

India & China

Chinese Premier Li Keqiang visits India

Mr. Li Keqiang, Premier of the State Council of the People's Republic of China paid a state visit to India from 19 to 22 May 2013. Premier Li and Indian Prime Minister, Dr. Manmohan Singh had an in-depth exchange of views on bilateral relations and regional and international issues of mutual interest. Recognizing the growing bilateral relationship and increasing global importance of both India and China, the two sides agreed to a regular exchange of visits between the Heads of State/ Government of the two countries. The two sides attached great importance to the active role of the Strategic Economic Dialogue (SED) in promoting macro-economic policy coordination and pragmatic cooperation in various fields between the two countries. While striving to realize the trade turnover target of US\$ 100 billion by 2015, the two countries agreed to take measures to address the issue of the trade imbalance. India and China signed eight agreements and issued a joint statement on the visit of Premier Li Keqiang. On 21 May 2013, Chinese Premier addressed the "India-China Business Cooperation Meeting" jointly organized by CII and other industry Chambers in Mumbai.



Mr Sumit Mazumdar, Vice President, CII and Vice Chairman & Managing Director, TIL Limited giving welcome remarks at the "India-China Business Cooperation Meeting" in Mumbai, 21 May 2013. Chinese Premier, Mr Li Keqiang (R) and Dr Montek Singh Ahluwalia, Deputy Chairman Planning Commission (L) seated in front.

India-China trade (Jan –April 2013)

Trade	Value \$ billion	Change
Total trade	20.87	-6.2%
Imports from China	14.85	3.6%
Exports to China	6.02	-24%
Trade deficit	8.83	

<http://www.customs.gov.cn/publish/portal0/tab44602/module108994/info16.htm>

China Economy

China's external trade (Jan –April 2013)

Trade	Value \$ billion	Change
Total trade	1330.75	14%
Exports	695.87	17.4%
Imports	634.88	10.6%
Trade surplus	60.99	

<http://www.customs.gov.cn/publish/portal0/tab44602/module108994/info16.htm>

Economy indicators

GDP (Q1)	7.7%	New yuan dominated loans (April)	Down to 792.9 billion yuan from 1.06 trillion yuan in March.
CPI (April)	2.4%	Industrial added output	9.3%
PPI (April)	Down 2.6%	Retail sales (April)	Up 12.8% to 1.76 trillion yuan
PMI (Manufacturing-April)	Down to 50.6	Fiscal revenue (Jan-April)	Up 6.7% to 4.35 trillion yuan
PMI (Non-manufacturing-April)	Down to 54.5	Industrial profit (Q1)	Up 12.1%
Urban fixed asset investment (Jan-Apr)	Up 20.6% to 9.13 trillion yuan	FDI (Jan-April)	\$38.38 billion

China's garment exports up 31.6%

China exported garment and textile products worth \$42.3 billion in the first two months of 2013, up 31.6% from last year. Nearly 70% of the increase came from export price rises ([More](#)).

China stands as world's biggest tourism source market for 2012

According to the United Nations World Tourism Organization (UNWTO), in 2012 China become the top tourist source market in the world. In 2012, Chinese expenditure on travel abroad climbed to \$102 billion. Since the turn of the century, there has been over an eightfold increase in the number of overseas trips made by the Chinese travelers, from 10 million in 2000 to 83 million in 2012. This huge increase, which has been made possible by increase in the disposable income of Chinese people and that has created greater opportunities to visit other parts of the world, has also seen Chinese people spending more money on their foreign trips ([More](#)).

China swings back to capital account surplus

China swung back to a surplus under the capital and financial account in the first quarter after recording a deficit last year for the first time since 1999. The surplus under the capital and financial account reached \$101.8 billion in the first quarter, compared with \$31.8 billion of deficit for Q4 and \$117.3 billion of deficit for 2012. Meanwhile, China maintained a surplus of \$55.2 billion in its current account that reflects the country's foreign trade with partners, compared with \$65.8 billion in Q4 and \$213.8 billion for 2012 ([More](#)).

China's external financial assets hit \$5.17 trillion

China's external financial assets expanded 9% to reach \$5.17 trillion by the end of 2012 and the external liabilities rose 13% YOY to \$3.44 trillion, resulting in net external financial assets of \$1.74 trillion, up 3% YOY. About 65% of China's external financial assets were in the country's \$3.40 trillion of foreign exchange reserves. China's outstanding \$502.8 billion of ODI, \$240.6 billion of securities portfolio and \$1.04 trillion of other unspecified investments made up 10%, 5% and 20%, respectively, of the country's financial assets ([More](#)).

China, Iceland sign FTA

China and Iceland signed a Free Trade Agreement (FTA) in Beijing on April 15 during the visit of the Prime Minister Johanna Sigurdardottir of Iceland to China ([More](#)).

Europe is China's top investment point

China's outbound investment increased 14% in 2012 to \$77.2 billion in 2012 from \$68 billion in the previous year, with mergers and acquisitions taking up 49% of the total, a 44% gain from 2011. The equity fund predicted that Chinese investors will invest \$600 billion more in overseas markets in the next three years. In 2012, Europe attracted the most investment of \$12.6 billion from China, up 21% from 2011, more than doubled the \$5.4 billion investments to the United States ([More](#)).

Government & Politics

China issues national defense white paper

China on 16 April issued a white paper ([Full Text](#)) on national defense elaborating its new security concept and peacetime employment of armed forces. The document, the eighth of its kind issued by the Chinese government since 1998, says China advocates a new security concept featuring mutual trust, mutual benefit, equality and coordination, and pursues comprehensive security, common security and cooperative security. China now has about 850,000 army servicemen in 18 combined corps and additional independent combined operational divisions (brigades). The PLA Navy has a total strength of 235,000 and commands three fleets -- the Beihai Fleet, the Donghai Fleet and the Nanhai Fleet. The PLA Air Force has about 398,000 officers and men ([More](#)).

