

**HOUSING BUSINESS DEVELOPMENT MISSION  
PEOPLE'S REPUBLIC OF CHINA  
June 5-14, 2000**

**I. Description of the Mission**

Deputy Assistant Secretary for Basic Industries Alan S. Bowser will travel to the People's Republic of China as head of a business development mission focused on the housing industry. China's privatization of the housing market has caused a dramatic increase in the market demand for affordable, energy-efficient, and quality housing.

The mission will visit Hong Kong, Shanghai, Chengdu, and Beijing on June 5-14, 2000. The overall focus of the mission will be commercial opportunities for US housing products and housing finance companies. In each city, detailed briefings and matchmaking opportunities will be arranged for members of the business delegation in order that they may take full advantage of the potential commercial opportunities available to firms in each of these key regional areas of China.

This mission will be the first of its type conducted under the banner of the US-China Housing Initiative that was announced by President Clinton in July 1998.

**II. Commercial Setting for the Mission**

Participants in the mission will be drawn from U.S. housing product manufacturers, housing finance companies, and housing service entities such as architects and/or construction management firms.

The onset of privatization from the 1998 housing reform initiative has caused a dramatic increase in the market demand for affordable housing. In urban areas, 83 percent of urban households have indicated the desire to purchase a home. The Chinese government responded with the announcement that within the next 10 years there will be a need to develop 1.65 billion square meters of residential urban housing and 6.5 billion square meters of rural housing. In addition, there is a demand for approximately 2.9 billion square meters of renovation in residential housing. To further facilitate this reform, China's Ministry of Construction created promotional programs that encourage the general public to spend 20-30 percent of their income to buy houses and household furnishings within the next ten to fifteen years.

Along with the demand for building materials, the potential market for mortgage and financing

entities will also expand significantly due to the surge in home ownership. Despite China's high personal savings rate, the few commercial banks offering housing finance instruments have very stringent qualification requirements. The Chinese government is looking forward to creating a mortgage-based housing finance system under the guidance of American and other foreign financing institutions.

China's demand for building materials is expected to continue to expand at a rate of approximately 7 percent per year. The US housing products industry can capitalize on this projected growth because of China's demand for high-quality, durable, and energy-efficient materials. Internationally, the United States is China's second largest supplier of building materials with nearly 16 percent of the market in 1999.

### **Hong Kong**

With its economic vitality, Hong Kong has a per capita income of \$24,000 giving Hong Kong's 6.8 million people the purchasing power to buy U.S. products and services. Currently, there are numerous Hong Kong companies selling imported goods from the U.S. to mainland China. Furthermore, Hong Kong's prosperity and established relations with the mainland act as a "cross-cultural" bridge for American business development in China.

### **Shanghai**

Located at the intersection of China's east coast and the Yangtze River, Shanghai has one of the largest seaports in the world. In 1997, approximately \$58.7 billion of imports and exports flowed through Shanghai's ports. Heavily dependent on international trade, China's largest city has grown in size and in wealth. In 1999 over 624 million square meters of housing were sold to accommodate the demands of home buyers.

### **Beijing**

Situated in the northeast region of China, the municipality of Beijing is directly controlled by the country's central government. Due to the city's proximity to the various Ministries involved in China's housing reform efforts, such as the Ministry of Construction, the Ministry of Finance, and People's Bank of China, these Ministries are key to pursuing the goals of the Initiative.

### **Chengdu**

The capital of Sichuan province has expanded to become the political and economic epicenter of Southwest China. Declaring Chengdu as an "inland open city" in 1992,

the state government enabled the city to focus on developmental strategies to drive the city and its province forward. As in the rest of China, Chengdu businesses and industries are receptive to American companies in efforts to improve the quality of their goods and services to further the city's mission for advancement.

### **III. Goals for the Mission**

The mission will further both US commercial policy objectives and specific business interests, including:

- Introducing American companies to China and promoting expanded commercial opportunities;
- Advocating on behalf of US firms already active in China;
- Identifying key market access issues for US companies in China, particularly in light of China's stated housing reform goals and WTO accession.

### **IV. Scenario For the Mission**

Briefings and matchmaking business appointments will be made for members of the business delegation in each city. The business of the mission will consist of:

- Commercial briefings on the economic, housing, and financial conditions of each city;
- Meetings with senior-level government officials and key Chinese housing business leaders;
- Meetings with potential buyers, agents/distributors, and partners;
- Meetings with the US business community;
- Visits to housing construction sites.

### **V. Timetable**

The mission is scheduled to begin in Hong Kong on June 5, 2000 and is scheduled to return on June 14, 2000. The precise schedule will depend in part on the availability of Chinese government and business leaders, the specific goals and interests of the mission participants, and specific recommendations of the US Embassy and Consulates. Recruitment for the mission will begin immediately and should be concluded no later than Friday, April 28, 2000. Applications received after that date will be considered only if space and scheduling constraints permit.

## **VI. Criteria for Participant Selection**

- Relevance of a company's business line to mission goals;
- Timeliness of completed application and participation agreement by company, including participation fee of \$3500.
- Potential for business in China.
- Provision of adequate information on company's products and/or services, and company's primary market objectives, in order to facilitate appropriate matching with potential business partners.

A company's products or services must be either produced in the United States or, if not, marketed under the name of a US firm and have at least 51 percent US content of the value of the finished product/service.

Mission recruitment will be conducted in an open and public manner, including publication in the Federal Register and posting on the Internet. It is expected that a minimum of twenty and a maximum of twenty-five companies will participate in the mission.

Any partisan political activities, including any political campaign contributions, are entirely irrelevant to the selection process.

## **VII. Contact**

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