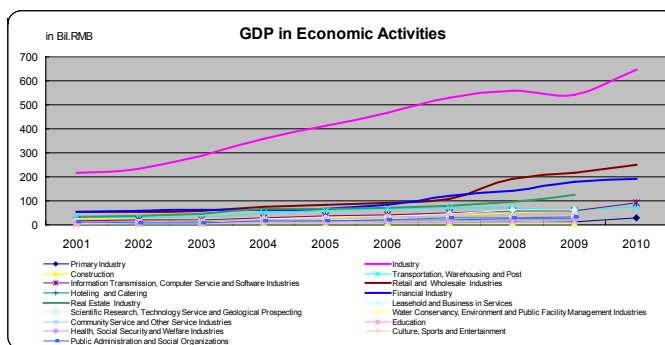
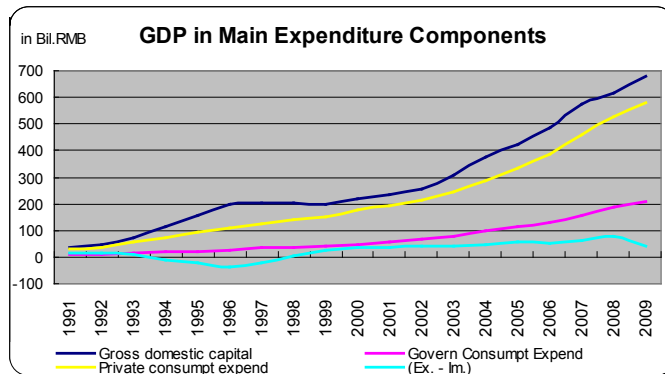
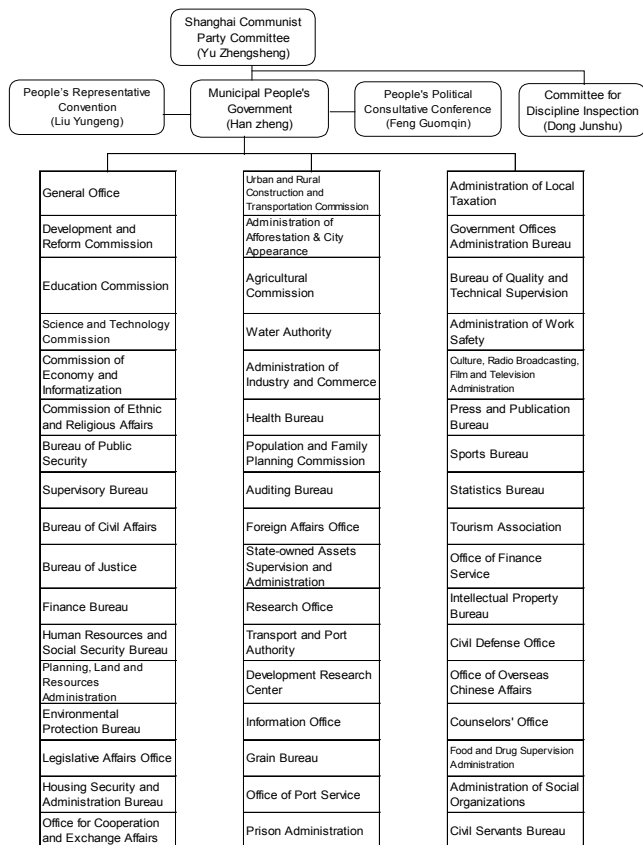


