India & China

India China Trade (Jan-March 2010)

<table>
<thead>
<tr>
<th>Trade</th>
<th>Value</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total trade</td>
<td>$14.155 billion</td>
<td>51.6%</td>
</tr>
<tr>
<td>Import from China</td>
<td>$8.341 billion</td>
<td>38.5%</td>
</tr>
<tr>
<td>Export from China</td>
<td>$5.815 billion</td>
<td>75.5%</td>
</tr>
<tr>
<td>Trade deficit</td>
<td>$2.526 billion</td>
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</tbody>
</table>

Source: Ministry of Commerce, PRC

Krishna inaugurates festival of India in China

Minister for External Affairs S M Krishna on April 7, 2010 inaugurated the ‘Festival of India in China’ in Beijing to mark the 60th anniversary of the establishment of diplomatic relations between India and China. He expressed hope that the ‘Festival of India in China’ would further help the Chinese people in understanding the Indian culture and history. Referring to a play based on the life of Emperor Ashoka, which formed part of the opening ceremony, Mr Krishna said the Emperor underwent a dramatic change of heart after a major war and converted to Buddhism, and since Buddhism had played a major part in contacts and exchanges between the two nations for thousands of years, it was only befitting that the ‘Festival of India in China’ was inaugurated with such a performance.

Preview of India Pavilion at Shanghai World Expo 2010

The preview of India Pavilion at Shanghai World Expo 2010 was held on 27 April 2010 at the Expo ground. Dr Subash Pani, Commissioner General of India and Chairman & Managing Director, ITPO formally opened the pavilion for preview with lighting of the lamp. In his address, he briefed on the various aspects of the India Pavilion and its characteristics. Mrs Riva Ganguly Das, Consul General Shanghai was also present at the ceremony. The pavilion symbolized the theme "Unity in Diversity" in India. A focus throughout the exhibit will be on interaction between rural and urban areas through exchange of goods and services. The pavilion is designed as a Zero-chemical Area. Mr J J Shrikhande, Chairman, ‘CII IBF China’ and other representatives of Indian companies attended the ceremony, which ended over a cultural performance.

Seminar on ‘China West Region-India Economy and Trade Promotion’

As part of the 60th anniversary celebrations of the establishment of diplomatic relations between India and China, Embassy of India will be organizing business seminars in various cities of China during this year. The first business event in the series was organized in Xian, with the support of CII and CCPIT Shaanxi on 9th April. The event coincided with the China West Region International Economic Fair. Dr S Jaishankar, Ambassador of India in China, while delivering the keynote address emphasized on the need for Chinese companies to leverage on the competitive advantages of Indian companies in sectors like IT, Pharmaceuticals and specialized engineering. During the event, CCPIT Shaanxi and CII signed a memorandum of understanding for further exploring business potential between the two regions. More than 100 participants from Chinese and Indian companies attended the seminar, which was followed by business networking session.

Better media links help China, India

"China and India are enjoying a relationship which is deepening and broadening," Mr S. Jaishankar, the Indian ambassador to China, said at the 2010 India-China Development Forum in Beijing on 30 April 2010. Mr Jaishankar noted in his speech that both nations had witnessed some controversial and negative media coverage about each other last year, but said it was "no use blaming each other". Mr Jaishankar proposed a shift in China's focus from various media debates in India to the evaluation of the result brought about by these voices. The officials from both sides stressed that strong media cooperation between India and China will help improve understanding and promote more beneficial bilateral ties between the two countries.

Ties with India among the most important: Hu

On the 60th anniversary of the establishment of diplomatic ties between India and China, President Hu Jintao said China regards its relationship with India as one of its most important bilateral ties. China was ready to strengthen friendship, deepen mutual trust and expand cooperation with India, Hu added. According to a notice on the foreign ministry's website, Hu and his Indian counterpart Pratibha Patil exchanged congratulatory messages on the occasion. Patil in her message said that India's ever-growing relationship with China was of global and strategic significance. The
Indian FM encourages China and India to work together

Indian Minister for External Affairs S M Krishna asked for cooperation between China and India to work together to face the global problems. He made the statement during his address at the China Institute of International Studies forum on April 06, 2010 in Beijing, with the theme of 'India and China in the 21st Century World'. He warned there will be outstanding issues between China and India even as the two countries’ relationship forges ahead, but added that people should not get discouraged. He said that a strong and stable relationship between India and China has an impact on the entire world.

