



China Pulse



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India & China

India-China Trade increases by 24.5% in September 2010

Trade	September 2010		Jan-September 2010	
	Value	Change	Value	Change
Total trade	\$5.093 billion	24.5%	45.431	46.7%
China's exports to India	\$3.78 billion	41.6%	29.519	39.5%
India's exports to China	\$1.313 billion	-7.7%	15.912	62.1%
India's trade deficit	\$2.467 billion	98%	13.607	19.9%

China poised to surpass India as top BPO destination

China's outsourcing industry is steadily closing the gap with perennial leader India, ICT research and advisory firm Canada-based XMG Global said in its study issued on October 12. China is closing 2010 with \$35.76 billion or 28.7% share of the global outsourcing industry, while India maintains its lead capturing \$54.33 billion or 43.7% of the total. According to the study, India's weakening lead is due to the substantial efforts of China, the Philippines, and other off-shoring destinations in building their capacity to attract significant amount of investment ([More](#)).

China ore imports from India continue decline in October

Imports of ore by China from India stood at 2.91 million tons, down 39% since September and 44% compared with the same period of last year. India accounted for 6.4% of China's total ore imports in October, down from 9% in September and almost 20% in May. India banned exports from the key iron ore producing state of Karnataka in July as part of a campaign against illegal mining. With Indian demand for iron ore set to surge as steel capacity increases, imports from India is expected to decline steadily in coming years ([More](#)).

Zhou Yongkang visits India

Zhou Yongkang, member of the Standing Committee of the Political Bureau of the Central Committee of the Communist Party of China (CPC) and secretary of the CPC Central Commission for Political and Legal Affairs paid a three – day good will visit to India from October 31 to November 2. During his meeting with Ms Sonia Gandhi, President of Congress party and Mr Rahul Gandhi, Party General Secretary said that the development of China and India provided opportunities rather than posed challenges to each other. Sonia Gandhi said India and China were ancient countries of civilization and also friendly neighbors. Sonia Gandhi said development of India and China has speeded up the recovery of the world economy in the face of the international financial crisis and hoped that both sides could strengthen coordination and cooperation further and tackle various global issues in a better way and maintain the favorable momentum of development.

Shanghai Electric, Reliance ADA sign \$8.29 billion deal

Shanghai Electric Group, one of the three largest power equipment makers of China, signed an \$8.29 billion deal on 29 October 2010 with Reliance ADA Group for the supply of power equipment and related services over a 10-year period. Shanghai Electric will sell 36660 - MW thermal power generation units, as well as spare parts for three power stations to Reliance at the rate of three to four units a year starting from 2011. Indian power companies have placed orders for overseas equipment to generate 26,000 MW annually. The main Chinese suppliers include Shanghai Electric, Dongfang Electric and Harbin Electric. Indian buyers include industrial groups Reliance, Essar, Adani, KSK Industries, JSW Energy and Jindal Steel & Power ([More](#)).

China solar energy firm to set up joint venture in India

A solar water heater producer, China Himin Solar Co, Ltd, plans to launch a joint venture manufacturing plant in India. The Chinese side will provide technology and production line with its Indian partner as well as taking care of marketing. The total investment will be several hundred million yuan and initial capacity will be 10,000 to 50,000 square meters with ultimate capacity at one million square meters ([More](#)).

CII & China

Interaction with CCPIT delegation

A 6-member delegation of China Council for Promotion of International Trade (CCPIT) led by Vice Chairman, Mr. Zhang Wei visited CII headquarters on 27 November 2010 and interacted with CII officials. Mr. Zhang Wei while elaborating on investment, trade and economic cooperation during past two decades between India and China said that there was huge potential for further expansion of economic cooperation, particularly in the fields of new energy, machinery, culture, tourism, pharmaceutical etc. Mr Guralp Singh, DDG CII proposed cooperation between India and China in MSMEs.

Minister of Industries of Kerala invites Chinese companies to invest in Kerala

Mr. K A Kareem, Minister for Industries of Kerala while speaking at a meeting organized by Consulate General of India, Shanghai and Confederation of Indian Industry in Shanghai on 15 November 2010 invited Chinese businessmen to invest in Kerala. Mr Kareem who led a 4-member delegation to China, highlighted the investment opportunities in Kerala in various areas including electronics hardware, mineral - based projects, titanium sponge plant, titanium dioxide for paints & pigments, automotive parts, food processing etc. Ms Riva Ganguly Das, Consul General of India, Shanghai in her address said that Kerala offered tremendous opportunities in IT and other green technology industry. About fifty representatives of various Chinese and Indian companies based in Shanghai and adjoining area including members of CII India Business Forum participated in the meeting.



Mr. K A Kareem, Minister for Industries, Government of Kerala speaking at the meeting in Shanghai, 15 November 2010

China's Economy

Economic Indicators

Exports (Nov)	\$153.33 billion, up 34.9%	Industrial out put (Nov)	Up 13.3%
Imports (Nov)	\$130.43 billion, up 37.7%	Fixed-asset investment (Nov)	up 24.9%
Total trade (Jan-Nov)	\$2.68 trillion, up 36.3%	Retail sales of consumer goods (Nov)	Up 18.7 pct
PPI (Nov)	Up 6.1%	Fiscal revenue (Nov)	\$87.7 billion, Up 16.1%
CPI (Nov)	Up 5.1%	Nominal GDP (Jan-Sept)	\$3.95 trillion

China's FDI to hit \$420 billion in "11th Five-Year Plan" period

China's FDI in the "11th Five-Year Plan" period (2006-2010) is predicted to surpass \$420 billion ([More](#)). In October 2010, FDI into China rose 7.86% to \$7.663 billion. The total FDI in the first ten months this year reached \$82.003 billion, an increase of 15.71% ([More](#)).

