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**Access China**

# **Xinjiang**

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Beijing  
100022  
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### **London**

Economist Intelligence Unit  
26 Red Lion Square  
London  
WC1R 4HQ  
United Kingdom  
Tel: (44.20) 7576 8000  
Fax: (44.20) 7576 8500  
E-mail: london@eiu.com

### **New York**

Economist Intelligence Unit  
The Economist Group  
750 Third Avenue  
5th Floor  
New York, NY 10017, US  
Tel: (1.212) 554 0600  
Fax: (1.212) 586 0248  
E-mail: newyork@eiu.com

### **Hong Kong**

Economist Intelligence Unit  
60/F, Central Plaza  
18 Harbour Road  
Wanchai  
Hong Kong  
Tel: (852) 2585 3888  
Fax: (852) 2802 7638  
E-mail: hongkong@eiu.com

### **Geneva**

Economist Intelligence Unit  
Boulevard des Tranchées 16  
1206 Geneva  
Switzerland  
Tel: (41) 22 566 2470  
Fax: (41) 22 346 93 47  
E-mail: geneva@eiu.com

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**Editors:** Victoria Lai (editor); Alexander van Kemanade (consulting editor)  
**Editorial closing date:** September 24th 2012  
**All queries:** Tel: (44.20) 7576 8000 E-mail: china@eiu.com  
**Next report:** To request the latest schedule, e-mail schedule@eiu.com

## Province summary

### Main economic indicators

	2010	Rank
<b>GDP</b>		
Nominal GDP (Rmb bn)	544	25 out of 31
GDP per head (Rmb)	25,247	19 out of 31
<b>Consumption</b>		
Disposable income per head (Rmb; urban)	13,644	30 out of 31
Total expenditure per head (Rmb; urban)	10,197	26 out of 31
Population (m)	21.5	24 out of 31
<b>External trade (US\$ bn)</b>		
Exports (by location of producer)	12.6	12 out of 31
Imports (by location of consumer)	8.8	18 out of 31
<b>Exchange rate</b>		
Rmb:US\$ (av)	6.77	–
<b>Foreign investment (US\$ bn)</b>		
FDI utilised	0.2	27 out of 31

Sources: Economist Intelligence Unit; National Bureau of Statistics.

The Xinjiang Uighur autonomous region cemented its status as an energy base for the country with the discovery of two new oilfields in the 1980s. It is rich in mineral resources, with more than one-third of the country's estimated coal, oil and natural gas reserves and large iron, copper, gold, chromium, nickel and mineral salt reserves.

The share of natural gas in the region's energy production rose more than tenfold from 2.4% in 1990 to more than one-quarter of the total in 2010. Xinjiang's development is tied to that of the Yangtze River Delta, where much of the region's gas is consumed. Nevertheless, the region's share of China's GDP has slipped a bit in recent years, from 1.4% of the total in 2005 to 1.25% in 2010, reflecting in part the region's geographic isolation.

The region owes its agricultural and industrial development to the Xinjiang Production and Construction Corps (XPCC), generally referred to as the *bingtuan*, comprising former frontier soldiers and their families. Apart from farming, the XPCC also undertook steel, coal and electricity projects. Operating largely independently from the regional government, with *de facto* administrative authority over several cities, settlements and farms, the *bingtuan* is responsible for irrigation projects and building new cities. Xinjiang remains China's largest tomato processor and supplier of cotton owing to its favourable climate and oases, although large areas are threatened by desertification.

Tensions between Han Chinese and the ethnic Uighurs, who are generally Muslim and come from a nomadic tradition, have flared up frequently, resulting in tighter restrictions on travel to the region and, in some instance, a shutdown in general communications. The Uighur population is mainly based in the west of the region. Even at the best of times, Xinjiang lacks good infrastructure links with other provinces, hampering its ability to transport oil, coal and minerals to markets in need of these products. An underdeveloped logistics industry makes it harder for Xinjiang to gain access to more lucrative markets elsewhere.

