



What China's rising middle class means for Australia

Australia's 'China resources boom' may have peaked but 57 cents in every dollar increase in Australian exports between 2009-10 and 2014-15 still came from China. If managed well, Australia's 'China dining and services boom' could run for decades.

1. In 2015 **China's middle class numbered 109 million**. This was 17 million more than in the US.^{1,2}
2. Between 2009 and 2030, **China's middle class is projected to grow by more than 850 million**.³
3. In 2014-15 Australia's agricultural exports to China stood at \$9.0 billion. This was up from \$3.7 billion in 2009-2010, and **72 percent more than to the US**, our second largest customer.⁴
4. In 2014-15 Australia's services exports to China stood at \$8.8 billion. This was up from \$5.5 billion in 2009-2010, and **24 percent more than to the US**, our second largest customer.⁵
5. In 2015 **more than one million Chinese tourists visited Australia spending \$7.7 billion**, up from \$3.3 billion in 2010, and more than double that of UK visitors in second place.⁶

Chinese tourist spending could reach \$13 billion by 2020.⁷

6. China's middle class is no longer confined to the tier-one metropolises of Beijing, Shanghai, Guangzhou and Shenzhen. By 2022, **84 percent of the middle class is expected to live outside these cities**.⁸

7. In 2011 the only direct flights to Australia were from Beijing, Shanghai, Guangzhou and Shenzhen. **Now there are direct flights from 11 Chinese cities**, including inland centres such as Chengdu, Chongqing, Wuhan and Xian.⁹

8. In 2015 there were **170,015 enrolments by Chinese students at Australian educational institutions**, 2.4 times the number of students from India in second place.¹⁰ In 2013-14 the number of Australian student visa applications lodged from China's traditionally less wealthy inland provinces was 12,354, up 30.5 percent from a year earlier. Those from coastal provinces stood at 23,805, up 24.6 percent.^{11,12}

¹ Subheading source is Australian Government Department of Foreign Affairs and Trade, <http://dfat.gov.au/trade/resources/trade-statistics/Documents/australias-direction-of-goods-services-trade-financial-years.xlsx>

² Point one source is Credit Suisse, Global Wealth Report 2015, <https://www.credit-suisse.com/ch/en/about-us/research/research-institute/publications.html>

³ Brookings Institution, http://www.brookings.edu/~media/research/files/papers/2010/3/china-middle-class-kharas/03_china_middle_class_kharas.pdf

⁴ Australian Government Department of Agriculture and Water Resources, Agricultural Commodities Statistics 2015.

⁵ Australian Government Department of Foreign Affairs and Trade, <http://dfat.gov.au/trade/resources/trade-statistics/Documents/australias-direction-of-goods-services-trade-financial-years.xlsx>

⁶ Tourism Research Australia, http://www.tra.gov.au/documents/ivs/International_Visitors_in_Australia_September_2015_Results_of_The_International_Visitor_Survey.html

⁷ Tourism Australia, <http://www.tourism.australia.com/news/market-regions-greater-china-17742.aspx>

⁸ McKinsey, Mapping China's middle class, http://www.mckinsey.com/insights/consumer_and_retail/mapping_chinas_middle_class

⁹ ACRI research based on news sources

¹⁰ Australian Government Department of Education and Training, <https://internationaleducation.gov.au/research/International-Student-Data/Pages/default.aspx>

¹¹ China has 20 inland provinces and 11 coastal provinces. See Laurenceson, J., O'Donnell, C., 2014, New estimates and a decomposition of provincial productivity changes in China, China Economic Review, 30, p.93.

¹² Australian Trade Commission, Analysis of offshore student visa applications by citizens of People's Republic of China Years 2009-2010 to 2013-2014.