India, China sign 'hotline' pact

In a significant step in taking bilateral relations to a new level, India and China on April 7, signed an agreement to establish a hotline between the Prime Ministers of the two countries. External Affairs Minister S M Krishna and his Chinese counterpart Yang Jiechi signed the agreement.

China's State Grid in $1.5 billion India power plant deal

Shandong Electric Power Construction Corporation, a unit of the State Grid Corp, has landed a $1.5 billion deal to build and operate three 660-MW generators in Jharsuguda in Orissa. Most of the equipment needed for the project will be made in China and will generate $1.02 billion worth of exports from China to India (More).

SANY opens first manufacturing facility in Pune

SANY Group, a leading global major of China in construction machinery industry, on April 13, 2010, officially inaugurated its first manufacturing facility in Pune, India. With presence in over 150 countries with 30 overseas subsidiaries, and a turnover of US $ 4.5 billion, the new facility underpins SANY Group's commitment to developing its operations in India. The new facility was inaugurated by Shri Sachin Ahir, Minister of State for Industries, Mining, Environment and Housing, Mr. Zhang Chunxian, Governor of China and Mr. Zhang Yan, Chinese Ambassador to India. The state of the art manufacturing facility has a built up area of 37000 sq. meters. The new facility will include a comprehensive manufacturing set-up, product design and customization center, sales, renting, service, storage, logistics and full-fledged R&D centre.

CII & India

Ningbo delegation visits CII Headquarters

A six-member delegation from Ningbo Municipality, headed by Mr Bayin Chaolu, Chairman of the Standing Committee of Ningbo Municipal People's Congress, visited CII headquarters on April 12, 2010 to interact with the Indian industry members. Mr U Kumar, Advisor (Coal), Essel Mining, Aditya Birla Group, on behalf of CII, briefed the visiting delegation about business opportunities in India and stressed on the importance of the growing trade and economic cooperation between India and China. Mr. Bayin Chaolu and other members of the delegation spoke about the economic opportunities available for Indian enterprises in Ningbo and invited them to visit Ningbo for business.

Interaction with CCPIT Shanghai Pudong delegation

A six-member delegation led by Chairman of CCPIT Shanghai Pudong, Mr Chen Binghui had an interaction meeting with the members of CII West UP council on 14th April 2010 at Noida. The session provided an opportunity for the visiting delegation to understand the business environment in Noida. The visiting delegation made a presentation on the developments in Shanghai Pudong area and invited CII members to visit the Shanghai World Expo. Mr Mukesh Malhotra, Chairman, CII Western UP Council, chaired the meeting. The delegation also visited the manufacturing facility of Subros Ltd.

China’s Economy

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<table>
<thead>
<tr>
<th>Indicator</th>
<th>April 2010</th>
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<tbody>
<tr>
<td>Forex (at the end of March)</td>
<td>$2.4471 bn</td>
</tr>
<tr>
<td>CPI</td>
<td>2.8%</td>
</tr>
<tr>
<td>Retail sales</td>
<td>Up 18.5%</td>
</tr>
<tr>
<td>PPI</td>
<td>Up 6.8%</td>
</tr>
<tr>
<td>Home prices</td>
<td>Up 12.8%</td>
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<tr>
<td>Fixed asset investment (Jan-Apr)</td>
<td>$884.4 bn, Up 26.1%</td>
</tr>
</tbody>
</table>

China plans to become a trading power by 2030

China will become a trading power by 2030, with trade value of $5.3 trillion with $4.3 trillion in goods and $1 trillion in services, twice the current figure, according to a report released by the Ministry of Commerce (MOFCOM) on April 18 at the Symposium on the Transformation of the Foreign Trade Development Mode. The report claims that in 10 years, China will become a rule-maker for international trade. The value of China’s exports and imports of goods will reach $2.4 trillion and $1.9 trillion respectively, accounting for more than 10% and 8% of the world's total and ranking first and second in the world respectively. The value of China's service exports and imports will both reach $500 billion, accounting for over 8% and nearly 9% of the world's total and both ranking second in the world (More).