## Highlights

- Economy**
- The national slowdown has taken its toll and growth in the remote western region slowed to 10.7% in the first half of 2012. Notwithstanding the recent moderation in growth, Xinjiang's economy expanded by 12% in 2011, a relatively strong performance compared with previous years. Secondary-sector activity increased by 12% during the year and its share of GDP rose to 50% (from 46.8% in 2010). Investment trends have favoured the secondary sector, as investment growth reached 47.2% in 2011, compared with 21.6% in the tertiary sector. In particular, manufacturing investment was up by 85.7%.
  - The region plans to maintain its annual GDP growth at above 10% during the period of the 12th five-year plan (FYP, 2011-15), with 25% growth in fixed-asset investment. This reflects the central government's policy of pump priming the economies of restive regions, even as it calls for slower national growth. The Economist Intelligence Unit forecasts that GDP growth will dip slightly to 11.1% in 2012 as investment growth slows in line with the national trend, but will see a rebound in 2013 as development of the region's natural resources continues and central-government support remains strong.
  - Foreign trade rose by 33% in 2011, surpassing the national growth rate of 22.5%. Imports shot up by 44% year on year to US\$6bn, while exports rose by 29.8% to US\$16.8bn. Border trade with Central Asia made up two-thirds of all imports, increasing by 69.5% during 2011. Border exports, which made up around 52% of total exports, increased by 14.9% in 2011, compared with 130% growth in general exports.
  - Amid monetary tightening in 2011, the reserve-requirement ratio for commercial lenders in Xinjiang was set at two basis points lower than for those in the rest of the country. As a result, new loan growth in the region was the highest in the country in 2011. Loan growth reached 24.9% in the first quarter of 2012, against 14.6% for the country as a whole.
- Industry**
- Industrial value added from the non-ferrous metal and power industries grew rapidly in 2011, expanding by 32.9% and 31.2% respectively. Power output increased by 28.8%. Their robust growth reflects easy credit from banks and state-driven investments.
  - According to Chinese media reports, state-owned enterprises (SOEs) have announced plans to invest Rmb724bn (US\$115bn) in Xinjiang in 2012. Around 31 SOEs have indicated plans to invest Rmb992bn over the period to 2015. The government plans to invest around Rmb2trn in Xinjiang's infrastructure between 2011 and 2020. This is likely to push up demand for metals, building materials and energy.
  - In July 2011 the local government submitted a plan for the development of Xinjiang Tianshan North Economic Zone, a national-level development zone covering 12% of Xinjiang's total land area. The area is divided into six separate zones: Urumqi-Changji, which will focus on energy, manufacturing and logistics; Turpan-Hami (Kumul), which will focus on solar energy, coal,

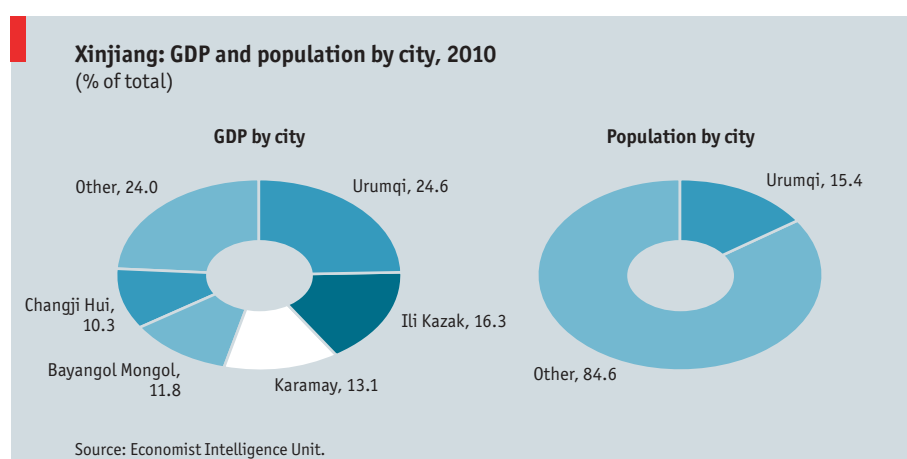
petrochemicals and tourism; Shihezi-Manas (Changji)-Shawan (Tacheng), which will focus on manufacturing and agriculture; Kuytun (Ili Kazak)-Usu (Ili Kazak)-Karamay, which will focus on energy, light industry and logistics; Bole-Jinghe-Ala Shankou (all in Bortala), which will be an import-export centre; and Yining-Huocheng-Qapqal (all in Ili Kazak), which will focus on trade with Kazakhstan. The zone will also offer incentives for foreign investment.

- Xinjiang is going through something of a real-estate boom. Investment in property development grew by 49% in 2011 while sales increased by 25.9% in value terms, compared with an 11% increase in floor-space transactions. Some of the investment was linked to the 295,000 units of affordable housing under development in the province, although rising prices suggest that a good amount of the building was demand-driven.
- The region's industries are predominantly in the energy sector, which is vulnerable to price fluctuations, complicating long-term investment spending decisions. Coal production has expanded rapidly in recent years, as has the related coal-to-chemicals sector; there were 66 coal-chemical projects under development in 2011, with planned total investment of more than Rmb877.3bn (US\$139.3bn). In 2011 chemicals and coal were the third and fourth fastest-growing industries respectively, with added value up by 22.5% and 17.7% on 2010. The region saw a 20.8% increase in coal output.
- The China National Petroleum Corporation (CNPC), China's largest oil and gas company, announced in August 2012 that it would increase annual production at three basins in Xinjiang—Tarim, Junggar, and Turpan—to more 50m tonnes of oil and gas by 2015, marking a 40% increase in production. These three fields have been dubbed “Xinjiang's Daqing”—a reference to the largest oilfield in China, Daqing in Heilongjiang. These three basins account for one-quarter of CNPC's total oil and gas resource holdings.
- One of China's major state-owned power generators, China Power Investment Corporation, announced that it would invest more than Rmb70bn by 2015 in coal, coal chemistry and power projects—including wind-power facilities. The plans include two coal gasification projects, scheduled for completion in 2014.
- Another major Chinese state-owned energy company, Sinopec, has announced plans to invest more than Rmb140bn in developing oil and gas fields in Xinjiang during the 12th FYP. At the same time, a natural-gas pipeline running from Xinjiang to Shandong and Jiangsu will be constructed. Sinopec has stated that it will operate its business through a locally incorporated company in order for the province to benefit from the tax revenue generated. In April 2012 Sinopec announced a Rmb70bn investment in a coal-to-gas plant with annual production capacity of 30bn cu metres—probably the largest in the world.

