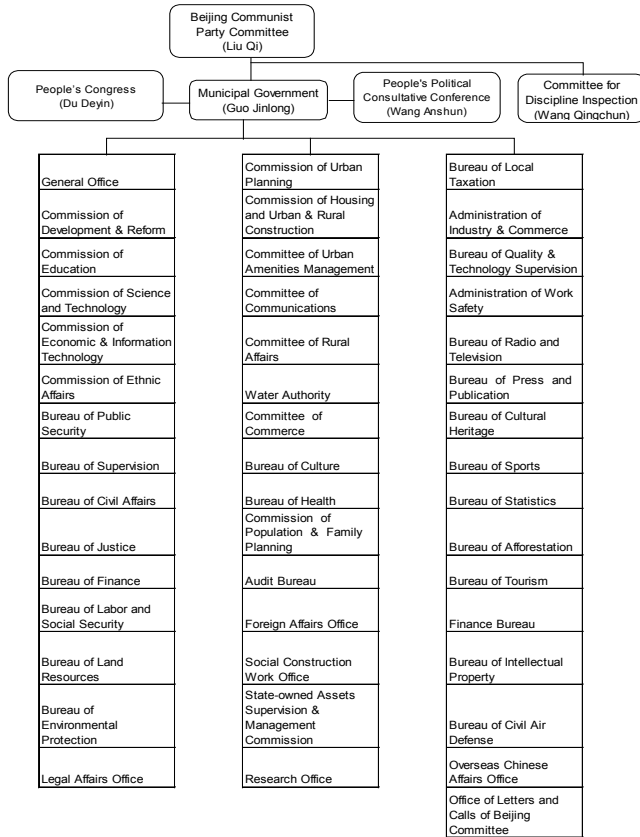


Macro Environment Study of Beijing

Executive Summary

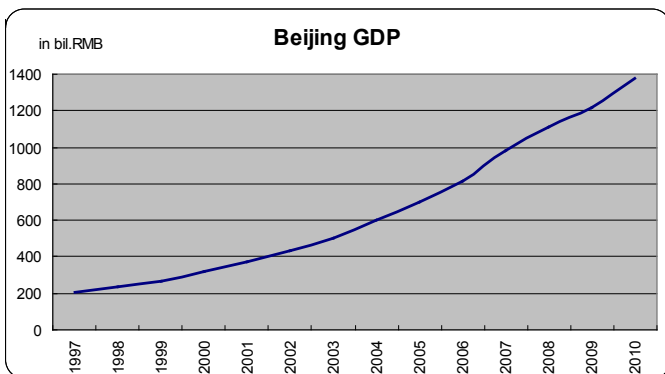
1 Macro Pictures of Beijing

1.1 Political Framework

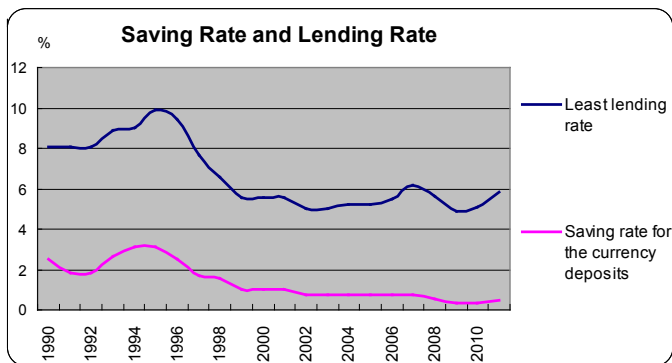
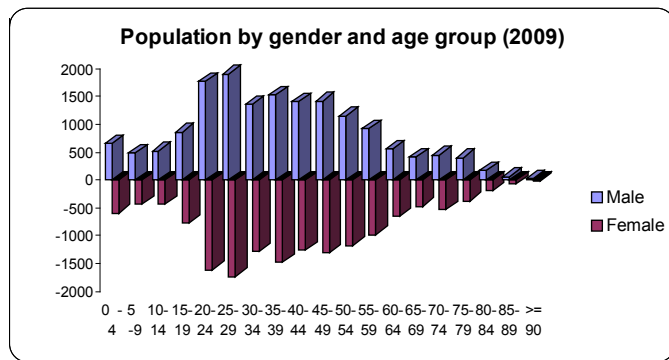
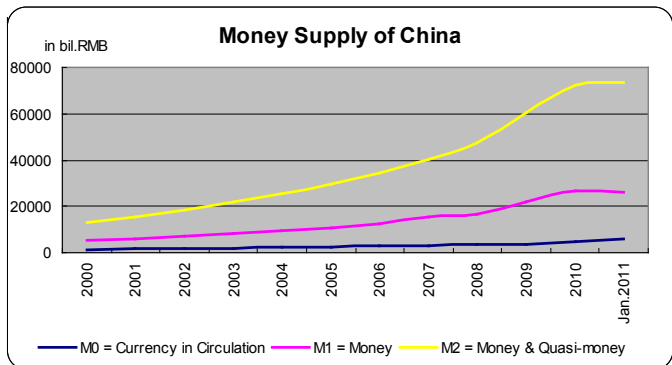


