

China

Private Sector Assessment

A Preliminary Scoping Study

The primary objective of the study is to provide a broad-based overview of the private sector in China as a stakeholder in combating modern slavery in the country

The Mekong Club

The Mekong Club is a catalyst for change – engaging, inspiring and supporting the private sector to eradicate slavery from their business. Given that the majority of modern-day slavery exists in the private sector, these companies are ideally placed to help turn the tide of this global epidemic.

The only organisation of its kind, The Mekong Club steers away from the approach taken by other players in this space, which is to ‘name and shame’ companies – ousting bad behaviour or issues related to this subject. Instead, we believe in starting and ending with collaboration.

In fact, The Mekong Club originally formed as a direct response to the growing number of companies looking to develop strategies to address forced labour risk through a professional forum. Divided into industry-specific working groups, these networks meet regularly to learn, share best practices, and network with other like-minded professionals. Member companies also work together to achieve an annual deliverable which will work towards producing tangible results in the fight against forced labour.

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2. Objectives of the Study

The primary objective of the study is to provide a broad-based overview of the private sector as a stakeholder in combating modern slavery in the country. More specifically the study aims to generate a knowledge base from which The Mekong Club can approach the private sector in order to create awareness and offer cooperative solutions for the eradication of modern slavery in corporate supply chains; the core focus of the Mekong Club’s mission. The following secondary objectives specify the details of the data that need to be gathered in order to fulfil the scope of the study:

- Give an overview of the demographic landscape and economic conditions in China
- Detail the characteristics of the labour force in China by looking at factors such as size, average income, distribution, key issues
- Provide a detailed analysis of the private sector in terms of size of industries, number of workers and key players
- Provide in-depth reports on the Banking/finance, Manufacturing, Construction, Agriculture and Retail and hospitality industries
- Identify the current state of modern slavery in China



3. Definition of Terms

Throughout the report the following definitions will apply to the use of the terms human trafficking, forced labour, bonded labour and contract slavery, as specified by The Mekong Club.

HUMAN TRAFFICKING	FORCED LABOUR	BONDED LABOUR AND CONTRACT SLAVERY
<p>An act (1) carried out by a third party, through different means (2), for the purpose of exploitation (3).</p> <p>For children under age 18 it is sufficient to demonstrate the act of moving a child for the purpose of exploitation.</p>	<p>All work or service which is extracted from any person under the menace of any penalty and for which the person has not offered themselves voluntarily.</p>	<p>Bonded labour begins when a worker borrows money from an employer and commits themselves to work for the employer in return.</p> <p>Contract slavery involves deceiving or illegal contracts signed by victims who cannot understand them, and used to justify forced labour.</p>
<p>1. Act of:</p> <ul style="list-style-type: none">• Recruitment• Transportation• Transfer• Harboring• Receipt <p>2. By means of:</p> <ul style="list-style-type: none">• Threat• Force or coercion• Abduction• Fraud• Deception• Abuse of power• Abuse of vulnerability <p>3. For the purpose of:</p> <ul style="list-style-type: none">• Exploitation• Slavery or similar practices• Servitude• Prostitution• Removal of organs• Forced labour and service	<p>Threat of penalty</p> <ul style="list-style-type: none">• Physical and/or sexual violence.• Imprisonment or physical confinement.• Withholding of wages, unreasonable fees or financial penalties.• Withholding of identity documents.• Unfair dismissal or exclusion from future employment.• Deprivation of food or shelter.• Exclusion from community, social life or denunciation to community/family.• Intimidation and other threats. <p>Lack of Valid Consent</p> <ul style="list-style-type: none">• Worker deceived about the wages they would receive.• Worker cannot leave employment as they must remain for an undefined period to repay debts to employer.• Worker made to work by family.• Deception or fraud during recruitment stages.	<p>Common features of Bonded Labour</p> <ul style="list-style-type: none">• The employer manipulates interest rates or charges excessive rates.• The employer imposes high charges for food, accommodation, transportation, or tools.• The employer charges workers for shortfalls in business output or days missed due to worker sickness. <p>Common features of Contract Slavery</p> <ul style="list-style-type: none">• Contracts are in a language the victim does not understand.• Contracts are presented to victims who cannot read.• Victim is told fines and penalties will follow if he breaks the contract.
<p>HUMAN TRAFFICKING emphasizes the movement of victims</p>	<p>FORCED LABOUR is often a consequence of human trafficking and emphasizes the exploitative condition the victim suffers</p>	<p>BONDED LABOUR CONTRACT SLAVERY are two forms of forced labour</p>

4. Demographic Overview & Key Social Trends

4.1. Population Distribution

The total population of China was estimated at 1,382 billion in 2016¹ and projected to reach 1.42 billion in 2018², making it the world's biggest country by population. Population density measured at 147 per square kilometre. The population is skewed towards males which make up 51.21% of the total population. China's rural population was estimated at 42.65% in 2016³.

Population Distribution by Gender and Location in 2016

	2016
Total	1 382 710 000
Male	708 150 000 (51.21%)
Female	647 560 000 (48.79%)
Urban	792 890 000 (57.25%)
Rural	589 730 000 (42.56%)

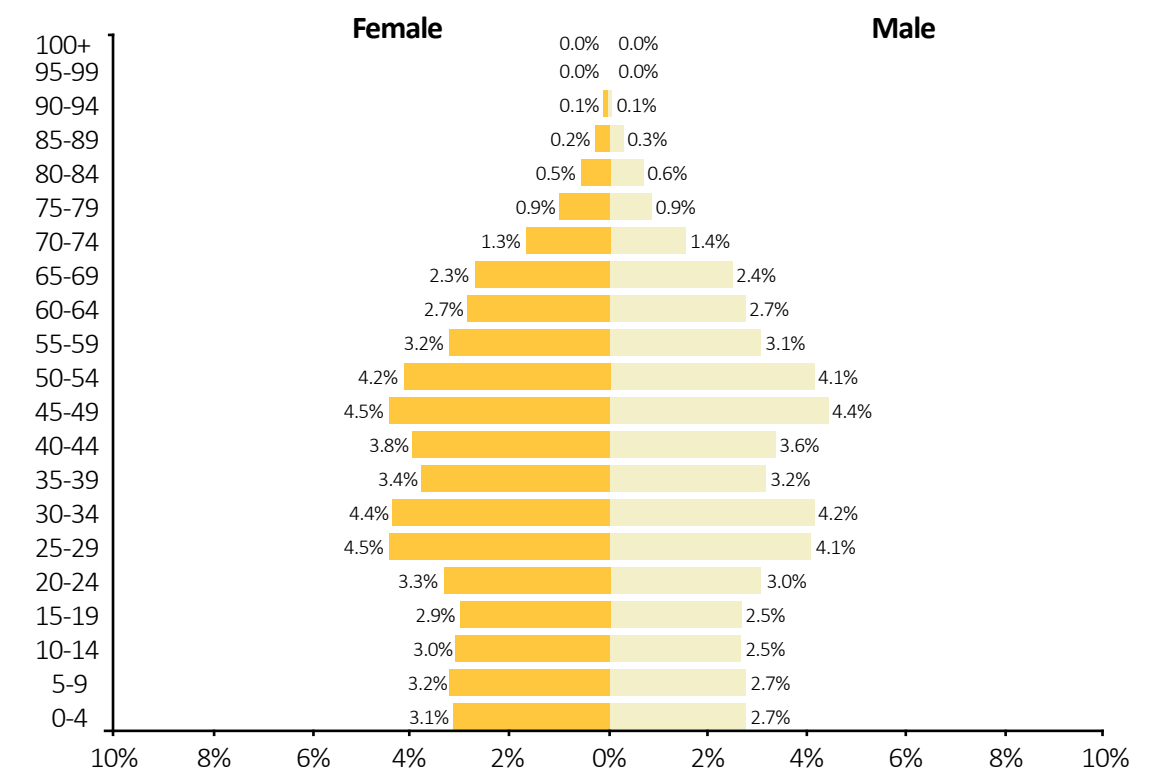
The population is distributed as follow across the country:

Geographic Population Distribution(Thousands)⁴

	2016		2016
Beijing	15 380	Henan	93 800
Tianjin	10 430	Hubei	57 100
Hebei	68 510	Hunan	63 280
Shanxi	33 550	Guangdong	91 940
Inner Mongolia	24 030	Chongqing	27 980
Liaoning	42 210	Sichuan	88 120
Jilin	27 160	Guizhou	37 300
Heilongjiang	38 200	Yunnan	44 500
Shanghai	18 900	Tibet	2 800
Jiangsu	75 880	Shaanxi	36 900
Zhejiang	49 910	Gansu	25 450
Anhui	61 200	Qinghai	5 430
Fujian	35 570	Ningxia	5 960
Jiangxi	43 110	Xinjiang	20 100
Shandong	92 480		

China's population distribution by age shows the impact of the one-child policy in the past. Currently the population is divided as follows: the youth (0-14) constitutes 16.7% of the population, the economically active (15-64) 72.5% of the population and the elderly (65+) 10.8 % of the population. The gross dependency ratio stands at 37%.

Population Pyramid 2016⁵



- <http://www.stats.gov.cn/tjsj/ndsj/2017/indexeh.htm>
- <http://worldpopulationreview.com/countries/china-population/>
- <http://www.stats.gov.cn/tjsj/ndsj/2017/indexeh.htm>
- <http://www.stats.gov.cn/tjsj/ndsj/2017/indexeh.htm>
- <https://www.populationpyramid.net/china/2018/>

4.2. Social Indicators

4.2.1. Human Development Index (HDI)

According to the UNDP Human Development Report of 2016⁶, “China’s HDI value for 2015 is 0.738—which put the country in the high human development category—positioning it at 90 out of 188 countries and territories.” The Human Development Index (HDI) is a statistic measuring human development based on life expectancy, education, and per capita income indicators⁷.

China’s HDI Value and component measures compared to countries in the region⁸

	HDI Value	HDI Rank	Life Expectancy at birth	Expected years of schooling	Mean Years of Schooling	GNI Per Capita (PPP USD)	IHDI Value
China	0.738	90	76	13.5	7.6	13,345	NA
Japan	0.903	17	83.7	15.3	12.5	37,268	0.791
Korea	0.901	18	82.1	16.6	12.5	34,541	0.754
Vietnam	0.683	115	75.9	12.6	8	5,335	0.562
Philippines	0.682	116	68.3	11.7	9.3	8,395	0.556
Thailand	0.740	87	74.6	13.6	7.9	14,519	0.586
Indonesia	0.689	113	69	12.9	7.9	10,053	0.563
China	0.738	90	76	13.5	7.6	13,345	**
Malaysia	0.789	59	74.9	13.1	10.1	24,620	**
Cambodia	0.563	143	68	10.9	4.7	3,095	0.436
Myanmar	-	-	-	-	-	-	
East Asia & Pacific	0.720	-	74.2	3,423	0.617	12,125	0.581
Medium HDI	0.631	-	68.6	4,314	0.655	6,281	0.469

4.3.2. Poverty Rate

China has managed to reduce its poverty rate, as it is “projecting its extreme poverty rate to fall below one percent in 2018, based on the international poverty line of purchasing power parity (PPP) US\$1.90 per day⁹.”

6. [UNDP: Human Development Reports – Japan](#)

7. [Wikipedia](#)

8. <http://hdr.undp.org/en/2016-report>

9. <http://en.people.cn/n3/2018/0305/c90000-9433193.html>

5. The Labour force

5.1. Employment and Income

5.1.1. Employment Distribution

According to the China Statistical Yearbook 2017, the labour force, aged 15+ stood at 806 million. Of the labour force 776 million were employed. GDP contribution per Industry are broken down as follows for 2016: Primary (Agriculture, etc.) 8.6%, Secondary (Mining, manufacturing, etc.) 39.8% and Tertiary (Service) 51.6%¹⁰

Gross Domestic Product by Type of Economic Activity (2015)¹¹

	2014	2015	2016
Agricultural, forestry and fishing	9.3	9.1	8.9
Industry	36.3	34.3	33.3
Construction	7	6.8	6.7
Wholesale and retail trade	9.7	9.6	9.6
Transportation, storage and postal activities	4.4	4.4	4.5
Hotels and catering	1.7	1.8	1.8
Financial intermediation	7.2	8.4	8.3
Real estate activities	5.9	6.7	6.5
Other service activities	18.4	9.5	20.5

5.1.2. Income

Wages in China increased to 74318 CNY/Year in 2017 from 68993 CNY/Year in 2016. Wages in China averaged 10744.45 CNY/Year from 1952 until 2017¹².

The highest salaries are paid in the information and communication, finance and insurance and scientific research fields, as well as utilities.

10,11. <http://www.stats.gov.cn/tjsj/nds/2017/indexeh.htm>

12. <https://tradingeconomics.com/china/wages>

Average Income per month by Occupation (2016)¹³

	YUAN
Total	67,596
Agriculture, Forestry and related	33,612
Mining and quarrying of stone and gravel	60,544
Construction	52,082
Manufacturing	59,470
Electricity, gas, heat supply and water	83 863
Information and communications, IT, Software	122 478
Transport and postal activities	73 650
Wholesale and retail trade	65 061
Financial Intermediation	117 418
Real estate and goods rental and leasing	65 497
Scientific research, professional and technical services	96 638
Accommodations, eating and drinking services	43 382
Services to households and Repair	47 577
Education, learning support	74 498
Medical, health care and welfare	80 056
Culture sports and entertainment	79 875
Public management, social service and social organisation	70 959

13. <http://www.stats.gov.cn/tjsj/ndsj/2017/indexeh.htm>Average income per province in Yuan (2016)¹⁴

	Average income
Shanghai	119 935
Beijing	119 928
Tibet	103 232
Tianjin	86 305
Zhejiang	73 326
Guangdong	72 326
Jiangsu	67 569
Average	67 569
Qinghai	66 589
Guizhou	66 276
Ningxia	65 570
Chongqing	65 545
Sichuan	63 926
Xinjiang	63 739
Shandong	62 539
Fujian	61 973
Hainan	61 663
Inner Mongolia	61 067
Yunnan	60 450
Hubei	59 831
Shaanxi	59 637
Anhui	59 102
Hunan	58 241
Guangxi	57 878
Gansu	57 575
Jiangxi	56 136
Jilin	56 098
Liaoning	56 015

14. <http://www.stats.gov.cn/tjsj/ndsj/2017/indexeh.htm>

Hebei	55 334
Shanxi	53 705
Heilongjiang	52 432
Country average	49 505

5.2. Gender Gap

Gender inequality continues to be embedded in Chinese society, with some sources claiming it is on the increase¹⁵. According to a World Economic Forum report, China ranked 100th, out of 145 countries measured on its Gender Gap index in 2017 ¹⁶. China has been slipping down the index for nine consecutive years since 2008, when it ranked 57th.¹⁷

5.3. Minimum Wage

Compared to the rest of Asia, China’s current minimum wage structure ranks at the lower end of the industrialised countries in Asia.

