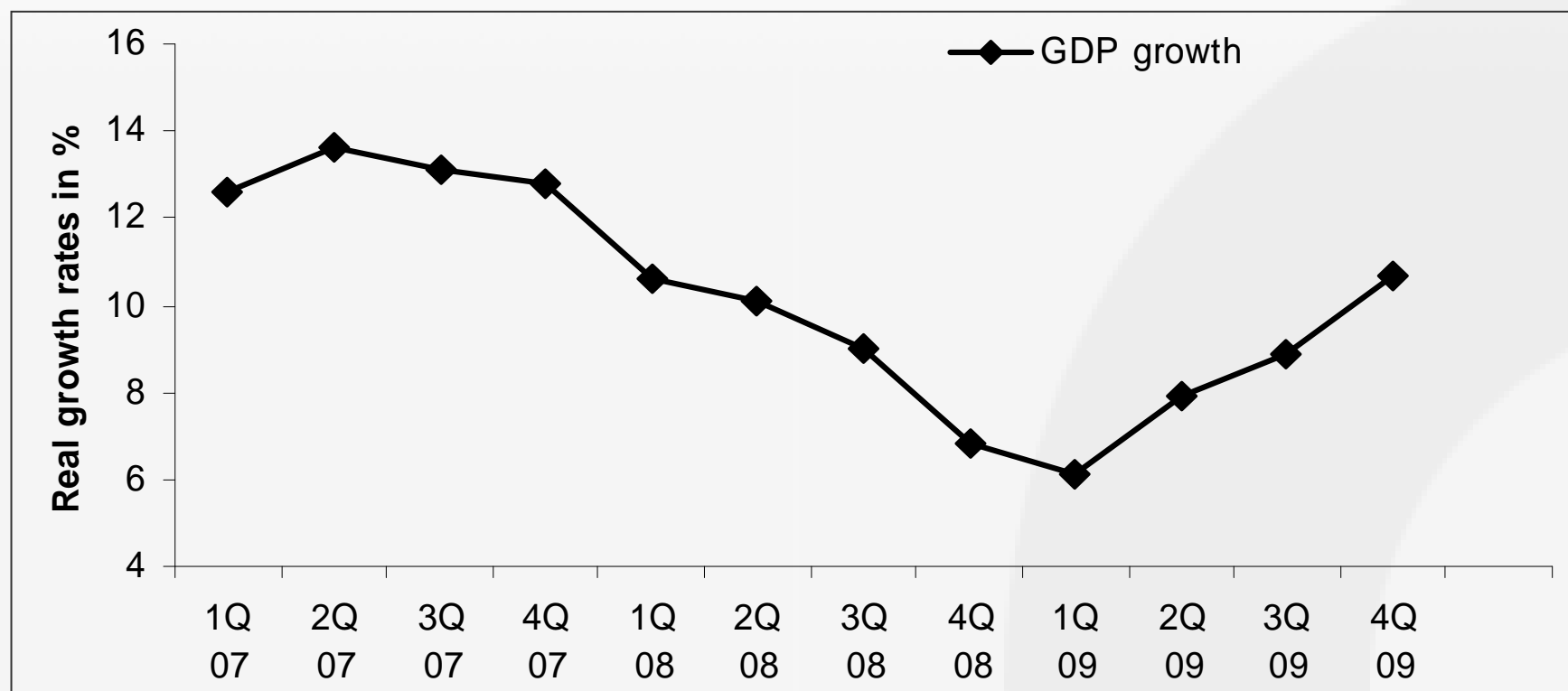


**Current Analysis and Forecast
for China:
China on the cusp of double-digit growth**

wiiw-Press Conference, 5. März 2010

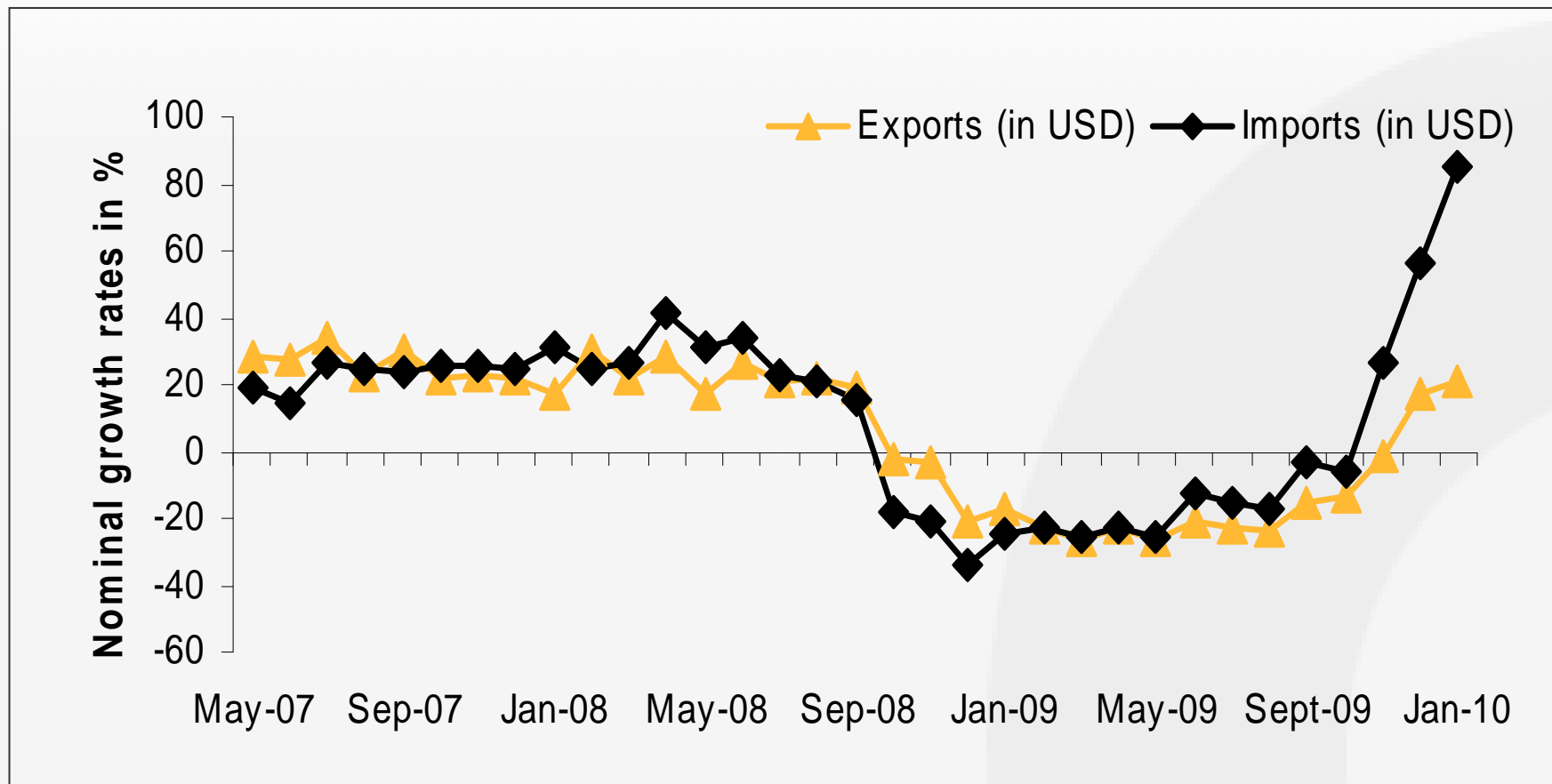