Australia, China reach deal on currency

Australia and China reached a new agreement to allow the Australian and Chinese currencies to trade directly during the visit of Australian Prime Minister Julia Gillard to China on April 8. This agreement makes the Australian dollar the third major currency to directly trade in China's mainland foreign exchange market, after the U.S. dollar and the Japanese yen ([More](#)).

440 billion yuan in credit line for building smart cities

Banks and investors have promised a hefty credit line of at least 440 billion yuan for China's "smart city" projects across the country, according to the Ministry of Housing and Urban-Rural Development (MOHURD) ([More](#)).

Urbanization to rise to 60% on \$6.5 trillion plan

China's 40 trillion yuan (\$6.5 trillion) spending plan on infrastructure construction up to 2020 may see 60% of the country urbanized, up from 51% now. The country intends to spend the massive amount to construct metro lines, roads and railways, according to National Development and Reform Commission ([More](#)).

New housing rules planned for migrants

Detailed rules for migrant workers who want to apply for government subsidized houses in cities will be released in eight months, according to the Ministry of Housing and Urban-Rural Development. By the end of 2013, all cities above the prefecture level should accept working migrant workers into their affordable housing systems and introduce supplemental measures with detailed regulations on the application requirements, process and waiting rules ([More](#)).

China's railway infrastructure investment up 28%

China's investment in railway infrastructure increased 28% to 54.51 billion yuan (\$.65 billion) in the first three months of 2013. According to the national plan, China will invest 520 billion yuan in railway infrastructure this year and 5,200 km of new lines will be put into use ([More](#)).

State Council's working rules published

China published new detailed working rules of the State Council on 28 March with aims to push for the establishment of a clean and efficient service-oriented government. The 58-article document highlights a series of rules designed to regulate the practices of provincial level governments, ministries and commissions, and departments directly under the council ([More](#)).

China tests major agriculture reform

The new government of China on April 3 rolled out its first major reform in agriculture since inauguration, experimenting schemes to accelerate modern agriculture. The new government considered the development of modern agriculture as "an important strategic mission" that will sustain economic growth, increase income for farmers and improve people's well-being, according to a statement issued by the State Council after an executive meeting presided over by Premier Li Keqiang ([More](#)).

Beijing food safety regulation takes effect

The new food safety regulation issued by the Beijing Municipal Government to strengthen supervision and control of street food vendors and online food retailers has officially taken effect.

VAT reform set to go nationwide in August

The reform program to replace the business tax with a value tax will be expanded nationwide on August 1 in pilot sectors in China. The expanded pilot program will also include enterprises in the radio, film and television industries, alongside those in the transport industry and some modern service sectors ([More](#)).

1.2 million Chinese died from air pollution in 2010

Outdoor air pollution ranked fourth both in mortality and in the overall burden on health rates in China, where it contributed to 1.2 million deaths and 25 million healthy years of life lost in 2010, according to the 2010 Global Burden of Disease (GBD) report ([More](#)).

China adds 3.42 million jobs in Q1

China's employed population increased by 3.42 million in the first quarter of this year. The urban unemployment rate from January to March remained unchanged from 4.1% in 2012, and it may contribute to realizing this year's target of keeping the unemployment rate at or below 4.6% ([More](#)).

Guangzhou to allow 72-hour visa-free visits

Guangzhou is expected to become the third Chinese city to allow foreign visitors to transit for 72 hours without a visa after Beijing and Shanghai. This initiative is likely to boost tourism in Guangdong province and the local economy ([More](#)).

Business & Industry

China scraps import duties for advanced components

China will drop import tariffs and import related value added taxes for a range of advanced components and raw materials for making sophisticated equipments from April 1, 2013, according to the Ministry of Finance (MOF). Items that will enjoy tax exemption include signal system of high-speed railways, garbage sorting system, solar cells, integrated circuits and manufacturing equipments for flat panel display, among others ([More](#)).

China's Q1 auto sales top 5.42 million units

Sales of China-made automobiles posted better than expected two digit growth in the first quarter, reaching 5.42 million units in January-March period, up 13.18% from a year earlier ([More](#)).

Steel giant's overseas JV begins operations

Karara Mining, a JV project between Anshan Iron and Steel Group Corporation (AnSteel) and Australia's Gindalbie Metals Limited, has been put into operation on April 9. Covering a total area of 156 square kilometers, the project is expected to have an annual production capacity of 21 million tons of magnetite ore and 8 million tons of iron concentrate ([More](#)).

Huawei wins 4G contract from NZ telco

China's Huawei Technologies Co has won a contract to build 4G mobile network infrastructure in New Zealand as it continues its expansion overseas despite problems in the US and Australia ([More](#)).

China emerges as world's renewable energy powerhouse

China has increased its renewable energy use to meet its international commitments to tackle climate change, according to a report by the Australian government's Climate Commission released on April 29. The report showed the world's two largest economies, China and the United States, are on the path to meet their international commitments on climate change. China reduced the carbon intensity of its economy in 2012 more than expected and almost halved its growth in electricity demand. After years of strong growth in coal use, the rate of growth has declined substantially. Between 2005 and 2012, China increased its wind power generation capacity by almost 50 times. New solar power capacity of China expanded by 75% this year and it is expected to triple to more than 21,000 megawatts by 2015. The Commission also pointed out in this report that China invested \$65.1 billion in clean energy in 2012, 20% more than in 2011 ([More](#)).

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