Comparative Minimum Wages in Selected Countries in Asia(As of 30 June 2017)¹⁸

Country/City	Daily Minimum Wage		Monthly Minimum Wage		Exchange Rate Per US\$1*
	In Country Currency	In US\$	In Country Currency	In US\$	
Bangladesh (Taka)	176.67 ^{b/}	2.23	5,300.00 ^{1/}	66.88	79.2430
Mongolia (Tugrik)	6,400.00 ^{a/}	2.73	192,000.00 ^{2/}	81.95	2,342.8400
Myanmar (Kyat)	3,600.00 ^{a/}	2.68	108,000.00 ^{3/}	80.32	1,344.6100
Lao PDR (Kip)	30,000.00 ^{a/}	3.71	900,000.00 ^{4/}	111.39	8,079.9800
Pakistan (Rupee)	333.33-400.00 ^{a/}	3.22-3.86	10,000.00-12,000.00 ^{5/}	96.62-115.95	103.4940
Cambodia (Cambodia Riel)	18,666.67 ^{a/}	4.67	560,000.00 ^{6/}	140.00	4,000.0000
Vietnam (Region I & II Dong)	103,333.33-116,666.67 ^{a/}	4.60-5.20	3,100,000.00-3,500,000.00 ^{7/}	138.07-155.89	22,452.4000
Philippines/XI (Peso)	340.00 ^{8/}	6.74	10,200.00 ^{b/}	202.20	50.4451

Philippines/VII (Peso)	308.00-366.00 ^{9/}	6.11-7.26	9,240.00-10,980.00 ^{b/}	183.17-217.66	50.4451
Philippines/III (Peso)	329.00-380.00 ^{10/}	6.52-7.53	9,870.00-11,400.00 ^{b/}	195.66-225.99	50.4451
Philippines/IV-A (Peso)	293.00-378.50 ^{11/}	5.81-7.50	8,790.00-11,355.00 ^{b/}	174.25-225.10	50.4451
Indonesia (Jakarta-Jawa-Timur-Surabaya) (Rupiah)	38,333.33-103,333.33 ^{a/}	2.88-7.77	1,150,000.00-3,100,000.00 ^{12/}	86.52-233.23	13,291.8000
Malaysia (Ringgit)	30.67-33.33 ^{a/}	7.14-7.76	920.00-1,000.00 ^{13/}	214.23-232.86	4.2944
Thailand (Baht)	300.00 ^{14/}	8.84	9,000.00 ^{b/}	265.29	33.9245
Philippines/NCR (Peso)	454.00-491.00 ^{15/}	9.00-9.73	13,620.00-14,730.00 ^{b/}	270.00-292.00	50.4451
China (Yuan Renminbi)	33.33-73.00 ^{a/}	4.90-10.73	1,000.00-2,190.00 ^{16/}	147.04-322.02	6.8008
Taiwan (Taiwan Dollar)	920.00 ^{17/}	30.25	27,600.00 ^{b/}	907.54	30.4120
Hongkong (\$HK)	260.00 ^{18/}	33.32	7,800.00 ^{b/}	999.70	7.8024
South Korea (Won)	51,760.00 ^{19/}	45.37	1,552,800.00 ^{b/}	1,360.99	1,140.9300
Japan (Japan Yen)	5,424.00-7,280.00 ^{20/}	48.36-64.90	162,720.00-218,400.00 ^{b/}	1,450.66-1,947.04	112.1700
New Zealand (New Zealand Dollar)	97.60-122.00 ^{21/}	71.19-88.99	2,928.00-3,660.00 ^{b/}	2,135.67-2,669.58	1.3710
Australia (Australian Dollar)	141.60 ^{22/}	107.73	4,248.00 ^{b/}	3,231.97	1.3144

*For more full details of how the wages are determined see: <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Manufacturing/gx-global-mfg-competitiveness-index-2016.pdf>

15, 17 <https://www.hrw.org/news/2017/11/05/china-needs-stop-growing-gender-gap>
16. http://www3.weforum.org/docs/WEF_GGGR_2017.pdf
18. http://www.nwpc.dole.gov.ph/pages/statistics/stat_comparative.html

5.4. Competitiveness

According to the Deloitte Global Manufacturing Competitiveness Index¹⁹, as measured on 500 survey responses from senior manufacturing executives around the world, China ranks 1st out of a sample of 40 manufacturing countries (see below).

Deloitte Global Manufacturing Competitiveness Index 2016

Rank	Country	Index
1	China	100
2	United States	99.5
3	Germany	93.9
4	Japan	80.4
5	South Korea	76.7
6	United Kingdom	75.8
7	Taiwan	72.9
8	Mexico	69.5
9	Canada	68.7
10	Singapore	68.4
11	India	67.2
12	Switzerland	63.6
13	Sweden	62.1
14	Thailand	60.4
15	Poland	59.1
16	Turkey	59.0
17	Malaysia	59.0
18	Vietnam	56.6
19	Indonesia	55.8
20	Netherland	55.7

Rank	Country	Index
21	Australia	55.5
22	France	55.5
23	Czech Republic	55.3
24	Finland	52.5
25	Spain	50.6
26	Belgium	48.3
27	South Africa	48.1
28	Italy	46.5
29	Brazil	46.2
30	United Arab Emirates	45.4
31	Ireland	44.7
32	Russia	43.9
33	Romania	42.8
34	Saudi Arabia	39.2
35	Portugal	37.9
36	Colombia	35.7
37	Egypt	29.2
38	Nigeria	23.1
39	Argentina	22.9
40	Greece	10.0

For a detailed discussion of the Index see:

<https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Manufacturing/gx-global-mfg-competitiveness-index-2016.pdf>

19. <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Manufacturing/gx-global-mfg-competitiveness-index-2016.pdf>

6. Economic Outlook

According to the KPMG China Outlook 2018 report²⁰ there are several key factors that will determine the economic outlook for China in 2018. The main points of the report are as follows:

The implementation of President Xi's 'new vision of development', the emergence of a 'new economic cycle' in China, and the implementation of a 'new paradigm of globalization' which is being advanced by the Chinese Government, will underwrite and determine the trajectory and characteristics of the country's inward and outward foreign direct investment in 2018 and beyond.

The recovery and steady growth in higher-quality investment into and out of China will support the ongoing transformation and upgrading of China's economy, as well as the vitality and resilience of global trade and investment flows.

Over the longer term, Chinese outbound investment and Chinese market demand will play a key role in the global economic recovery and the development of a new, more 'inclusive' model of globalization, and will be important forces supporting global economic prosperity.

The reforms which the Chinese Government has announced to support foreign investment in China, enhance the supervision and regulation of market conduct, improve the management of cross-border investment flows, and deepen financial system reforms, will encourage two-way flow and connectivity of capital. However, they will necessitate certain changes in mindset and conduct by investors when thinking about how to benefit from the drivers and trends underlying the emergence of the 'new economic cycle' and the 'new paradigm of globalization'.

Partnering between Chinese and international firms – including capital providers and financiers – will become a common feature in the 'new economic cycle' and under the 'new paradigm of globalization'. This will help companies localise their investments and build trust with local and international stakeholders; complement their respective comparative advantages to jointly develop third-country markets; and locate more investable opportunities along the 'Belt and Road'.