Waltraut Urban

Early recovery of the Chinese economy and faster than expected growth in 2009 (8.7%)



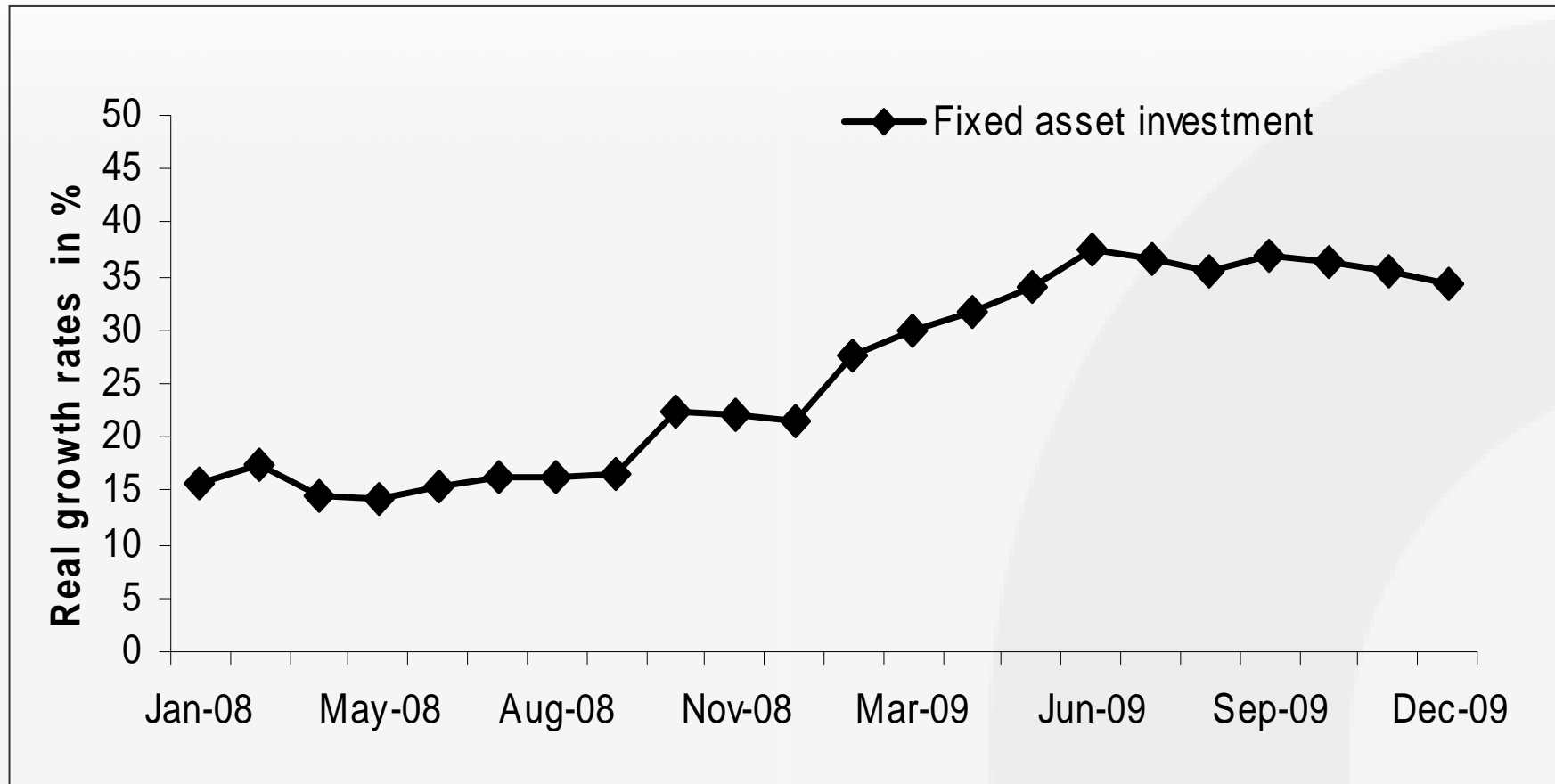
Sources: National Bureau of Statistics, PRC