- Xinjiang plays a pivotal role in China's foreign relations with Pakistan, although these relations are often more political than either party would like. In March 2012 the Industrial and Commercial Bank of China (ICBC) was reported to be backing away from financing a proposed pipeline from the Xinjiang city of Kashgar to the strategic port of Gwadar in Pakistan, which, if constructed, would allow the transport of oil and gas from Iran to China. ICBC did not give its reasons, although Pakistani officials said the decision was the result of US sanctions on Iran. The government is also attempting to increase land trade between the two countries, particularly as Pakistan offers Xinjiang more readily accessible port facilities than anywhere else.
- Utilised foreign direct investment expanded by 41% in 2011 to US\$335m. The government has aggressively courted foreign investors since the 2009 riots in the regional capital, Urumqi. In March 2011 the regional government increased the amount of investment which lower-levels of government can approve, from Rmb30m to Rmb100m (US\$16m). The province has also seen a jump in the number of domestic private equity funds setting up operations—reflecting more the preferential tax policies in the province than a developed financial infrastructure.

## Consumer profile

- Xinjiang's GDP per head, at around Rmb29,496 (US\$4,682) in 2011, remained well below the national average of Rmb35,083. The regional government aims to raise Xinjiang's GDP per head to the national average by 2015. Urban disposable income per head increased by 13.7% in 2011, to Rmb15,514, well below the national average of Rmb21,810.
- The bulk of Xinjiang's population still works in agriculture and animal husbandry. Family-business income accounts for around 71% of rural income, although this share is shrinking as wage income increases. Rural net income per head in 2011 averaged Rmb5,442, up by 17.2% year on year. As a result, the income ratio between urban and rural residents has narrowed to 2.85:1, which compares favourably with the national ratio of 3.13:1.
- Urban consumer expenditure per head increased by 16.1% to Rmb11,893 in 2011—considerably faster than the 9.3% growth seen in 2010. Overall, spending in urban areas accounted for 90.6% of retail sales. Total retail sales increased by 17.5%—or 11.8% in real terms—to Rmb155.7bn (or only 23.7% of GDP) in 2011. Private passenger-car ownership rose by 32% in 2011.
- Revenue from tourist arrivals (39.6m) reached Rmb44bn in 2011, representing a year-on-year increase of nearly 45%. A vibrant tourism sector is required to expand retail sales and create more employment, as the rising industries within the region are not labour-intensive.
- In early 2012 the regional government launched an aggressive programme to provide 400,000 new jobs before the end of the year. Around 10,000 unemployed graduates will be offered training in other provinces and cities this year, with priority given to ethnic Uighurs. Xinjiang raised its minimum monthly wage by around 17-24% in June 2011 to a range of Rmb620-960.
- Sales of gold and silver jewellery rose by 68.3% in 2011, reflecting improved spending power. Other high-growth sales categories included household appliances (36.9%) and furniture (29.2%). New shopping centres are being developed in several cities across the province, including Bortala.