This outlook does not take into account the trade war between the USA and China that has escalated in the second part of 2018 under the direction of the Trump administration. Although divided on the extent of the damage the trade war can cause, analysts agree that it can hamper the economic reforms China is trying to implement.²¹

20. <https://home.kpmg.com/xx/en/home/insights/2018/03/china-outlook-2018.html>

21. <https://www.cnbc.com/2018/07/18/us-china-trade-wars-impact-on-chinas-economy.html>

7. Business Environment

7.1. Key Players

Given the participation of the Chinese government in the economy through state-owned businesses it is imperative to assess the impact of such businesses on the economy. The following tables shed some light on this important structural determinant of the economy.²²

The first table shows the twenty largest Chinese companies according to the Fortune Global 500 in 2014. The state has a stake in all of these monolithic enterprises, making it the biggest player in the Chinese economy. These companies dominate the construction, oil, banking and automotive industries.

The twenty largest Chinese companies according to the Fortune Global 500 (2014)²³

Rank in China	Fortune 500 Rank	Name	2014 Revenue (billions USD)	2014 net Profit (billions USD)	Industry	Type
1	3	Sinopec Group	457.201	8.932	Oil	Public, State-owned
2	4	China National Petroleum	432.007	18.504	Oil	State-owned
3	7	State Grid Corporation	333.386	7.982	Utilities	State-owned
4	25	Industrial and Commercial Bank of China	148.802	42.718	Banking	Public company, State-owned
5	38	China Construction Bank	125.397	34.912	Banking	Public, State-owned
6	47	Agricultural Bank of China	115.392	27.05	Banking	State-owned
7	52	China State Construction Engineering	110.811	1.853	Construction	State-owned
8	55	China Mobile	107.647	9.197	Telecommunications	State-owned
9	59	Bank of China	105.622	25.52	Banking	Public, State-owned
10	76	Noble Group	97.878	0.234	Conglomerate	Public
11	79	China National Offshore Oil	95.971	7.7	Oil	State-owned
12	80	China Railway Construction	95.746	0.986	Construction	Public, State-owned

22.23 https://en.wikipedia.org/wiki/List_of_largest_Chinese_companies

13	85	SAIC Motor	92.024	4.034	Automotive	Public, State-owned
14	86	China Railway Engineering	91.152	1.524	Construction	State-owned
15	98	China Life Insurance	80.909	0.594	Insurance	Public, Government-owned
16	107	Sinochem Group	75.939	0.755	Oil/Chemicals	Government-owned
17	111	FAW Group	75.005	3.263	Automotive	State-owned
18	113	Dongfeng Motor Group	74.008	1,48	Automotive	State-owned
19	115	China Southern Power Grid	72.697	1.325	Utilities	State-owned
20	122	China Development Bank	71.305	12.949	Banking	Government-owned

If we look at the largest publicly traded companies in the world and extract the top Chinese companies, a different picture emerges. The top publicly traded Chinese companies are primarily banks.

Chinese publicly traded companies (Forbes Top 2000 2014)²⁴

Rank in China	Forbes 500 Rank	Name	Revenue (billions US\$)[2]	Profit (billions US\$)	Assets (billions US\$)	Market value (billions US\$)	Industry
1	1	Industrial and Commercial Bank of China	148.7	42.7	3,124.9	215.6	Banking
2	2	China Construction Bank	121.3	34.2	2,449.5	174.4	Banking
3	3	Agricultural Bank of China	136.4	27	2,405.4	141.1	Banking
4	9	Bank of China	105.1	25.5	2,291.8	124.2	Banking
5	10	PetroChina	328.5	21.1	386.9	202	Oil
6	29	Sinopec Group	445.3	10.9	228.4	94.7	Oil
7	62	Ping An Insurance	59	4.6	552.8	66.1	Insurance
8	65	Bank of Communications	46.6	10.1	942.2	48.7	Banking
9	66	China Life	68.4	4	327.2	79.8	Insurance
10	102	China Merchants Bank	32.2	8.1	634.7	45.2	Banking
11	121	China Minsheng Banking	34.1	6.8	541.2	33.6	Banking

12	124	China Shenhua Energy	42.8	7.2	80.4	57.6	Mining
13	129	Industrial Bank Co.	32.7	6.7	593.5	28.8	Banking
14	130	Shanghai Pudong Development Bank	31.7	6.7	607.9	29.2	Banking
15	134	China CITIC Bank	27.8	5.7	555.6	32.5	Banking
16	150	China Telecom	52.3	2.9	89.7	37.4	Telecoms
17	175	SAIC Motor	88.3	4	56.4	24.7	Automotive
18	206	China Everbright Bank	21.2	4.2	404.2	18.6	Banking
19	223	China State Construction Engineering	88.1	2.5	123.4	14	Construction
20	227	China Pacific Insurance	33.2	1.6	118.6	23.2	Insurance

Looking at the Forbes 500 2018 overall list, Chinese companies State Grid, Sinopec Group and China National Petroleum occupy the second, third and fourth positions respectively.

Fortune Global 500 list of year 2018²⁵

Rank	Company	Country	Industry	Revenue in USD
1	Walmart	United States	Retail	\$500 billion
2	State Grid	China	Power	\$349 billion
3	Sinopec Group	China	Petroleum	\$327 billion
4	China National Petroleum	China	Petroleum	\$326 billion
5	Royal Dutch Shell	Netherlands, United Kingdom	Petroleum	\$312 billion
6	Toyota Motor	Japan	Automobiles	\$265 billion
7	Volkswagen	Germany	Automobiles	\$260 billion
8	BP	United Kingdom	Petroleum	\$245 billion
9	Exxon Mobil	United States	Petroleum	\$244 billion
10	Berkshire Hathaway	United States	Holding	\$242 billion

Overall, 120 of the Fortune 500 companies in 2018 are Chinese companies. Only the USA has more companies in the Fortune 500.

24.25 https://en.wikipedia.org/wiki/List_of_largest_Chinese_companies

Top 10 countries Fortune Global 500 (2018)

Rank	Country	Companies
1	United States	126
2	China	120
3	Japan	52
4	Germany	32
5	France	28
6	United Kingdom	21
7	South Korea	16
8	Netherlands	15
9	Switzerland	14
10	Canada	12



7.2. Transparency

Transparency International ranks China 79th out of 175 countries on its Corruption Perceptions Index of 2016²⁶, an index based on expert opinion from around the world that measures the perceived levels of public sector corruption worldwide.

Corruption Transparency Index 2016 for Asia-Pacific Region

Country	CPI2016	Rank
New Zealand	90	1
Singapore	84	7
Australia	79	13
Hongkong	77	15
Japan	72	20
Bhutan	65	27
Taiwan	61	31
Brunei	58	41
Korea (South)	53	52
Malaysia	49	55
Solomon Islands	42	72
China	40	79
India	40	79
Mongolia	38	87
Indonesia	37	90
Maldives	36	95
Sri Lanka	36	95
Philippines	35	101
Thailand	35	101
Timor-Leste	35	101
Vietnam	33	113
Pakistan	32	116
Laos	30	123
Nepal	29	131
Myanmar	28	136
Papua New Guinea	28	136
Bangladesh	26	145
Cambodia	21	156
Afghanistan	15	169
Korea (North)	12	174

25. <https://aseanup.com/top-50-companies-from-thailand-set50/>

26. https://www.transparency.org/news/feature/corruption_perceptions_index_2016#regional

8. The Mekong Club Target Sectors

The size of the Chinese economy overall, make each domestic sector a major player on the world stage. As stated earlier the contribution per Industry is as follows for 2016: Primary (Agriculture, etc.) 8.6%, Secondary (Mining, manufacturing, etc.) 39.8% and Tertiary (Service) 51.6%..