China, too, experienced a big slump in exports and imports



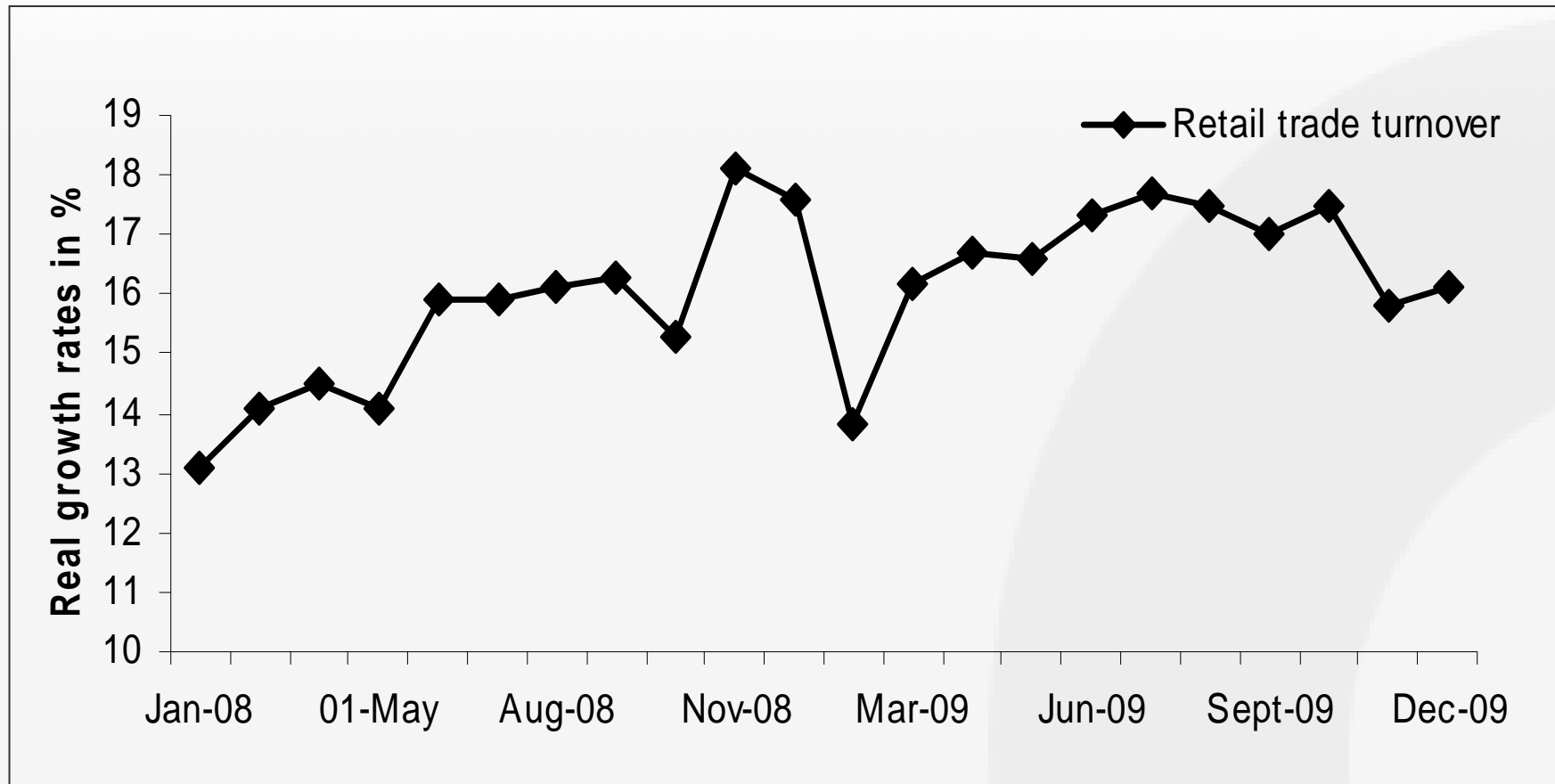
Sources: China Monthly Statistics, National Bureau of Statistics, PRC