2 Economic Scenario

2.1 Gross Domestic Production (GDP)

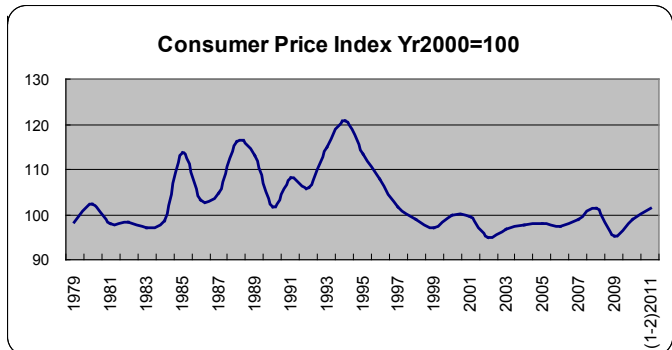


2.2 Money Supply, Interest Rate & CPI



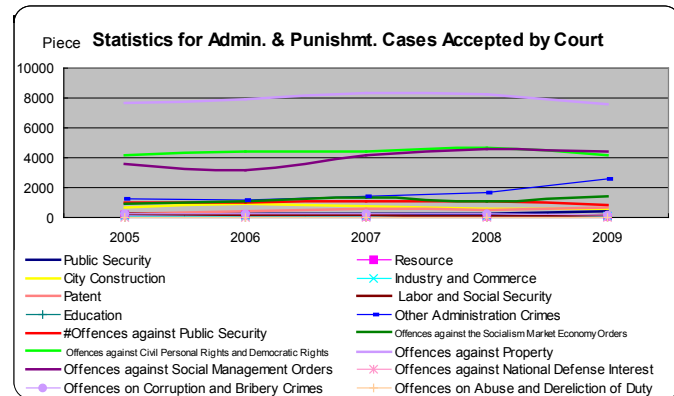
Basic Situation of Six Times Census

| Item | 1953 | 1964 | 1982 | 1990 | 2000 | 2010 |
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| Education Levels for Each Million Population (Person) | | | | | | |
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| High school and Secondary School | | 4513 | 17646 | 18978 | 23165 | 21220 |
| Junior high school | | 11768 | 29086 | 30551 | 34380 | |
| Primary School | | 31883 | 26197 | 22579 | 16963 | 31396 |
| Illiterate Population and Illiterate Rate (10 thousand,%) | | | | | | |
| Illiterate Population | | 168.9 | 114.7 | 94.3 | 57.8 | 33.3 |
| Illiterate Rate | | 34.2 | 16.0 | 10.9 | 4.9 | 1.7 |