Macro Environment Study of Shanghai

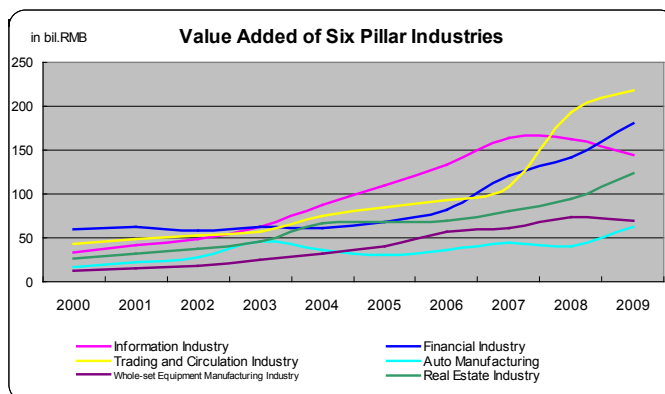
Executive Summary

1 Macro Pictures of Shanghai

1.1 Political Framework

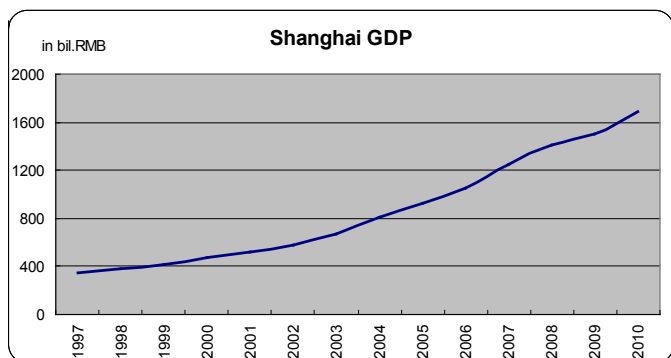


2.1.1 Pillar Industries

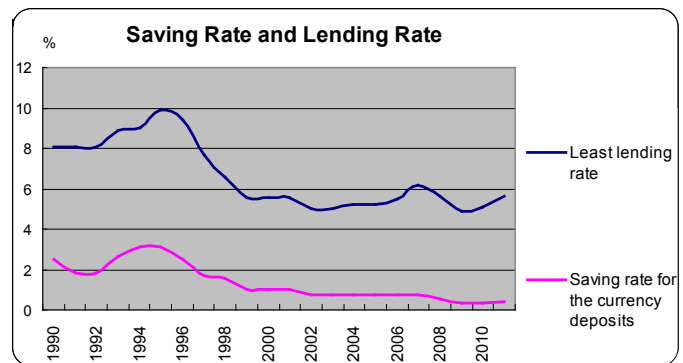
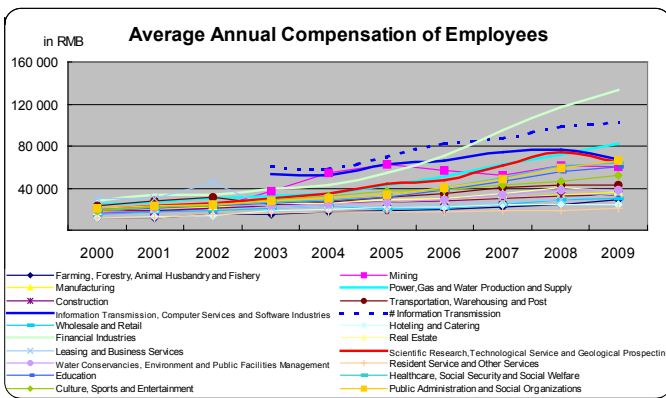
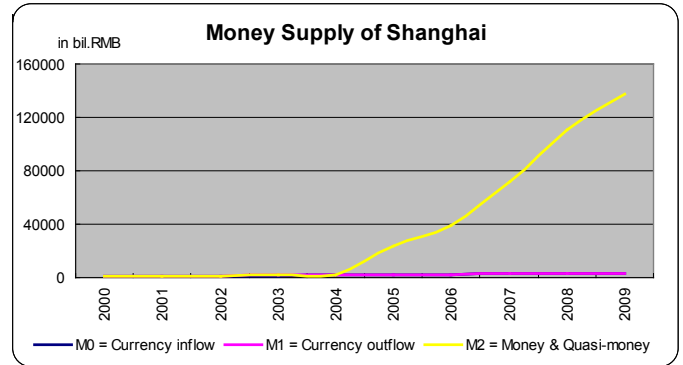
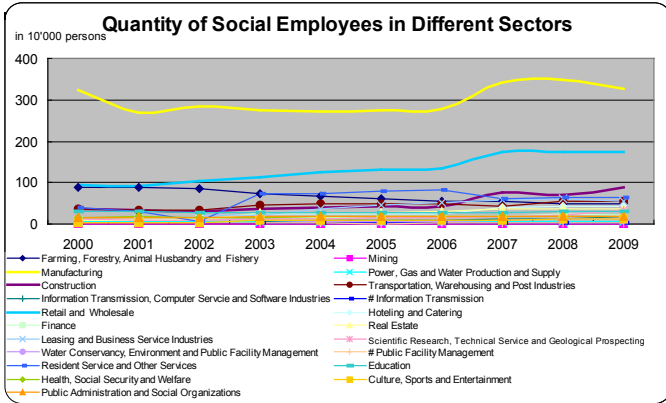


2 Economic Scenario

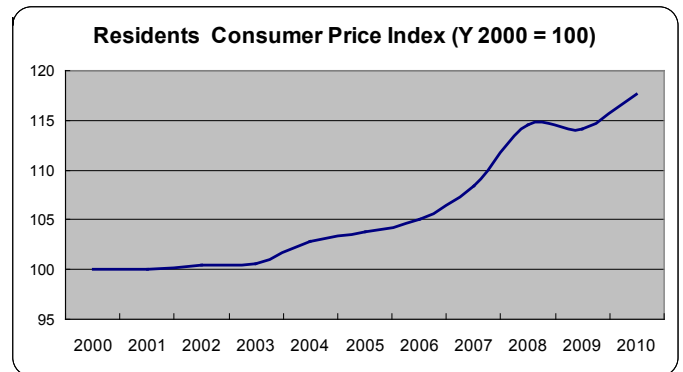
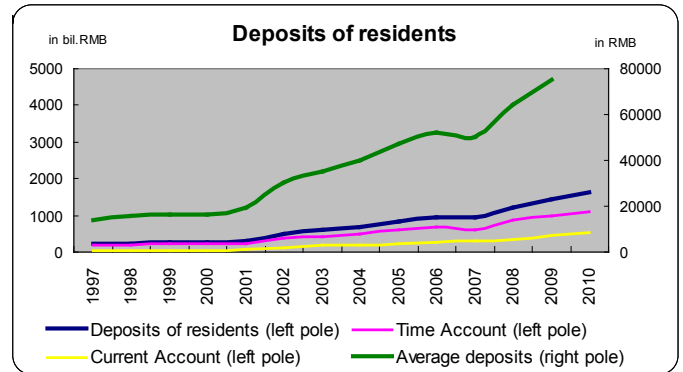
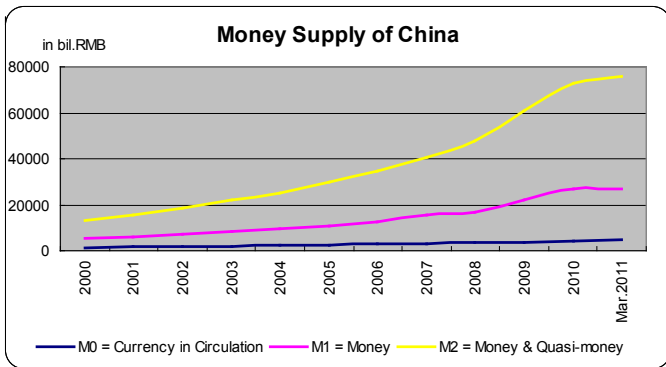
2.1 Gross Domestic Production (GDP)



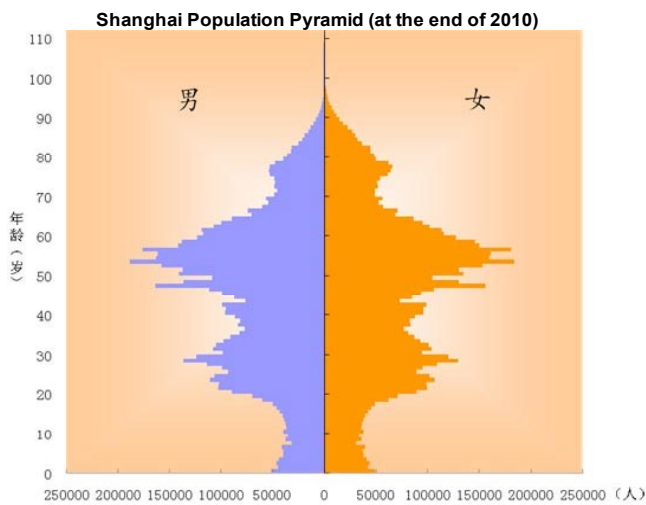
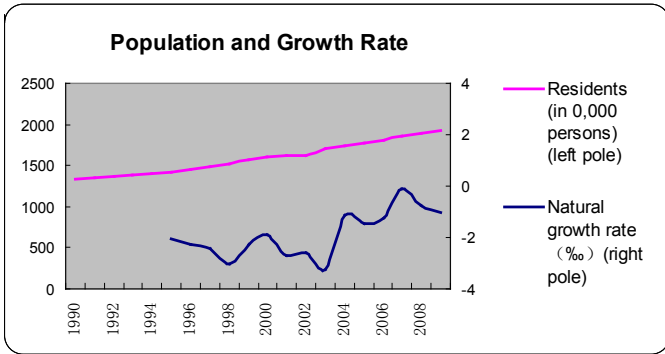
2.1.2 HR in Shanghai