Investment in fixed assets – the main driver of growth



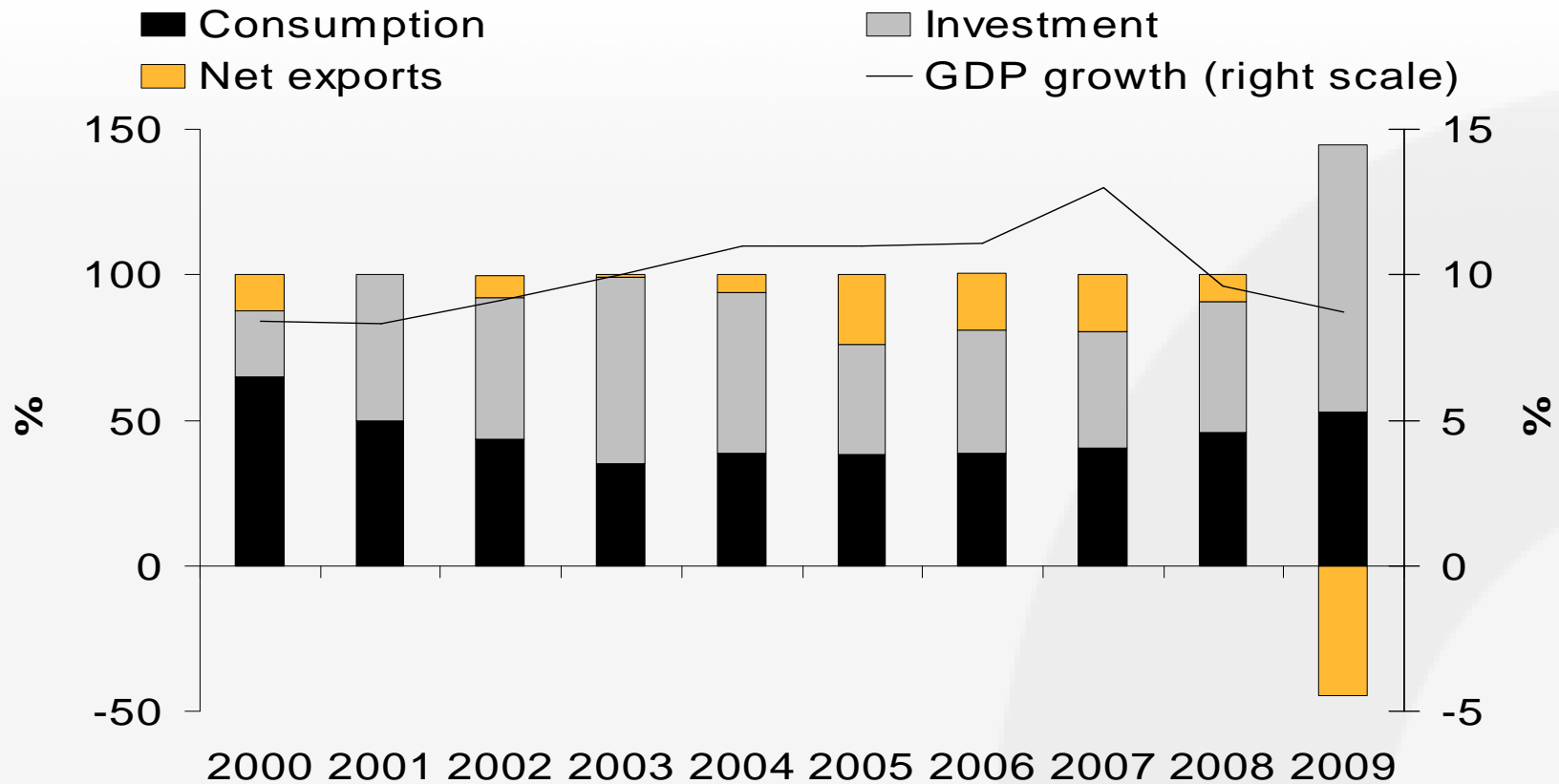
Source: China Monthly Statistics, National Bureau of Statistics, PRC, wiiw calculations