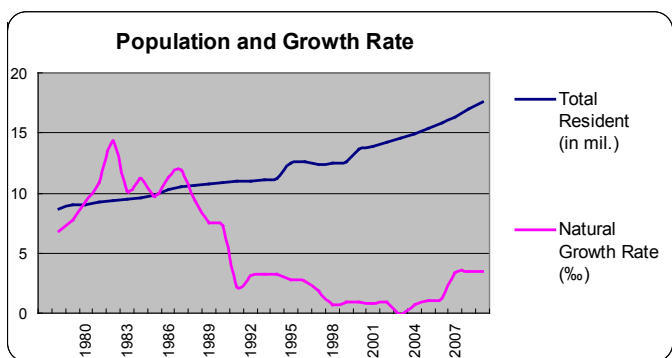


4 Social Matter

4.1 Crime Rate



3 Population

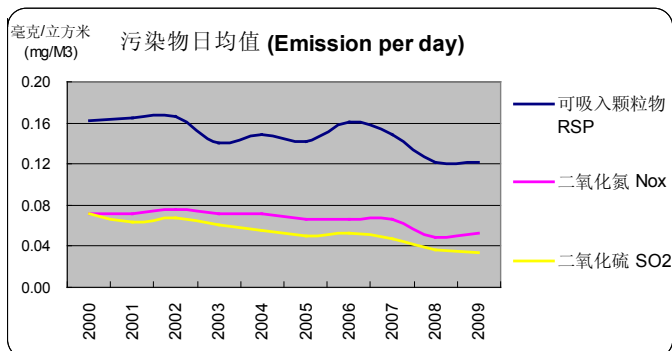


4.2 Culture Level

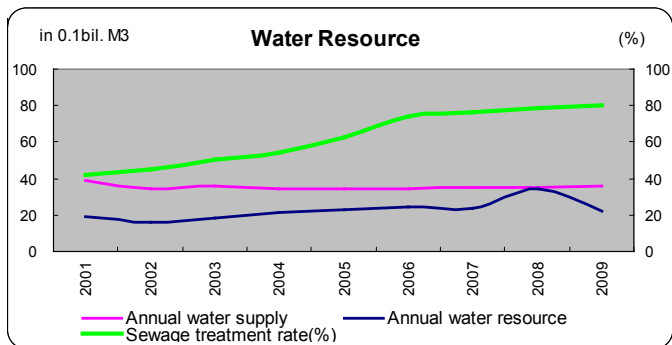
| | 1978 | 1982 | 1990 | 2000 | 2009 |
|---------------------------------------|-------|-------|--------|-------|-------|
| Libraries | | | | | |
| Number of libraries and reading rooms | 18 | 21 | 23 | 26 | 25 |
| Volume (10,000) | 1423 | 1676 | 2205 | 3020 | 4368 |
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5 Natural Environments

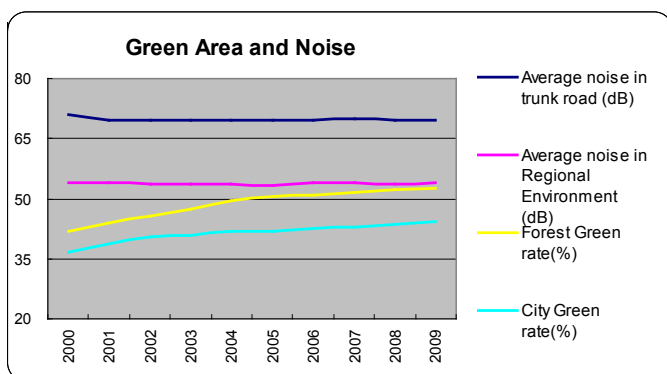
5.1 Air



5.2 Water



5.3 Green Area and Noise



Original Contents

Introduction

This is a study in evaluating the present situation in Beijing in a macro view. Beijing is the capital city of China. About from Ming dynasty (year 1421), it was the capital city of China (Source:<http://bjjs.beijing.cn/2011>). There were 20 administrative districts in Beijing in year 1949. Nowadays, Beijing acquired several districts and counties from Heibei Province. At the end of July 2010, Beijing has 10 districts and 6 counties acquiring 16410.54 km² (Source:<http://www.rp.org.cn/2011> & <http://news.163.com/2011>). In addition, there are five rivers across Beijing which named Chaobai river (潮白河), Bei-canal (北运河), Yongding river (永定河), Juma river (拒马河) and Ji-canal (蓟运河) (Source:<http://bjjs.beijing.cn/2011>).

Methodology

The macro-survey includes 5 areas. They are Political, Economic, Population, Social and Natural Environments. Some variables and the corresponding quantifiers are listed out at the start. Data from these perimeters are collected and analysed in an objective manner. The following sections are going to discuss these issues.