For the purpose of this study, which aims to generate a knowledge base from which The Mekong Club can approach the private sector in order to create awareness and offer cooperative solutions for the eradication of modern slavery in corporate supply chains, attention will be given to the following target sectors:

- Retail industry
- Manufacturing
- Electronics
- Automotive
- Apparel
- Banking
- Tourism and Food Service Accommodation
- Construction

8.1. Wholesale and Retail

8.1.1. General

The size of the Chinese consumer market makes retail an important part of the overall economy. Total retail sales of consumer goods reached 21,075.2 billion yuan at the end of July 2018.²⁷

Total Retail Sales of Consumer Goods in July 2018

	July		Jan-July	
	Absolute Value (100 million yuan)	Y/Y (%)	Absolute Value (100 million yuan)	Y/Y (%)
Total Retail Sales of Consumer Goods	30734	8.8	210752	9.3
Of Which: Retail Sales of the Enterprises (units) above Designated Size	11419	5.7	81125	7.3
Of Which: Online Retail Sales of Physical Goods Grouped by Different Areas	-	-	36461	29.1
City	26388	8.6	180480	9.1
At and Below County Level Grouped by Consumption Patterns	4345	10.1	30272	10.4

27. http://www.stats.gov.cn/english/pressrelease/201808/t20180820_1617989.html

Catering Services	3343	9.4	22800	9.8
Of which: Income of Catering Services of the Enterprises (units) above Designated Size	764	6.0	5146	7.0
Retail Sales of Goods	27391	8.7	187951	9.2
Of which: Income of Retail Sales of Goods of the Enterprises (units) above Designated Size	10655	5.7	75979	7.3
Of which: Grain, Oil, Foodstuff	1063	9.5	7704	9.8
Beverages,	178	6.8	1153	9.2
Tobacco and Liquor	282	6.3	2215	8.6
Garments, Footwear, Hats, Knitwear	961	8.7	7602	9.2
Cosmetics	184	7.8	1456	13.3
Gold, Silver and Jewelry	194	8.2	1574	7.5
Commodities	412	11.3	2938	12.4
Household Appliances and AV Equipment	716	0.6	4965	9.0
Traditional Chinese and Western Medicines	453	9.9	3172	9.4
Cultural and Office Appliances	238	1.8	1725	5.9
Furniture	191	11.1	1240	10.3
Communication Appliances	335	9.6	2423	10.4
Petroleum and Related Products	1664	18.4	11037	12.8
Automobile	3068	-2.0	21698	2.0
Building and Decoration Materials	219	5.4	1377	7.6

There are a multitude of retail stores in China bringing the above-mentioned consumer goods to the market. The top retailers by market share are highlighted in the next table:

Total Retail Sales of Consumer Goods in July 2018

Retail Brand	% Market Share
Sun Art Group	8.2
RT Mart	6.9
Vanguard Group	6.5
Walmart	5.7
Yonghui	3.7
Carrefour	3.1
Bailian Group	2.6
WSL Group	2
WuMart	1.8
Spar Group	1.6

Establishing partnerships with these retailers can strengthen the fight against modern slavery significantly, as these retailers' supply chains cut across country borders and reach deep into rural economies where human-trafficking are most prevalent.

A look at a broader list reveals how many foreign retailers operate in China, making international cooperation more viable.

Retailers in China

Auchan (French)	RT-Mart (Taiwanese)	Carrefour (French)
Wal-Mart (American)	Tesco (British) [1]	Metro Cash and Carry (German) [2]
China Resources Vanguard	CitySuper	JUSCO
Lianhua Supermarket/BHG	Lotte Mart (Korean)	Lotus Supermarket
PARKnSHOP	Wellcome	Wumart
Fulande	Jingkelong	Baozhen (Guarantee) in Hainan
Fields	CityShop	Parkson (Japanese)
Freshmart	Ito Yokado (known as Huatang in Mandarin)	Bai Hua Bai Huo 百花百货
Feidan	Pines	Jenny Lou's
Epermarket	Ole	

For more specific information on retailing in China and specifically food retailers the USDA Gain report is a good source.

8.2. Manufacturing

8.2.1. General

Manufacturing exports are one of the key drivers of Chinese economic growth. The key exporting industries, as reported in 2017²⁸ are as follows:

1. Electrical machinery, equipment: US\$599 billion (26.4% of total exports)
2. Machinery including computers: \$382.9 billion (16.9%)
3. Furniture, bedding, lighting, signs, prefab buildings: \$89.8 billion (4%)
4. Clothing, accessories (not knit or crochet): \$73.6 billion (3.2%)
5. Knit or crochet clothing, accessories: \$72 billion (3.2%)
6. Optical, technical, medical apparatus: \$70.6 billion (3.1%)
7. Plastics, plastic articles: \$70.6 billion (3.1%)
8. Vehicles: \$67.4 billion (3%)
9. Articles of iron or steel: \$57.3 billion (2.5%)
10. Toys, games: \$55.3 billion (2.4%)

28. <http://www.worldstopexports.com/chinas-top-10-exports/>

8.2.2. Electronics Industry

According to Intrepidresourcing.com's Consumer Electronics Industry Report²⁹:

"China is the world's largest consumer electronics producer, especially for the brown goods product category. It is the world's most extensive electronics manufacturing ecosystem and supply chain, with more than five times the electronics suppliers based in Japan and a labor force of manufacturing workers close to 150 million."

The industry quickly recovered in 2017 with a market growth of 3.4%, thanks to renewed consumer interest in smart wearables, next-generation LCD TVs and smartphones despite a brief dip in production output by 1.5% in 2016, according to research firm Reed. This notwithstanding, consumer electronics still topped China's list of export products in 2017, accounting for 26.3% of its total exports."

The report further states:

"China is likewise the world's largest consumer electronics exporter, with estimated earnings of US\$557 billion and accounting for 24% of the US\$2 trillion worth of exports worldwide. The actual value is likely significantly higher than these estimates, considering that exports through Hong Kong usually originate from Mainland China as well."

Chinese electronic exports dominate the international market, with other key players like Korea and Taiwan not even exporting half the value of goods of China.³⁰

China not only dominate the components market, but has also managed to developed its own electronics brands that have gained international market share. A look at the top 10 Chinese international brands as measure by the Brand-Z survey, confirms the success of electronics brands internationally.

Top 10 Chinese international brands

	Brand	Industry
1	Lenovo	Consumer Electronics
2	Huawei	Consumer Electronics
3	Alibaba	E-commerce
4	Xiaomi	Consumer Electronics
5	Air China	Airlines
6	Elex	Mobile Gaming
7	Anker	Consumer Electronics
8	Haier	Home Appliances
9	Hisense	Home Appliances
10	Cheetah Mobile	Mobile Gaming

29.30 <http://www.worldstopexports.com/chinas-top-10-exports/>

8.2.3. Automotive

China has been the biggest car market since 2009³¹, when it surpassed the USA in yearly motor sales. In 2016, the USA sold 17.5 million units while the Chinese sold 27.5 million units³². The newest figures are shown below:

China Automotive Sales 2018

	Oct.2018			Jan-Oct.2018		
	Units (10,000)	Share(%)	Y-oY(%)	Units (10,000)	Share(%)	Y-oY(%)
Sedan/Hatchback	98.96	42.39	-5.79	940.24	41.19	-0.44
MPV	12.80	5.48	-28.70	137.24	6.01	-16.72
SUV	85.52	36.63	-10.34	822.66	36.04	2.49
Mini Van	2.95	1.26	-28.22	34.89	1.53	-19.72
Passenger Cars Total	200.22	85.77	-10.01	1,935.02	84.77	-1.04
Commercial Vehicles Total	33.23	14.23	-10.30	347.55	15.23	3.39
Grand Total	233.45	100.00	-10.05	2,282.58	100.00	-0.39