Privat consumption has stabilised



Source: China Monthly Statistics, National Bureau of Statistics, PRC

Components of GDP growth



Source: China Statistical Yearbook, China Daily, 3 February 2010

Government stimulus measures 2009

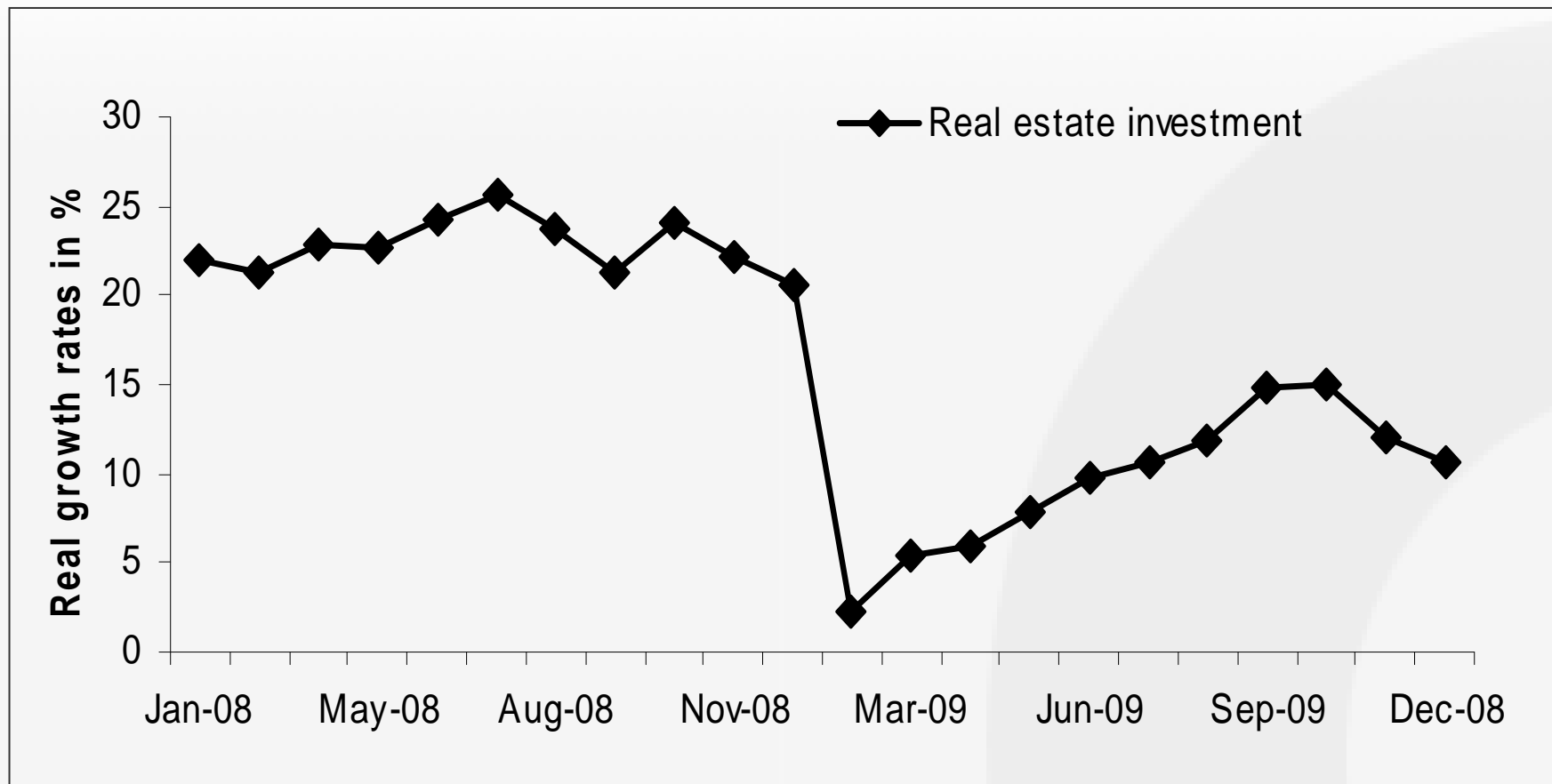
- Accelerated reconstruction of Sichuan
- Infrastructure investments
- Investments in health and education
- Measures in support of industrial restructuring
- Consumer subsidies for the purchase of selected durable consumer goods, including vehicles
- Easier access to consumer credits
- Expansive monetary policy

Forecast 2010

- GDP growth 9.5% (2009: 8.7%)
- Government stimulus measures will be maintained
- Moderately tight monetary policy
- Rebound of exports: 10% (2009: -11.4%)*
- Increase of foreign direct investment: 10% (2009: -3%)
- Deceleration of investment growth (nom.): 25% (2009: 30%)
- Stable growth of consumption (real): 18% (2009: 17%)