1 Macro Pictures of Beijing

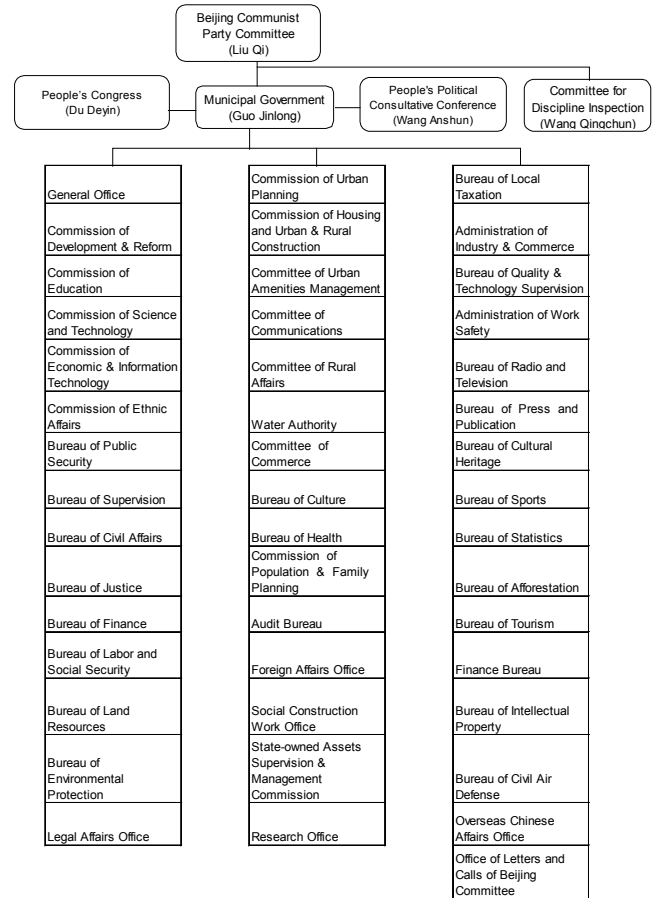
1.1 Political Framework

China is a socialistic country. So in China, the most powerful organization is National People’s Congress. The meeting holds very five years. It was held in the year 1954 the first time. From then on, it has been held for ten times. While the meeting ends, and the representatives have to go back to their home all over the country, the standing committee of it is in charge of her daily operations. (Source: www.china.com.cn)

Like the National People’s Congress, Beijing’s convention is called Beijing People’s Congress. The function of the standing committee of Beijing is to legislate the law, to supervise the work of municipal government, courthouse and law office, to operate the diplomatic work, to keep in touch with the people, to decide the important work, to appoint and remove the municipal government, to give publicity to the People’s Congress. (Source: www.rd.bj.cn)

Exhibit 1 is the governance structure of Beijing.

Exhibit 1



Source: www.beijing.gov.cn 2011

1.1.1 Legislative

The role of People’s Representative Convention is to legislate. In China, the most powerful law is called Constitution. Under the Constitution, the local government of each place can make local legislation.

1.1.2 Executive

Municipal Government and Mayor are the main bodies of Executive. Since Beijing is the capital of China, so Beijing is one of the fourth municipal cities of China. The other three municipal cities are Shanghai, Tianjin and Chongqing (Source:<http://www.gov.cn/> 2011). The principle and procedure to produce the Mayor is quite similar with another city – Guangzhou.

1.1.3 Judiciary

The Bureau of Justice is under the control of Municipal Government.

1.1.4 Consultation

The history of People's Political Consultative Conference can be trailed back to year 1949. In the year, CCP won the battle of liberation of China. But how to governance urban cities were no ideas to CCP. People's Political Consultative Conference is an institution to unite all the wisdom to give recommendation and supervision. (Source:<http://www.msxz.gov.cn/d17d/ShowArticle.asp?ArticleID=3538> 2010-03-01)

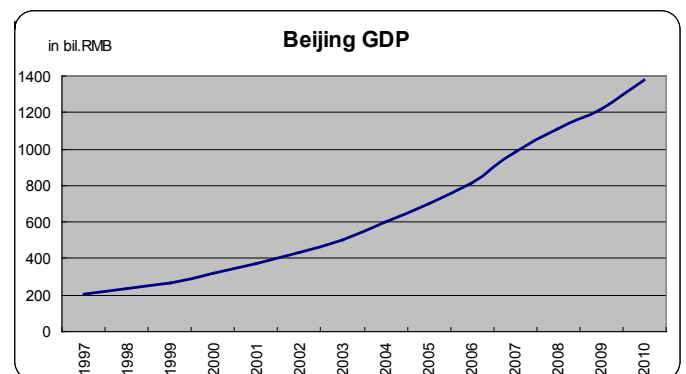
2 Economic Scenario

2.1 Gross Domestic Production (GDP)

The logic in this economic aspect is to look at GDP, money supply and CPI of Beijing. Through these three factors, a brief and essential economic picture of Beijing can be described.

GDP is a very significance factor that measures economic activities of a place. The GDP diagram is shown in Exhibit 2.

Exhibit 2

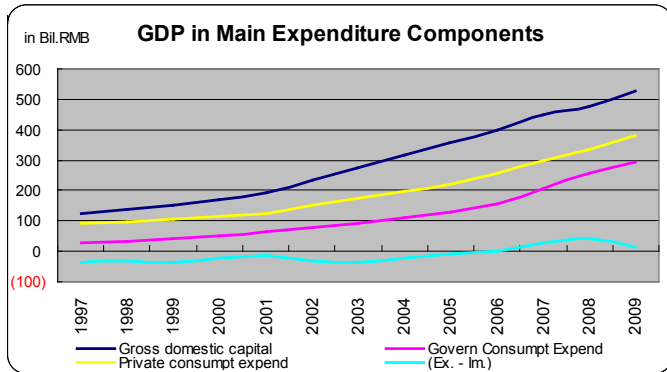


Source: www.bjstats.gov.cn 2011

From Exhibit 2, one can see that the economy of Beijing was in the up trend sharply. From year 2000 to 2007, the year-on-year percentage changes of GDP are high to 15% and up. But the financial tsunami happened in year 2008 changed it. The year-on-year percentage change of GDP in year 2008 and 2009 were 13% and 9.3% only.

