



National Association of Chinese-Americans

全美華人協會

NACA NEWSLETTER

Summer 2008

www.naca-atlanta.org

President's Message

Andy Wong

Greetings NACA family and friends! I owe a debt of gratitude to you all, particularly our "all volunteer team" of Directors and Officers, those who have served, continue to serve, and those who have committed to serve this upcoming 2008/2009 term. And lest I forget, my deepest gratitude goes to our immediate past President Henry Yu and as always Chair Lani Wong, who have taken NACA to the next level through their unwavering dedication and leadership!

The year so far has seen great events and organizational developments. We hosted numerous China business, governmental, educational, and cultural delegations. We supported Delta Airlines in the first and only direct flight from Atlanta to the great city of Shanghai, China. We have been actively promoting the Summer Olympics in Beijing and the much-anticipated Chinese Terracotta Warriors Exhibition in Atlanta. We continue to work with numerous corporate, governmental, and cultural organizations as we "Build Bridges" across our communities.

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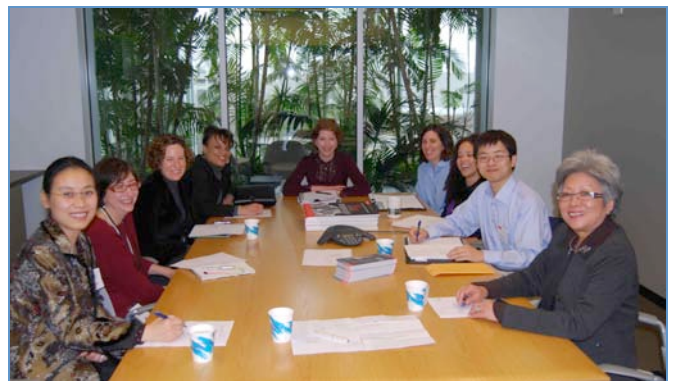
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News Flash

* NACA celebrates **thirty years of normalized US-China relations** in a banquet on Monday, Nov 10th, 2008, featuring the Chinese Ambassador to the United States, the Honorable Mr. Zhou Wenzhong joined by other China and U.S. dignitaries.

* **The First Emperor: China's Terracotta Army** exhibition opens at the High Museum of Arts in Atlanta on November 16, 2008. NACA calls for community outreach and museum event support volunteers. For more information, please contact Jung Mar (jungm565@comcast.net) and Bing Zeng (bingzeng@gmail.com).



NACA volunteers meeting with the High Museum staff in February 2008. *Photo credit: Jung Mar.*

* NACA hosted fundraising event for the **China Earthquake relief efforts** at its annual general member meeting. Over \$25,000 has been raised as of August 2008.

* NACA elected **new board and the leadership teams** for the 2008-2009 term at the relief fundraiser in April.

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But let us not forget the pain and suffering that many have endured, especially those tragically affected by this years' devastating earthquake centered in China's Sichuan province, which took more than 60,000 lives and left hundreds of thousands homeless. NACA has joined with numerous community organizations in fundraising efforts across metro Atlanta. To date, NACA alone has raised and contributed \$25,000 to providing the basic necessities of survivors of the quake. NACA pledges to continue its support for the rebuilding efforts. With your generous support, we will be able to shine a light in the lives of those who have suffered so greatly. NACA thanks you for any help you may provide. For current updates as well as a list of contributors, please visit us online at www.naca-atlanta.org.

We are proud that NACA and our friends and supporters were there to lend a helping hand. NACA will continue its good work in and around the metro Atlanta community, across this great nation, and across the ocean to our brethren China! Let us keep up the momentum and impact that we can all make in our communities. There is much work to be done, and together, we will make a difference. You individually can make a difference. It is true that volunteerism means a lot of work, but the rewards are much greater. I have personally come to know so many others whom I probably would have not met otherwise, and have felt more than ever part of the metro Atlanta community. So, please don't just sit by the side of the tracks letting life pass you by. Join us; join our events and activities while making a difference in your own life, in your community, and in the lives of many others. You'll be glad you did!

wong.andy@comcast.net

GPC Faculty/Staff China Program in May 2008

The partnership between NACA and Georgia Perimeter College continues to emphasize educational opportunities, such as study trips to Aisa, for students,



The new NACA leadership team at the Sichuan Earthquake Relief Fundraiser in April 2008. *Photo credit: Jung Mar.*

faculty, and staff. This year, faculty and staff participated in *China Reflection: A Glimpse of the Ancient and the Modern*, a two-week faculty/staff development seminar trip to the People's Republic of China.