## National and provincial initiatives

	Plan	Includes	Purpose
National	"Go West" or "Great Western Development Strategy" ( <i>Xibu dakaifa</i> )	Spending on physical and social infrastructure in order to attract investment; reduction of corporate tax from 25% to 15% and increased resource tax in 2010; launched in the early 2000s as an integral part of the Hu-Wen administration's effort to address income disparity in China.	To prevent further widening of wealth gap between the wealthy coastal provinces and the interior western region. The aim of resource tax reform is to raise local revenue by shifting tax on to the prices of resources (such as oil) rather than volume.
Provincial	New Xinjiang development package	Xinjiang and the bingtuan are given investment priority; government targets include doubling fixed-asset investment in the current five-year plan period (2011-15) from the previous period; corporate income tax waiver for enterprises operating in poor areas; and support for bank branch openings.	To introduce a basic medical and public health system by 2012; to bring Xinjiang's GDP per head to the national average by 2015; and to eliminate absolute poverty by 2020.
	Kashgar and Horgos (Korgas) economic development zones	Preferential investment and tax policies to transform the two border areas into key financial and manufacturing hubs; gives newly settled companies in 2010-20 a five-year exemption from corporate taxes. Kashgar is set to become a regional logistics centre and financial and trading hub. Horgos will develop chemicals, farm products, renewable energy, machinery and pharmaceutical industries. The zone plans to spend Rmb17bn on infrastructure construction in 2012-13.	To encourage enterprise development; the government aims to introduce 50 industrial enterprises to the Kashgar zone by 2015, and these are expected to provide employment for 5,000 people and generate output of Rmb2.5bn (US\$397m); to spur growth in the poorer areas of Xinjiang.
	Xinjiang Tianshan North Economic Zone	The national-level development zone aims to provide a logistics bridgehead between Xinjiang and Central Asia. Foreign investment in petrochemicals, chemicals, coal, machine parts and textiles is encouraged. Plan details were submitted for State Council approval in June 2011.	To spur growth in the poorer areas of Xinjiang.
	Xi'an-Horgos co-operation agreement	Customs and logistics co-operation between Xi'an International Trade & Logistics Park and Horgos Economic Development Zone.	To increase trade with central Asia and improve integration between Shaanxi and Xinjiang.
	Jiangsu-Xinjiang production co-operation	Signed an agreement with Jiangsu province to invest Rmb200bn (US\$39.7bn) in more than 150 projects in 2012. Most of this money will go to the natural gas industry in Ili prefecture; Jiangsu plans to invest Rmb180bn to obtain 260bn cu metres of gas annually by 2020.	To increase investment in Xinjiang and access to natural gas in Jiangsu.

## Industry

### Recent projects

	Company	Activities	Investment value
<b>Emerging sectors</b>			
Automotive	Shanghai Volkswagen (China)	Building a production factory with an annual output capacity of 50,000 vehicles; construction will be complete by 2016, while first-phase operations will commence in 2013. (Urumqi)	Rmb2bn (US\$317m)
Chemicals	Royal Dutch Shell (UK/Netherlands) and CNPC (China)	The companies have signed a framework agreement for joint exploration and development of shale gas fields. (Santanghu basin, Hami)	—
Chemicals	Hubei Yihua Chemical Industry (China)	A fertiliser facility with annual capacity of 1.2m tonnes of ammonia and 2m tonnes of urea; commenced operations in early 2012. (Zhudong district, Changji)	Rmb30bn (US\$4.8bn)
Chemicals	Guanghui New Energy (China)	Began pilot production in April 2012 at a plant with annual output capacity of 1.2m tonnes of methanol and 500m cu metres of liquefied natural gas. (Yiwu county, Hami)	Rmb11.1bn (US\$1.8bn)
Financial services	Export-Import Bank of China (China)	Opened a branch in Nov 2011. (Urumqi)	—
Metals	Baosteel (China)	Baosteel Group Xinjiang Bayi Iron & Steel (75% owned by Baosteel) plans to increase steel production capacity from 7m tonnes to 10m tonnes by 2012.	Rmb600m (US\$95m)
Minerals	China Guangdong Nuclear Power Group (China)	Developing a 500-tonne/year (t/y) uranium mine, with operations to start in 2013.	—
New materials	TBEA (China)	Building a Changji City Construction headquarters, to set up an research-and-development (R&D) and "green" high-end equipment manufacturing base. Scheduled to complete construction in July 2013. (Changji)	Rmb2bn (US\$317m)
Pharmaceuticals	Kelun Chuaning Biotech (China)	Subsidiary of Sichuan Kelun Pharmaceuticals setting up a production base for antibiotic intermediates in two phases; first phase to produce erythromycin thiocyanate and scheduled to be commissioned in October 2012; second phase to include three production lines of cephalosporin and scheduled to be put into operation in 2014; will reach annual output of 13,800 tonnes, labelled by local media as the largest facility of its kind. (Yining city, Ili Kazak autonomous prefecture)	Rmb4.9bn (US\$778m)
Power	Huaneng (China)	Building two 600-mw power generators in Turpan; operations to start at the end of 2012.	Rmb4.8bn (US\$762m)
Power	Huaneng (China)	Thermal-power plant to transmit electricity to areas in eastern China. (Hami Industrial Park, Hami)	Rmb6bn (US\$952m)
Power	Huadian (China)	Plans to build 15 gw of power-generating capacity and 6bn cu metre coal-to-gas capacity.	Rmb100bn (US\$16bn) by 2020
Renewable energy	China Power Investment Corp (China)	Solar-power generation station producing 20 mw by 2012, 100 mw by 2015 and 400 mw by 2020. (Hotan)	Rmb300m (US\$47.6m)
Renewable energy	Hanergy (China)	Construction began on 2-gw solar power project in Aug 2012.	Rmb30bn (US\$4.7)
Renewable energy	Guodian (China)	Thermal-power plant producing 3bn kwh will be put into operation in 2012; to reach full capacity in 2013. (Kuqa county, Aksu)	Rmb2.8bn (US\$444m)
Renewable energy	Xinjiang Tianfu Thermolectric (China)	Announced plans to build waste incineration power plant with annual generation capacity of 70m kwh. (Shihezi)	Rmb380m (US\$60m)
Retail	Chongqing Runtai Chuangye Company (China)	Developing an automotive logistics, services and sales centre; will be completed by 2016. (Wujiaqu)	Rmb6bn (US\$943m)

