



# China Pulse



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## India & China

### India-China trade 2009 and Jan 2010

Trade	2009		January 2010	
	Value	Change	Value	Change
<b>Total trade</b>	\$43.381 billion	-16.2%	4.62 billion	58.5%
<b>China's exports to India</b>	\$29.667 billion	-5.8%	2.80 billion	36.1%
<b>China's imports from India</b>	\$13.714 billion	-32.4%	1.82 billion	111%
<b>Trade surplus in favor China</b>	\$15.952 billion	+42%	0.99 billion	

Source MOC, PRC

### Indian ambassador sees new level of cooperation with China

"India is planning a series of major activities to mark the 60th anniversary of the establishment of diplomatic relations with China," Dr. S. Jaishankar, Indian ambassador to China, told China.org.cn on Feb 2, 2010. "It is important to develop our relations with China in a much fuller manner than we have done so far," Dr. Jaishankar said. "If we actually develop business on the one side, and culture on the other, we'll create the basis for a new level of cooperation between India and China." "On the whole, the trade cooperation between the two countries is good," said the ambassador. But he added that "India should do better" in expanding exports to China, especially from its strong and competitive information technology and pharmaceuticals industries. The ambassador said that as major countries with fast-growing economies, the two neighbors should strengthen bilateral relations and cooperate on global issues, such as climate change. "We can coexist next to each other; we can do business with each other actively; and we can go all out to explore all possibilities in the relationship." ([More](#))

## CII & China

### Meeting with Vice Governor of Sichuan

A 9-member delegation led by Mr Huang Xiaoxiang, vice governor of Sichuan Province of China visited CII headquarters on 3 February 2010 to interact with CII officials. Mr Guralp Singh DDG, CII said that India was attaching great importance to developing cooperation with Sichuan, which was reflected in the recent visit of CII delegation to Chengdu in the month of December 2009. Besides laying emphasis on strengthening bilateral economic cooperation, Mr Huang Xiaoxiang invited CII and the Indian companies to participate in the forthcoming 11<sup>th</sup> 'West China International Fair' in Chengdu.

## China's Economy

### Economic indicators (January 2010)

PPI	Up 4.3%	Foreign trade	\$204.78 billion, up 44.4%
CPI	Up 1.5%	Exports	\$109.47 billion, up 21%
PMI (Manuf.)	55.8%	Imports	\$95.31 billion, up 85.5%
Exports of machinery	\$62.51 billion, up 27%	Trade surplus	\$14.16 billion, down 63.8%
FDI	\$8.13 billion, up 7.79%	Exports of appliance and electrical products	\$24.09 billion up 33.1%
ODI	\$2.36 billion	Exports of machinery	\$62.51 billion, up 27%

### China overtakes Germany as top exporter of the world

Germany's multi-year reign as the world's number one exporter is officially over, with the crown formally passing to rising China after new figures showed that German exports decreased by nearly a fifth in 2009, the biggest decline in 60 years. In 2009, China's exports were more than \$1.2 trillion, well ahead of the \$1.1 trillion that Germany reported ([More](#)).

### China expected to join medium-level developed countries by 2040

China is likely to reach the level of moderately developed countries in 2040 or so, according to "China Modernization Report 2010" issued by Chinese Academy of Sciences in Beijing. The report has stated that in the past fifteen years (1990 ~ 2005) the average annual growth rate of China's second modernization index was 3.5% and modernization development is faster than the world's average. With such rate of growth, China is likely to reach the level of moderately developed countries by 2040 with annual per capita income of \$20,000 ([More](#)).

### Capital formation contributes 92% of China's GDP growth in 2009

In 2009, capital formation contributed 8 percentage points or 92% of China's GDP growth, according to the latest date released by the National Bureau of Statistics on February 2. Capital formation includes infrastructure investment as well as total stock. During the same period, retail sales contributed 52.5% of China's economic growth and pushed up the GDP growth rate by 4.6 percentage points ([More](#)).

### China's foreign trade of electronic information products down in 2009

China's foreign trade in electronic information products fell 12.8% in 2009 to \$ 771.9 billion, which is about 34.9% of overall foreign trade. Exports dropped 12.5% to \$457.2 billion and imports were down 13.5% to \$314.7 billion ([More](#)).

### China's oil output meets only half of demand

Although China has surpassed Iran to become the fourth largest crude oil producer in the world in 2009, as world's second-largest oil consumer, its output can hardly meet half of its demand and the country still has a long way to go to seek oil in overseas market. China's crude oil output in 2009 made up 5.4% of the total output globally and became the fourth largest oil producer after Russia, Saudi Arabia and the US. In 2009, China's crude oil output reached 189.4 million tons. China's total demand of oil reached 393 million tons. China produced only 48% of the oil that it needs ([More](#)).