Initiated by the Center for International Education and supported by both NACA and GPC Academic Affairs, the trip was designed as an introduction for non-expert faculty/staff who are committed to increasing their hands-on knowledge and understanding of both ancient and modern China. Fourteen members of GPC's faculty and staff, including Debra Denzer, Director of the CIE, Dr. Betty Molloy, Assistant VP for Academic Affairs, Deb Homer, Interim Dean of Students, Carole Creekmore, Associate Professor of Humanities, Fred Bounds, Associate Professor of Business, and Kathy Jordan, Director of Public Relations, participated in the program. The trip was coordinated and led by Dr. Ed Krebs, China specialist, and Dr. Sylvia Krebs, former GPC history professor. Dr. Neal McCrillis, director of International Education at Columbus State University also participated in the program.

The itinerary (Beijing-Luoyang-Xian-Nanjing-Shanghai) included visits to both ancient and modern sites and to universities with which there are potential and existing partnerships, including Qinghua University, Jiaotong University in Xi'an, Xi'an Normal University, and Nanjing Normal University where GPC students

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have studied abroad during the last two summers.

The program successfully helped de-mystify China and increased awareness of the international students and study abroad student experience. Reactions of participants include the following:

“One of my (and others I'm sure) challenges is trying to communicate to others here what the trip was like. Yes, we have lots of pictures, and yes we will do presentations, and share with our classes, but it is hard for me to convey to people here how profoundly the trip affected me. I do know that my mind often "goes" back there, and I look forward to returning, probably to teach in [the] Nanjing program next summer.” Fred Bounds, Associate Professor of Business.

“As an administrator... I come in contact with many of our students coming to GPC from other countries. This trip has given me a first hand experience going somewhere totally new and how that feels. It is certainly harder for these students to come for an entire year or more away from all that is familiar. I will have more empathy for that in working with them. I can also serve as an advocate to our US students to encourage some international experience no matter what major.” Deb Homer, Interim Dean of Students.

For more details of the trip, you can visit the GPC CIE website and check out both the program <http://www.gpc.edu/~gpcglobe/Facstaff/chinareflection.htm> and the trip log. <http://gpcabroad.blogspot.com/>

14th Global Business Forum on Post Olympic China

Jung Mar

On April 6th, 2008, National Association of Chinese-Americans (NACA), in conjunction with GreenbergTraurig and Premiere Global Services, sponsored the 14th GA Tech Global Business Forum on Post-Olympic China business opportunities at the GTRI Conference Center.

Vice Consul General Mr. Zhou Ding of the

People's Republic of China Houston opened the conference, followed by fourteen expert speakers including Mr. Wang Jinzhen, Secretary General and Vice Chair of China Council for the promotion of International trade (CCPIT), Beijing, China, Mr. John Frisbie, President of U.S.-China Business Council, Washington, D.C, Mr. John J. Norris, Jr., Director of the Office of Chinese and Mongolian Affairs at the U.S. State Department, Dr. David Altig, Senior Vice President of Federal Reserve Bank of Atlanta, and Ms. Sara Hagigh, Deputy Director of Office of the Chinese Economic Area, at the U.S. Commerce Department, Washington, D.C.

This conference was organized by the Georgia Tech Center for International Business Education & Research (CIBER) under Dr John McIntyre, Managing Director, and supported by the following organizations:



Highlights

China is the world's most populous nation. It is also the world's third largest trader, second largest economy in purchasing power parity GDP, and the largest recipient of foreign direct investment, surpassing even the U.S. China has 170 cities with more than 1 million people. China has a middle class of over 120 million, bigger than UK and France combined, with an annual income of \$3,000. China also accounts for over 12% of the world's luxury goods. In addition, China is No.1 in mobile phone services with over 500 million subscribers.