China has a multitude of local manufacturers that primarily sell to the local market. International companies have made huge inroads into the market through partnerships with local manufacturers. Several local brands have also managed to successfully enter the international market. The top 20 brands in 2016 are listed below:

The top 20 brands (local and international partnership in 2016)³³

Rank	Brand	Manufacturers	Sales in 2016
1	Volkswagen	FAW, Shanghai	3.006.215
2	Buick	Shanghai GM	1.229.804
3	Honda	GAC, Dongfeng	1.196.664
4	Changan	Changan	1.149.820
5	Hyundai	Beijing	1.142.016
6	Toyota	FAW, GAC	1.064.704
7	Nissan	Dongfeng, Zhengzhou	1.015.605
8	Ford	Changan	951.396
9	Haval	Great Wall	938.019
10	Geely	Geely	778.896

31. <https://www.economist.com/news/2009/10/23/motoring-ahead>

32. <http://usa.chinadaily.com.cn/a/201801/04/WS5a4de2cba31008cf16da51af.html>

33. https://en.wikipedia.org/wiki/Automotive_industry_in_China#cite_note-5

11	Baojun	SAIC-GM-Wuling	760.292
12	BAIC	BAIC	711.246
13	Dongfeng	Dongfeng	680.617
14	Wuling	SAIC-GM-Wuling	667.629
15	Kia	Dongfeng Yueda	650.001
16	Chevrolet	Shanghai	538.671
17	Audi	FAW	536.289
18	Chery	Chery	505.452
19	BYD	BYD	494.116
20	GAC	GAC	371.006

For a more comprehensive lists [click here](#)

8.2.4. Apparel

According to recent article in the South China Morning Post³⁴:

“China’s textile and apparel makers are going through a painful industrial restructuring. While the country is still the world’s largest clothing exporter with enormous production capacity, oversupply at home, high labour costs, and rising global protectionism have all eroded its competitiveness.”

Furthermore,

“China’s market share by value in the global textile and clothing industry fell from 38.6 per cent in 2015 to 35.8 per cent in 2016, with a downward trend in major apparel importing regions such as the US, European Union and Japan.

Since 2014, exports of Chinese textiles and clothing have declined sharply from about US\$236 billion in 2014 to US\$206 billion in 2016, according to the World Trade Organisation.

Chinese customs data showed exports of clothes and accessories fell by 0.4 per cent last year from 2016, while textiles exports saw annual growth of 4.5 per cent last year.

Meanwhile, labour costs in China have been rising steadily. The minimum wage in the southern boomtown of Shenzhen is now about US\$336 per month – more than double the rate in some Southeast Asian countries.”

The next tables details the key players in the Textile and Apparel Market.³⁵

34. <https://www.scmp.com/news/china/economy/article/2143938/chinas-once-booming-textile-and-clothing-industry-faces-tough>

35. http://ccilc.pt/wp-content/uploads/2017/07/eu_sme_centre_report_tamarket_in_china_2017.pdf

Key Players

Manufacturers	Wholesale Markets	Online Wholesale / Retail	Shopping Malls	Specialty Boutiques	Apparel Brands
Domestic Players					
Cotton & yarn: BROS Group Dezhou Huayu-an Eco-Technology Lutai Group Shandong Weiqiao Group Zibo Yinshilai Group Yifeng International holdings co ltd Printing & dyeing: Qingdao Phoenix Shenghong Group Yixing Leqi Group (Lucky Textile) Zhejiang Furun ZheJiangHang-min Wool & wool knitting: Yteq Inner Mongolia Erdos Cashmere Group	Guangdong: DarkHorse Clothing Wholesale Shopping Mall Dongguan HumenHuanghe Fashion City Fumin Commercial Building Guangzhou Guohong Clothing Wholesale Market Guangzhou White Horse Clothing Market Pegasus Clothing Wholesale Center Shenzhen Clothing Wholesale Market Wong Pui Ling Mall Xiqiao Light Textile City	Textile: Alibaba.com GlobalTextiles HKTDC.com Texindex.com Apparel: Online & offline: MecoxLane (M18.com) Online only: Vandl Menglu Masa Maso ShishangQiyi Guangjie Online Zouxiu Online HANY GreenboxOpec Secoo Retail platform: Taobao Tmall JD.com 360buy Yihaodian Redbaby Wangfujing	Beijing: BHG China World Shopping Mall COFCO Plaza Fullink Plaza Takiloo Mall Joy City Maison Mode New World Shopping Mall Oriental Plaza Outlet (China) Pacific Dept. Store Scitech Plaza Solana Shanghai: Brilliance Shimao International Plaza Central Plaza Grand Gateway 66 Jinjiang Dickson Center Shanghai No.1 Yaohan	Bedding: Aussino Apparel: Dutch Items Shanghai – D.I.S Lollipop (children) Comp-toirs-deCotton-iers BySelvage Underwear: Misskoyo Langerie Bandgewoo Children’s apparel: Paclantic Redhero Based Chinese’s Designers (brands): Exception Fiona Chen Zuc Zug (organic cotton concept)	Bosideng Embry Form ERDOS Esprit Giordano Girdear JNBY Metersbonwe Ochirly Semir SEPTWOLVES White Collar Yishion Youngor Urban Revivo Sports: 361° Anta Lining

Jiangsu Sunshine Group Shandong Nan-shan Textile Garments Shandong Ruyi Technology Group Hemp: Changzhou MeiyuanLinen Textile Hunan Huasheng Group Jiangxi Enda Home Textile Xinshen Group Silk: Dali China Co. Ltd. Jiangsu Huajia Group Jiangsu Xinmin Textile Science & Technology Knitting: Jiangsu Dongdu Textile Ningbo Shenzhou Knitting Qingdao Jifa Group	Shanghai: Liyong Clothing Wholesale Market Qipu Road Professional Market Jiangsu: Changshu Strokes Mall China Eastern Silk Market InWujiang New World International Textile Garment City Wuxi Mall Garment Specialty Stores Zhejiang: China Light Textile City in Shaoxing Cixi Shengshan Apparel Fabrics and Materials Market Hangzhou Evergreen Garment Market		Shanghai Times Square Super Brand mall Xintiandi Plaza Xintiandi Shopping Mall Guangzhou: Grandview Mall La Perle Teemall Victoria Plaza World Trade Xintiandi		
--	---	--	--	--	--

Youngor Group, Yinxian located and listed in Shanghai stockmarket. Their own brands Mayor, Youngor, Gy y Hemp Family and they also distribute one american license Hart Schaffner Marx

Hongdou (HoDo) Group (Jiangsu Province)

Heilan Group (Jiangyin) focus on wool production they distribute Autason Chinese Brand for menswear formal suit.

Shanshan Investment Holding (Shanghai headoffice), belonging to this group thirteen companies like Ningbo Shanshan Clothing, Jic Garment or Le Coq Clothing.

Bosideng International Holdings Limited (own brands like Bosideng, Snow Flying, Combo o Bengen. First opening shop in London in 2012. Listed in Hong Kong stockmarket)
Jiangsu Sunshine Group (fashion own brands examples belonging to this group are Sunshine, Venetia y Pompei).

Shandong Ruyi Group (Jining. Company listed in Shanghai stockmarket, in 2013 acquired one of the main important textile companies from Pakistan Massod Textile Mills, listed in Karachi).