### Import & Export Statistics by FIEs from Jan to Dec. 2009

\$100,000,000

	National		FIEs			
	Value	Change form Previous Year%	Value	Share in National Total%	Change form Previous Year%	
Total Import&Export Value	22072.66	-13.88%	12174.37	55.16%	-13.69%	
Total Export Value	12016.63	-16.00%	6722.30	55.94%	-14.97%	
Total Import Value	10056.03	-11.20%	5452.07	54.22%	-12.06%	
			Investment in Imported Equipment	151.76	Share in Total Import Value of three types of FIEs%	2.78%
						-45.17%

Source: [http://www.fdi.gov.cn/pub/FDI\\_EN/Statistics/FDIStatistics/IEStatisticsbyFIEs/t20100119\\_117173.htm](http://www.fdi.gov.cn/pub/FDI_EN/Statistics/FDIStatistics/IEStatisticsbyFIEs/t20100119_117173.htm)

Foreign-funded enterprises in China exported \$494.4 billion worth of machinery, electrical and electronic products in 2009, which is 69.3% of the country's total exports of such products. China exported \$713.1 billion worth of machinery, electrical and electronic products last year, down 13.4% year-on-year. The exports contributed 59.3% to China's total exports in 2009 ([More](#)).

## Government & Politics

### China slashes holdings of US Treasury debt

China drastically slashed its holdings of US government debt last December, allowing Japan to retake its place as the largest foreign holder of US Treasury bonds. China sold more than \$34 billion in short- and long-term bonds, leaving its total holdings at \$755.4 billion. China sold about \$45 billion in US Treasuries in the last five months ([More](#)).

### China, S Korea, Japan to launch joint study on trilateral free trade deal

South Korea plans to launch a joint research with China and Japan on the feasibility of a free trade agreement, according to a report of the Ministry of foreign affairs of South Korea. South Korea has been seeking an economic integration of the Northeast Asian region by creating favorable conditions for FTAs. South Korea is also seeking similar trade deals with Australia, Canada, and Mexico ([More](#)).

### CIC finalizes US\$956 million Apax deal

China's sovereign wealth fund, China Investment Corp. (CIC) had finalized a US\$956 million investment deal with British private equity group Apax Partners, the China Daily quoted a source close to the fund as saying. Apax had already received the British Financial Services Authority's approval for the deal, which could see CIC acquiring a 2.3% stake in the company. CIC was also in talks with Italian power operator Enel SpA on buying a stake in the energy firm and its subsidiary company Enel Green Power, the newspaper reported ([More](#)).

### **CIC reveals US equity holdings**

China Investment Corp (CIC), a \$300 billion sovereign wealth fund, filed its first quarterly disclosure on US equity holdings, reporting that it owned stocks valued at \$9.63 billion as of Dec 31. CIC, created in September 2007 through a \$200 billion allocation of China's reserves, began stockpiling cash in US money-market funds after initial investments in companies such as Morgan Stanley and BlackRock Inc declined in value ([More](#)).

### **\$60 billion Aussie coal deal inked**

Australian coal and iron ore company Resourcehouse has signed a record \$60 billion coal supply deal with Chinese power stations, a move analysts said underscored Chinese companies' growing demand for energy to fuel the country's economic development. Resourcehouse will supply 30 million tons of coal annually over 20 years to China Power International Development Ltd ([More](#)).

### **Shanghai beats New York to become world's 2nd most attractive city**

The list of the "world's most attractive cities" was published on February 21, with China's Shanghai ranking second, London ranking first, and New York City dropping from third place to tenth place. "Rusnews" published the report on February 22. The list was based on investigations by 500 merchants from different countries and investment data from 2009. Besides London, only 1 other European city – Paris, was in the top five cities ([More](#)).

### **Australia, China launch new round of free-trade talks**

Australia and China, which may trade goods worth A\$100 billion (\$89 billion) in 2010, compared to A\$86 billion in 2009, will open new free trade negotiations in Canberra this week, the Bloomberg reported. The main stumbling block remains differences over agriculture ([More](#)).

### **Water project leads to mass relocation**

The mass relocation of residents affected by China's giant South-to-North Water Diversion (SNWD) project will accelerate this year after years of waiting. Conflicts of interest among different parties and time pressures have made carrying out the plan – the government's second largest in six decades – a big headache for local governments. At least 440,000 residents will be relocated to make way for the first stage of the project's eastern and central routes, with 330,000 of them living in Henan and Hubei provinces and around the Danjiangkou Dam reservoir ([More](#)).