2.2 Money Supply, Interest Rate & CPI



3 Population

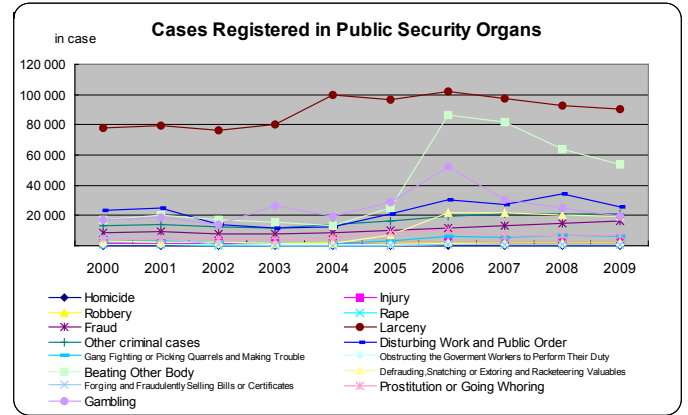


Basic Situation of Census

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College and above		6534	10940	21952
High school and Secondary School		19539	23018	20966
Junior high school		31592	36803	36461
Primary School		22683	18934	13535
Illiterate Population and Illiterate Rate (10 thousand,%)				
Illiterate Population			89.36	63.1
Illiterate Rate		11.1	5.34	2.74

4 Social Matter

4.1 Crime Rate

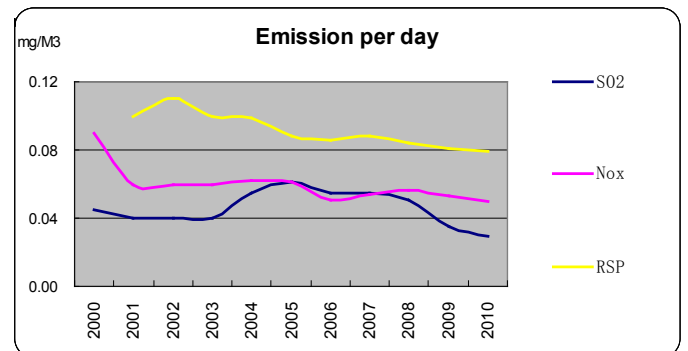


4.2 Culture Level

	2000	2005	2009
Libraries			
Number of libraries and reading room	31	28	29
Volume (10,000)	5500	6049.41	6593.43
Visitors (10,000)	1314.5	1249.4	556.13
Performances and Exhibitions			
No. of performances	13016	14853	19893
No. of audiences (10,000)	501	1067.7	756.1
Sports Facilities			
Stadium	1354	4604	4845
Swimming pool		76	261
All sorts of gymnasium		16.4	239

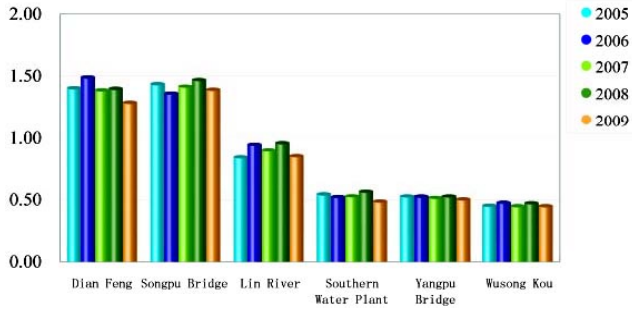
5 Natural Environments

5.1 Air

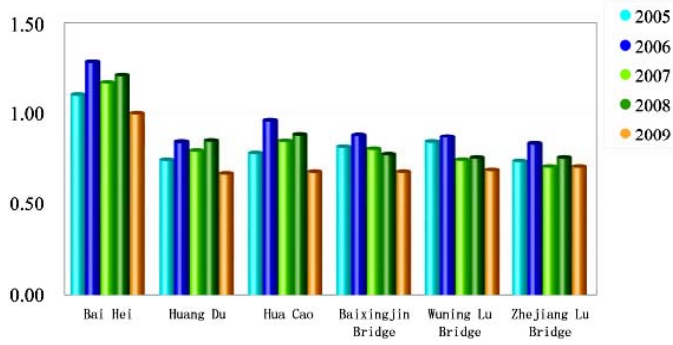


5.2 Water

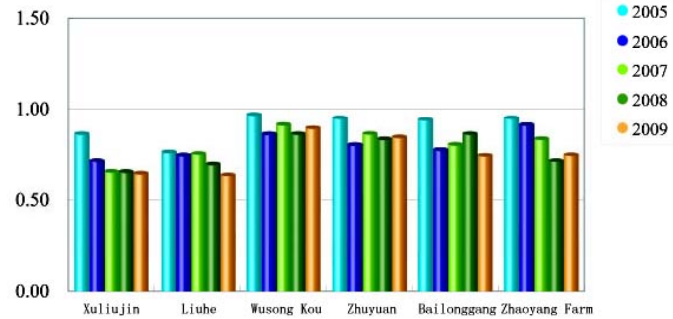
The comprehensive indexes of water pollution in the Huangpu River