## Recent projects

	Company	Activities	Investment value
<b>Major sectors</b>			
Agriculture	COFCO (China)	Plans to invest Rmb10bn in expansion of food production facilities in Xinjiang by 2015.	Rmb10bn (US\$1.6bn)
Building materials	Jiangxi Huifung Group (China)	Developing Karamay International Home Building Materials City (a commercial centre) in three phases between 2012 and 2019.	Rmb6bn (US\$952m)
Coal	Xinjiang Qinghua Energy Group (China)	Base producing 5.5bn cu metres of coal gas per year when opened in 2013. (Yining county city, Ili Kazak)	Rmb27.8bn (US\$4.4bn)
Coal	Shenhua (China)	Plans to build a coal-to-oil base with annual production capacity of 3m tonnes; construction to begin in 2012.	Rmb52bn (US\$8.3bn)
Coal	Peabody Energy (US)	Signed an agreement in July 2011 to develop coal resources in Xinjiang. The company's CEO visited the region in 2012 to discuss project details.	-
Coal	Sinopec (China)	Announced plans in Apr 2012 to build a coal-to-gas base, capable of producing 30bn cu metres/year; to be completed in 2015. (Urumqi)	Rmb70bn (US\$11.1bn)
Energy	Xinwen Mining (China)	To start producing 200,000 t/y of synthetic natural gas in Oct 2012. (Yining county city, Ili Kazak)	—
Energy	CNPC (China)	Constructing a 2,500-km natural-gas pipeline network in southern Xinjiang, with completion by 2013.	Rmb6.2bn (US\$984m)
Energy	Huaneng (China)	Building a coal-to-gas facility, with annual output capacity of 4bn cu metres; operations are to commence in 2013. (Qitai county, Changji)	Rmb38bn (US\$6bn)
Food & beverage	Xinjiang Manwei International Investments (China)	Factory producing 80,000 tonnes of fruit juice and 45m bags of instant noodles will be completed by November 2014. (Aksu)	Rmb150m (US\$23.6m)
Logistics	Guangzhou city government (China)	Announced plans in August 2012 to develop a Guangzhou International Trade Logistics Park. When completed in 2016, the park will have warehouse capacity of 200,000, used to support Guangdong companies trading with Central Asia. (Kashgar)	Rmb3bn (US\$471.6m)
Steel	Shandong Iron and Steel (China)	Factory capable of producing 3m t/y of steel will be put into operation in October 2012. (Kashgar)	Rmb7.3bn (US\$1.16bn)

**Industrial structure** Oil, natural gas and oil-processing remain the backbone of Xinjiang's economy. However coal mining, coal liquefaction, coal gasification and coal chemical production are poised to play bigger roles in the economy as China taps coal resources more aggressively to meet projected increases in long-term energy demand. At the end of 2011 coal reserves estimated at 89.2bn tonnes were found in Sha'er Lake, in the north-west of the autonomous region. Xinjiang has an estimated 40% of China's coal reserves, and possibly the largest deposits in Asia. An exploitation plan is awaiting central approval.

Large enterprises (which are generally state-owned) dominate the regional economy, accounting for two-thirds of gross industrial output. However, the private sector has been growing strongly: private investment grew by 56.9% in 2011, compared with 45.3% in 2010, while industrial value added for small and medium-sized enterprises grew by 20.7%, compared with 11.4% overall. In May 2010 China's president, Hu Jintao, stressed the importance of the 2.6m-strong, quasi-military Xinjiang Production and Construction Corps (XPCC), generally referred to as the *bingtuan*, which is a strong contributor to the region's light industrial sector. The *bingtuan*, which comprises former frontier soldiers and their families, runs nearly 200 agricultural and stockbreeding farms and more than 4,000 industrial, construction, transport and commercial enterprises.

The region is an important agricultural base. Agricultural-product processing makes up the second pillar of the region's economy, alongside the exploitation of mineral resources. The primary sector accounts for 17.3% of GDP—twice the national average—and is an important provider of employment. The region's temperature, soil and precipitation promote the production of a wide range of crops, including cotton, tomatoes, hops and sugar beet. The acreage of land devoted to growing cotton is slowly shrinking.