Exhibit 3 is the GDP value separated by main expenditure.

Exhibit 3

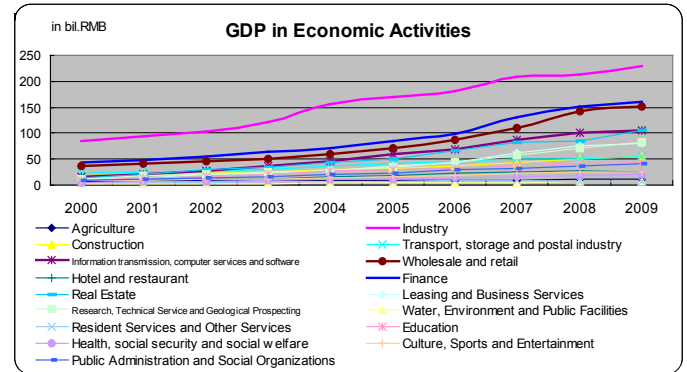


Source: www.bjstats.gov.cn 2011

From exhibit 3, one can see that gross domestic capital is the first biggest expenditure of Beijing government. Comparing with Hong Kong, the first biggest expenditure of HK was Private Consumption Expenditure. It is hint that Beijing is not only the political center but also the economic center in China. In addition, Beijing preferred to import services and products from other places before year 2005. It is another hint that Beijing can always contain the first level services and products in China.

Exhibit 4 is the GDP value separated by economic activities.

Exhibit 4



Source: www.bjstats.gov.cn 2011

Remark: Industry includes electronic information industry, automobile industry, petrochemical industry, equipment manufacturing, pharmaceutical industry and urban industry (source: beijing.qianlong.com 2005-01-23)

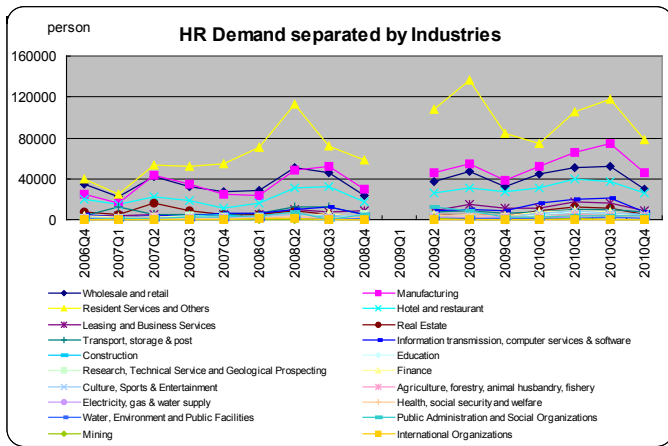
According to exhibit 4, the top five industries are Industry, Finance, Wholesale and retail, Information transmission, computer services & software and Real estate. Except real estate, the financial tsunami in year 2008 affected other four industries rarely.

But according to the increasing rate, readers can see the effect. In year 2007, the increasing rate of industry was 14%. The number dropped to 2% and 8% in year 2008 and 2009. The increasing rates of services before year 2007 were in average of 20%. These numbers were 16% and 10% in year 2008 and 2009.

On the other hand, since Beijing is the capital of China, so government does all the best to prevent recession happen here. In fact, the policies of stimulating domestic demand seems to be efficient. Another reason can be due to China is in his high way to develop.

According to the position demand on various positions, we can know more detail about what level of Beijing's manpower market is being. From exhibit 5, one can see that the position of Resident Services and Others as well as Manufacturing occupy most of the manpower in Beijing. So Beijing is a city developed in both secondary as well as tertiary production.

Exhibit 5

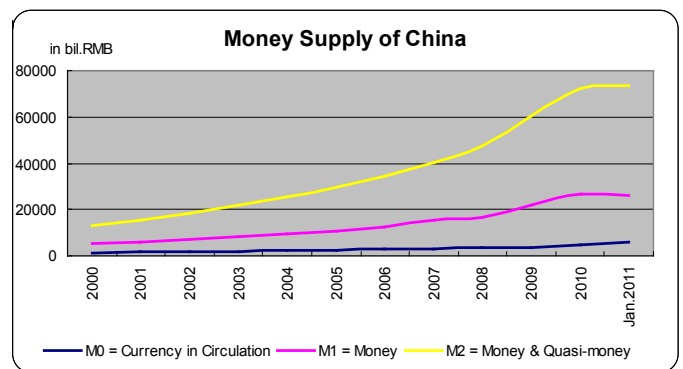


Source: www.bjstats.gov.cn 2011

2.2 Money Supply, Interest Rate & CPI

Beijing is part of China. So here refer to the money supply system of China so as to indirectly indicate money supply of Beijing. Exhibit 6 is the picture of money supply in China.

