



China Pulse



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China's Economy

China's Economic Figures

CPI:	Down to -1.6% in Feb., 1st negative growth in 6 year
PPI:	Down 3.3% in January and 4.5% in February.
Retail sales:	Up 15.2% in 1st 2 months to \$293.8 billion
Urban fixed asset investment:	Up 26.5% in 1st 2 months to \$150.35 billion
Industrial output:	up by 3.8% in the first two months this year
FDI:	\$7.541 billion (January 2009), down 32.67% \$5.83 billion (in February), down 15.81%
Bank loan:	Reached 1.07 trillion yuan in Feb., up 827.3 billion yuan from a year ago

China's foreign trade of from August 08 to January 09

Trade	October 08 \$ bn, Change	November 08 \$ bn, Change	December 08, \$ bn, Change	January 09, \$ bn, Change	February 09, \$ bn, Change
Total	221.41; 17.6%	189.89; -9%	183.33; -11.1%	141.8; -29.02%	124.95
Exports	128.33; 19.2%	114.99; -2.2%	111.16; -2.8%	90.45; -17.5%	64.9; 25.7%
Imports	93.09; 15.6%	74.9; -17.9%	72.18; -21.3%	51.43; -43.1%	60.05; 24.1%

Source: MOC, PRC

World Bank cuts China's GDP forecast to 6.5%

The World Bank on March 18, notched down its projection for China's GDP growth for this year to 6.5%, but said the country is still likely to outgrow most other economies ([More](#)). China's economy in the first quarter was also forecast to expand 6.5% ([More](#)).

China to raise tax rebates on textile, metal exports

China would raise the tax rebate rate on some textile, iron and steel, nonferrous metal, petrochemical, electronic information and light industrial exports from April 1.

Stimulus package to contribute 1.5-1.9% to China's economic growth

China's 4 trillion yuan (\$585 billion) stimulus package is expected to contribute 1.5% to 1.9% to the economic growth this year ([More](#)).

China's export markets are devastated so firms look to domestic salvation

Many Chinese trade companies are turning towards domestic market as their export markets have been adversely affected due to international financial crisis ([More](#)).

China may top Japan GDP in '09

China is likely to overtake Japan to become the world's second largest economy, either this year or by 2010, a research paper issued recently by the China Policy Institute of the University of Nottingham (UK) has revealed. Based on the World Bank and IMF's figures on China and Japan's 2007 GDP and output growth rate of 2008, it is estimated that China and Japan's GDP would reach \$4.42 and \$4.68 trillion in 2008, respectively ([More](#)).

China's aviation industry posts losses of 28 billion yuan

China's entire aviation industry has posted a huge loss of as much as 28 billion yuan for 2008, the biggest loss over the past three decades ([More](#)).

Government & Politics

China's top legislature ends annual session

The Second Session of the 11th National People's Congress (NPC), China's top legislature, concluded on 13 March 2009 after completing its nine-day agenda ([More](#)).

Highlights of Premier Wen Jiabao's Press Conference after the closing meeting of the Second Session of the 11th NPC on March 13, 2009 ([More](#))

Crude oil reserve base likely in Gansu

China may build a strategic crude oil reserve in the Hexi Corridor region of Gansu province as part of the country's plan to add eight new oil stockpiles by 2011. The eight reserves will form the second batch of the country's strategic oil reserves plan. However, so far only two sites, Jinzhou in Liaoning province and Huangdao in Shandong province, have been disclosed to the public ([More](#)).

China export tax rebate up 20% in first 2 months

The actual export tax rebate in the first two months stood at 66.7 billion yuan (\$9.77 billion), up 20.8%. The actual export tax rebate rose despite the fact that exports volume declined. It shows the country's tax rebate policy is taking effect ([More](#)).

China's stimulus package for 10 sectors ([More](#))

- Support plans for **machinery, textile industries** ([More](#)).
- Stimulus plan for **ship building industry** ([More](#))
- Support plan for **auto, steel industries** ([More](#)).
- Support plan for **electronics, info industry** ([More](#))
- Support plan for **light industry, petrochemical sector** ([More](#))
- Stimulus plans for **nonferrous metals, logistics** ([More](#))

China ready to roll out new stimulus package if needed

Premier Wen Jiabao in a news conference on March 13 said that China has prepared plans to cope with even bigger difficulties amid the financial crisis and was ready to put forward new stimulus package at any time, if needed. China rolled out a 4-trillion-yuan (\$585.5 billion) two-year stimulus package in November 2008, for which the central government has pledged 1.18 trillion yuan. The package included huge government investment, tax reform, industrial restructuring, scientific innovation, social welfare and promoting employment.

