

China Economy

China's foreign trade (Jan - June 09)

Trade	June 09, \$bn, Change	Jan.-June, \$bn, Change
Total	182.57; -17.7%	\$946.12 billion, - 23.5%
Exports	95.41; -21.4%	\$521.53 billion, - 21.8%
Imports	95.41; -21.4%	\$424.59 billion, -25.4%

(Source: Ministry of Commerce China)

China's economy indicators

GDP	: 13.99 trillion yuan, up 7.1% (H1), 6.1% (Q1 2009), 7.9% (Q2 2009)
Primary industry added value (H1)	: 1202.5 billion yuan, up by 3.8%
Secondary industry added value (H1)	: 7007 billion yuan, up 6.6%.
Tertiary industry added value (H1)	: 5776.7 billion yuan, up by 8.3%.
Forex reserve (H1)	: \$2131.6 billion, up 17.84%
FDI (H1)	: \$43 billion, down 17.9%
CPI (June)	: -1.7
PPI (June)	: -7.8
PMI (man. Sector) (June)	: 53.2%
Industrial output	: Up 10.7% in June, faster than the 8.9% in May
Urban fixed-asset investment (H1)	: Up 33.5%
Retail sales (H1)	: Up 15.0%
Urban fixed-asset investment (H1)	: Up 33.5%

Export dip in key sectors (H1)

Exports of Mechanical and electrical products in first half this year declined 21.1% to \$306.68 billion. Exports of mechanical and electrical products are important for China's export-reliant economy as it accounted for over half of China's total exports. In 2008, China was the world's second largest exporter of these products, next only to Germany ([More](#)).

China's bank loan total exceeds full-year target

The new lending by Chinese banks reached 7.4 trillion yuan this year by June, far exceeding the country's initial full-year target of disbursing 5 trillion yuan in loans. Total lending so far this year amounted to almost one quarter of last year's GDP ([More](#)).

China's steel industry records first profit in seven months

After seven consecutive months of losses, China's iron and steel industry has recorded its first profit. Although industry insiders believe that this is the first sign of a turnaround, the industry recorded overall losses in the first five months of the year. In May, China's 89 domestic medium and large-sized steel producers together realized 1.262 billion yuan in net profit, but more than 20 enterprises made losses to various degrees ([More](#)).

China's steel output, prices up in May

China's steel industry reported growth in both output and product prices in May. 67 major steel producers produced about 35.46 million tons of raw steel in May, averaged at 1.14 million tons per day. The average daily output was 1.11 million tons in April and March and 1.15 million tons in February ([More](#)).

China's light industry reports 8.8% growth in first five months

China's light industry posted 8.8% growth in added value in the first five months. Processed agricultural products, food manufacturing and beverage production maintained double-digit growths of 16.7%, 12.4% and 13.3% respectively ([More](#)).

China has more than 176.5 million motor vehicles as of June

China now has become the home to more than 176.5 million motor vehicles. The number of motor vehicles in China increased by 3.92% in the last six months compared with the end of 2008 ([More](#)). In July, the sales of domestically made automobiles totaled 1.09 million units, up 63.57% compared with the same period of last year ([More](#)). In 2009, China's auto sales increased by 18% and China became the world's largest auto producer with the world's largest auto market ([More](#)).

China gets \$122 billion hot money influx in Q2

Hot money in China may reach \$122 billion in the second quarter ([More](#)).

Government & Politics

First round of China US Strategic Economic Dialogue ends with positive results

The first round of the China-US Strategic and Economic Dialogue ended in Washington July 28, with the two countries pledging to intensify bilateral ties and expand cooperation on major international issues and shared global challenges ([Detail](#)).

US hi-tech products may flow in

The US has agreed to loosen restrictions on the export of hi-tech goods to China and speed up its recognition of the China's market economy, Vice-Premier Wang Qishan said on July 28 after the China-US Strategic and Economic Dialogue. Last year, bilateral trade between the countries amounted to \$333.7 billion, compared to \$2.5 billion 30 years ago with huge surplus in China's favor ([More](#)).

Taiwan opens door for China mainland investment

Taiwan has opened up key parts of its manufacturing and service sectors to mainland investment as another barrier falls across the Straits. The new rules announced on June 30 are part of Taiwan leader Ma Ying-jeou's ambitious effort to move the island's economy closer to Chinese mainland, and foster a dialogue aimed at ending six decades of estrangement ([More](#)).

