

**CHINA HAS BECOME THE THIRD LARGEST SOURCE OF INVESTMENT IN ARGENTINA AND AN EXAMPLE OF GROWTH THROUGH THE RAPID DEVELOPMENT OF ITS INTERNAL MARKET**

China GDP by the year 2015 will become the largest of the world on a country basis measured by the purchasing power parity. By the year 2040 it will account to 40% of the world's GDP while the United States will be reduced to 14%.

Although the popularity of China has been based on the possibility of exporting manufactured products on a low cost labor basis, today the advantages for a foreign as well as local investor rests in the existence of a rapidly developing domestic market and a growing middle-class generated by the application of the capitalist incentives. The growth in consumption of this new class could increase 9% annually over the next 20 years.

Today the country has 655 cities that combine a population of 621 million people, about 47% of the national population, 89 Chinese cities has more than one million inhabitants and 49 have been created between late 1980 and 2008 which converts China as one of the geographical areas with greater business opportunities. The development of the domestic market will lead the rapid expansion of demand for its middle and upper classes in both goods and services.

China is a state planned economy since 1953 but it opened its economy to the world in 1982 by inviting foreign investors to do business in the Exclusive Economic Zones created along the East Coast of the country. Such policy measure produced a \$909.8-billion dollars of foreign direct investment between 1990 and 2012. The rapid development that follows the economic activity created by these investments created a wave of job creation opportunities (more than one thousand million people were incorporated into the labor force from 1990 to 2011).

The so-called "social market economy" is based on the long-term planned by highly professional leadership, with a process of gradual economic liberalization. China has also adopted more international regulations. Today, after 30 years of growth at annual rates of 10% China is a member of the World Trade Organization. In 2011 China received 526,412 patent applications while the U.S. registered 503 582 and Japan 342 610.

Since 2003 China became a net importer of food. Its agricultural trade deficit grows at a rate of 30% annually. In 2012 raw materials imported from 16 countries for consumption reached a value of \$120 billion where Argentina figures in the sixth place as a food supplier.

China's White Paper on Latin America and Caribbean establish China goals in the region, and does not hide its appetite for natural resources which are abundant in Argentina. China is the third largest investor after the United States and Spain in Argentina. There are over 30 Chinese companies operating in Argentina in businesses ranging from mining, energy and finance, to the manufacture of television. But

more importantly China has the capability to finance large infrastructure projects very much needed in Argentina.

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