### **Industrial trends**

Trade links between China and Central Asian countries are being strengthened through increased bilateral agreements and regional summits such as the Shanghai Co-operation Organisation. Xinjiang shares a border with several Central Asian countries: the region's trade with Kazakhstan accounts for nearly one-half of its total. Light industrial goods, such as footwear and tomato paste, account for a large share of exports. The Horgos (Korgas) economic development zone (in Ili Kazak autonomous prefecture) has been established to promote crossborder trade with Kazakhstan, and the Horgos International Border Co-operation Centre was launched in December 2011. The centre, which occupies a 5.3-sq-km area, offers visa-free access to visitors and crossborder drivers for a period of 30 days. Business and financial services, including hotel and convention facilities, are being made available. Enterprises setting up in the Kashgar and Horgos zones are eligible for a five-year income-tax exemption scheme, available until 2020. The government is encouraging the development of the garment industry, a relatively labour-intensive sector, as a way to promote employment. The provincial government aims for the sector to reach Rmb30bn (US\$4.8bn) in sales revenue by 2020.

The development of more substantial heavy industry in the region continues. Heavy industry grew by 11.6% in 2011, compared with 9.2% in the light industry sector. The China National Petroleum Corporation (CNPC), a state-owned oil giant, claims to have invested more than Rmb300bn (US\$47.6bn) in Xinjiang—a huge sum, given that the region's GDP amounted to just around Rmb657bn in 2011. CNPC is planning to increase production at the Tarim basin from 20m tonnes of oil equivalent (toe) in 2010 to 30m toe by 2015. New oil fields were discovered in 2010, adding to the estimated 8.6bn tonnes and 2.1trn cu metres of oil and gas reserves in the Junggar basin. As with many other state-owned enterprises, CNPC plans to step up its investment in the region in the years to 2020. Rather than just extracting and exporting mineral resources, the company is adding more processing capacity. It is constructing a fertiliser production facility, for example. Following the discovery of 60m tonnes of potassium sulphate reserves in 2010, Xinjiang has announced plans to establish the world's largest potash fertiliser production base. Hubei Yihua Chemical Industry kicked off operations at its Rmb30bn urea fertiliser facility in its Zhundong industrial park in 2012.

Estimated reserves of other minerals—from coal to iron ore—have risen. In particular, Xinjiang has increased its gold output for the past eight years, contributing substantially to China becoming the world's largest gold producer. In the past few years, as coal prices rose with demand, Xinjiang's huge coal reserves began to attract investment from large users of the fuel, ranging from steelmakers, such as Baosteel, to power producers, such as Huaneng. Coal production is beginning to see significant increases and around 120 tonnes of raw coal was produced in 2011. The construction of a passenger-dedicated Lanxin (Lanzhou-Xinjiang) railway will allow a much larger quantity of coal to be transported on the existing Lanxin line, helping to ease a significant bottleneck in the industry's development. Xinjiang is building railways at a much more rapid pace than highways, but more infrastructure investment is required, as the region's natural resources are in a vast hinterland. A number of new steel projects are under development, with total steel capacity expected to exceed 50m tonnes by 2015, well over the government's target of 32m tonnes; many of these are *bingtuan* projects.

After hosting the first China-Eurasia Expo in September 2011, local officials are hopeful that the provincial capital, Urumqi, will experience a services boom. A number of domestic enterprises have reportedly expressed interest in investing in the region. Investments by both domestic and foreign companies in trade, hotels and other services are anticipated, to take advantage of Urumqi's strategic position.

## Infrastructure

### Recent projects

	Type	Link	Completion
Recently completed	Energy	Central Asia-Urumqi natural-gas pipeline	2010
	Road	Hami-Linhe (Inner Mongolia) highway	2010
	Power	Integrated 220-kv power grid is connected with 750-kv north-western grid	2010
	Rail	Lianyungang-Horgos freight line started operation	2011
	Air	Yining Airport's handling capacity expanded to 1.5m people with new terminal	2011
Due for completion	Road	Karakoram highway upgrade (China will assist Pakistan in upgrading a 335-km section on Pakistan's side of the border)	2012
	Power	Second-phase development of Mayitasi wind farm (Tacheng), with 49.5-mw capacity	2012
	Rail	A Lanzhou-Urumqi high-speed passenger line is under construction, parallel with the existing Lanxin Railway, which will be converted to freight only	2013
	Rail	Korla-Turpan railway	2013
	Energy	Third west-east gas pipeline from Korgas to Guangdong	2013
	Power	800-kv ultra-high-voltage (UHV) power line from Xinjiang to Henan	2014
	Power	800-kv UHV power line from Xinjiang to Chongqing	2015
	Power	State Grid has promised Rmb4.2bn in investment in 2011-15 to provide power to areas with no connection at present	2015
	Power	1,100-kv electricity transmission line from Xinjiang to Chengdu	2015
	Road	Lianyungang-Horgos highway, passing through six provinces, is half-completed, with construction continuing in Shaanxi, Gansu and Xinjiang	-