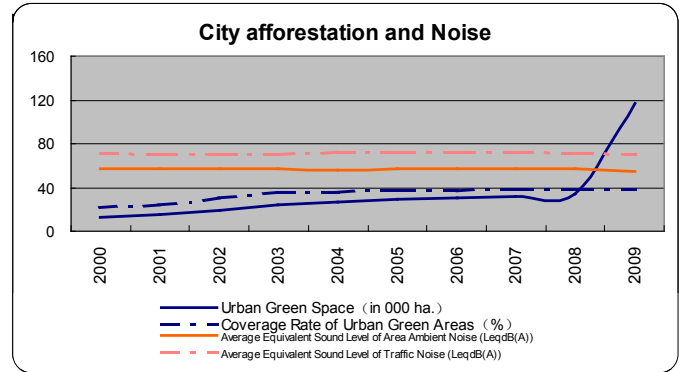
The comprehensive indexes of water pollution in the Suzhou Creek



The comprehensive indexes of water pollution at the mouth of the Yangtze River



5.3 City afforestation and Noise



Original Contents

Introduction

This is a study in evaluating the present situation in Shanghai in a macro view. Shanghai is one of the four municipal cities of China. About in year 1928, accompanying with Nanjing became the capital of Republic of China, Shanghai got into its grand period. In order to memorize the grand terms of their fathers and ancestors, many tycoons preferred to choose Shanghai as their second hometown. (Source:<http://finance.sina.com.cn/leadership/crz/20060510/17592557041.shtml>,http://news.xinhuanet.com/fortune/2006-10/17/content_5212090.htm & <http://zh-yue.wikipedia.org/wiki/%E4%B8%8A%E6%B5%B7>) Today, Shanghai is the first biggest city in China according to its GDP amount. (Source:www.51zjxm.com/news/20102/new_24154223.html)

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 Shanghai

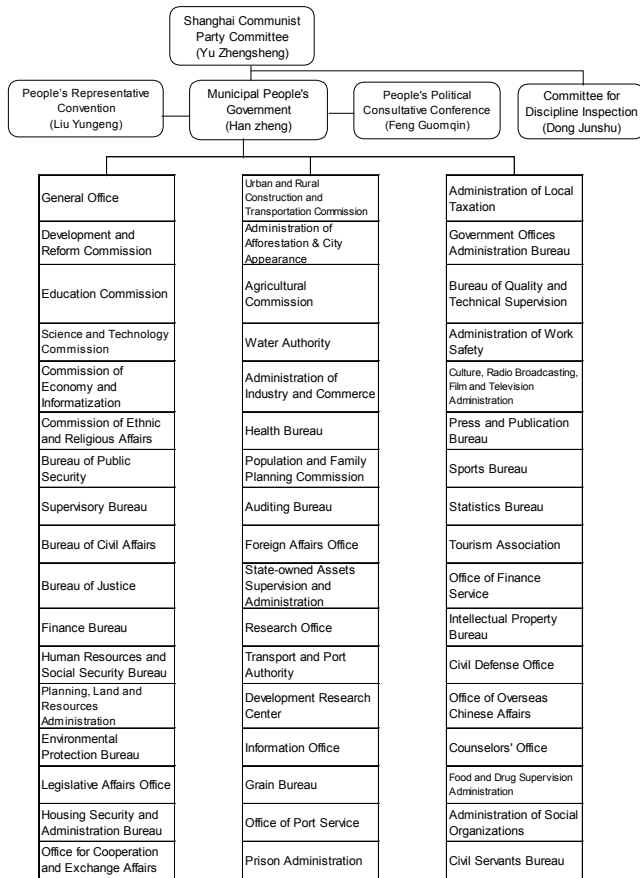
1.1 Political Framework

China is a socialistic country. So in China, the most powerful organization is National People's Congress. The meeting holds every five years. It was held in the year 1954 for 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, Shanghai's convention is called Shanghai People's Congress. The function of the standing committee of Shanghai is to legislate, 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 Shanghai.

Exhibit 1



Source:www.shanghai.gov.cn 2011

1.1.1 Legislative

The role of People’s Representative Convention is to legislate. In China, the most powerful law is the 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. Comparing with the capital city Beijing, Shanghai doesn’t have the bureau to manage the culture heritage. But Shanghai has at least four departments to assist the work of mayor. These four assistant departments are research office, development research center, counselors' office and general office. (Source:www.shanghai.gov.cn 2011)

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 of 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)

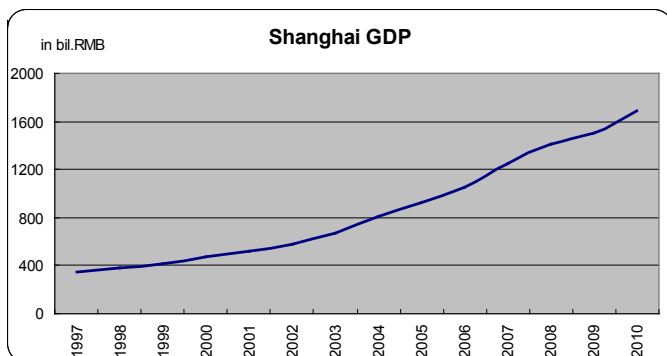
2 Economic Scenario

2.1 Gross Domestic Production (GDP)

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



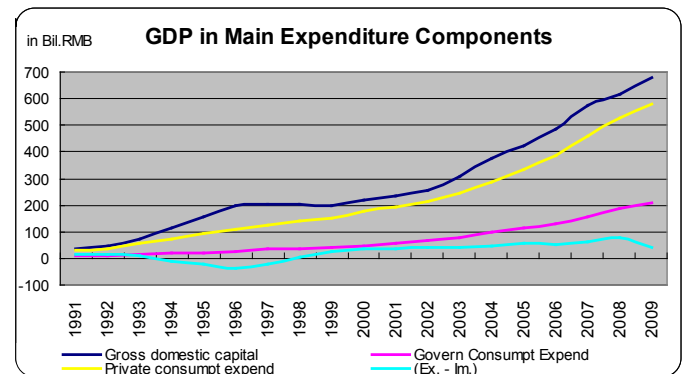
Source:www.stats-sh.gov.cn 2011

Shanghai was one of the first five customs after year 1842. The other four customs are Guangzhou, Ningbo, Fuzhou and Xiamen. Among these five customs, Shanghai is the one who locate nearest the producing areas of Tea and Silk. So Trading and Circulation Industry is the traditional industry of Shanghai. In addition, Shanghai offers the most attractive compensation among other cities to attracted valuable people to strive here.