China allocates $12.7 billion farming subsidy

China's Ministry of Finance has earmarked $12.7 billion of subsidy for grain-growing farmers nationwide. The subsidy is to partly offset the seed, pesticide and chemical fertilizer cost of farmers in their spring farming efforts (More).

Total FDI in China reaches $853 billion in three decades

China attracted a total amount of $852.6 billion of FDI from 1979 to 2008 (More).

Government & Politics

Chinese President Hu Jintao declared open Shanghai World Expo
Chinese President Hu Jintao declared the opening of the World Expo 2010 in the Expo Culture Center in Shanghai on April 30, 2010. French President Nicolas Sarkozy and Republic of Korea President Lee Myung-bak were present at the ceremony along with other world leaders, including Mongolian President Tsakhiia Elbegdorj and European Commission President Jose Manuel Barroso. The Shanghai World Expo, carrying the theme of "Better City, Better Life", will lead new lifestyles, promote harmony between man and nature as well as the overall development of human beings, Chinese Vice Premier Wang Qishan said while addressing the opening ceremony. The Expo Park covers an area of 5.28 square kilometers along both sides of the Huangpu River, a tributary of the Yangtze River. It was the first time for the 159-year-old World Expo to be held in a developing country since the inaugural fair in London in 1851. It is another grand event for China after the successful Beijing Olympics in 2008. A total of 189 countries would present their best at the six-month event, which is expected to attract 70 million visitors from China and abroad. The Shanghai World Expo was opened on May 1.

China gains clout in World Bank vote shift
With China's rising global economic clout, it has gained more voting power at the World Bank on issues concerning world development. China overtook large European nations in a shift in voting power at the World Bank on April 25, 2010. It puts China's share behind that of the United States and Japan, but above Germany, Britain and France. The US maintained its majority stake of 16%, and Japan's voting share has been reduced to 6.84%, while China's share has gone up to 4.42% from 2.77% reflecting its status as the world's third-largest economy.

China considers yuan trade against Ruble, Won, Ringgit
China's monetary policy-makers are considering allowing the yuan to trade against the Russian ruble, South Korean won and Malaysian ringgit, to promote cross-border trade and test the waters of gradually making the yuan a global currency. The People's Bank of China is investigating the possibility of offering new "foreign-exchange pairs" at its Shanghai inter-bank currency trading market, as traders now can buy or sell the yuan against the US dollar, the euro, the yen, the Hong Kong dollar and the British pound.

China to build $5 billion steel plant in Brazil
Brazil and China on April 15, 2010 signed several deals on the sidelines of a BRIC summit in Brasilia, including a huge investment pact to build a five-billion dollar Chinese steel factory in Brazil. The steel deal involved the Brazilian company LLX, a subsidiary of the EBX group, and Wuhan Iron and Steel Corp, with Chinese company holding 70% stake. It will be the biggest Chinese investment in Brazil and the biggest by China abroad in sector (More).

China cuts US debt holdings for 4th consecutive month
China trimmed its US Treasury Bonds holdings by $11.5 billion in February for the fourth consecutive month. At the end of February, China held $877.5 billion worth of US debt. Japan increased its US debt holdings to $768.5 billion, making it the second largest US debt buyer (More).

US says China has rare-earth materials monopoly
The US Government Accountability Office (GAO) warned about China's power over supplies of rare-earth materials on April 14, 2010. According to the GAO, China controls 97% of the rare-earth materials vital to the military, mobile phone and clean-energy technology sectors – a situation that could put the United States in a perilous strategic position if it is not remedied. Some US government and rare-earth industry officials think China increased export taxes on all rare-earth materials to a range of 15% to 25% and in the future China will only export finished rare-earth material products with higher value (More).

Washington imposes import duties on Chinese steel pipe
The US has slapped trade sanctions on $1 billion worth of Chinese pipes. China has sold the goods in the US at 29.94% to 99.14% less than fair value, the US commerce department said in a statement (More)

NDRC releases comprehensive economic plan
The National Development and Reform Commission (NDRC) of China called for stronger regulations on the real estate market and more effective risk monitoring on the yuan exchange rate in an article published on the Chinese Central Government's Official Web Portal (Gov.cn) on April 8, 2010 (More).