Wen rejects pressure on yuan's devaluation or appreciation

Chinese Premier Wen Jiabao said in Beijing on March 13 that no country in the world has the right to put pressure on the devaluation or appreciation of the Chinese currency, and the requirement for the devaluation of the yuan does not fit the country's current situation.

China details auto stimulus plan for rural residents

Following an announcement in January that the central government would float 5 billion yuan (\$732 million) to subsidize rural residents who buy automobiles, the Ministry of Finance announced on March 13. The subsidies would be 10 percent and 13 percent, respectively, for those who purchase automobiles and motorcycles ([More](#)).

China 'may have lost \$80b in equities'

The Chinese government may have lost more than \$80 billion of its foreign exchange reserves after buying into equities just before world markets collapsed last year, the UK-based Financial Times said on March 16. The investments were made by the State Administration of Foreign Exchange (SAFE), the manager of the nation's nearly \$2 trillion of reserves, the newspaper said ([More](#)).

Key figures from Chinese Finance Ministry's 2009 draft budget report

China's Ministry of Finance on submitted a report on the implementation of 2008 central and local budgets and on the draft budgets for 2009 to the second session of the 11th National People's Congress, China's top legislature ([Details](#)). National Development and Reform Commission submitted a 38-page report to the National People's Congress on the implementation of the country's 2008 national economic and social development plan and on the 2009 draft development plan ([More](#)).

China's defense spending accounts for 1.4% of 2008 GDP

China plans to increase its defense budget by 14.9% in 2009, a rise of 62.482 billion yuan from last year to 480.686 billion yuan. Defense expenditure accounted for 1.4% of the GDP in 2008. The military spending of the US accounted for about 4% of its GDP, while those of Britain and France were above 2% ([More](#)).

Six regions compete for yuan settlement in foreign trade

Six Chinese regions, including Guangdong, Shanghai, Guangxi, Yunnan, Hong Kong and Macao are competing to begin a pilot program that allows the yuan to be used as the settlement currency in some regional trade, local media reported. Earlier in December 2008, State Council had announced plans to begin yuan settlement trials with some economies. The program would permit Yunnan and Guangxi to use the yuan in trade settlement with ASEAN. The Pearl and Yangtze River delta regions would also be permitted to use yuan for settlement of trade with Hong Kong and Macao ([More](#)).



Experts unveil 'reform package'

A panel of economists unveiled a "reform package" on March 18, saying these measures need to be urgently implemented to ensure that China's stimulus programs would work effectively. In order of priority, price deregulation of resource products and reducing industry monopoly topped the 14-point reform package prepared by five renowned economists ([More](#)).

China and Argentina in \$10 billion deal

China and Argentina have made a tentative agreement to swap \$10 billion worth of their currencies. The move, which allows both countries to bypass the US dollar, makes it easier for Argentine businesses to buy Chinese imports directly in yuan. China has also signed similar deals with South Korea, Malaysia, Belarus and Indonesia ([More](#)).

Venezuela, China launch oil refinery

Venezuela and China have begun to build an oil refinery in China. It is one of the three joint refineries that are planned in China while Venezuela looks to increase its shipments of crude oil to China. Venezuela was exporting 320,000 barrels of oil a day to China as of December, and that this year it should increase to 400,000 barrels a day and eventually plans to ship up to one million barrels of oil a day to China ([More](#)).

Allure of US Treasuries set to fade

Holdings of US Treasury bonds rose in January, but the increase is the slightest since last June, indicating the country's appetite for the securities is set to diminish as a result of the falling trade surplus and rising concern over investment security. China's reserves of US Treasuries rose by \$12.2 billion to \$739.6 billion by the end of January. Treasury debt holdings grew by \$14.3 billion in December. China's foreign exchange reserves reached \$1.95 trillion by the end of 2008 ([More](#)).