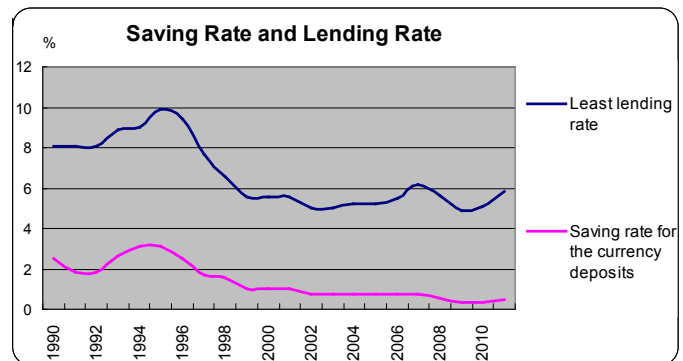
Exhibit 6



Source: the People's Bank of China 2011

Money Supply is negatively correlated with the change of interest rate. Exhibit 7 is the detail of saving rate and lending rate.

Exhibit 7



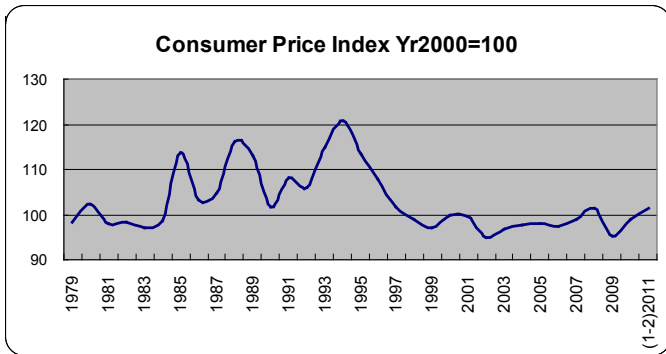
Source: the People's Bank of China 2011

Although the financial market always forecast China would raise the saving rate and lending rate in a large step, the government just raised them four times after year 2008. These four times were Oct.19, 2010, Dec.25, 2010, Feb.08, 2011 and Apr.05, 2011. After four times' adjustment, the minimum saving rate was from 0.36% to 0.5%. The least lending rate was from 4.86% to 5.85% (Source:www.pbc.gov.cn 2011).

Consumer Price Index (CPI) is the reflections of GDP value and money supply.

Exhibit 8 is the detail of it.

Exhibit 8



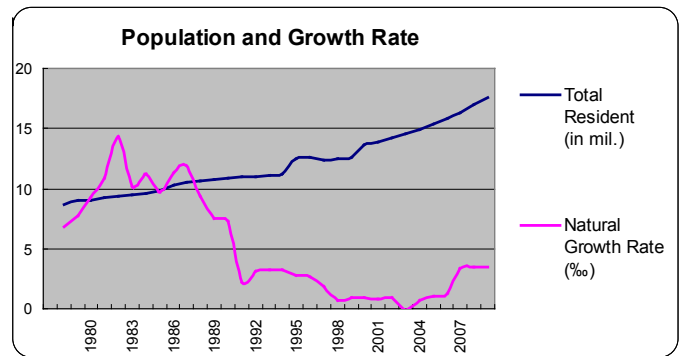
Source: www.bjstats.gov.cn 2011

Comparing with exhibit 2, although GDP value in year 2010 is 4 times of year 2000, CPI in Beijing is still in a low level. The number only differed in year 2008 and 2011. It seems that as a capital city, Beijing is not a fully market economy. Sometimes, government will take administrative ways to change some things.

3 Population

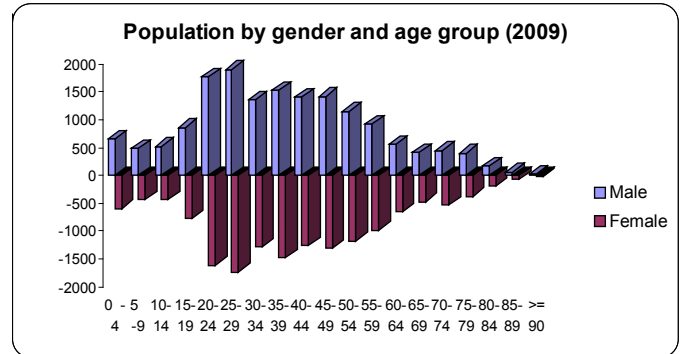
3.1 Mostly, the situation of population nowadays reflects at least two decades of the economy in a place. Exhibit 9, 10 and Table 1 are the population figure of Beijing.