Government bodies join forces to eliminate outdated industrial capacity
Led by the Ministry of Industry and Information Technology (MIIT), 18 ministries and commissions will jointly eliminate the outdated industrial capacity in electricity, coal, iron and steel, cement, nonferrous metals, raw coke, paper making, tanning, printing and dyeing sectors in China (More)

China, Costa Rica ink free trade agreement
China and Costa Rica signed a Free Trade Agreement on April 8. Costa Rica is the ninth largest trade partner of China in Latin America and China is the second largest trade partner of Costa Rica.

China offers US$20 billion in financing to Venezuela
China is providing Venezuela with a long-term financing plan of $20 billion to aid the local economy. The deal is on top of an existing $12 billion Chinese-Venezuelan investment fund in which China deposits money in return for forward sales of oil, a major export product of Venezuela (More).

Chinese firms boost African investment
Africa is turning into an increasingly important destination for Chinese investment. At present China is the largest investor in Africa. According to a report from the United Kingdom's Overseas Development Institute, FDI into Africa fell 30% between 2008 and 2009 as developed nations cut spending, but BRIC nations increased their investment in Africa over the same period. China's investment during the first half of 2009 in Africa's non-financial sectors grew 78.6% to $875 million (More).

Business & Industry

China mining industry made $50 billion worth of overseas M&A
The Chinese mining industry has carried out overseas mergers and acquisitions worth more than $50 billion in the last decade, according to the statistics from Ernst & Young. In 2008 and 2009, the industry's mergers and acquisitions totaled $40 billion. The global mining and metal industry had $60 billion in trading volume for 2009 while China accounted for 27% of the gross (More).
China to invest $22 billion yuan in fiber optics
China will invest over $22 billion in the next three years to construct the fiber optic broadband network (More).

Huawei takes No. 2 slot
With global sales revenue rising 19% to $21.84 billion in 2009, Huawei Technologies has become the world's second largest telecommunications equipment provider after Sweden's L.M. Ericsson Telephone, which recorded sale value of $28.5 billion (More).

Imported iron ore spot prices up 30%
The price of iron ore powder with a purity of 65% imported from Brazil has surged to $182 per ton, while high-purity iron ore imported from Australia hit $185 per ton, showing 30% growth compared with mid-March. The price gap between domestic and imported iron ore powders has nearly been closed (More).

Sinosteel signs large iron ore agreement with Australia
Sinosteel Corporation of China has signed an agreement with Australian iron ore producer Brockman Resources under which Sinosteel's subsidiary in Australia will buy about 10 million tons of iron ore from Brockman every year, accounting for 50% of the iron ore production at this project in the Pilbara region (More).

Sinopec to siphon off 9% stake in Syncrude Canada for $4.65 billion
China Petrochemical Corp agreed to pay ConocoPhillips $4.65 billion for its stake in Syncrude Canada Ltd, a higher price than analysts expected (More).

ICBC says it obtains all necessary approval to acquire Thai bank
The Chinese bank ICBC has obtained all the necessary governmental and regulatory approvals to complete the acquisition of all issued shares of Thailand's ACL Bank. ACL Bank said in March that ICBC would pay $545 million in the deal (More).

China exports first subway train to India
China's first subway train exported for use in Mumbai was released by Nanjing Puzhen Rail Transport (NPRT) in China. As the first export of the high-end A-subway trains, this marks a breakthrough for China's railway equipment exportation in the Indian market, and the heightened competitiveness of China's subway equipment in the global market. The train features a wide body and a large capacity (More).

Laws, Rules & Regulations
Representative offices are not exempted from corporate income tax from Jan 2010
From January 1, 2010, representative offices in China are no longer exempted from corporate income tax in China.

China unveils new rules for foreign investment
The State Council of China released on 14 April, new regulations on overseas investment, promising good business conditions but restricting funds to environmentally unsound projects. According to the new regulations, China still welcomes foreign investment in high-tech industries, services sectors, energy-saving and environmental protection (More). Chinese Ministry of Commerce also released regulations concerning foreign investment in China's central region (More).

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