China hopes US will ensure security of Chinese assets

China hopes the United States will guarantee the security of the Chinese assets and investments in the US. According to the US Treasury, China held \$681.9 billion worth of US government bonds as of November ([More](#)).

Australia jittery of China's state investment in its mining sector

Reminiscent of nationalistic concerns over a surge of Japanese investment in the mining sector in the 1970s, Australia is again facing growing opposition to foreign ownership of its mineral resources. This time it is the looming threat of Chinese state-owned enterprises and sovereign wealth funds buying into Australian mining companies that is making the Australians jittery. Central to the nationalistic argument is the strategic importance of the resource industry to the Australian economy, in addition to concerns over future supply and pricing issues ([More](#)).

China becomes Canada's second largest trade partner in 2008

China has become Canada's second largest trade partner in 2008, preceded only by the US. The bilateral trade between China and Canada reached \$34.52 billion in 2008, an increase of 13.8% year-on-year.

China to make Shanghai a new global financial center

China, on March 25, said that Shanghai would be built into an international financial center and a global shipping hub by 2020. Over the past decades, Shanghai has witnessed economic boom and social development, which made great contribution to the country's growth. Now the time has come for a key transition ([More](#)).

Mainland would consider trade pact to help Taiwan

The Chinese mainland is willing to enter into talks on a trade pact with Taiwan in order to help the island through the economic downturn. "The mainland is willing to push forward such an agreement as long as it can benefit the peaceful development of cross-Strait ties, the well-being of people on both sides, and can help Taiwan's economy tide over the challenges it faces," said Fan Liqing, of the State Council's Taiwan Affairs Office ([More](#)).

China likely to be main target of rising trade protectionism

China is likely to become the main target of rising trade protectionism amid the global economic crisis, according to a report of the Development Research Center of the State Council of China. With the US introducing the "Buy America" clause in its stimulus package, protectionism is set to rise globally, the report said. A World Bank study released on Tuesday showed that 17 of the G20 nations had implemented trade restricting measures since last November ([More](#)).

China rejects Coke bid to buy major juice maker

China rejected Coca-Cola Co.'s \$2.3 billion bid to buy a largest Chinese juice producer, China Huiyuan Juice Group on March 18. The purchase of China Huiyuan Juice Group, the nation's largest juice maker, would have been the biggest foreign acquisition of a Chinese company to date ([More](#)).

Business & Industry

Trade team spends \$13 billion in Europe

The Chinese trade delegation, which had representatives from more than 150 enterprises and industry associations, visited four countries (Germany, Switzerland, Spain and the United Kingdom) and signed agreements worth \$13 billion. Chinese enterprises mainly purchased machinery, high-tech equipment, vehicles, and energy saving technologies from Europe. The government also separately signed trade and investment agreements with these countries. The deals are mainly in sectors where European countries have an edge, and those, which China needs to upgrade ([More](#)). China and Germany signed trade agreements worth \$14 billion. The deals focus on engineering equipment, electronics and auto vehicles like Mercedes and BMW ([More](#)).

India & China

India, China to settle trade disputes through joint panel

India and China agreed to set up a joint panel, comprising joint secretary-level officers from the governments of India and China during a meeting between Indian commerce secretary GK Pillai and the visiting Chinese vice minister of commerce Zhong Shan on March 19 to settle the trade disputes. China also agreed to grant market access to Indian basmati rice exports by 2009-end and expedite the removal of its non-tariff measures impeding exports of Indian pharmaceutical products and 14 items of fruits and vegetables ([More](#)).

CII & China

Conference on “India-China: Drivers of the Asian Century in a Post Crisis World”,

CII and Aspen Institute jointly organized a conference on “India-China: Drivers of the Asian Century in a Post Crisis World” in New Delhi on March 4, 2009. Mr. H. S. Puri, Secretary (Economic Relations), Ministry of External Affairs, Mr. Zhang Yan, Ambassador of the People's Republic of China, Mr. Salil Singhal, Chairman, CII Northern Region & Chairman Secure Meters Limited and Mr. Chandrajit Banerjee, Director General, CII, spoke in the conference.



Conference on “India-China: Drivers of the Asian Century in a Post Crisis World” in New Delhi on March 4, 2009

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