Exhibit 9



Source: www.bjstats.gov.cn 2011

Exhibit 10



Source: www.bjstats.gov.cn 2011

Table 1

Basic Situation of Six Times Census

| Item | 1953 | 1964 | 1982 | 1990 | 2000 | 2010 |
|--|------|-------|-------|-------|-------|-------|
| Education Levels for Each Million Population (Person) | | | | | | |
| College and above | | 4359 | 4866 | 9300 | 16839 | 31499 |
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| Illiterate Population | | 168.9 | 114.7 | 94.3 | 57.8 | 33.3 |
| Illiterate Rate | | 34.2 | 16.0 | 10.9 | 4.9 | 1.7 |

Source: www.bjstats.gov.cn 2011

According to exhibit 9, one can see that population natural growth rate was in a low level while total resident number is getting higher and higher. From exhibit 10, readers can also see that population in age 20-30 is very big. The number occupied about 22.3% of total population. The other ranks seem quite normal as other big cities. It is hinted that graduates and new manpowers like to seek their challenge and chance in Beijing.

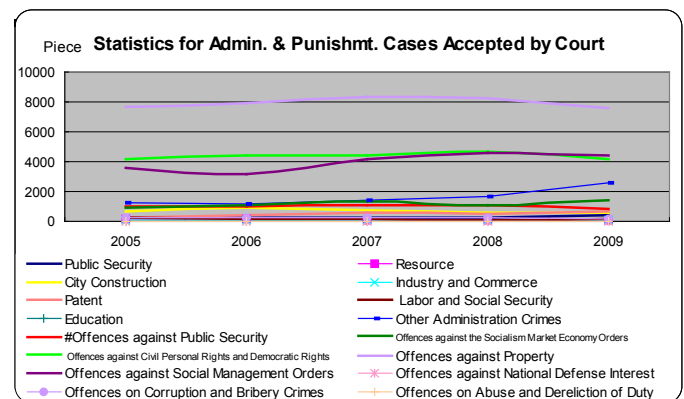
From table 1, one can see that the population of college and above got a double after each time's census from 1982. It means that the policy of taking education as an industry is a good experiment. Schools especially colleges and universities gain great profit in it. But to a bachelor, it is hard to find suitable job in China.

4 Social Matter

4.1 Crime Rate

In China, the crimes are mainly identified in two ways. These two ways are administrative cases and criminal cases. The number of cases maybe a little bit large, but Beijing is a city which has population with 17.6 million. Exhibit 11 is the detail of criminal cases accepted by court.

Exhibit 11



Source: www.bjstats.gov.cn 2011

According to exhibit 11, one can see that some names for the crimes are very unique. It means Beijing is a place very concern about the country and social security. The top 5 crimes in Beijing accepted by court are offences against property, offences against social management orders, offences against civil personal rights & democratic rights, other administration crimes and offences against the socialism market economy orders.

4.2 Culture Level

The variables being chosen to describe culture are: no. of culture performance, no. of venue, no. of reading room and library books borrowing rate. It is believed that these factors can reflect the level of participation and culture level in a place.

Table 2

| | 1978 | 1982 | 1990 | 2000 | 2009 |
|---------------------------------------|-------|-------|--------|-------|-------|
| Libraries | | | | | |
| Number of libraries and reading rooms | 18 | 21 | 23 | 26 | 25 |
| Volume (10,000) | 1423 | 1676 | 2205 | 3020 | 4368 |
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Source: www.bjstats.gov.cn 2011

5 Natural Environments

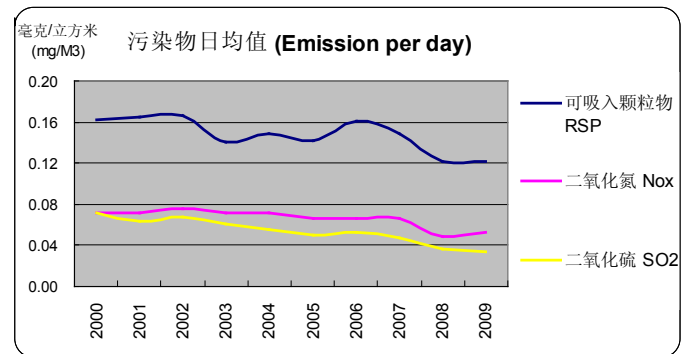
News always reported that Beijing was a city suffering from sand and dust. So the country determined to change this situation before the Olympic Game in year 2008. Government took the measures such as reducing the emission, restricting the car using and widening the green area.