From Exhibit 2, one can see that the economy of Shanghai is in the up trend sharply. From years 2003 to 2007, the year-on-year percentage changes of GDP are high to 14% 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 12.6% and 6.9% only.

Exhibit 3 is the GDP value separated by main expenditure.

Exhibit 3

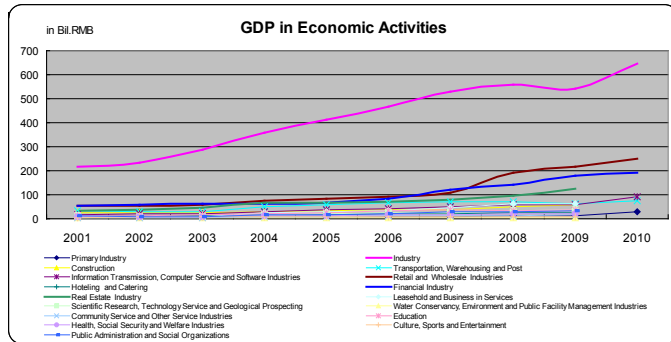


Source:www.stats-sh.gov.cn 2011

From exhibit 3, one can see that gross domestic capital is the first biggest expenditure of Shanghai government. As a municipal city, it is quite like Beijing. It is hinted that the state government has put great public utilities and civil construction in the city. In addition, be similar to Beijing, Shanghai prefers to import services and products from other places before year 1998. But after that year, the situation has changed.

Exhibit 4 is the GDP value separated by economic activities.

Exhibit 4



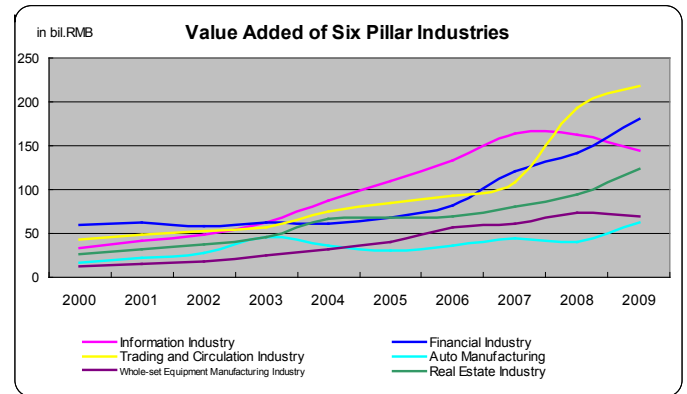
Source:www.stats-sh.gov.cn 2011

It is all known that Shanghai is an international financial city. But as a Chinese city, manufacturing is of course the pillar industry. According to exhibit 4, manufacturing industry was hit by the financial tsunami in year 2008.

2.1.1 Pillar Industries

Shanghai government has chosen six industries as its pillar industries. According to exhibit 4, although manufacturing industry was hit by financial tsunami in year 2008, 4/6 pillar industries have made positive progress after that. Besides, Shanghai is progressing to focus on the third industry in recent years. Exhibit 5 is the picture of pillar industries in Shanghai.

Exhibit 5



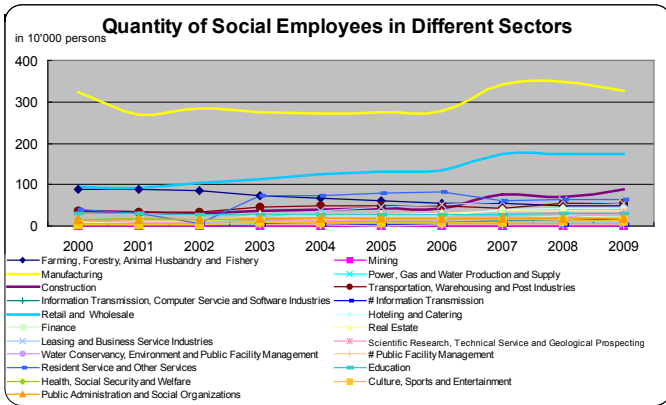
Source:www.stats-sh.gov.cn 2011

According to exhibit 5, one can see that financial industry and real estate industry in Shanghai have made great progress even after year 2008. It is because China is a raising country. On the other hand, in order to feed and foster Shanghai as the international financial city, state government has put much resources to develop the city.

2.1.2 HR in Shanghai

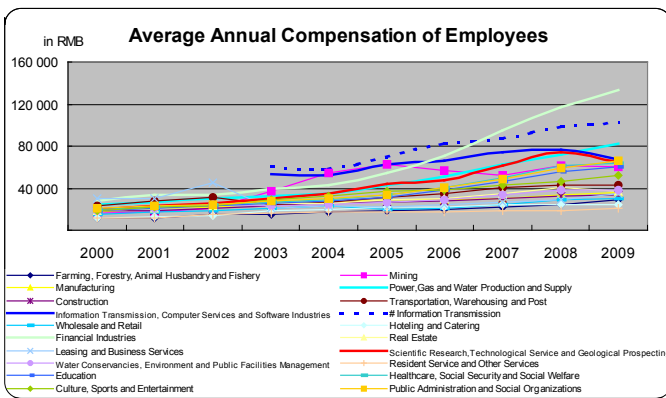
Exhibit 6 and 7 will show the HR situation of Shanghai. Though the pictures, readers can see which industry hire most of the employees and which industry offers the most attractive compensation.