Anta Group (own stated company, listed in Hong Kong stockmarket, bought Fila license in 2010 for China and sponsored NBA stars in last years).

Qindaolifa Group (knitwear specialized, producing OEM and exporting more than twenty countries, their own brand is Jifa).

Xinlang-Sinoer Group (menswear, Zhucheng located and listed in Shenzhen stockmarket. Recently launched their own men suitwear' s brand Chinour, target high level)

For more information about the industry the following organization can be approached:

[The China Textile Economic Information Website](#)

[China Garment Association](#)

8.3 Banking Industry

China has a high level of financial service penetration. Approximately 80.2%³⁶ of the population over 15 years of age have bank accounts compared to only 31% in the Philippines and Vietnam. This makes the banking industry an important ally in the fight against modern slavery and human trafficking. The top Chinese banks, based on ownership, are listed below ³⁷:

36. <https://globalindex.worldbank.org/sites/globalindex/files/countrybook/China.pdf>

37. https://en.wikipedia.org/wiki/List_of_banks_in_China

China Central banks and Policy banks

Name	Chinese	Pinyin	Headquarters
People's Bank of China (Central Bank)	中国人民银行	<i>Zhōngguó Rénmín Yínháng</i>	Beijing
Agricultural Development Bank of China	中国农业发展银行	<i>Zhōngguó nóngyè fāzhǎn yínháng</i>	Beijing
China Development Bank	国家开发银行	<i>Guójiā Kāifā Yínháng</i>	Beijing
Exim Bank of China	中国进出口银行	<i>Zhōngguó Jìnchūkǒu Yínháng</i>	Beijing

Commercial Banks majority owned by the central government

Name	Chinese	Pinyin	Headquarters
Agricultural Bank of China *	中国农业银行	<i>Zhōngguó Nóngyè Yínháng</i>	Beijing
Bank of China *	中国银行	<i>Zhōngguó Yínháng</i>	Beijing
Bank of Communications	交通银行	<i>Jiāotōng Yínháng</i>	Shanghai
China CITIC Bank	中信银行	<i>Zhōng Xìn Yínháng</i>	Beijing
China Everbright Bank	中国光大银行	<i>Zhōngguó guāngdà yínháng</i>	Beijing
China Construction Bank *	中国建设银行	<i>Zhōngguó Jiànshè Yínháng</i>	Beijing
Hua Xia Bank	华夏银行	<i>Huá Xià Yínháng</i>	Beijing

Industrial and Commercial Bank of China *	中国工商银行 / 工行	<i>Zhōngguó Gōngshāng Yínháng / Gōngháng</i>	Beijing
Postal Savings Bank of China*	中国邮政储蓄银行	<i>Zhōngguó Yóuzhèng Chǔxù Yínháng</i>	Beijing
Bank of Dalian	大连银行	<i>Dàlián yínháng</i>	Beijing

Banks majority owned by local governments

Name	Headquarters	Chinese	Owner
China Bohai Bank	Tianjin	渤海银行	Tianjin municipal government
Shengjing Bank	Shenyang	盛京银行	Shenyang municipal government
Bank of Changsha	Changsha	长沙银行	Changsha municipal government
Bank of Jinzhou	Jinzhou	锦州银行	
Bank of Jilin	Changchun	吉林银行	
Harbin Bank	Harbin	哈尔滨银行	
Industrial Bank	Fuzhou	兴业银行	Fujian Provincial government
Fujian Haixia Bank	Fuzhou	福建海峡银行	Fuzhou municipal government
China Guangfa Bank	Guangzhou	广发银行	

Bank of Ningbo	Ningbo	宁波银行	Ningbo municipal government
Shanghai Pudong Development Bank	Shanghai	浦发银行	
Shenzhen City Commercial Bank	Shenzhen	深圳市商业银行	Shenzhen municipal government
Zhejiang Tailong Commercial Bank	Taizhou	浙江泰隆商业银行	Taizhou municipal government

A significant number of foreign banks are registered in China

Branches and subsidiaries of foreign banks

ABN AMRO (Netherlands) (now RBS China due to de-merging)
 Australia and New Zealand Banking Group
 The Bank of East Asia (Hong Kong)
 The Bank of Tokyo-Mitsubishi UFJ (Japan) *
 Citibank (United States)
 DBS Bank (Singapore)
 Hang Seng Bank (Hong Kong)
 The Hongkong and Shanghai Banking Corporation (Hong Kong - see HSBC Bank (China))
 JPMorgan Chase Bank (United States) *
 Mizuho Corporate Bank (Japan) *
 Oversea-Chinese Banking Corporation (Singapore)
 United Overseas Bank (Singapore)
 Standard Chartered Bank (United Kingdom)
 OCBC Wing Hang Bank (Hong Kong)
 Dah Sing Bank (Hong Kong)
 Woori Bank (South Korea)
 Shinhan Bank (South Korea)
 Hana Bank (South Korea)
 SocieteGenerale (France)
 Bank of Montreal (Canada)
 Fubon Bank (Taiwan)
 Australia and New Zealand Bank
 Banco Santander
 Bank of America Merrill Lynch
 Bank of Montreal (Canada)

Scotiabank (Canada)
 Bank of New York Mellon
 Bank Mandiri
 Barclays Bank
 BBVA Bank
 BNP Paribas
 Citibank China
 Commonwealth Bank of Australia
 Commerzbank
 Crédit Agricole
 Credit Suisse
 Dah Sing Bank
 DBS Bank
 Deutsche Bank
 ING Bank
 Intesa Sanpaolo
 JPMorgan Chase Bank
 KBC Bank
 Mizuho Corporate Bank
 National Australia Bank
 NorddeutscheLandesbank
 Rabobank
 Raiffeisen Bank International
 SPD Silicon Valley Bank
 UBS
 United Overseas Bank
 VTB Bank
 Wells Fargo Bank
 Westpac Bank

8.4 Tourism, Food Service and Accommodation

8.4.1. Food Service

The size of the food service industry in China is estimated as follows:³⁸

China's Hotel, Restaurant, and Institutional (HRI) sectors recorded USD \$539 billion in sales revenue in 2016, a 10.8 percent increase from the previous year. Restaurants accounted for the largest share of the sector with USD \$352 billion in sales revenue, or approximately 65 percent of the HRI sector. Hotels accounted for USD \$109 and Institutional food service accounted for USD \$78 billion, approximately 20 and 15 percent respectively

The size of the food industry makes is an important ally in the fight against modern slavery, as it not only has access to deep rural areas locally where slavery conditions are rampant, but it also imports from other countries (e.g. seafood around Asia) where modern slavery conditions are known to exist.

8.4.2. Tourism

The tourism industry has become a major player on the world stage, and therefore demands attention with regards to modern slavery and human trafficking.

Based on a 2017 report:³⁹

As of 2015, China is the fourth most visited country in the world, after France, United States, and Spain, with 56.9 million international tourists per year. In 2016, there were 59.27 million overnight foreign tourist arrivals of which a majority of China's foreign tourists came (transferred) from Hong Kong, Macau, and Taiwan. China ranks second in the world for travel and tourism's contribution to GDP (\$943.1 billion in 2014), and first in the world for travel and tourism's contribution to employment (66,086,000 jobs in 2014). Tourism, based on direct, indirect, and induced impact, accounted for 9.3 percent of China's GDP.