## Politics

Position	Name	Age	Native province	Previous position
Party secretary	Zhang Chunxian	59	Henan	Party secretary of Hunan
Chairman	Nur Bekri	51	Xinjiang	Deputy party secretary of Xinjiang

Only three men have held the position of Chinese Communist Party secretary of Xinjiang since 1985: Song Hanliang (1985-95), Wang Lequan (1995-2010) and Zhang Chunxian (2010-present). Mr Zhang was transferred from Hunan, where he was party secretary, to replace Mr Wang, who was demoted to deputy secretary of the Central Committee's political and legislative affairs committee. The Politburo member was perceived to have failed to protect the region's Han Chinese during the riots of July 2009, regarded as the worst ethnic violence the country has seen since the Cultural Revolution.

Mr Zhang has a reputation as a good communicator, and was the first senior party leader to launch a personal microblog, during the March 2011 meeting of the National People's Congress. The region's chairman (the equivalent of provincial governor for an autonomous region), Nur Bekri, observed at the time that the first thing Mr Zhang did on becoming party secretary was to restore Internet access, because "he believed the Internet was good for hearing public opinions and improving our work". Improving relations with minorities in the region will be an important part of Mr Zhang's role, as the focus shifts to spurring growth.

Hu Jintao has stressed that the economic and social development of the region is of urgent strategic importance. Xinjiang borders eight countries: Mongolia, Russia, Kazakhstan, the Kyrgyz Republic, Tajikistan, Afghanistan, Pakistan and India. Extensive energy resources and economic links with Central Asia make shutting down the region much more costly than in the past. Mr Zhang's background is well suited to improving infrastructure links: he served as China's transport minister in 2002-05.

Nur Bekri, an ethnic Uighur, has not shied away from cracking down on the "three forces"—terrorism, separatism and extremism. He was reported to have said that the "foundation to maintain stability" was weak, and a number of website managers have been charged with sharing information on ethnic unrest. The number of municipalities and provinces mandated to provide "counterparty support" for Xinjiang's development rose from eight in 1996 to 19 in 2010, with the central government and other provinces committing Rmb13bn (US\$2bn, or around one-third of Xinjiang's fiscal revenue) to support the region's development.

## Provincial cities

### Key city data, 2010

	Population <sup>a</sup> (m)	Metropolitan population <sup>a</sup> (m)	GDP per head <sup>a</sup> (Rmb)	Annual wages (Rmb)	Income per head (Rmb)	Exports (US\$ m)	Utilised FDI (US\$ m)
Karamay	n/a	0.4	n/a	42,767	17,295	255	n/a
Shihezi	n/a	n/a	n/a	32,221	15,043	440	n/a
Urumqi	3.3	2.7	39,566	41,529	14,382	4,437	130
Turpan	n/a	n/a	n/a	37,757	14,189	7	n/a
Bayangol Mongol	n/a	n/a	n/a	31,468	13,809	108	n/a
Aksu	n/a	n/a	n/a	28,421	13,676	257	n/a
Changji Hui	n/a	n/a	n/a	32,196	13,589	1,917	n/a
Hami	n/a	n/a	n/a	33,040	13,372	18	4
Ili Kazak	n/a	n/a	n/a	24,935	13,238	4,217	47
Hotan	n/a	n/a	n/a	31,743	12,743	7	n/a
Kizilsu Kirgiz	n/a	n/a	n/a	30,957	8,800	54	n/a
Kashgar	n/a	n/a	n/a	31,108	n/a	892	n/a
Bortala Mongol	n/a	n/a	n/a	25,157	n/a	361	n/a
Altay	n/a	n/a	n/a	23,976	n/a	680	n/a
Tacheng	n/a	n/a	n/a	23,583	n/a	531	n/a

<sup>a</sup> Economist Intelligence Unit estimates.

Source: *Xinjiang Statistical Yearbook 2011*.



## Forecast summary

	2011	2012	2013	2014	2015	2016
<b>GDP</b>						
Nominal GDP (Rmb bn)	657.5	748.0	865.8	998.0	1,136.6	1,282.8
Real GDP growth (%)	12.0	11.1	11.9	11.4	10.5	9.4
<b>Expenditure on GDP (Rmb bn)</b>						
Private consumption	192.8	222.4	254.6	289.2	324.8	364.9
Government consumption	168.0	193.0	224.8	262.4	306.9	354.6
Gross fixed investment	425.2	495.1	578.9	669.0	764.1	864.3
Stockbuilding	9.3	7.7	8.4	9.1	6.1	3.3
Foreign balance	-137.7	-170.1	-201.0	-231.6	-265.2	-304.3
<b>Population and income</b>						
Population (m)	21.9	22.2	22.5	22.8	23.1	23.4
GDP per head (Rmb)	30,087	33,747	38,521	43,810	49,252	54,894
Real wages (% change, year on year)	10.0	9.6	8.4	8.3	8.9	8.3
<b>Prices</b>						
Consumer prices (av; % change)	5.9	3.5	4.8	4.4	3.4	3.7
Producer prices (av; % change)	14.8	2.0	4.5	2.2	4.2	4.7
<b>Foreign investment (US\$ bn)</b>						
FDI utilised	0.3	0.4	0.4	0.4	0.4	0.5
<b>External trade (US\$ bn)</b>						
Exports (by location of producer)	13.9	13.9	15.4	17.1	18.7	20.5
Imports (by location of consumer)	16.1	17.8	20.7	23.6	26.3	29.3