Exhibit 6



Source: www.stats-sh.gov.cn 2011

Exhibit 7



Source: www.stats-sh.gov.cn 2011

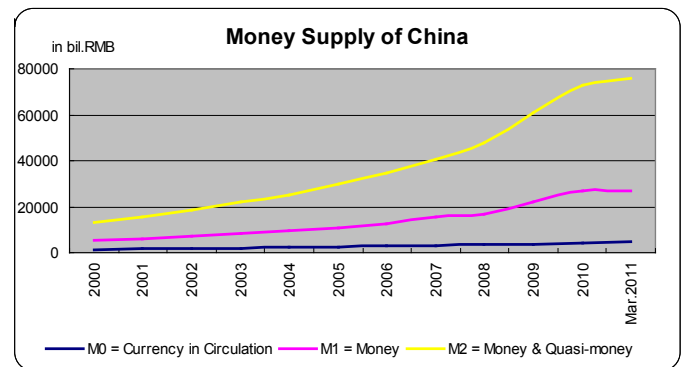
According to exhibit 7, except financial industry and Information Transmission, Computer Services & Software Industries, the most attractive compensation providers are Power, Gas & Water Production & Supply; Scientific Research, Technological Service & Geological Prospecting and Public Administration & Social Organizations. According to the information from Shanghai Municipal Human Resources and Social Security Bureau, the net compensation does not include OT payment, terms allowance, social security payment & housing fund and mess & traffic allowances.

(Source: http://www.12333sh.gov.cn/200912333/2009xxgk/zhxx/gfxwj/ldbc/201103/t20110325_1128783.shtml) These kinds of measures are only suitable for Beijing and Shanghai. (Source: <http://zhengwu.beijing.gov.cn/gzdt/gggs/t118046.htm>)

2.2 Money Supply, Interest Rate & CPI

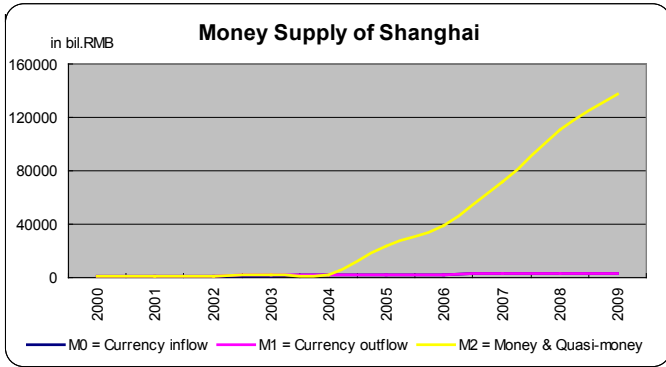
Shanghai is part of China. So here refer to the money supply system of China so as to indirectly indicate money supply of Shanghai. Exhibit 8 is the picture of money supply in China.

Exhibit 8



Source: the People's Bank of China 2011

Exhibit 9

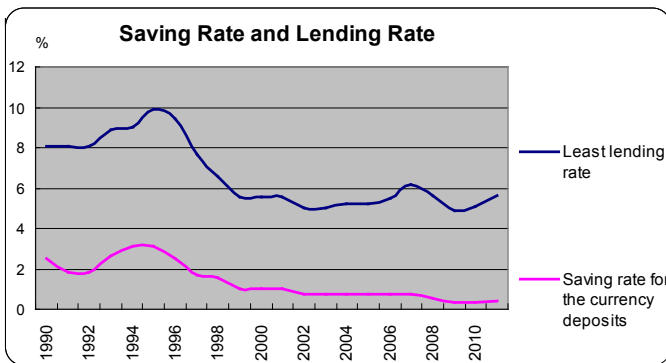


Source: www.stats-sh.gov.cn 2011

According to exhibit 8 and 9, one can see that although M0 and M1 in Shanghai is lower than that of China, but M2 is quite larger than that of China. It is due to Shanghai not only the financial center of China, but global. The financial activities in Shanghai are quite active here.

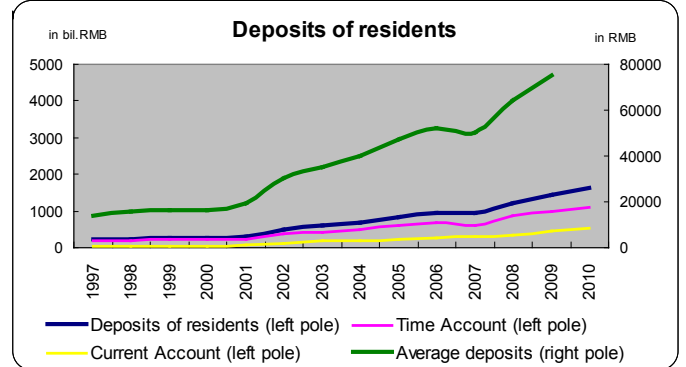
Money Supply is negatively correlated with the change in interest rate. Exhibit 10 is the detail of saving rate and lending rate.

Exhibit 10



Source: the People's Bank of China 2011

Exhibit 11

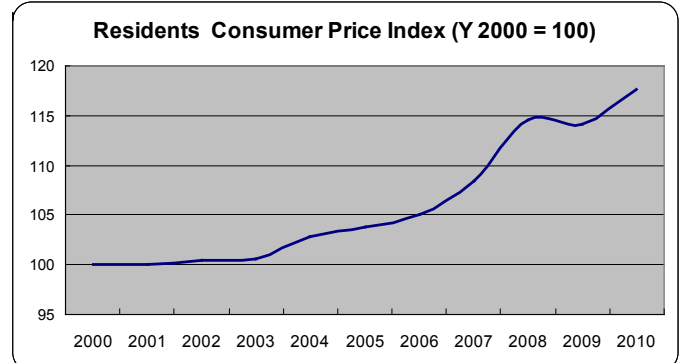


Source: www.stats-sh.gov.cn 2011

Chinese people always like to deposit their money. According to exhibit 11, year 2006 and 2007 are the years that Chinese capital market in its flourishing time. Accordingly, the deposits of residents decreased in these two years. And after the financial tsunami in year 2008, people more like to deposit before ever.

Consumer Price Index (CPI) is the reflections of GDP value and money supply. Exhibit 12 is the detail of it.

Exhibit 12



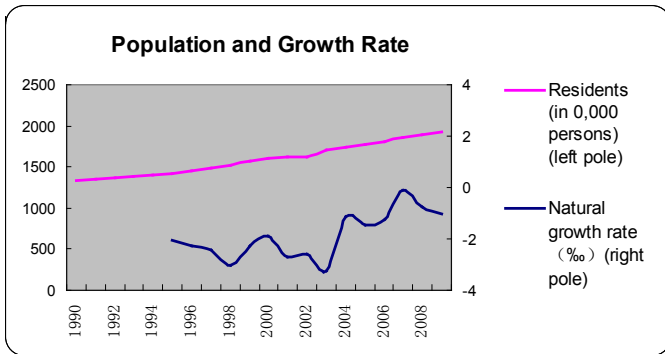
Source: www.stats-sh.gov.cn 2011

As an international financial city especially whose pillar industries are financial industry, trading & circulation industry and real estate industry, Shanghai has to face the problem of price rising of commodities. Unlike Beijing, the rising speed of CPI in Shanghai is matching with the speed of GDP and compensation rising and has a move balanced growth picture then Beijing.