China has a GDP of over \$3 trillion, equal to the combined GDP of the states of CA and TX. U.S., with a GDP of \$13 Trillion, is over 4 times the \$3 trillion GDP of China. On the worldwide basis, U.S.-manufactured output accounts for 24% while Chinese manufactured 12%. Fundamentally, China has taken market share from Japan over the past ten years, while U.S. has maintained its share. The trade deficit of U.S. versus China and Asia combined remains constant while that of U.S. versus the rest of the world (mainly oil import) accounts for the most of US trade

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deficit increase.

The economic relationships between China and USA are tightly and beneficially coupled. U.S. is China's No.1 export market while China is the fastest growing market for U.S. products and services. China has over \$1.8 trillion in foreign exchange reserves and is the No.1 buyer for U.S. treasury bonds, which finance U.S. trade and budget deficits and keep the U.S. interest rate low compared to those in other countries. China is the No.2 export market for Georgia products. U.S. exports to China are mainly in food, farm, paper and forest products, aircrafts, machinery and equipment, electronics and software, plastics, and chemicals. Chinese exports to the U.S. are mainly consumer products.

Over 800 U.S. corporations are operating in China, 96% of which invest in China mainly to serve the growing Chinese market. 83% of these companies in China are operating with profit.

The economic relation between U.S. and China is managed by a bilateral presidential organization, Strategic Economic Dialogue (SED), which handles strategic co-operations, disputes and settlements. Key items under discussion are trade access, investment treaty, intellectual property rights, financial market stability etc

On the diplomatic front, U.S. and China have been cooperating on issues such as North Korea, Darfur, global climate changes, and the war on terror.



An Essay on the Chinese Economy and its Banking Sector Updates

Henry Yu

The Chinese Economy over Thirty Years

Thirty years ago, the Chinese economy was not even in top 10-world economy list in terms of GDP. In 2007, China registered a very impressive 11.4% economic growth, making China the world's third most important trading nation. The first phase of China's economic growth mirrored that of the four Asian Tigers (Hong Kong, Taiwan, Singapore, and South Korea) in the 1980s when China took advantage of its abundance of cheap labor by concentrating on exports of labor-intensive goods. State Owned Enterprises (SOEs) dominated this phase of growth until privatization of SOEs started in mid and late 1980s. Private sector took over in early 1990s as the main engine during the second phase of economic growth. During this period, FDI (foreign direct investments) in the forms of joint ventures (and later wholly-owned subsidiaries as allowed by Chinese government) provided China with technology required to move away from labor-intensive industries. China has developed strong expertise and technical know-how in industries such as pharmaceutical, steel, energy and biotechnology, etc. The third and recent phase of economic growth started in early 2000 and in particular after China's accession to WTO in 2005.

China has been capturing headlines and noticeable performances since 2006 in terms of trade, investments, friction (product safety, trade disputes, etc) and the 2008 Olympics. Clearly, the world is paying attention to China as during the third phase, China indeed has developed into a multi-faceted economy with strong growth from various sectors-service, manufacturing, tourism, banking and finance, trade, coupled with substantial infrastructural projects. For the first time, service sector accounted for about 50% of China's GDP in 2007 and the growth trend seems to be continuing as China increases its domestic consumption and moves up the value-added chain. Since early 2000s, China has been moving its manufacturing bases to cheaper labor in Southeast

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Asia (noticeably in Vietnam). In addition, China is changing the world's major trading blocs as the Asian pie is growing at close to double-digit rates. Case in point, China/India trade was less than \$5 billion 10 years ago and in 2007, the figure was slightly less than \$30B. The 1800s and 1900s trading blocs of USA/Europe/Japan have shifted in favor of China-led Asia/USA/EU/Middle East and Africa. Furthermore, Chinese companies are increasingly going abroad and setting up offices and manufacturing plants closer to the customers. Such a move will also make it easier for the Chinese companies to tap in the West for such skills as in management, human resources, branding, and marketing, etc. The Chinese are already major investors in Africa, Middle East, and Latin America.

