



Australia China Business Council
澳大利亚中国工商业委员会

 Alibaba Cloud

CHINESE MARKET SNAPSHOT: THE BUSINESS CASE

MAY 2022

KEY MARKET METRICS

China's market presents a range of business opportunities with its upwardly mobile population, technology-focused economy and investment in infrastructure. Below sets out the case for China as a business destination. As with all cross-border commercial activities, businesses are advised to investigate the market, obtain professional advice and conduct thorough due diligence.

1. Sustainable Growth

After quadrupling every eight years in modern times, China's annual growth rate has moderated, but remains high compared with OECD countries. China's GDP is forecast to grow at around 5.7% per annum through until 2025 and, by some estimates, total GDP will overtake the USA by 2028.

China is the largest partner for more than 120 nations and has surpassed the USA as the European Union's largest trading partner. The value of China's global exports is US\$2.72 trillion, with global imports valued at US\$2.36 trillion.

5.7%
**ANNUAL
GDP GROWTH**

(OECD Forecast to 2025)

**LARGEST
TRADING
PARTNER** *for*

120+
ECONOMIES

(2021 Data)

2. Consumer Spending

Consumer spending in China is predicted to more than double in the next 10 years, to reach US\$12.7 trillion by 2030. Its private consumer market is also expected to reach US\$9.6 trillion and account for 47% of GDP, up from US\$4.4 trillion and 30% of GDP today.

Meanwhile, China's global share of the luxury market is predicted to reach 40-45% in 2025, with in-country sales boasting a share of around 25%.

3. Foreign Direct Investment

In 2020, Foreign Direct Investment reached an all-time high. It totalled US\$226 billion, a 6.2% increase from previous years. Foreign investment was encouraged in three main areas: advanced manufacturing industries; production-oriented service industries; and regional advanced industries. In the services industry, foreign investment increased by 13.9% to US\$121.7 billion, and the high-tech service sector increased by 28.5%.

In 2021, there were 10,200+ new foreign-funded enterprises established in China during the first quarter. A recent survey by the Ministry of Commerce revealed 96.4% of foreign invested enterprises are optimistic about business prospects in China.

\$12.7
TRILLION

Predicted Consumer
Spending by 2030

45%

China's Global Share
of Luxury Market by
2025

\$226
BILLION

FDI Inflows for China
in 2020

CHINA'S GROWTH DRIVERS

1. Skilled workforce

China has a large and well-educated workforce. The workforce totaled 750 million in 2020. China's education reforms are creating a better educated generation for the workplace. Spending on education has risen sharply since 2000, sitting at over 4% of current GDP.

Demand for university places is high with a growing focus on technical subjects. In 2020, some 1.1 million students commenced a postgraduate degree in China, almost double the level of five years ago.

Rising levels of investment signal China's focus on vocational education. The National Vocational Education reforms of 2019 aim to raise the quality of skills training in China by shifting the emphasis from quantity to quality.

750
MILLION

Total Workforce in
2020

\$2.3
TRILLION

Planned Infrastructure
Investment for 2022

2. Infrastructure Investment

The development of new infrastructure is a core component of China's 14th Five Year Plan. According to a Bloomberg analysis, planned investment in 2022 amounts to at least US\$2.3 trillion, with much of the spending aimed at transportation, water and digital infrastructure. The plan encourages the building of new infrastructure for a wide range of industries to be accelerated in the years leading up to 2025.

3. Innovation

Since 2013, China's total R&D expenditure has been second only to the United States (overtaking that of Japan). As the world's leader in publications in international scientific journals, China now accounts for 36% of world publications and 37% of citations.

China's university sector is advancing rapidly, with seven universities now in the world's top 100. According to The Global Innovation Index, China ranks as the #3 top innovation economy by region for South East Asia, East Asia, and Oceania and #12 globally.

China boasts a large number of STEM graduates. In 2019, China granted 1.89 million bachelor's degrees and 326,000 master's degrees in STEM fields. By 2025, China is projected to produce some 77,000 STEM PhDs, nearly double that of the US.

36%

China's Share of Total
Global Publications

77,000

STEM PhDs in China
by 2025

4. Digitisation

China is a world leader in many digital products, services and business models, underpinned by the world's largest internet user base. It is making advances in cutting edge technologies in image and voice recognition and areas such as artificial intelligence, with this trend likely to only continue, if not accelerate, in years to come.



Alibaba Cloud has been supporting local organisations in Australia such as Chemist Warehouse, Airwallex and The University of Sydney to both expand their business and manage their challenges of operating within the China market. Our data centres have been operational since 2016 and Gartner recently ranked Alibaba Cloud as the 3rd largest public cloud provider in the world in terms of infrastructure market-share.

Since its founding in 2009, Alibaba Cloud has emerged as a global leader in cloud computing and artificial intelligence, providing services to thousands of enterprises, developers, and government organisations in more than 200 countries and regions. Alibaba Cloud has 75 zones strategically located across 24 global regions, providing reliable computing support for billions of customers. Since January 2017, Alibaba Cloud has become the official cloud services partner of the Olympics and also for the Australian Olympic and New Zealand Olympic team members.

If interested in the services of Alibaba Cloud, please contact:



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