

India & China

Interaction with DMIC Officials

A dinner meeting for select 'CII IBF China' members was organized on 14 June for interaction with a senior delegation from Delhi Mumbai Industrial Corridor Co Ltd (DMIC) led by Mr R P Singh, Secretary, Department of Industrial Promotion and Policy (DIPP). Mr Amitabh Kant, CEO & MD, DMIC briefed the members on the DMIC Project. The members shared their experience of working in the various industrial townships in China. Mrs Riva Ganguly Das, CGI Shanghai along with other heads of infrastructure development Corporations of six states of India covered by DMIC project also joined the meeting. The delegation was on a visit to China to study the development of industrial corridors and infrastructure projects.



(L-R) Ms Riva Ganguly Das, CGI Shanghai, Mr R P Singh, Secretary DIPP, Mr J J Shrikhande, Chairman, CII IBF and Mr Amitabh Kant, CEO & MD, DMIC, and other officials of DMIC and IBF members at Shanghai, 14 June 2010.

CII & China

Nantong – India Software Service Outsourcing Industry Cooperation Seminar

CII Karnataka organized a seminar on "2010 Nantong – India Software Service Outsourcing Industry Cooperation" on 11 June 2010 in Bangalore on the occasion of the visit of a 15-member delegation led by Mr Ding Dawei, Mayor of Nantong city of China. Nantong is one of the 14 port cities in China opened to foreign investment projects under China's current policies of modernization.



Mr Ding Dawei, Mayor of Nantong (fourth from right) and Mr Aroon Raman (fourth from left), Chairman, CII Karnataka along with other members of the visiting delegation.

CII Gujarat Textile Excellence Mission to China

A 13-member textile delegation from Gujarat led by Mr Vaibhav Kanodia, Vice Chairman, CII South Gujarat Zonal Council visited China from 22 to 29 June. The delegation visited the ITMA ASIA 2010 – an International Textile Machinery Fair in Shanghai, which exhibited the emerging technologies in textile sector. During the visit to Ningbo, the delegation interacted

with large textile companies, small and medium textile processing companies. The delegation had a meeting with Mr Xu Jianhua, Vice Director of Ningbo Foreign Trade Economic and Cooperation Bureau and other officials to get an overview of the economy of Ningbo and its trade with India. The delegation visited Ningbo Younger Group and Ningbo Veken Elite Group (leading brands for garments and home textiles in China), Zhejiang Giant Eagle Group (a textile processing company) and another textile printing company in Ningbo.



CII Gujarat textile delegation members during the visit of Zhejiang Eagle Group in Ningbo

Interactive Session with Mr Suresh Prabhu

'CII IBF China' organized an interactive session with Mr Suresh Prabhu, former union minister for power and Chairman of CII Council for Energy, Environment & Water on 21st June at Shanghai. Mr Prabhu briefed on the objective of the council and the various initiatives being planned for sustainable growth and development through holistic management of natural resources. He discussed the energy situation of the world and the need for reducing the dependence on fossil fuel. He felt there were lots of opportunities for collaborations between India and China in this aspect as both the countries were consuming large amount of energy due to the industrial and economic growth. Mrs Riva Ganguly Das, CGI, Shanghai also participated in the interaction.



(L-R) Mr J J Shrikhande, Chairman, CII IBF China , Mr Suresh Prabhu and Ms Riva Ganguly Das, CGI, Shanghai. at an interactive session in Shanghai. 21 June 2010

China's Economy

China revises 2009 GDP upward to 9.1%

Beijing has revised its 2009 GDP at more than \$5.29 trillion, exceeding Japan's \$5.08 trillion. GDP growth rate for 2009 is revised to 9.1%, up from 8.7% reported earlier.

China's foreign trade (Jan-May 2010)

Exports	\$705.09 billion, up 35.2%
Import	\$649.79 billion, up 52.7%
Total trade	\$1354.88 billion, up 43.1%
Trade surplus	\$55.3 billion, -42.5%

Foreign exchange reserves

China's foreign exchange reserves rose 15.1% year-on-year to total \$2.45 trillion as of the end of June [\(More\)](#).

China's Major Economic Indicators in (Jan-June 2010)

Indicators	Jan-Jun 2010	
	Absolute Magnitude	Increased YoY (%)
1. GDP (100 million yuan)	172840	11.1
2. Value-added of Industry Above Designated Size	...	17.6
3. Total Investment in Fixed Assets (100 million yuan)	114187	25.0
4. Total Retail Sales of Consumer Goods (100 million yuan)	72669	18.2
5. CPI	...	2.6
6. Producer Prices For Manufactured Goods	...	6.0
7. Purchasing Price for Raw Materials, Fuels and Power Products	...	10.8
8. Investment Price on Fixed Assets	...	2.7
9. Produce Price on Agricultural Products	...	8.4
10. Per Capita Cash Income of Rural Households(yuan)	3078	9.5
11. Per Capita Disposable Income of Urban Households(yuan)	9757	7.5

Source: National Bureau of Statistics of China

China's yuan floats

Beijing took the first step towards currency reform to let the yuan float more freely on June 19, 2010. On 22 June 2010, the yuan rose to 6.7968, highest level against the U.S. dollar in five years. A Reuters poll of 33 economists forecast the yuan would rise to 6.67 per dollar by the end the year, an increase of 2.4% from late last week and similar to the appreciation implied by offshore non-deliverable forwards.