3 Population

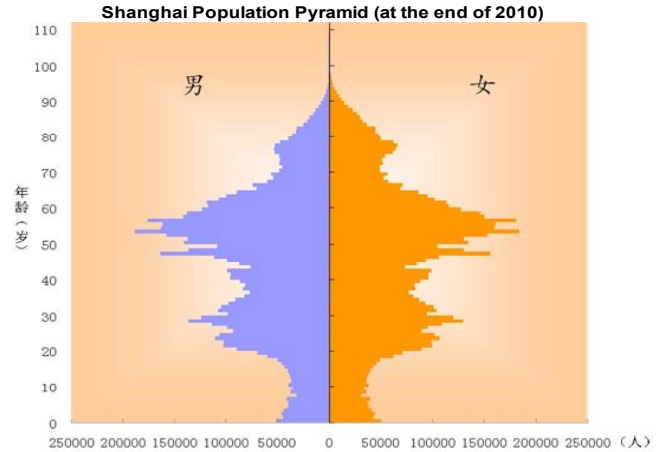
3. 1 Mostly, the situation of population nowadays reflects at lease two decades of the economy in a place. Exhibit 13, 14 and Table 1 are the population figure of Shanghai.

Exhibit 13



Source:www.stats-sh.gov.cn 2011

Exhibit 14



Source:www.stats-sh.gov.cn 2011

According to exhibit 13, one can see that population natural growth rate is in negative while total resident number is getting higher and higher. From exhibit 14, readers can also see that population in age 50-60 are very big. It means that Shanghai likes to receive new comers and immigrations. According to exhibit 14, it also hinted that young manpower is not the major manpower to motivate economy progress.

Table 1

Basic Situation of Census

Item	1953	1990	2000	2010
Education Levels for Each Million Population (Person)				
College and above		6534	10940	21952
High school and Secondary School		19539	23018	20966
Junior high school		31592	36803	36461
Primary School		22683	18934	13535
Illiterate Population and Illiterate Rate (10 thousand,%)				
Illiterate Population			89.36	63.1
Illiterate Rate		11.1	5.34	2.74

Source:www.stats-sh.gov.cn 2011

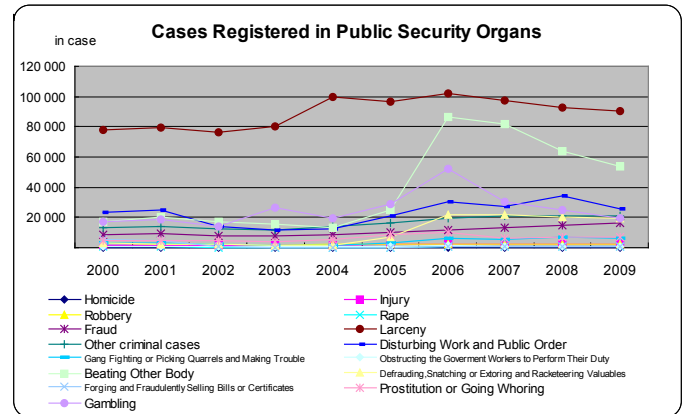
From table 1, one can see that the population of college and above got a double after each time's census in recent three censuses. Although Shanghai is a place that population natural growth rate is negative, she has very famous universities such as Fu Dan University, Shanghai Jiao Tong University and Tong Ji University. (Source:<http://learning.sohu.com/20110118/n278936966.shtml>) So the number of universities students can get high while the number of primary school and high school students are decreasing.

4 Social Matter

4.1 Crime Rate

Be similar with Beijing, Shanghai classified cases as criminal cases and offense cases against public order. And the organs who handle the cases is Public Security Organs. According to the most update public report, about 39% residents are newly immigrations. (Source: www.stats-sh.gov.cn/xwdt/201105/217069.html) Exhibit 15 is the detail of cases registered in Public Security Organs.

Exhibit 15



Source:www.stats-sh.gov.cn 2011

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

	2000	2005	2009
Libraries			
Number of libraries and reading room	31	28	29
Volume (10,000)	5500	6049.41	6593.43
Visitors (10,000)	1314.5	1249.4	556.13
Performances and Exhibitions			
No.of performances	13016	14853	19893
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Source:www.stats-sh.gov.cn 2011

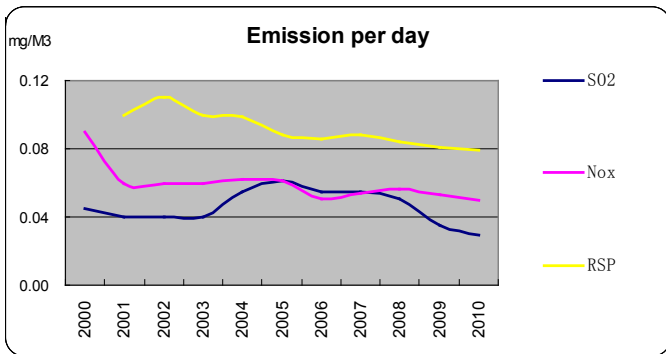
5 Natural Environments

People always heard that Hong Kong and Taiwan tycoons like to settle themselves in Shanghai. In common opinions, Shanghai is a place that very comfortable to live. Detail indicators can give readers more clear ideas to know about the city.

5.1 Air

Exhibit 16 is the data of air pollution of Shanghai.