Though the Chinese government has been controlling its over-heated economy in 2007 and 2008 via very tight monetary policy, authorities are facing many different challenges. Financial markets are underestimating not only the speed and pace of changes within China, but also the policy challenges ahead. The US sub-prime crisis certainly reduced confidence of Chinese stock markets. As the private sector continues to grow, and as the regions seek to develop their own local economies, policy makers in Beijing are likely to find it harder to control the economy, particular with the limited policy tools that are available. In 2008, China is experiencing greater volatility in the economy. The Sichuan earthquake and the flood in southern regions have contributed to higher inflation and to a smaller extent, drag to the economy. Policy focus is on curbing inflation (currently growing at over 8% pace) and maintaining financial stability. While the pace of local currency appreciation is likely to be of secondary importance, a stronger Yuan is likely to support the authorities' overall aims.

Chinese Banking Sector

Ten years ago there was no Asian bank representation among the world's Top Ten largest banks. Who would have thought that in May of 2008, ICBC became the largest bank in the world in market capitalization of USD278 billion! As a matter of fact, on May 8, 2008, 3 of the Top 5 banks are Chinese (others being China Construction Bank #2, Bank of China #4).

China's banking sector has made significant

progress since the launch of economic reforms and "opening up" in 1980. Generally speaking, the planned reform and restructuring of banking industry has been well under way since several years ago. Some of the more profound changes include: significant strengthening of banking supervision, ownership diversification, corporate governance reform, and consistent and vigorous focus on risk management and internal controls. The "opening up" policy has already benefited the overall vitality of the banking sector with an accelerated pace of reform and improved global competitiveness. Total banking sector assets exceeded \$6.5 Billion:

- * 14 joint stock commercial banks and 114 city commercial banks
- * 3 policy banks owned by the government support various industries
- * Non-performing loans have been reduced from 40-45% level to 2-8% range in 2007
- * Over 29,000 credit cooperatives operating in China
- * Over 20 banks had been granted local banking licenses in 2007, the first group being Citibank, HSBC, Standard Chartered Bank and Bank of East Asia
- * Since early 2000s, foreign banks have been acquiring equity interests (20% maximum under current law and 25% for group of financial institutions) of local banks. These foreign banks include HSBC, Bank of America, Royal Bank of Scotland, Deutsche Bank, Scotia Bank, Standard Chartered Bank, Citibank, Goldman Sachs, AE Bank, ING Bank, ANZ, Commonwealth Bank of Australia, etc
- * Big 5 (ICBC, Bank of China, China Construction Bank, China Agriculture Bank and Bank of Communications) accounted for about 57% of total banking system assets

To strengthen China's banking regulatory and supervisory framework, China Banking Regulatory Commission (CBRC) was set up in April 2003 to assume supervisory responsibility from People's Bank of China (Central bank), which until then held dual responsibility for both monetary policy and banking system supervision. For the same reasons, CSRC

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(China Security Regulatory Commission) and CIRC (China Insurance Regulatory Commission) were also set up in 2003.

Local companies have been relying heavily on bank financing as the corporate bond market is not fully developed. Both tightening monetary policy (reserve deposit ratio was increased 6 times this years to 17.5% currently) and loan reduction guidelines have made it difficult for local companies to obtain financing since the 4th quarter of 2007. On a quarterly basis, CBRC has asked both local and foreign banks to reduce their loan outstanding (10-15% range) as a way to prevent banks from excessive lending, in particular to real estate and property lending. Recently, local banks have been given permission to invest their customers' money in U.S. stocks and mutual funds to provide diversification and options for investors.

OTHER SUPPORTERS

CENTURY SECURITY BANK
THE COCA-COLA COMPANY
GEORGIA DEPT OF ECON. DEVELOPMENT
GEORGIA PACIFIC
GEORGIA PERIMETER COLLEGE
HONG KONG ASSOCIATION OF ATLANTA
METRO ATLANTA CHAMPER OF COMMER
MORRIS, MANNING AND MARTIN, LLP
PORTMAN HOLDINGS, INC.
PUBLIX SUPER MARKET, INC.

SANY AMERICA
STATE FARM INSURANCE COMPANIES
SUTHERLAND ASBILL & BRENNAN LLP
TOUCHMARK NATIONAL BANK
UNITED STATES POSTAL SERVICE