Yuan trade pilot scheme kicked off

Three Shanghai companies became the first batch to complete cross-border yuan (renminbi) trade settlement deals on July 6, 2009, marking the launch of the nation's long-anticipated pilot yuan trade settlement scheme. On July 2, the central bank issued detailed measures on how to settle trade in yuan with trading partners in Hong Kong, Macao and ASEAN, and allowed Shanghai and four cities in Guangdong province to become the first batch to execute the trial program ([More](#)). The People's Bank of China and the Chief Executive of the Hong Kong Monetary Authority signed a supplementary memorandum of cooperation on a pilot program of cross-border trade between Chinese mainland and Hong Kong on June 29 ([More](#)).

Beijing offers cash to lure multinationals

The Beijing municipality has announced plans to offer cash to lure multinational companies to set up their regional headquarters in Beijing, in an effort to enhance its appeal as it competes with Shanghai, Hong Kong and Singapore to be the city of choice for Asian corporate headquarters ([More](#)).

China sets interim goals for ambitious medical health plan

China has vowed to expand the basic medical insurance to another 72 million people for 2009 as the first-year goal for the country's ambitious 850-billion-yuan (\$124 billion) health care reform plan ([More](#)).

New pension plan to benefit China's 900 million farmers

Sponsored by the government, farmers over the age of 60 years will be able to receive a monthly endowment of varying amounts according to certain areas' income standards. The new system is paid for by the farmers, collective benefits and government subsidy, which is totally different from the old system, paid by farmers themselves with no subsidy from the government ([More](#)).

Strategies to support SMEs "going global"

China's Ministry of Commerce is actively researching strategies and making efforts to create conditions for SMEs to carry out foreign cooperation. These measures include perfecting a system platform that incorporates SMEs' foreign cooperation and exchange into governments' bilateral economic and trade cooperation system ([More](#)).

China increases US Treasury holdings

China, the biggest foreign holder of US Treasuries, increased its holdings of US government notes and bonds by \$38 billion to \$801.5 billion in May. Japan, Russia and Canada were sellers of US assets in May ([More](#)).

Business & Industry

Airbus starts construction work of Harbin plant

Airbus Industry started construction of a \$350 million component plant on July 1, in Harbin, one week after it delivered its first A320 plane assembled in China ([More](#)). Airbus has also agreed to work together with Hafei, a Chinese aviation company, to set up a center making compound materials in Harbin.

Asia's largest iron ore deposit found in Benxi

A huge iron ore deposit, biggest in Asia, with proven reserves of more than 3 billion tons was recently found in Dataigou, Qiaotou town of Benxi, Liaoning Province ([More](#)).

China to raise nuclear power to 10-fold by 2020

China is planning for an installed nuclear power capacity of 86 gigawatts (GW) by 2020, up nearly 10-fold from the 9 GW capacity it had by the end of last year ([More](#)). On July 31, two AP1000 nuclear power projects were approved by Hubei Province. In addition, the Hubei provincial government reached an agreement with the China Guangdong Nuclear Power Group (CGNPG) to further promote the development of Hubei's nuclear power industry. Hubei Xianning nuclear power plant is expected to become China's first inland nuclear power project ([More](#)).

China wins largest export contract in equipment manufacturing

Shanghai Zhenhua Heavy Industry Company (ZPMC) signed an export contract worth \$2.2 billion with Spanish company ADHK on July 20. It is the largest export contract for China's equipment manufacturing industry to date. The transaction involves 10 offshore

drilling platforms, seven land drilling rigs and two floating cranes, marking the first step for ZPMC to enter the global marine engineering market. ZPMC is the world's largest port machinery maker ([More](#)).

Profits of China's SOEs top 316 billion yuan in '09 H1

The decline in profits of China's state-owned enterprises (SOEs) continued in the first half, but at a slower rate. The 136 SOEs directly controlled by the central government notched up profits of 316.03 billion yuan in the first half, a decline of 26.2% over the same period last year. In June alone, the profits hit 75.19 billion yuan, an increase of 29.5% over that in May ([More](#)).

China Railway gets \$7.5b global order

China Railway Group Ltd said it would consider undertaking a \$7.5-billion railway project contract won by its parent company in Venezuela, which would be the biggest overseas contract the railway builder has ever undertaken in its history. ([More](#)).

