The Shanxi Province of China:
A Short Introduction

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Shanxi Province

- Shanxi:
  - Chinese meaning: west of the mountain (Taihang Mountain)
  - Cradle of Chinese civilization (history of 3,000 years)
## Shanxi Province Overview

- **Capital:** Taiyuan
- **Area:** 156,000km²
- **Population:** 36.5 million
- **GDP:** USD200 billion
- **GDP growth rate:** 3.1%
- **GDP per capita:** USD5,300

*Source: HSBC Jintrust*
Shanxi Merchants

- Shanxi merchants: a historical phenomenon
  - Time period: Song Dynasty to the Tsing Dynasty
  - “Silk Road” trade route

- Pingyao: the Chinese Wall Street in the late 19th century
  - The financial center of China in the late Tsing Dynasty
  - Rishengchang, the first Piaohao (bank) in China
Natural Resources

- Coal
  - 277 billion tons of deposits
  - About a third of China’s total

- Aluminum
  - 1.4 billion tons of deposits
  - About 40% of China’s total

- 68 types of minerals

*Source: HSBC Jintrust*
Heavy industries

- Coal and chemical production
  - 6 coal producers among Fortune 500
  - Half of the largest 10 Chinese coal producers are in Shanxi

- Steel
  - Largest stainless steel manufacturer in the world

- Metal refining

- Power generation

"Source: HSBC Jintrust"
Challenge and Solution

- Prices of coal and other minerals have declined significantly in the past few years
- Shanxi’s GDP growth slumped to 3.1% in 2015, the lowest in the past two decades
- Shanxi’s economy centers around heavy industries and therefore is hit hard by the economic transition
- Supply-side reform aims to cut down over-capacity and to build infrastructure for new engines (e.g., tourism)

“Source: HSBC Jintrust”
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