Recent studies on the composition and direction of Chinese trade and investment flows have suggested the following conclusions:

- Over the next few years, China is likely to continue its imports of grain, industrial raw materials and components, agricultural chemicals and certain building materials, while significantly increasing imports of machinery, vehicles and technical equipment in priority sectors such as energy, mining, transportation, light industrial production and education.
- While the PRC balance of trade in 1992 resulted in a surplus of U.S. $4.3 billion, the PRC balance is likely to return to a deficit in subsequent years. Attempts will be made to limit the deficit by promoting exports of foodstuffs, light industrial goods (especially textiles), machinery, chemicals, and metals. Energy (oil and coal) previously made up a significant part of Chinese exports, but this has declined in recent years due to rising domestic demand.
- The developed nations, especially Japan, the United States, Germany, and Canada continue to dominate PRC trade, primarily as import sources. In 1992, these four nations represented more than 31 percent of combined imports and exports. China will attempt to balance this by aggressive export marketing in the Third World, with some parallel import (raw materials) diversification from these regions. Asia and the Middle East will probably continue to be significant growth areas for China. Trade with former Communist states especially Russia has been growing strongly. Hong Kong will continue to remain a major entrepot for China trade.

Special Economic Zones and Coastal Cities

In 1979, to speed up regional development of specific areas and to experiment on a small scale with