Exhibit 16



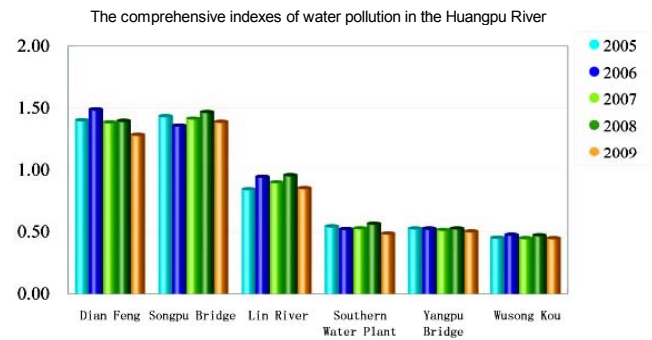
Source: www.stats-sh.gov.cn 2011

Comparing with Beijing, Shanghai has more clear air. It is because Shanghai is not as lack of water as Beijing.

5.2 Water

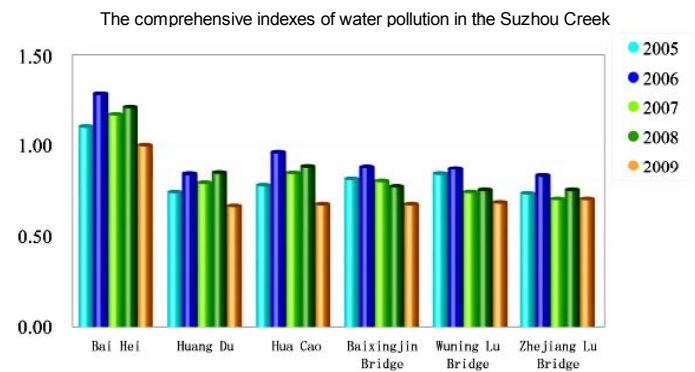
There are three major rivers across Shanghai. These three rivers are Huangpu River, Suzhou Creek and Yangtze River. Exhibits 17, 18 and 19 are the details of them.

Exhibit 17



Source: <2010 Shanghai Environmental Bulletin>

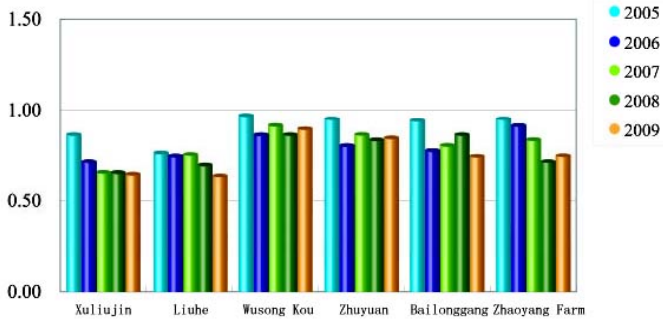
Exhibit 18



Source: <2010 Shanghai Environmental Bulletin>

Exhibit 19

The comprehensive indexes of water pollution at the mouth of the Yangtze River



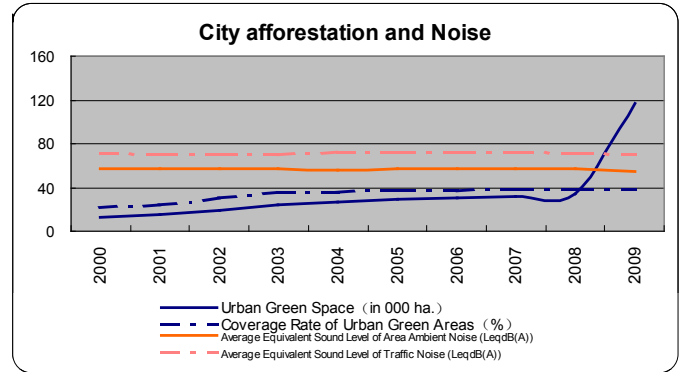
Source: <2010 Shanghai Environmental Bulletin>

According to <2010 Shanghai Environmental Bulletin>, Shanghai Environmental Protection Bureau classified water pollution in four grades. They are eligible ≤ 0.8 , $0.8 < \text{acceptable} \leq 1.0$, $1.0 < \text{polluted} \leq 2.0$ and heavy polluted > 2.0 . According to above exhibits 16, 17 and 18, it means the water pollution in Shanghai is serious.

5.3 City afforestation and Noise

As an international financial city, in order to attract more and more valuable immigration to live in it, Shanghai pays more attention to raise green area and decrease noise.

Exhibit 20



Source: www.stats-sh.gov.cn 2011

Conclusion

Shanghai locates in west side of Pacific Ocean, east site of Asia Continent, middle site of Jiangsu and Zhejiang Province. Shanghai has total 6340.5 KM² including three islands.

Shanghai was one of the first five customs after year 1842. In the years from 1928 to 1941, Shanghai was the most affluent place in China and even in the world. From Jiang Zeming period, Shanghai came back again.

Shanghai is one of the four municipal cities of China. Today, Shanghai is the first biggest city in China according to its GDP amount. State Government preferred to develop Shanghai as the international financial city.

Comparing with Beijing, Shanghai is more like a city established with international standard while Beijing is a political window. In order to help mayor governing the city, there are four departments assisting the daily work of mayor.

Shanghai is the city that the third industry is most flourishing among other Chinese cities. So it provides the most attractive compensation among other cities. Working people in this city always have high quality and high education level. According to exhibits 13 and 14, people can see that although Shanghai has negative natural growth rate and great amount of people from age 50 to 60, the GDP of it can increase in a high speed. It is reason to tell that economy is not only motivated by young manpower.

Different from Beijing, CPI index in Shanghai increase very fast. It can quite match the rising speed of GDP and compensation. It means while compensation rises, the price of commodities rise too.

As a city locates beside Pacific Ocean and Yangzte River, air pollution in Shanghai is not as serious as Beijing. But as a downriver city, water pollution is serious here.

Chinese Academy of Social Sciences published <No.9 Competition Report of All Chinese Cities>on May 6, 2011. In this report, the academy ranks Hong Kong as the most competitive city in China. The comparing elements include areas of HR capital, financial capital, technology, economic structure, utilities, colligation, environment, business culture, economic system, government management, corporation management and openness. With regards to the comparing elements Shanghai is the most balanced city among others. The following cities include Beijing, Shenzhen, Taipei and Guangzhou. (Source:www.ssap.com.cn/ WebSites/ PaperInternet/ ChannelManager/ ShouYe/PiShuShuJu/index.htm)

– End of Report –

By: Jade Xuan
Analyst
(May 2011)

Jade Xuan**Disclaimer**
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