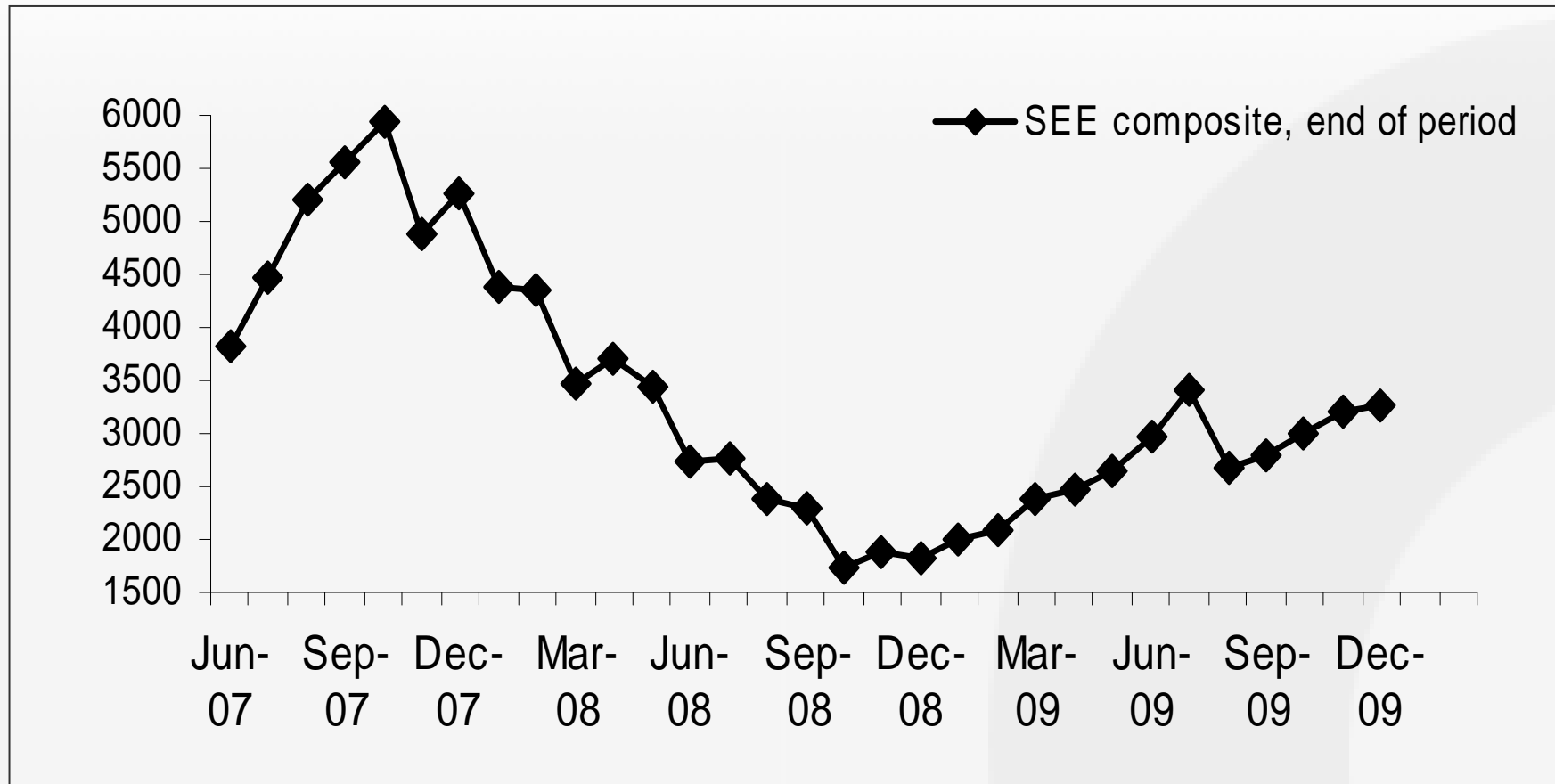
*On 1 January 2010 the China –ASEAN Free Trade Area (CAFTA) came into force.

Does the real estate sector in China show signs of over-heating?



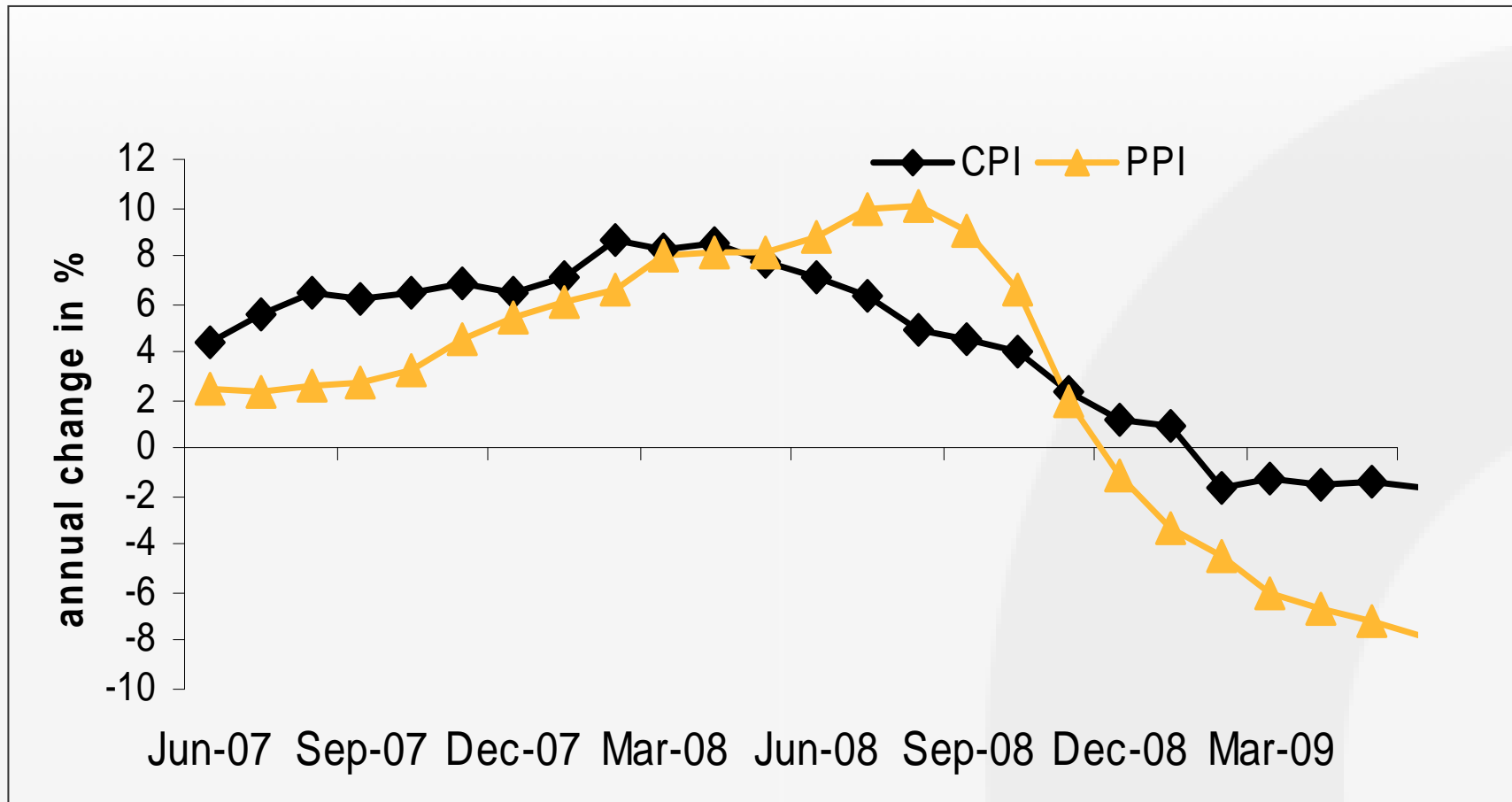
Source: China Monthly Statistics, National Bureau of Statistics, PRC, wiiw calculations