8.4.3. Hospitality

The hospitality industry stands a lot to gain from the increase in tourism:⁴⁰

With the tourism in China booming, the hotel industry is also growing at a steady pace and witnessing growth in the occupancy rates. The growing investments and the mergers and acquisitions are expected to augment the growth of the hotel industry in China further. The establishment of boutique hotels that offer a unique experience and focusing on lifestyle is gaining momentum in the recent times. Also, the wellness tourism is gaining attention in China. The revenue per available room increased by 5.6% in 2017, when compared to that of 2016. The Chinese hotel industry has a huge pipeline for the hotel projects with ~2500 projects.

The major players in the industry are:

- | | |
|--|---|
| • China Tourism and Hotel Industry Major Players | • Alitrip |
| • Ctrip | • Emei Shan Tourism |
| • Tunia Corporation | • Huangshan Tourism Development |
| • elong | • Shanghai Jin Jiang International Hotels Development |
| • Qunar | • Huazhu Hotels Group Ltd |
| • LY.COM | • Hna-caissa Travel Group |

38. USDA Gain Report: Food Service Industry Sector Overview - China – 2017

39. <https://www.businesswire.com/news/home/20180502006393/en/China-Tourism-Hotel-Industry-Analysis-Report-2017-2018>

40. <https://www.mordorintelligence.com/industry-reports/china-tourism-and-hotel-industry>

9. Construction

The Construction industry has grown exponentially in China in the past 30 years. Recent statistics released are as follows:

The value-added output of the industry reached 5.57 trillion yuan (about 816.6 billion U.S. dollars) in 2017, compared with only about 13.9 billion yuan in 1978. The average annual growth rate was 16.6 percent, the National Bureau of Statistics (NBS) said at its website.

The value-added output of the industry accounted for 3.8 percent of the country's GDP in 1978, while the proportion rose to 6.7 percent in 2017, the NBS said.

The number of construction companies saw fast growth, reaching more than 300,000 last year. The private sector played a more important role, with the number of state-owned construction companies accounting for only 2.5 percent of the total in 2017, compared with more than 20 percent in 1996.

The boom in the construction in industry has not come without its problems. Major concerns about forced labour practices have been raised by various individuals and NGO's⁴¹. The key areas of concern are:

- Brick Kiln Slavery
- Forced electronics internships
- Withheld Wages in Construction
- Profiting on Vulnerability
- Forced Domestic Work
- Protecting the working poor

<https://thedi diplomat.com/2018/03/chinas-forced-labor-problem/>

41. <https://thedi diplomat.com/2018/03/chinas-forced-labor-problem/>

10. Modern Slavery and Human Trafficking in China

10.1. Overview

The size of China makes modern slavery and human trafficking very difficult to identify and police. In addition, government practices in some cases border on modern slavery.

Using theGlobal Slavery Index⁴², the estimated number of people in modern slavery, together with the government response for countries in the region are shown below. Government response data is measured by the Global Slavery Index as an assessment of composite factors of the survivors supported, criminal justice, coordination & accountability, addressing risk and government & business. They also provide a measurement of vulnerability to modern slavery based on civil and political protections, social health and economic rights, personal security, refugees and conflict (higher scores mean greater vulnerability).

Global Slavery Index

	Number in slavery (GSI)	% (GSI)	Government response rating	Mean vulnerability to modern slavery score
Global figures	45.8m			
Cambodia	256,800	1.648 (ranked 3rd in prevalence not absolute number out of all countries by proportion of population)	CCC	41.51
China	3,388,400	0.247 (in Mekong then china has the highest absolute number by virtue of being biggest pop, 2nd in world after India)	CCC	44.66
Laos	20,000	0.295	CCC	36.45
Myanmar	515,100	0.956	CCC	56.36/100
Thailand	425,500	0.626	B	47.54
Vietnam	139,300	0.152	B	29.34
Japan	290,200	0.228		
China	3,388,400	0.247		
Korea				
India	18,354,700	1.403	B	51.35
Pakistan	2,134,900	1.130	CCC	62.47
Bangladesh	1,531,300	0.951	B	44.12

Excerpts from the “Trafficking in Persons” Report of 2018 sheds lighter on the distribution of modern slavery and human trafficking in China.

10.2 Excerpts from the USA “Trafficking in Persons” Report – June 2018 Update

10.2.1 General

As reported over the past five years, China is a source, destination, and transit country for men, women, and children subjected to forced labor and sex trafficking. China’s internal migrant population, estimated to exceed 180 million people, is vulnerable to trafficking, with Chinese men, women, and children subjected to forced labor in brick kilns, coal mines, and factories, some of which operate illegally and take advantage of lax government enforcement. While the law prohibits employers from withholding property from an employee as a security deposit, previous reports indicate such practices continue, thereby making certain workers vulnerable to forced labor. African and Asian men are exploited on Chinese maritime vessels, working under conditions indicative of forced labor. Forced begging by adults and children occurs throughout China. Traffickers target persons with developmental disabilities and children whose parents have left them with relatives to migrate to the cities—estimated at more than 60 million—and subject them to forced labor and forced begging.

10.2.2 State-sponsored forced labor

State-sponsored forced labor continued to be an area of concern in China. In 2013, the National People’s Congress ratified a decision to abolish “Re-education through labor” (RTL), a punitive system in which individuals were subjected to extra-judicial detention involving forced labor, from which the government reportedly profited. The government closed most RTL facilities by October 2015; however, the government reportedly converted some RTL facilities into state-sponsored drug rehabilitation facilities or administrative detention centers where, according to unverified reports, forced labor continues. Religious and political activists held in legal education facilities have previously reported forced labor occurring in pretrial detention and outside of penal sentences. Despite an official policy promulgated in 2016 limiting the maximum time women could be detained for prostitution offenses to 72 hours, officials continue to detain Chinese and foreign women on prostitution charges for months at a time without screening for sex trafficking.

According to some reports, the Chinese government has also detained tens of thousands—and possibly hundreds of thousands—of Uighurs and sent them to special facilities for the purpose of “political reeducation.” The families of these detainees may be at elevated risk of exploitation in their absence. The impact of formal discriminatory employment policies barring Uighurs from jobs in many sectors may also place them at higher risk of exploitation. Implementation of a law placing foreign NGOs in mainland China under MPS supervision continued to impose burdensome requirements and restrictions on the activities of civil society organizations—including those able to provide services for trafficking victims and communities vulnerable to the crime. International media and the ILO report children in some work-study programs supported by local governments and schools are forced to work in factories

42. <https://www.globalslaveryindex.org/findings/>

10.2.3 Sex trafficking

Chinese women and girls are subjected to sex trafficking within China. Traffickers typically recruit them from rural areas and take them to urban centers, using a combination of fraudulent job offers and coercion by imposing large travel fees, confiscating passports, confining victims, or physically and financially threatening victims to compel their engagement in commercial sex. Well-organized criminal syndicates and local gangs play key roles in the trafficking of Chinese women and girls in China, recruiting victims with fraudulent employment opportunities and subsequently forcing them into commercial sex. Illicit brokers increasingly facilitate the forced and fraudulent marriage of South Asian, Southeast Asian, and African women and girls to Chinese men for fees of up \$30,000. The men—sometimes in partnership with their parents—often incur large debts to cover these fees, which they attempt to recover by subjecting the “brides” to forced labor or prostitution. Some Chinese men are reportedly circumventing this brokerage system by traveling to Southeast Asian capitals and entering into legal marriages with local women and girls, then returning to China and subjecting them to forced prostitution. There are also reports of Chinese men and their parents deceiving Southeast Asian women and girls into fraudulent marriages in China, then confining them in forced concubinage for the purpose of pregnancy. Chinese men, women, and children are subjected to forced labor and sex trafficking in at least 57 other countries.