Laws, Rules & Regulations

China simplifies rules on forex use to boost outbound investment
 The bumpy way of China's overseas investment - Special
 CPC releases officials' accountability regulations curb corruption and improve government competence

India & China

Hotline between Beijing and New Delhi

The Indian government said on July 29 that China has proposed that there should be a hotline between the Chinese Premier and the Prime Minister of India to maintain regular contacts at the highest level ([More](#)).

India-China Trade (Jan-June 2009)

Trade	Value (\$ billion)	Change
Total trade	19.63	-32.3%
China's exports to India	13.02	-16.8%
China's imports from India	6.61	-50.5%
China's trade surplus	6.41	

Source: Ministry of Commerce, PRC

In 2008, the bilateral trade had reached \$51.8 billion between India and China. China is now India's top trading partner, while India has become China's largest overseas project contracting market ([More](#)).

China warns of tit-for-tat over dairy ban

China has retaliated against India's ban on its dairy products, putting the two neighbours with a legacy of estrangement on the brink of a trade war. China has said that if India insists on this decision, China will respond to the safety and quality of imported products from India. China has raised doubts about food products imported from India, including seafood products, dairy products and sesame oil to pressurise India to lift the ban ([More](#)).

China shows "discontent" over India's move to put duty on aluminium imports from China

On July 6, China showed "regret and discontent" over India's move to impose a safeguard duty on aluminium imports from China. The Indian Finance Ministry said in a statement on June 19 that the country would imposed a safeguard duty of as much as 30% on imported aluminium products from China ([More](#)).

India begins poverty alleviation project in China

India has stepped into actual funding of a poverty alleviation project in Ningxia Hui Autonomous region of China, an area that usually attracts funds from western countries keen on understanding the grassroots situation in this giant country and establishing contacts with Chinese leaders in the provinces. The first-ever India funded project was inaugurated by Nirupama Rao, Indian ambassador in China and Wang Zhengwei, chairman of the Ningxia, in Liangtian town-ship on June 20 ([More](#)).

CII & China

Farewell get together for HE Mrs. Nirupama Rao, Ambassador of India to China

A farewell get together was organized for Mrs. Nirupama Rao, Ambassador of India to China with the Indian Business Community on 9th July at Beijing. Mr. J J Shrikhande, Chairman CII India Business Forum (IBF) China, congratulated Mrs. Rao on behalf of the members of IBF on her appointment as the Foreign Secretary of India. He thanked her for support and guidance extended in the formation and launch of the CII India Business Forum in China. He also thanked her for her support to the Indian Business community in China. On this occasion, Mrs. Rao said that among the various initiatives, the launch of the IBF was an important one. The Ambassador lauded the efforts of CII in focusing on building "Brand India" in China.



Ambassador Mrs. Nirupama Rao along with Chairman CII IBF China and members and officials of Indian Embassy, Beijing, 9 July 2009

China Economic Review organizes Seminar on China & India



Mrs. Riva Ganguly Das, Consul General, CGI Shanghai addressing the seminar on 30 June 2009

China Economic Review, a leading English Business magazine in China, organized one-day seminar on "China & India - Leveraging your Capital in the World's Two Largest Countries" on 30th June 2009 in Shanghai, with CII as the supporting partner. Mrs. Riva Ganguly Das, Consul General, CGI Shanghai in her inaugural address spoke on the need for Chinese companies to set up their facilities in India in order to exploit the advantages to the fullest extent, which would help in decreasing the widening trade deficit between the two countries and build a more sustainable business partnership. Around 40 representatives from various Chinese companies and Indian businessmen participated in the seminar.

Meeting with CPPCC Shanghai delegation

CII held a meeting with the 6-member delegation of Chinese People's Political Consultative Conference (CPPCC) of Shanghai Committee headed by Vice Chairman Mr. Qian Jinglin on July 2, 2009 in New Delhi. Mr. Virendra Gupta, Senior Director & Head, International Dept. and Ms. Suparna Pandhi, Senior Director CII briefed the delegation on CII initiatives in promoting trade and economic cooperation between India and China and the current status of e-governance in India. Mr. Qian spoke on Shanghai Expo 2010 and invited CII to participate in the exhibition.



CPPCC Shanghai delegation with CII officials, New Delhi, 2 July 2009

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