Is there a bubble on the Chinese stock exchange?



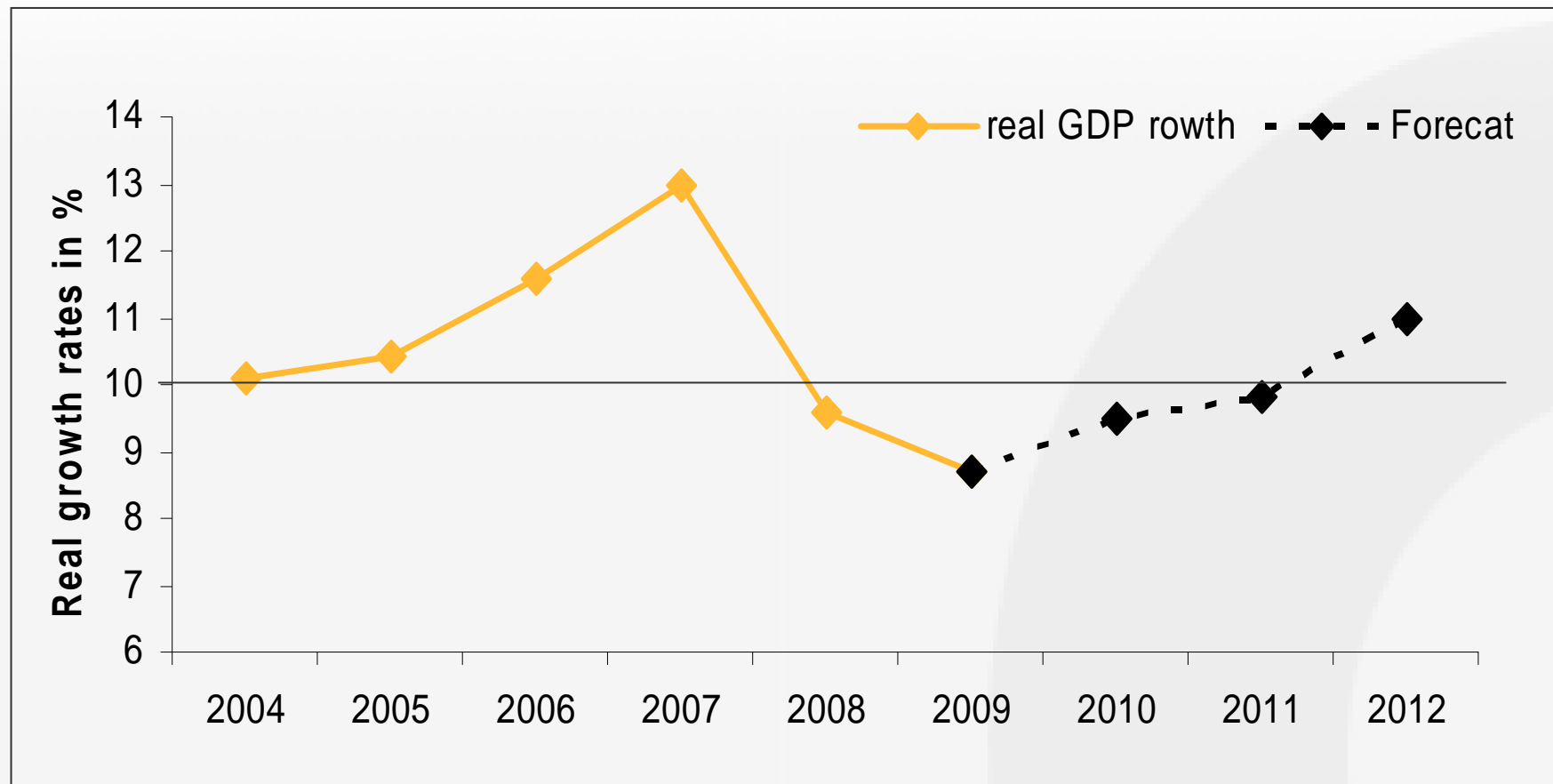
Source: China Monthly Statistics, National Bureau of Statistics, PRC

.....rising inflationary pressure?