5.1 Air

Air Pollution is a main problem that Beijing Government is going to face with.

Exhibit 12 shows the data of it in recent years.

Exhibit 12



Source: www.bjstats.gov.cn 2011

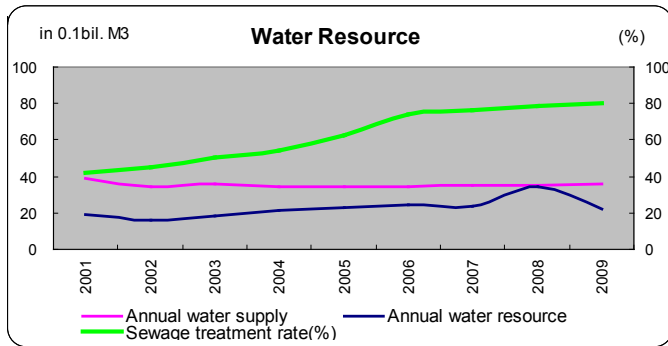
Government decided to make Beijing a more comfortable place to live. So in recent years, more and more heavy industries left Beijing center. The place now is change to CBD and venue named "798" to develop cultural industry. According to the news, cultural industry has been the second most important industries after finance at the end of year 2010 (Source: beijing.qianlong.com 2011-02-06).

5.2 Water

Beijing is a continental city. Water demand is always larger than water resource.

Exhibit 13 is the detail of it.

Exhibit 13



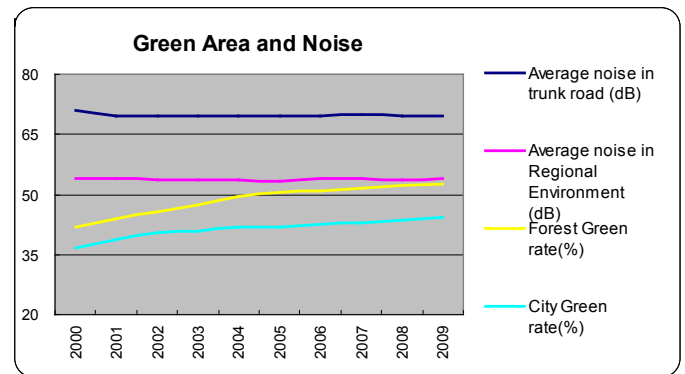
Source: www.bjstats.gov.cn 2011

5.3 Green Area and Noise

Green city is a place which is comfortable to live. So Beijing is making more green area as other big cities.

Besides, she is maintaining noise level of the city on an average level so as to make sure noise pollution is under control.

Exhibit 14



Source: www.bjstats.gov.cn 2011

Conclusion

Beijing is the capital city of China. So the roles of Beijing are political center, cultural center and economic center. In addition, it is a window to show international what China is being.

As a capital city, it is one of the four municipal cities. The other three municipal cities are Shanghai, Tianjin and Chongqing. In the process of enlarging the city, Beijing always acquired land from Hebei Province.

GDP value in year 2010 is 4 times of year 2000, CPI in Beijing is still in a low level. It seems that as a capital city, Beijing is not a fully market economy. Sometimes, government will take administrative ways to change some things.

Beijing always launches XXX Development Plans (Source: <http://zhengwu.beijing.gov.cn/ghxx/sywgh> & www.bjqx.org.cn/qxweb/n5982c143.aspx). In these plans, government will focus on some industries. But the further data to describe the performance are always missing. The role to develop these industries is to make examples.

Financial tsunami in year 2008 hit the world badly. To China, it only makes the growth rate dropped. It seems the policies of stimulating domestic demand really have efficiency.

Although the financial market always forecast China would raise the saving rate and lending rate, the government just raised them four times. After four times adjustment, the minimum saving rate was from 0.36% to 0.5%. The least lending rate was from 4.86% to 5.85%.

The population of college and above got a double after each time's census from 1982. Under the new education system, more and more graduates and new manpowers like to seek their challenge and chance in Beijing.

Since Beijing is the capital city of China, people are paying attention to Ideology. The names for some crimes are very special.

It is well known that Beijing was a city suffering from sand and dust years before. So the country decided to change this situation before the Olympic Game in year 2008. Government took the measures such as reducing the emission, restricting the car using and widening the green area. But according to the measurement way, the standards and methods should be intensified. On the other hand, Beijing is a continental city. Water demand is always larger than water resource.

– End of Report –

By: Jade Xuan

Analyst

(April 2011)

Jade Xuan**Disclaimer**
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