Government & Politics
Wen visits Myanmar

Chinese Premier Wen Jiabao with a business delegation paid a 2-days visit to Myanmar from June 2, 2010. Currently China is Myanmar's third largest trading partner and investor. In 2009, bilateral trade between the two countries totaled \$2.907 billion. Up to January 2010, China's investment in Myanmar reached \$1.848 billions, 11.5% of Myanmar's total foreign investment. In recent years, the two sides have expanded cooperation in hydropower, energy, mining, communications, fishery, manufacturing and infrastructure, and there had been frequent exchanges in culture, news and sports. The two sides also signed agreement covering oil and gas pipelines, communications, a hydropower station and aid packages ([More](#)).

Mainland, Taiwan sign landmark economic pact

Chinese mainland and Taiwan negotiators signed the long-awaited Economic Cooperation Framework Agreement (ECFA) in Chongqing on 29 June 2010 aiming to establish a systematic mechanism for enhancing cross-straits economic cooperation. The ECFA will formally take effect one day after both sides complete due procedures and notify each other. The two sides have agreed to gradually reduce and remove trade and investment barriers and create a fair environment. The agreement also provides protection for cross-straits investments to boost two-way capital flows ([More](#)).

China tightens controls on rare earths

Strategic rare earth minerals will only be mined by a few select state-owned enterprises (SOEs) as part of the government's bid to crack down on illegal exploitation and consolidate reserves, according to sources close to the matter. The Ministry of Industry and Information Technology and the National Development and Reform Commission have sent a draft plan to the State Council for approval ([More](#)).

China plans to transform from labor-rich to talent-intensive

CPC Central Committee and the State Council have jointly issued the country's Medium and Long-term Talent Development Plan (2010-2020), which sets a blueprint for creating a highly skilled national work force. The plan aims to increase the ratio of citizens with a higher education background in the work force from 9.2% in 2008 to 20% by 2020. The plan lists six major categories of "talent" that the government will help cultivate, ranging from political leaders, entrepreneurs to high-tech researchers and professional social workers. By 2020, more than 85% of government officials will have four years of college education, the plan says ([More](#)).

Central China offers tax holidays for foreign-funded R&D centers

Henan Province in central China has made favorite policies to encourage foreign companies to set up R&D centers in the province. Multinational corporations will receive government subsidies of 1 million yuan (\$147,000) for provincial, and 2

million yuan for national R&D centers in Henan. Import duties, import-related value-added tax and consumption tax will be exempted for imports by the foreign-funded R&D centers in the province ([More](#)).

China increases purchase of US securities in April

China, the largest holder of US Treasury securities, boosted purchases of US long-term securities by \$5 billion to \$900.2 billion in April, its highest level since November 2009. Japan, the second largest foreign holder of US government debt, increased its holdings by \$10.6 billion to \$795.5 billion ([More](#)).

Trade barriers cost China exporters \$57 billion in 2009

A survey conducted by China's General Administration of Quality Supervision, Inspection, and Quarantine found that technical trade barriers from overseas cost Chinese exporters \$57 billion last year, which is \$6.9 billion more than the year before. It was based upon findings from a total of 2,616 Chinese exporters, with one third of them reporting being affected by various barriers ([More](#)).

China becomes world's third largest stock market: securities regulator

China has become the world's third largest stock market as total market value of the Shanghai and Shenzhen markets hit \$3.07 trillion as of the end of May ([More](#)).

Government pumps 700 billion yuan into railways

China will invest 700 billion yuan into railway construction this year and continue to speed up development of rail transportation. China has 10,000 kilometers of high-speed railway under construction at present, including the Beijing-Harbin, Harbin-Dalian, Hefei-FuZhou, Beijing-Wuhan, ShangHai-NingBo and many other lines. The government plans to add 4,613 kilometers of new lines ([More](#)).

Business & Industry

US slaps punitive penalties on Chinese steel gratings

The US Commerce Department on June 1 set final antidumping duties (AD) and countervailing duties (CVD) on imports of steel gratings from China. The final anti-dumping duties range from 136.76% to 145.1% on the steel product to offset below-market pricing ([More](#)).

CIC speeds up investment in North America

Focusing on financial and energy companies, the China Investment Corporation (CIC) is expanding its holdings in North America. In June CIC agreed to pay \$817 million for a 45% interest in a joint venture to develop Penn West Energy Trust's Peace River oil sands assets along with an additional \$435 million to take a 5% equity stake in the trust itself. As of the end of 2009, CIC has invested in 84 listed companies in the United States, totaling more than \$9.6 billion. Financial and energy sectors seem to have received the largest amounts of money ([More](#)).

Laws, Rules & Regulations

Circular on Starting the Use of the Business License for Foreign-invested Partnership Enterprise and the Business License for Foreign-invested Partnership Enterprise Branch

Administrative Provisions on the Registration of Foreign-Funded Partnership Enterprises

China issues white paper on Internet policy

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