Source: Economist Intelligence Unit.

## Annual Data

	2005	2006	2007	2008	2009	2010
<b>Expenditure per head (Rmb)</b>						
Urban	6,207.5	6,730.0	7,874.3	8,669.4	9,327.6	10,197.1
Food	2,257.4	2,387.0	2,760.7	3,235.8	3,386.3	3,694.8
Healthcare & medical services	499.2	472.4	598.8	643.5	684.0	708.2
Transport & communications	757.1	765.7	890.3	1,003.9	1,198.7	1,225.9
Culture, education and recreation services	741.4	819.7	896.8	812.4	855.5	1,012.4
Rural	1,924.4	2,032.4	2,350.6	2,691.8	2,950.6	3,457.9
Food	476.1	494.5	939.0	1,140.3	1,225.9	850.1
Healthcare & medical services	169.3	189.7	210.7	244.6	316.6	315.7
Transport & communications	183.0	209.5	234.7	276.3	319.4	382.1
Culture, education & recreation services	159.3	157.0	166.3	169.0	158.1	170.2
<b>Ownership (Units per 100 households)</b>						
Urban						
Cars	2.8	2.1	1.8	4.6	7.6	8.6
Refrigerators	79.7	82.7	88.3	87.5	89.8	90.2
Colour televisions	105.7	108.0	105.3	104.5	104.6	105.6
Personal computers	23.9	28.7	34.7	41.3	45.2	47.7
Mobile Telephones	108.6	126.6	140.1	144.4	154.5	159.8
Rural						
Cars	0.5	0.3	–	–	–	–
Refrigerators	20.1	25.1	28.3	30.3	36.3	43.5
Colour televisions	61.8	68.3	76.3	77.0	83.6	89.9
Personal computers	–	0.3	0.4	1.1	1.7	2.9
Mobile Telephones	21.3	29.3	42.2	54.0	73.4	84.3
<b>Domestic investment by sector (Rmb bn)</b>						
Mining	29.4	37.5	45.5	49.8	50.9	61.1
Production & supply of electricity, gas & water	6.5	7.7	12.1	19.7	30.6	39.5
Construction	1.5	1.9	2.0	2.8	2.9	3.5
Transport, storage & post	21.2	18.3	16.9	24.7	34.0	41.6
Hotels & catering services	1.2	1.6	1.2	1.0	1.3	1.4
Banking & insurance (Financial Intermediation)	0.5	0.4	0.4	0.5	0.5	0.7
Real estate	14.8	22.7	25.8	34.9	41.3	63.2
Education	3.1	2.9	2.9	3.2	6.8	5.7
Health, social security & social welfare	1.6	1.8	1.5	1.7	2.8	3.1
<b>Sectoral trends</b>						
Building area under construction: Residential						
(m, sq metre)	44.6	56.9	59.2	59.4	63.4	76.4
Energy consumption: Total (m, tonnes SCE)	55.1	60.5	65.8	70.7	75.3	–
Retail trade: Cosmetics (Rmb bn)	0.3	0.3	0.4	0.6	0.7	0.8
<b>Income (Rmb)</b>						
Urban disposable income per head	7,990	8,871	10,313	11,432	12,258	13,644
Highest 20%	15,617	17,216	19,682	23,030	25,479	28,410
Rural net income per head	2,482	2,737	3,183	3,503	3,883	4,643
Highest 20%	6,156	7,005	7,233	7,960	8,824	10,550

Source: National Bureau of Statistics.

**GDP growth in comparable provinces**

(%)

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Xinjiang	12.2	11.0	8.1	10.6	12.0	11.1	11.9	11.4	10.5	9.4
Inner Mongolia	19.2	17.8	16.9	15.0	14.3	12.5	12.3	11.4	10.6	9.8
Tibet	14.0	10.1	12.4	12.3	12.6	11.6	12.5	11.3	10.7	9.7
Av of all provinces	14.6	12.0	11.6	13.1	11.7	10.3	10.7	10.0	9.5	8.8

Note. Provinces are compared with two others either in the same region or with similar development indicators.