### **China taps more Saudi Arabian crude oil than US**

Saudi Arabia's crude oil exports to the United States fell to below 1 million barrels a day for the first time in 20 years and at the same time, China's oil imports from Saudi Arabia increased to over 1 million barrels a day. The first 11 months in 2009, the crude oil exports to US from Saudi Arabia were 998,000 barrels per day, which is the lowest level since 1988, while Saudi Arabia's oil exports to China reached a record level in December, exceeding the psychologically important level of one million barrels a day ([More](#)).

### **Labor shortage exceeds 2 million in Pearl River delta**

Processing and manufacturing sector as well as the services industries in Guangzhou are facing labor shortage estimated to hit 150,000, while almost 30% of the labor demand of Dongguan cannot be satisfied. Shenzhen had a shortage of 819,000 laborers in fourth quarter of 2009. Zhongshan has a labor shortage of 130,000 or so at present. Total labor shortage in the Pearl River delta exceeds 2 million ([More](#)).

### **New policy to encourage carmaker consolidation**

Chinese government plans to implement a new policy in the first half of this year to encourage auto industry consolidation and further the development of Chinese-brand passenger vehicles. According to sources with knowledge of the new policy, it intends that Chinese-brand passenger vehicles will comprise at least half of vehicle sales by 2015 and sedans made by entirely domestic automakers will have about 40 percent of the nation's car market ([More](#)).

### **China bank official appointed as special advisor to IMF chief**

Zhu Min, deputy governor of People's Bank of China, has been appointed as special advisor to IMF chief. The impending appointment follows growing clamor from China and other emerging nations for a bigger say in the running of the IMF and World Bank. China hailed the move, saying it would pave the way for better cooperation between the IMF and the emerging economies ([More](#)).

## **Business & Industry**

### **ZTE 2009 profit jumps up to 56% on 3G business gains**

ZTE Corporation, China's largest telecom equipment producer by market value, said its profit is estimated to surge up to 56% in 2009 benefited by large-scale construction of 3G networks. Profit is expected between 2.37 - 2.59 billion yuan ([More](#)).

### **China's gold output ranks 1st in world for 3rd year**

According to the latest statistics from the China Gold Association, China's gold output reached 313.98 tons in 2009, up 11.34% year-on-year. This was the first time that China's gold output had exceeded 300 tons, setting a new record ([More](#)).

**China's iron ore import dependency hits 69%**

Zhu Hongren, spokesperson for the Ministry of Industry and Information Technology (MIIT) disclosed during a press conference held on January 27 that China imported a total of 630 million tons of iron ore in 2009, up 41.6% year-on-year, and the iron ore import dependency ratio has increased from 44% in 2002 to 69%. The ore import from Rio Tinto and BHP Billiton accounts for at least 60% of their total output and the ore import from CVRD also accounts for 40% of its total output ([More](#)).

**China's CIMC to acquire 75% stake in F&G**

China International Marine Containers (Group) Ltd. (CIMC) said on February 2 that it would acquire a 75% stake in Friede & Goldman United (F&G), a U.S.-based naval architecture and marine engineering firm for the offshore drilling market. CIMC, one of the world's largest container producers, said that it would purchase F&G shares owned by Russian shipbuilder MNP Group, for \$75 million ([More](#)).

**China firms hungry for more resources**

China, the world's largest metal consumer, will add to last year's record \$32 billion spending on resource acquisitions as demand for iron ore, copper and oil soars with the fastest economic growth since 2007, said Jing Ulrich, the chairwoman of China equities and commodities at JPMorgan Chase & Co in Hong Kong. China Minmetals Corp and China Petrochemical Corp led an acquisition spree in 2009, as companies snapped up zinc mines in Australia, oil reserves in Nigeria, and gold deposits in the Philippines. Owning resources will give China more control over pricing and reduce its dependence on suppliers including BHP Billiton Ltd, the world's largest mining company ([More](#)).

**Comac expects 100 C919 orders**

Commercial Aircraft Corp of China (Comac), maker of the China's first narrow-body passenger plane, the C919, aims to win around 100 orders for the aircraft by the year-end as it challenges Boeing Co and Airbus SAS. Most contracts are expected to come from domestic customers. Comac expects to sell more than 2,000 C919s over the next two decades ([More](#)).

**Laws, Rules & Regulations**

Administrative Provisions on the Registration of Foreign-Funded Partnership Enterprises

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