Source: China Monthly Statistics, National Bureau of Statistics, PRC

China on the cusp of double digit-growth

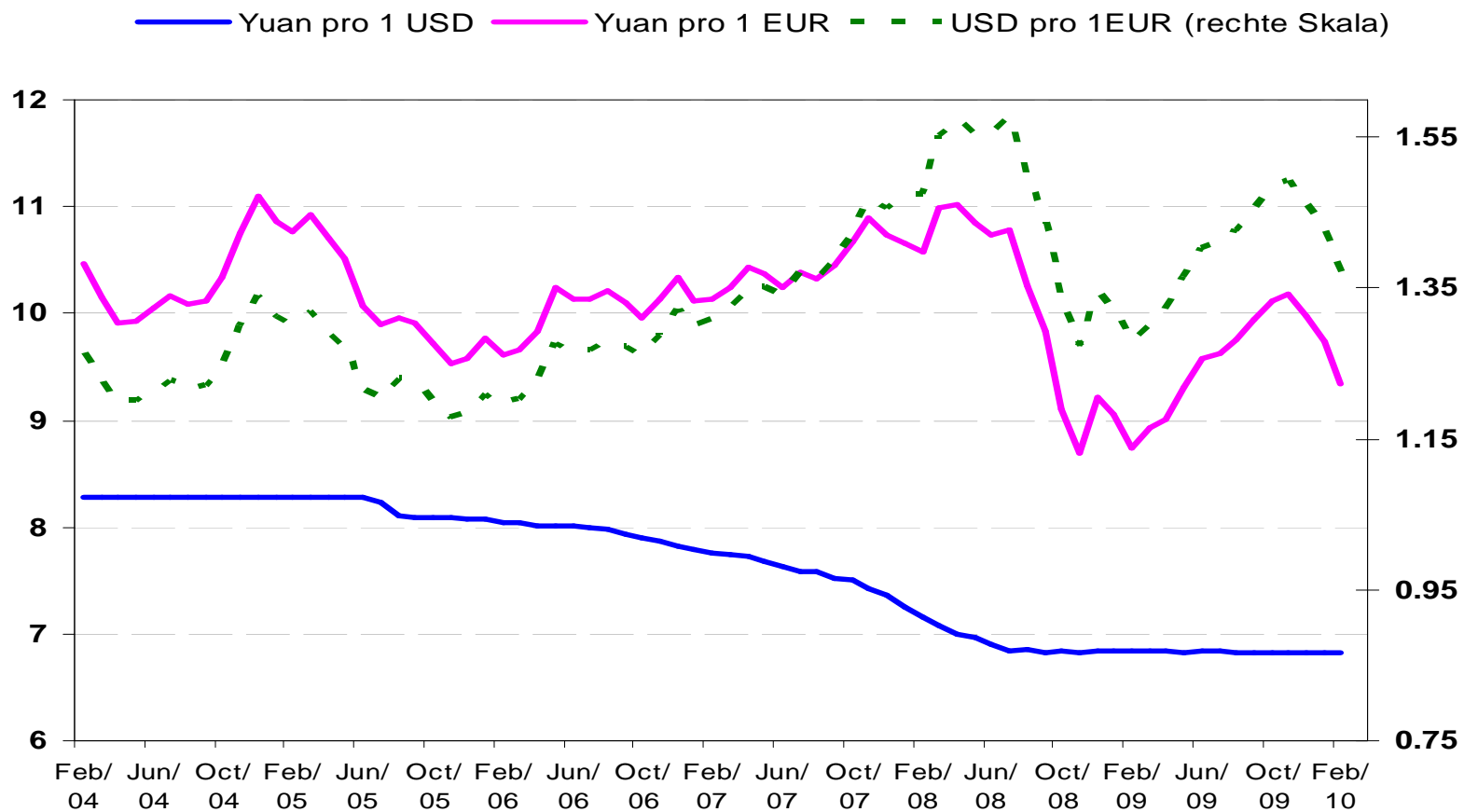


Quellen: National Bureau of Statistics PRC, wiiw forecast

Medium-term challenges for China

- Rebalancing her growth from excessive investment and export driven growth towards consumption
- More qualitative than quantitative growth
- ‚Green GDP‘ as a measure for economic success?
- New Five Year Plan (2011-2016) to set a new course?

How will the exchange rate of the Yuan develop?



Source: EZB, National Bureau of Statistics, PRC

- Thank you for your attention