Government & Politics

Tax change means level playing field for foreign, domestic companies

According to a decision of the Chinese government, China has started collecting city maintenance and construction taxes and education-supporting taxes from foreign companies, and individuals with commercial interests in the country from December 1, 2010. This change will create a level playing field, in terms of tax, for all companies operating in the country.

China invests \$30 billion in emission cutting in 5 yrs

The Chinese government allocated a total of \$30.1 billion from its central budget for energy conservation and emission cutting from 2006 to 2010. During this period, China made breakthroughs in the scale, technological level, and commercial modeling of the country's green industries ([More](#)).

China spends 1.7% of GDP on R&D

China spent \$87.4 billion on R&D in 2009, 6.5 times the investment in 2000. It was equivalent to 1.7% of the China's GDP. According to the government's 11th Five-Year Plan (2006-2010), China aims to increase its R&D spending to two percent of GDP by the end of 2010 ([More](#)).

China plans strategic reserves for rare metals

China is studying a plan to build strategic reserves for 10 rare metals (namely rare earth, tungsten, antimony, molybdenum, tin, indium, germanium, gallium, tantalum and zirconium). Rare metals are of increasing strategic importance to industrial development. Since the beginning of 2010, the Ministry of Industry and Information Technology, Ministry of Land and Resources and local governments have introduced a number of measures to enhance concentration of production and to increase integration of metal resources ([More](#)).

Huge road, rail boost in pipeline

China will set up an 85,000-km national freeway network and a 40,000-km high-speed railway network during the 12th Five-Year Plan (2011-2015) ([More](#)).

First phase of China's biggest bonded area completed

The first phase of the project in China's largest bonded area (The Xiyong Comprehensive Bonded Area) in the southwestern city of Chongqing was finished on November 2. The free trade zone covers an area of 10.3 square km, with the first phase occupying 5.67 square km. This area seeks to become a base for electronics and information technology companies, with a production capacity of 80 million laptop computers by the end of 2015 ([More](#)).

China's healthcare market to top \$600 billion

As China moves forward with its universal healthcare coverage plan, the size of its healthcare market could exceed \$600 billion within 10 years ([More](#)).

China sells Japanese bonds for second month in a row

China sold a net 769.2 billion yen (\$9.5 billion) of Japanese bonds in September, the second straight month to cut holdings as the currency approached a 15-year high. China offloaded a net 624.3 billion yen in short term Japanese debt and 144.9 billion yen in long term bonds ([More](#)).

China raises holdings of US T-bonds in September

According to the US Department of the Treasury, China increased its holdings of US treasury bonds by \$15.1 billion in September, raising its total to \$883.5 billion through the end of the same month ([More](#)).

High-speed rail between Yunnan and Myanmar

Construction of a high-speed rail link between Yunnan province of China and Myanmar, part of a project to upgrade transport connections with Southeast Asian nations, will start in about two months. The railway line, from Kunming to Yangon will be 1,920 kilometers long and the train on this line would run at about 170-200 km/h once it is completed ([More](#)).

Business & Industry

Assets of China's overseas enterprises exceed \$1 trillion

As of the end of 2009, China's 12,000 domestic investors had set up 13,000 outbound investment enterprises in foreign countries or regions, distributed in 177 countries and regions worldwide. The assets of these outbound investment enterprises exceeded \$1 trillion and the net volume of outbound direct investment amounted to nearly \$245.8 billion, ranking 15th in the world ([More](#)). About 24% of China's outbound investment in the overseas market goes to the mining industry ([More](#)). In the first nine months this year, Chinese companies' overseas investment rose 10.4% to \$36.3 billion, excluding investments in financial sectors ([More](#)).

Crude steel consumption to hit 596 million tons

China's apparent consumption of crude steel is likely to reach 596 million tons this year, a year-on-year increase of 5.6%. China's crude steel output is expected to increase by 8.2% to 624 million tons this year ([More](#)).

Sino-Australian companies joint hand on global uranium market

China's Hanlong Energy Limited signed agreements on November 1, 2010 with Australian uranium explorer Marenica Energy to jointly develop uranium mine projects in Namibia ([More](#)).

China to become a big engineering machinery exporter

China's engineering machinery industry has achieved high-speed growth in 2010 and is expected to export about \$20 billion worth of engineering machinery by 2015, making it a major engineering machinery exporter in the world. Due to the surge in domestic demand, it is estimated that the annual sales of China's engineering machinery industry will reach about 400 billion yuan in 2010, an increase of over 20% ([More](#)).

China auto sales up 34.76% in 1st 10 months

Auto sales in China grew 34.76% from a year earlier to 14.68 million units in the first 10 months of the year, exceeding the total number of vehicles sold last year ([More](#)). Although the expansion in the sector has brought in an industrial boom and played an important role in China's domestic demand, it has also triggered widespread concerns over the country's energy capacity, pollution levels and rising traffic pressures ([More](#)).

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